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The influence of crises on housing policies.

Cases: the 2008 financial
and economic crises, climate
change and the COVID-19
pandemic

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Bernd Steinacher Fellowship

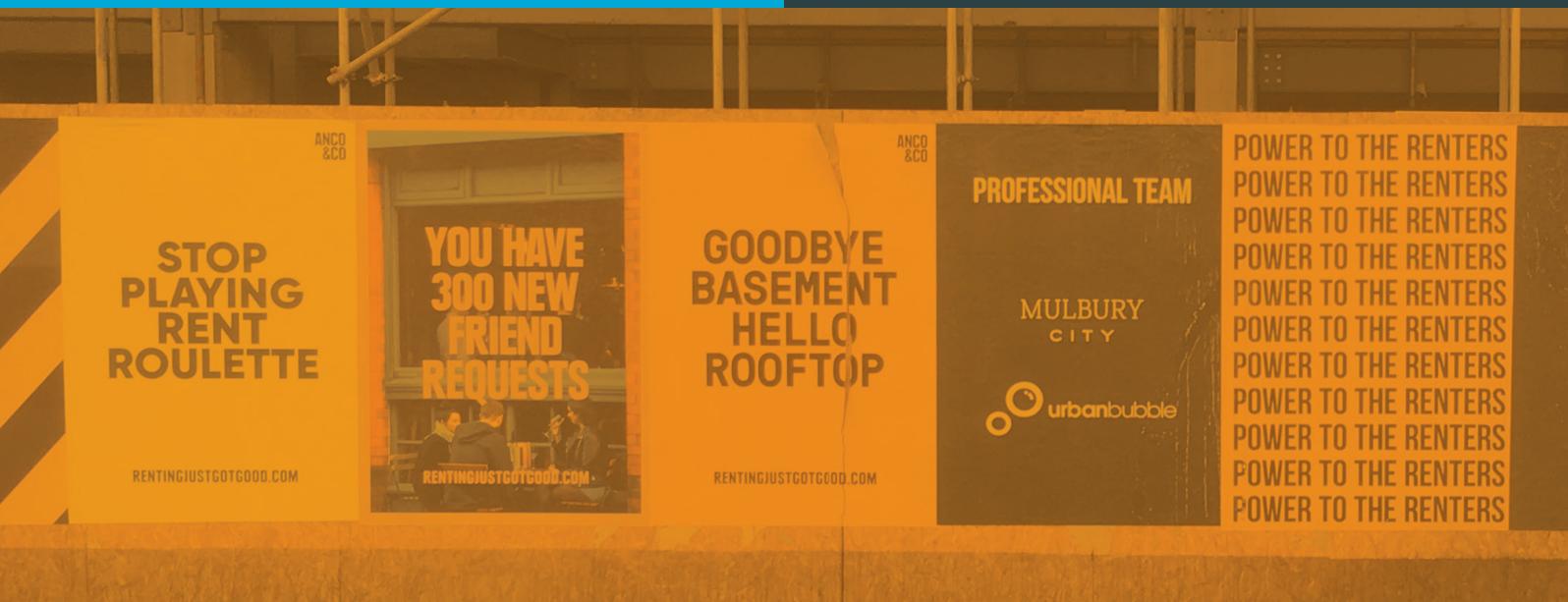
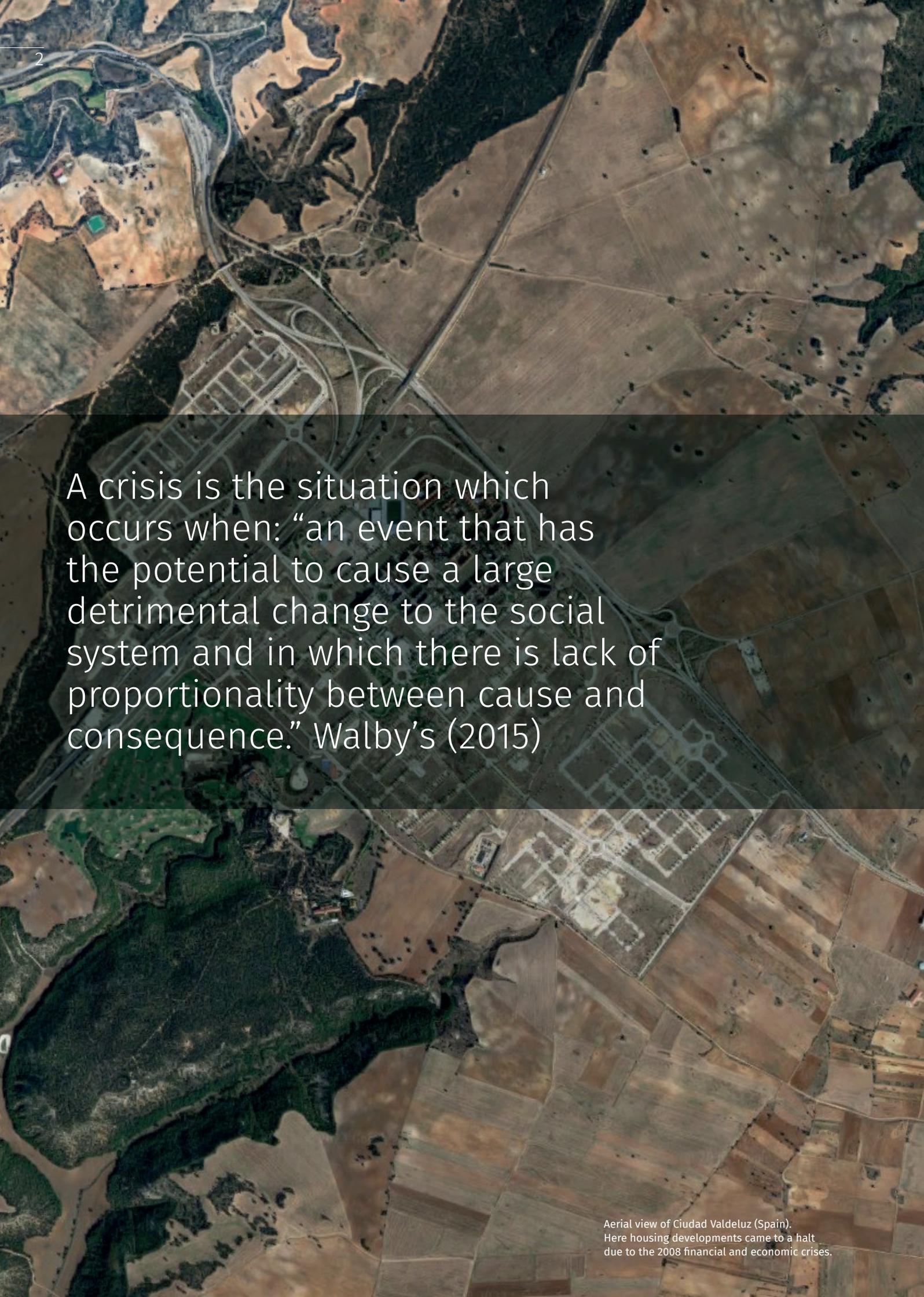


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Management summary

Even though crises are ubiquitous in our daily life; our apprehension of crisis concepts seems limited. By describing the influence of three global crises (the 2008 financial and economic crises, climate change and the COVID-19 pandemic) on housing, this report aims to broaden the knowledge of policymakers, and to support them to create more resilient policies or to navigate crises. To reach this aim, the report first sets the scene by looking at the status of housing in a neoliberal context and by describing the direct and indirect influence of the three selected global crises on housing. Then, the variation among crisis concepts is reflected upon, based on the causes, changes and consequences of crises. This reflection concludes that, prior to or when navigating crises, governments have the opportunity to pose the question: which policies should or shouldn't end, continue, rise or shift? This reflection is also input for case studies in France, Portugal, Spain and the UK, which illustrate how the 2008 financial and economic crises or climate change have influenced their national, regional or local housing policies. As such, the cases offer concrete examples on different types of actions policymakers can take to create more resilient policies or to navigate crises. The report's conclusion section lists, based on three cross-case findings, three recommendation relevant for governments, which aim to create more resilient policies or navigate crises. Firstly, on several occasions in the research, the different global crises showed interlinks. Therefore, when setting up policies one should analyse previous or parallel running global crises as these can also positively or negatively influence the proposed policy measures. Secondly, global crises create new connections between the actors in the housing market. Thus, when setting new housing policies prior to or following a crisis, it is recommended to set up a broad stakeholder analysis of the new regime, also taking into account fast growing niche innovations actors. Finally, due to crises, the tenure status of the existing housing stock can become flexible. Thus to solve immediate needs their inhabitants have, policymakers can temporarily use this tenure status flexibility as a first measure before more long-term options become possible.



A crisis is the situation which occurs when: “an event that has the potential to cause a large detrimental change to the social system and in which there is lack of proportionality between cause and consequence.” Walby’s (2015)

1. Introduction

When connecting the terms housing and crisis, scholars or policymakers in the field of housing tend to connect to it the growing lack of (affordable) housing to meet demand (Coupe, 2021; Edwards, 2016; Heslop & Ormerod, 2020; Stone, 2004; White & Nandedkar, 2021). As this is a topic of debate in many European countries, evidently policymakers take measures to battle this lack of sufficient (affordable) housing supply. However, housing is subject to more global crises than only insufficient supply and also other crises have their influence on housing. By describing the influence of three global crises on housing, by offering concrete examples on different types of actions policymakers can take when a crisis hits and by listing three cross-case findings relevant for governments dealing with crises, this report aims to broaden the knowledge of policymakers and to support them to create more resilient policies or to navigate crises.

The three recent (post-2000) global crises this report looks at are the 2008 financial and economic crises, climate change and the COVID-19 pandemic, with the 2008 crises as a main focus. Prior to introducing these three crises and their main influences on housing, the second chapter will describe the changing housing market situation since the Second World War as a context. The overview of the three crises that follows shows how their influence on housing differs. Chapter three offers a

literature overview on crisis concepts, their characteristics and types, based on the cause, change and consequence of a crisis. As such this chapter gives context to the differences among the three selected crises.

This report uses a case study approach as it allows comparing the effects of global crises on housing policies in different European countries. Chapter four elaborates on the selection of the cases and the used methodology. The chapters that follow describe two case studies. Chapter five reports on the influence of the 2008 crises on the tenure status and related national housing policies in France, Portugal, Spain and the UK. Chapter six outlines the influence of both climate change and the 2008 crises at the Basque and Porto renovation policies. For each case the pre-crisis housing situation was introduced, followed by how the crises effects differ per case (or not) and which responding housing policies were set up in reaction to the global crises. While comparing the pre- and post-situation of the different cases, the following question was posed: what ended, continued, arose or shifted? Chapter seven gathers the results of both case studies and these results have been input for a reflection on different government levels on how crises affected housing policies aimed at supporting renovation or reuse. Finally, chapter eight concludes with three recommendations, based on cross-case findings, relevant for policy makers that aim to create more resilient policies or to navigate crises.

2. Crises and housing

Since the 2000s, we can distinguish several global crises taking place. The three crises this report focuses on are: the 2008 crises, combining a financial and an economic crisis; climate change, and COVID-19. Before further analysing the specific characteristics of these crises, a brief description is given for the changing housing market situation since the Second World War as a context before this report focuses on the post 2000 period.

2.1 From housing to housing market

Since the Second World War, European housing markets have made a transition from an infrastructure of living to an instrument for financial accumulation, i.e. hyper-commodification of housing (Madden & Marcuse, 2016). In the following sections, firstly the post-Second World War embedded liberalism period and the since 1970s neoliberalism period are described to give context to this transition. Then, the term hyper-commodification of housing and its mutually reinforcing factors are introduced.

After the political and economic chaos of 1920s, the Great Depression of the 1930s and the Second World War, the embedded liberalism became the broadly accepted political philosophy in the advanced capitalist European countries. The embedded liberalism is based on an economic theory developed by John Maynard Keynes. At the height of the 1930s Great Depression, Keynes rose to prominence owing to his book: *The Means to Prosperity* in 1933. Due to the high unemployment rate caused by this crisis, Keynes' focus was on full employment. Many policymakers after the Second World War looked to Keynesian theory as guidance and

invested in large infrastructure, this to increase employment. Furthermore, to provide enough affordable housing, housing associations were set up, owned by the government. In other words, the public sector, as one of the main investors in infrastructure and housing, had a large influence on urban planning and development.

In the post-war period, the embedded liberalism delivered high rates of growth to at least the advanced capitalist European countries. However, despite its success, by the early 1970s this liberalism was exhausted (Harvey, 2005). By that time a highly individualistic conception of human society had arisen and the state was seen as an enemy of individual liberty, a threat to private property, and a parasite living off the hard work of individuals (Kotz, 2015). In the 1970s, the corporate and business powers increased their influence and the embedded liberalism was replaced, quite rapidly, by neoliberalism (Kotz, 2015).

David Madden and Peter Marcuse (2016) reviewed the role of neoliberalism in causing a shift in the perspective of housing from an infrastructure of living to an instrument for financial accumulation. In their study Madden and Marcuse used the term hyper-commodification, to refer to the extreme way in which housing is increasingly dominated by real estate. "Under hyper-commodification, all of the material and legal structure of housing - building, land, labour, property rights - are turned into commodities. In the process, the capacity of a building to function as a home becomes secondary. What matters is how a building functions in circuits of economic accumulation." (Madden & Marcuse, 2016, p. 26) The challenge hyper-commodification brings, is not so much the involvement of foreign investments, but the growing decoupling of housing from residential needs.

Madden and Marcuse (2016) outlined three interconnected, and mutually reinforcing factors that constitute the hyper-commodification of housing today, which are deregulation, the process of financialisation, and globalization of housing. They state that, although some countries and cities have resisted one or another of them, these factors are reshaping the housing system to participate in current global neoliberal capitalism.

To begin with deregulation: in this report this term is used to refer to the removal of restrictions placed on real estate as a commodity, this by weakening or abolishing the regulations, customs, and rules governing residential property. Deregulation took place in rent regulations and mortgage lending. Deregulation also permitted that publicly owned or controlled housing, previously owned by the state, were privatised. For example, housing in the UK was even one of the first areas to experience the challenge of privatisation (Lorrain & Stoker, 1997). Privatisation offered the private market, which had been accumulating capital during the embedded liberalism, the opportunity to (co)invest (Harvey, 1975). However, Madden and Marcuse (2016) conclude that deregulation has not meant the subtraction of the state from real estate markets. Instead of getting rid of regulations, these were rewritten in order to make real estate a more liquid commodity. Consequently, they point out that the state is still deeply involved throughout the housing system.

The second factor accounting for the hyper-commodification of housing is the process of financialisation. Aalbers (2016, p. 2) defines the term financialisation as “the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households.” More specifically, Madden and Marcuse (2016) describes financialisation of housing as managers, bankers, and rentiers producing profits from real estate through buying, selling, financing, owning, and speculating. Since the 1980s, the tertiary sector activities, such as real estate, together with finance

and insurance, became the broad economic sector dubbed FIRE (Finance, Insurance and Real Estate). The trades in the housing market are often in a disembodied, electronic realm, thus the players do not need to ever see the buildings. Nonetheless their trading has serious consequence for those who experience these houses as their home.

Finally, hyper-commodification is reinforced by the globalisation of the housing market. Due to the global market, finance capital had become extraordinarily mobile. One of the results has been that European cities experienced a transition from a production focus, as this moved to low-wage countries, to a centre for consumption (Harvey, 1985). This transition caused a decline in the percentage of overall surplus value formed and realized by industry, while the percentage created and realized by real-estate speculation and construction, i.e. sectors connected to the housing market, increased. As the FIRE sectors got digitally enhanced, they could increasingly operate transnationally. Large projects in urban areas of western cities became interesting investment opportunities for funds of large corporations, as the transformation from cheaper housing to office building or luxury apartments was profitable (Harvey, 1975). But also in cities of the developing world, global consortia funded massive urban infrastructure projects. By doing so these consortia effectively bankrolled globalisation across the planet, with the world’s expanding urban assets working as security for the loans (Camaren, 2013). As Madden and Marcuse (2016) concludes, the globalization of housing has contributed to a housing market starting to be more responsive to global economic signals than to local ones.

In brief, owing to neoliberalism, the housing market deregulated, financialised and globalised, allowing the housing to become an instrument for financial accumulation. As a result large-scale housing developments in several European cities were no longer a local, but increasingly a global enterprise.



Figure 1: Housing as a cause and suffering the consequences of the 2008 crises.

2.2 The 2008 financial and economic crises and housing

The 2008 crises, which this paper refers to, are the combination of the global financial and economic crises starting in 2008. As the following section will illustrate, housing was both part of the cause of these crises as it suffered the consequences.

Commonly seen as starting points of the global financial crisis were the takeovers of the government-sponsored mortgage market enterprises, Fannie Mae and Freddie Mac, by the United States government on September 7, 2008 or the collapse of the investment bank Lehman Brothers (Baker, 2018). This financial crisis later cascaded into a global economic crisis as the economic output, employment, productivity, and living standards fell in North American and European countries. Prior to going into their impacts and effects, it is pivotal to address some processes prior to the 2008 crises. A key process was that the US economy had been recovering slowly from the 2001 recession and overall investment in housing was seen as an interesting opportunity. This led to a USA building boom at the beginning of the 2000s. Fuentes, Etxezarreta Etxarri, Dol & Hoekstra (2013) see the economic growth and credit expansion, which propelled a speculative construction boom, as the origin of the financial crisis. Especially the pre-2008 credit expansion

was considered very risky and Coates (2008) and Stephens & Quilgars (2008) already pointed out this risk, specifically in countries with a strong promotion of home ownership and where subprime practices, or granting loans to individuals with poor credit scores, obtained a position in the housing market. Housing booms, fuelled by rapid increasing housing prices and facilitated by easy access to funding, were not limited to the US as such booms were also taking place in for example the UK (Whitehead & Williams, 2011).

From the US, this financial crisis quickly spread to Europe and together with the United States, also the European housing bubbles deflated (Kotz, 2015). As the financial crisis cascaded into an economic crisis, governments were confronted with a rise in government budget deficits (lower tax revenues and more spending due to unemployment). Furthermore, the national governments, part of the European Union, had committed to avoid excessive government deficits via the Maastricht Treaty. Therefore, by 2010 many national governments took austerity measurements to decrease their budget deficits (Walby, 2015). In several countries, these budget deficits led to cuts in the further executions of pre-2008 housing policies supported specific housing developments. Due to unemployment, also households faced budget problem and in certain cases evictions followed.

When mentioned in the daily media, climate change is related to both what causes it and what are some effects related to it. One of the main causes of climate change are heat-trapping greenhouse gases (GHG), such as CO₂, in the atmosphere. These act like the glass of a greenhouse and stop the sun's heat leaking back into space. Some of the effects of climate change, especially for urban areas, are weather patterns such as: heat or cold waves, floods, droughts and windstorms.

Concerning climate change, there is still a debate if it is a crisis per se. This has to do with overall use of the word crisis, which allows distinguishing a pre- and post-crisis period. There is not commonly set limit, for instance the amount of CO₂, in the atmosphere or weather patterns, when climate change would be called a crisis. Climate change thus challenges several crisis definitions, which makes it an interesting topic to look at in this report.

Faced with the effects of climate change, European national, regional or local governments set up plans to become climate neutral¹. As one of the means to fulfil that aim, city administrations are currently incorporating climate goals in their housing or renovation projects. Overall, the two strategies to reach these climate goals are mitigation and adaptation. Mitigation aims to reduce the pace of climate change, this by taking measures to avoid and reduce GHG emissions in the atmosphere and by adding carbon sinks. A mitigation measure used in housing is improving the isolation of buildings and as such reducing the use of fossil fuels (a large CO₂ emitter) for heating or cooling. Adaptation aims at increasing the capacity of defence and resilience in order to reduce the passive influence of climate change. An example of an adaptive measure is adding more trees or urban canopies in order to create more shade on houses. This measure avoids extra heat creation of the built environment in the case of days with extreme temperatures.

1. For instance the EU Mission: 100 Climate-Neutral and Smart Cities by 2030.

Similar to the 2008 crises, to better understand the link between COVID-19 pandemic and housing, we need to be aware of the housing situation prior to the pandemic. In their paper, Delclós and Vidal (2021) point out that pre-COVID-19 pandemic, Europe was experiencing a crisis of housing affordability. According to the authors, this housing crisis originated from the build up to and fallout from the 2008 global financial crisis.

A number of studies have begun to examine the impacts of the COVID-19 pandemic on the housing, a short overview. First the impacts on the new-build housing market, in their study Allen-Coghlan, McQuinn and O'Toole (2020) point out that a decrease of employment in the construction sector should not cause immediate alarm, as for instance in Ireland construction sites were closed down for a number of weeks, due to health safety restrictions and thus not due to a lack of, for instance future financing. Following the closure, safety protocols (e.g. enabling enough physical distance with other co-workers) were put in place and for many construction sites this entailed that the number of workers on site was limited. If the pandemic prolongs the authors suggest two effects for this subsector. Due to a lower number of staff on sites, the building efficiency will maintain lower than the pre-pandemic level. This will slow down the pre-pandemic planned amount of new-build housing to be delivered. Secondly, the use of alternative construction practices that demand fewer workers on site, for example off-site volumetric builds, could increase, especially for the construction of larger buildings. The latter might affect employment in construction in the long run.

For the existing dwellings and more specific their owners and renters, several papers highlight the impacts of the pandemic on the ability of households to pay their housing costs, due to a loss of employment (Benfer et al., 2021; Delclós & Vidal, 2021). Similar to the 2008 crises, the risk of eviction is looming, especially for groups who already experienced affordability issues in the housing market pre-pandemic, such as lower income groups or first-time buyers (Allen-

8 Coghlan et al., 2020). However, work by Coffey, Corrigan, McQuinn, O’Toole and Slaymaker (2020) looked at how the COVID-19 pandemic impacted, in the short-run, the affordability in the Irish private rental market. They found that affordability may even have improved and they point to falling consumer costs and the government income support schemes. In addition, research by Coffey, Doorley, O’Toole and Roantree (2020) found that the pandemic’s immediate impact has not worsened the affordability challenges of Irish renters who were already experiencing affordability issues. Also they point to the extraordinary income support available.

Finally, the COVID-19 pandemic also had a large effect on the short stay market, which was growing rapidly prior to the pandemic and in many cities was pushing out renters in the private rental market. Prior to the pandemic, several local governments were working on policies with the aim to limit the effects of the short stay market. Due to travel bans during the pandemic, the short stay market plummeted. A potential effect on the housing market might already become visible in Barcelona, where during the second episode of the pandemic, there was a strong increase in long-term rental agreements (Llaneza Hesse & Raya Vílchez, 2022).

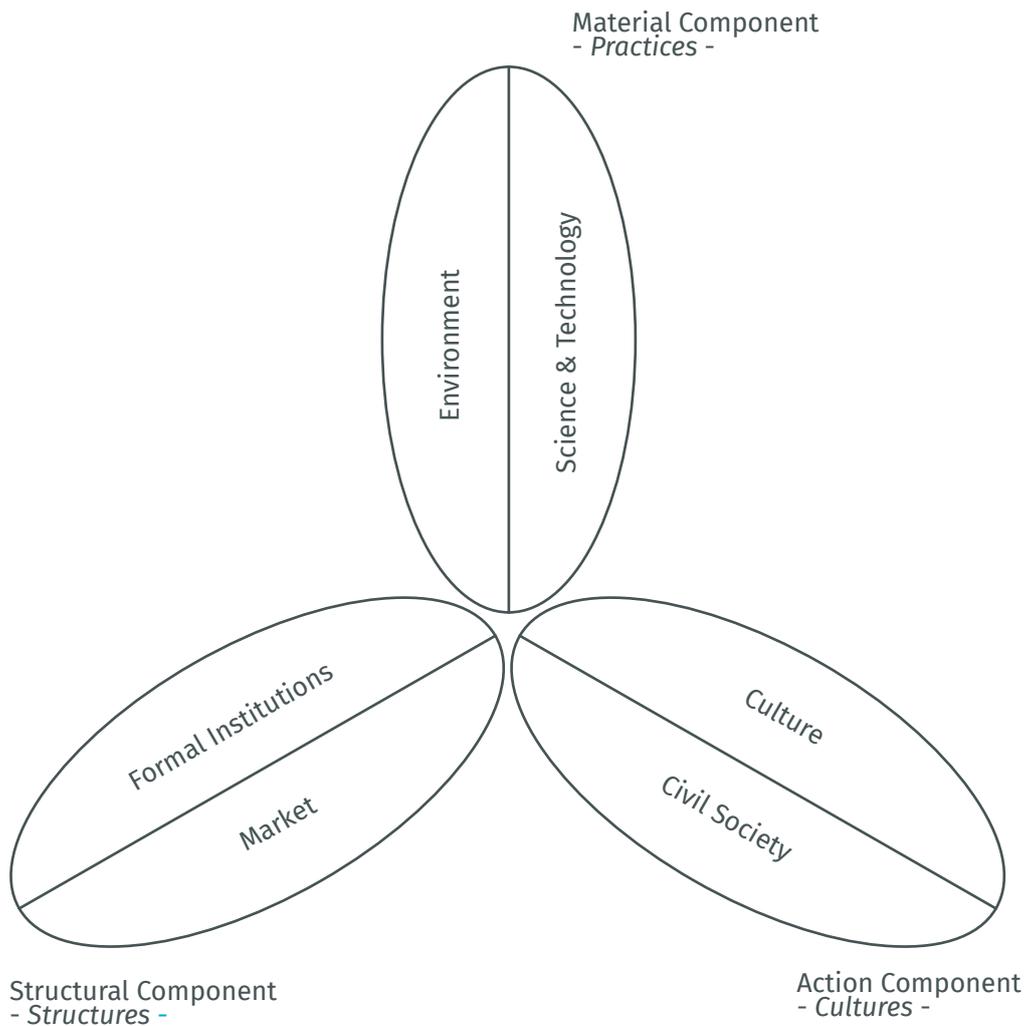


Figure 2: Clover model by Frantzeskaki et al. (2009).

3. Crisis

The variety of the three selected crises for this report only support the observation that the term crisis is a rather nebulous term, owing to its common usage in different disciplines. The crisis definition that will be used in this report is of Walby (2015). According to Walby (2015, p14) a crisis is the situation which occurs when: “an event that has the potential to cause a large detrimental change to the social system and in which there is lack of proportionality between cause and consequence.” In Walby’s (2015) more overall definition of a crisis three pivotal terms can be highlighted, these are cause, change and consequence. These or similar terms were used by other researchers to classify crises, a short overview.

3.1 Cause

To classify a crisis by how it originated, Frantzeskaki and de Haan (2009) developed the clover model, see figure 2. Based on the domain of appearance, the model comprises of three components: a material, an action and a structural component. The origin of a crisis in the material component is situated within the science and technology or the environment, for instance an environmental crisis. In the action component, the origin of a crisis is related with culture or civil society and will lead, for example, to (civil) wars. Lastly the structural component, here formal institutions or the market have led to a political, legitimacy or economic crisis. Evidently, climate change and COVID-19 pandemic can be positioned in the material component, while the 2008 financial, economic and fiscal crises were primarily structural crises.

A better understanding of the causes of crises can help policymakers with setting up measures to navigate crises. However, pinpointing the origin of crises can be a hard. For example Gamble (2014, p29) observed: socio-economic crises are generally the “culmination of a process, summing up all that has gone before”. The earlier description of the different potential causes of the 2008 crises illustrates this clearly. Another example is the link that Middendorp (2022) makes between climate change and the development of conflict or wars. When determining the cause of a crisis, one has to take into account a potential spillover effect. This effect, introduced by the 19th century economics John Stuart Mill and Henry Sidgwick, is the effect by which an event in one context occurs, due to another event in an unrelated context.

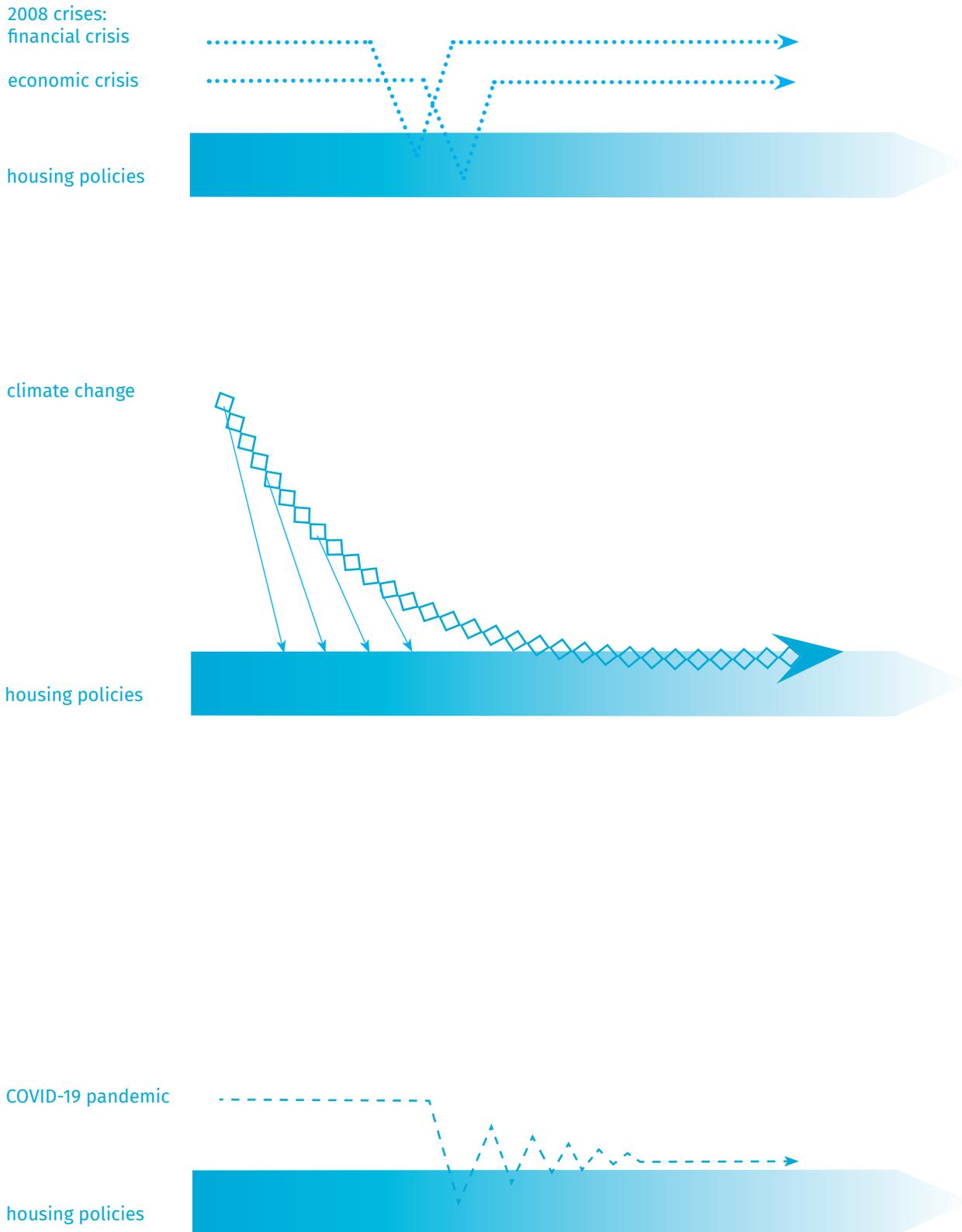


Figure 4: Illustration of the variation in types of change among the three selected crises and their influence on housing policies.

3.2 Change

A reoccurring aspect in several crisis definitions is change, for instance Alexander’s (2005) crisis definition stresses that the change a crisis can cause, compared to the normal routine procedures or typical operational framework of an organisation, is a crucial aspect of a crisis.

Suarez and Oliva (2005) defined five types of environmental change based on how firms react to major changes in business environments. A critical remark to be made is that Suarez and Oliva (2005) based their types on how firms react and in this paper we look at how national, regional or local governments react. Therefore, the results can only be used as a direction to look at the selected crises. As illustrated by table 1, Suarez and Oliva (2005) changes are regular change, hyperturbulence, specific shock, disruptive and avalanche change. Geels and Schot (2007) illustrated these changes, as can be seen in figure 3.

Regarding the 2008 crises, we need to take into account that these consist of separate crises: a financial and economic crisis (figure 4). The frequency, or the number of disturbances per unit of time, for each of the 2008 crises separately can be considered low. Each of these crises is distinguished by a large disturbance instead of reoccurring disturbances. The speed, or the rate of change of the disturbances, is considered high for the 2008 crises due to their global effect. This eliminates the regular and disruptive change as potential types for the 2008 crises. As countries experienced the 2008

crises differently in regard to scope, or the number of environmental dimensions that were affected by simultaneous disturbances, we conclude that according to the existing pre-crisis national, regional or local situation, the 2008 crises could have resulted in a specific shock or an avalanche change. Concerning the changes they may lead to, Suarez and Oliva (2005) describe that a specific shock may dissipate and disappear after a while, returning to a base line, or it may lead to a structural stepwise change. An avalanche change leads to permanent changes in the environment.

If we take the concentration of greenhouse gasses in the atmosphere over time as an indicator of climate change, it can be considered a slow process (figure 4). The effects of climate change differ per regional or local areas and these areas thus experience a different amplitude, or the magnitude of deviation from initial conditions caused by the disturbance. Therefore, climate change could lead to a disruptive or regular change. Disruptive changes are defined as changes that occur infrequently, develop gradually, but have a high-intensity effect in one dimension (e.g. floods). Suarez and Oliva (2005) described regular changes as environments that regularly experience a low intensity, gradual change (increase of CO₂ in the atmosphere).

Finally, the COVID-19 pandemic period is characterised by waves of new variants strains (figure 4). Its frequency is thus high, making it a hyperturbulence or an environment that feature a high frequency of high-speed change in one dimension (Suarez & Oliva, 2005).

Frequency	Amplitude	Speed	Scope	Type of environmental change
Low	Low	Low	Low	Regular
High	Low	High	Low	Hyperturbulence
Low	High	High	Low	Specific shock
Low	High	Low	Low	Disruptive
Low	High	High	High	Avalanche

Table 1: Five types of environmental change by Suarez and Oliva (2005).

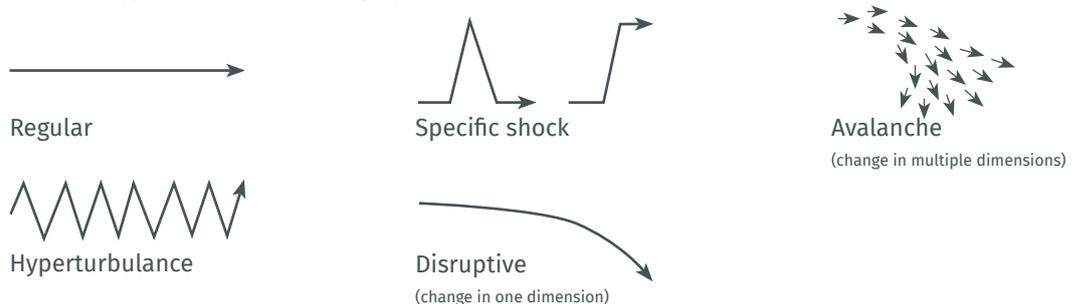


Figure 3: The five types of environmental change by Suarez and Oliva (2005), illustrated by Geels and Schot (2007).

In her book *Crisis*, Walby (2015) classifies crises based on the potential innovation a crisis could bring and this results in the following list: a self-correcting system, a system break down, a renewal of the system and, a transition to a new system. The two extremes variants, a self-correcting system and a system breakdown show hardly any innovations taking place. A self-correcting system, better known as bubble, business cycle or double movement, is a minor crisis that is absorbed without changing the overall system. During the crisis period, the small causes of instability are resolved and the crisis is followed by a period of pre-crisis conditions.

A system break down indicates a large change and is commonly linked to a crisis caused by an environmental disaster or a (civil) war. Referring to the clover model, a system break down originates in the material or action component. This variant is known by terms such as a catastrophe, a disaster, an apocalypse or an end of a civilization. The sunk-cost effect, or the reluctance to move away from a policy in which actors have already invested a lot (Diamond, 2005) often plays a role in this crisis and prevents innovation taking place.

Walby (2015) two remaining crisis variants, which can be positioned in between the earlier introduced extremes, are a transition to a new system and a renewal of a system. This third variant occurs when the crisis leads to a transition to a new system with a new path dependency, different from the pre-crisis path. The best-known example is a revolution. This crisis variant has the potential to break the dominant worldview and create a new worldview. However, before a crisis can bring about change, a tipping point (Gladwell, 2000) must take place in order to build up the new worldview. A tipping point can be defined as actions that take place in a short time and are of a specific importance to start the new system. However, this new system will only start if there is a positive feedback loop, which will drive a system away from its previous equilibrium. If the system returns to its equilibrium, a negative feedback loop takes place (Arthur, 1994). Interestingly, when defining a crisis also other authors

stress the sudden change such a tipping point can generate. For example Booth, (1993) sees “a crisis is a situation faced by an individual, group or organisation which they are unable to cope with by the use of normal routine procedures and in which stress is created by sudden change.” However, if the change needed to eliminate the stress on a system is not or not sufficiently taken care of, the system will be under a continuous stress and a crisis becomes a condition (Vigh, 2008), or a chronic crisis. Examples of such a chronic crisis are climate change (cfr 3.2 the low speed of climate change) and the affordable housing crisis, taking place in countries where the supply of affordable housing is lower than demand. Novalia & Malekpour (2020) point out that a chronic crisis can create urgency and thus space for transformation over a longer time period, for instance by cascading across multiple geographical scales or multiple problem sources that generate greater magnitudes of disturbances (Galaz et al., 2011).

Walby's last variant is the renewal of the system. In this variant the process of development through creative destruction or the earlier introduced spillover effect plays a major role. As (Diamond, 2006) illustrates creative destruction (Schumpeter, 1942) is a process in which economic growth and quality of life improvements can take place via ‘big-is-better’ (large, monopoly firms produce the innovations) or ‘small-is-better’ (start-ups are the source of the innovations).

The main weakness of Walby's four variants to be used in practice is that they entail the crisis to be over before a type can be defined. Similar to pinpointing the starting point of a crisis, defining its end point can be a challenge. However on a more abstract level, it brings the different potential consequences of a crisis to the surface. Based on these types, when studying a crisis, one could look for what has ended (system breakdown variant), continued (self-correcting system variant), risen (transition to a new system variant) or shifted (renewal of the system).

Walby's (2015) crisis variants have illustrated how crises can differ according to the change these bring compared to

the initial conditions. In addition, Novalia & Malekpour (2020) crisis response framework shows that the response of organisations to a similar crisis can also vary. The framework offers a lens to analyse crisis responses and developing pathways following a crisis, see figure 5. This by describing the characteristics of two ideal-typical crisis responses, a reactive and a proactive crisis response, and two pathways, a reactive and a proactive pathway. By disconnecting a crisis and its consequential response, the framework allows to look at post-crises housing policies from a new perspective, not solely on how these policies respond to a crisis, but also how these are a potential stepping stone for a later pathway. The framework introduces ideal responses and pathways, in practice a crisis response or pathway will thus be somewhere in between these ideal situations.

Novalia & Malekpour's (2020) first crisis response features show a clear distinction on how a crisis is perceived in a reactive or proactive response. This difference can also be found in the crisis literature. As (Hay, 1999) argues, for many the term crisis has a negative connotation. Similar, Al-Dahash et al. (2016) illustrate that some reoccurring key features of a crisis are danger, being troublesome or causing damage, and being unexpected. The negative connotation of crises fits with the features of the ideal-typical reactive crisis response. As Novalia & Malekpour (2020) lists a crisis is perceived as unpredictable, unknowable, and of exogenous origins. It is a critical threat, hence undesirable and feared, and it requires low-risk mitigative measures. As an agency, or the capability of institutional actors to act, the reactive response shows that incumbents with dominant control will respond to the crisis and their oppositions are considered to be suppressed or weak to exploit the crisis' opportunity (Marshall & Alexandra, 2016; Pelling & Manuel-Navarrete, 2011). The structure, or the arrangements of rule and resource systems, in the reactive crisis response is to preserve long-term stability by concentrated resources and deeply held rules and to iron out disturbances with short-term fixes. Overall there is a resistance to extensive changes and even

though the crisis might lead to change, the crisis response aims to minimise this change and as a result, the response's outcome is path-dependency.

On the other hand a crisis can be perceived as a critical opportunity (Boin et al., 2009), namely triggering a systemic change towards sustainability is put forward (Gunderson et al., 2017; Newig et al., 2019; Novalia & Malekpour, 2020). This view fits more with the features of the ideal-typical proactive crisis response and as Novalia & Malekpour (2020) describe, here a crisis is perceived as something that can be prepared for and this prepared response is embedded within local contexts, which can have diverse origins and variable scales. A crisis is a critical opportunity for collective and deliberative actions to implement radical and innovative measures. Novalia and Malekpour (2020) argue that a proactive response aims to bring large-scale changes, by anticipating 'critical juncture', to disrupt the systems from within. These 'critical juncture' are typically short moments during which new conditions and actions may increase the likelihood of institutional change (Peters et al., 2005). Novalia & Malekpour (2020) describe a growing coalition of opposing and competitive forces that mobilise resources and exercise their power to shape the crisis narrative and refer to 'a governance of preparedness' (Medd & Marvin, 2005), which aims to build urban resilience.

Regarding agency, challengers with coordinated counterforces will respond to the crisis and incumbents have a moderated control. The structure of this crisis response is to distribute resources and flexible rule systems to anticipate and prepare for disruptions, to foster creative innovations, to facilitate political contestations, and to coordinate large-scale social changes. The outcome of this response is a transformative adaptation. In an urban context, Revi et al. (2014) uses the term transformative adaptation to highlight non-linear change to systems. This type of adaptation contrasts with incremental adaptation, as the latter seeks to maintain existing systems – i.e. development pathways and practices – as part of adaptation. Especially the terms *prepared for* and *anticipate* used in these features highlight the proactive approach of this crisis response.

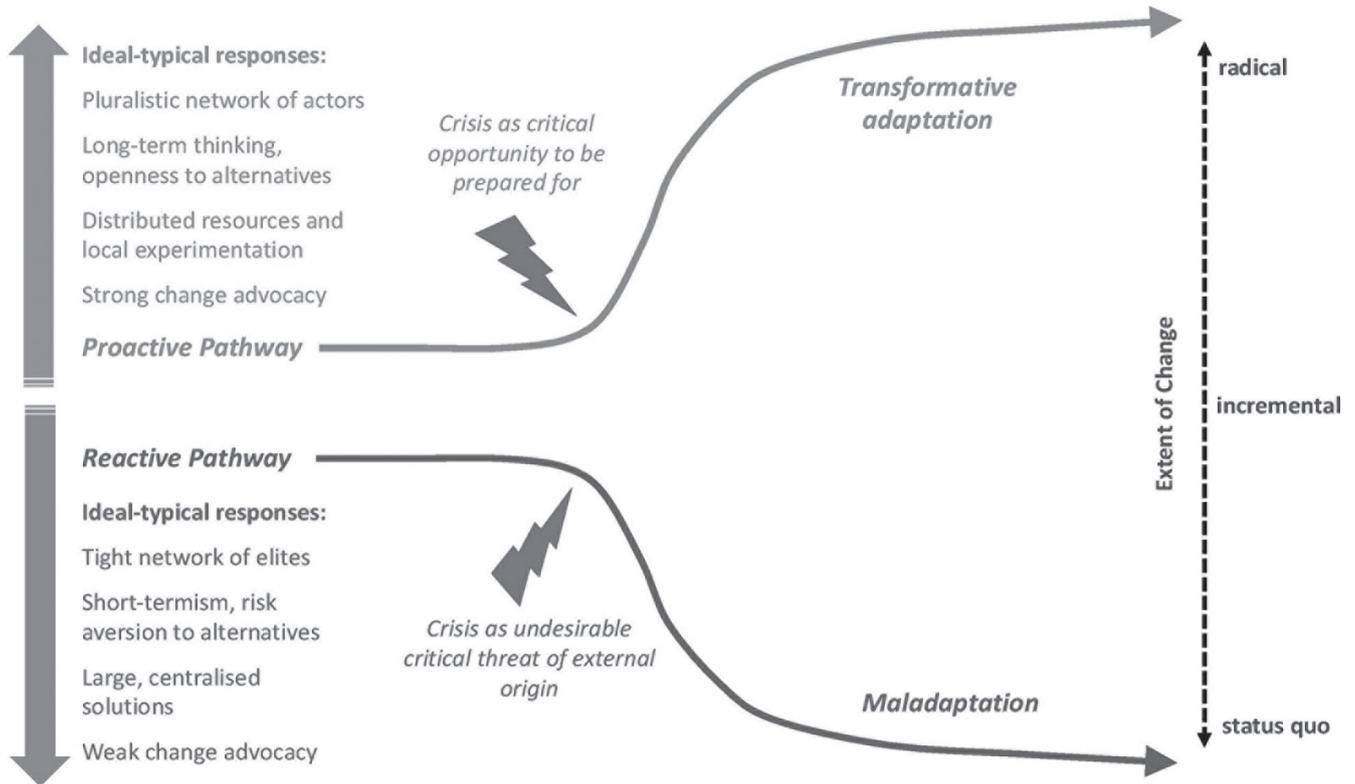


Figure 5: Conceptualising proactive and reactive crisis responses and pathways, by Novalia & Malekpour's (2020).

Less apparent than Walby's crisis types, also Novalia & Malekpour's distinguishes a difference in the innovation taking place, due to a crisis. In the reactive pathway innovation is low, while the proactive pathway fosters innovation.

The application of Novalia & Malekpour's (2020) framework in a urban planning context is not new and this framework have been used for research on urban adaptation to climate change (Mehryar et al., 2022). The framework offers policymakers a base to analyse and position their crisis response housing policies. Furthermore, they can evaluate if their policies support the pathways they are working towards in the long run. However, we found two limitations to do so. Firstly, the framework's current characteristics are based on cases regarding a drought and a waste crisis, and these thus not focus on the housing sector. We expect that some of these characteristics thus need to be adjusted, in order for them to be used in a housing sector context. Secondly, interestingly the framework looks what can continue (mainly reactive approach) or can rise or shift (mainly proactive approach) following a crisis, it doesn't elaborate on how to deal with elements that ended due to a crisis.

3.4 Reflections

In sum, looking at the causes, changes and consequences of crises gives new insights to better understand the specific characteristics of crises. However, one should be critical when translating the introduced crisis types to practice, as the starting point of crisis can not always be clearly distinguished, countries or local areas can experience the change caused by a crisis differently, and when has a crisis really ended?

For this research on the influence of the 2008 crises and climate change on the French, Portuguese, Spanish and UK housing policies, especially a more abstract use of Walby's (2015) variants was considered the most applicable. Therefore, the following case studies will be researched from the question: what ended, continued, arose or shifted? This report also aimed to support policymakers to create more resilient policies. Novalia & Malekpour's (2020) proactive crisis responses shows that, prior or at the start of a crisis actors have the opportunity to also pose the question: which policies should or shouldn't end, continue, rise or shift? One should be cautious for implementing Novalia & Malekpour's (2020) framework in practice as it offers characteristics of a reactive or proactive crisis response and not guidelines for these crisis responses.

Prior or at the start of a crisis, governments have the opportunity to pose the question: which policies should or shouldn't end, continue, rise or shift?

4. Case selection and methodology

A case study approach was chosen to conduct this exploratory study on the influence of global crises on housing. This report combines the results from two case studies. The first case study analyses the influence of the 2008 financial and economic crises on the French, Portuguese, Spanish and UK's national housing policies. The second looks at the influence of climate change and the 2008 financial and economic crises on the Porto and Basque housing renovations policies.

4.1 Case study at national level

The housing regime of a country and their national housing policies within a country has historically developed, with or without the guidance of housing policies. As a result, each country's housing regime will be unique. Therefore, even though the 2008 crises were global and the crisis' pressure on the housing regime will be similar, the responding novel approaches do not need to be. By focussing on national housing policies, instead of lower governance level policies, allows comparing the post crisis national housing policies among countries, and identifying similarities. Owing to the paper's focus on nations, EU member states with dominant local or regional housing policies are not taken into consideration for comparison.

The selection of the final three cases was based on two pre-2008 comparative researches of EU Member states concerning their national housing policies, and their spatial planning systems and policies. For the final selection of the three countries we aimed at a maximum variation among the countries. The underlying reason is that if similar influences on housing can be noticed in different countries, they can be considered as an effect of the global 2008 crises.

The first comparative research is a study of Maclennan, Stephens and Kemp (1996) on the 1980s and 1990s housing policies in the European Union (EU) member states. The authors compared the EU countries on the level of state intervention, the percentage of GDP going into housing policies and the distribution of owner occupied, private rented and social rented. They concluded that the EU member states could be placed into four groups (see table 2). As the third and fourth group show many similarities, only the fourth group will be considered for further selection, as this group is more

different to the first two groups than the third group. This results in a maximum variation among groups.

The second comparative study by Nadin, Hawkes, Cooper, Shaw and Westlake (1997) was done in the same period and it categorised spatial planning systems and policies in the EU. Also here four groups were formed (see table 2). Here, the second group's spatial planning has a comprehensive integrated approach and is conducted in a very systematic and formal hierarchy of plans, from national to local level. As the local level plays a dominant role in spatial planning, this group of countries will not be further looked at, due to the paper's focus on the national government. Table 2 shows the result of combining both studies and from these results, the UK, France, Portugal and Spain were selected. Although both Spain and Greece were an option, we opted for Spain as they exited the EU/IMF bailout mechanism earlier than Greece and thus austerity measures would affect housing policies less in Spain in the decade following the 2008 crises.

In terms of methodology, two steps were taken. As a first step, by means of scientific and grey literature and desk research of national policies, a brief overview is given of both pre- and post-2008 national housing policies of France, Portugal, Spain and the UK for home ownership, social and private market rent. The post-2008 policies are clustered

according to comparing or opposite approaches across countries. As for the second step, the question: "what ended, continued, arose or shifted?" has been used to re-evaluated earlier results.

4.2 Case study at regional or local level

This case study analyses the influence of climate change and the 2008 financial and economic crises on the Porto and Basque housing renovations policies. In regard to the 2008 crises, only cases in Spain and Portugal were selected as the case study on national levels in these countries showed a growing interest in renovation following the 2008 crises. In regard to climate change, the paper of Reckien et al. (2018) show that from a national level, both the Spanish and Portuguese local governments are not required to develop local climate plans. However in both countries, in almost two thirds of the urban areas the authors looked at, the local governments have developed local climate plans. The authors concluded that the Covenant of Mayors played a key role in this high number. Interestingly, the paper of Reckien et al. (2018) showed that most cities only developed mitigation plans, while cities in the Basque Autonomous Community and the area surrounding Porto developed (separate) mitigation and adaptation plans. As these cities developed both, they showed a wider climate change awareness, than cities

	Much state intervention	Government housing expenditure: 1 to 2 % of GDP	Government housing expenditure: 1% of GDP	Government housing expenditure: < 1 % of GDP
Regional economic planning approach		France		Portugal
Comprehensive integrated spatial planning approach	Sweden, the Netherlands	Austria, Germany, Denmark	Finland	
Tradition of land use management	UK		Ireland, Belgium	
'Urbanism' tradition			Italy	Spain, Greece

Table 2: selection of cases (bold), based on the results of two studies comparing housing policies of EU member states. MacLennan, Stephens and Kemp (1996) (columns) and Nadin, Hawkes, Cooper, Shaw and Westlake (1997) (rows). Based on our research goals, no countries of the groups 'Comprehensive integrated spatial planning approach' and 'Government housing expenditure: 1 % of GDP' were selected.

that only focused on mitigation and thus both Basque Autonomous Community and Porto were selected as cases.

As a methodology, four steps were taken. As a first step the pre-2000 renovation approach and goals are described as a starting point. Did their goals indicate growing climate change awareness? As a second step, the organisation and stakeholders involved were looked at. The third steps researched the renovation approach. How did the 2008 crises impact the renovation approaches and did their goals indicate growing climate change awareness? As a final step, the results between the two cases were compared, based on what ended, continued, arose or shifted, due to the 2008 crises?

A quick scan on renovation policies in Porto and the Basque region was conducted and we found for each area an interesting approach to further look into. Firstly, the Basque roadmap for Sustainable Building *Bultzatu 2025* (dated 2012), which has a strong focus on integrating energy, social and urban regeneration goals and brought together objectives set by, among others, the different departments of Basque government. Secondly, the Portuguese *Sociedades de Reabilitação Urbana* (SRU), or Urban Rehabilitation Societies, set up in 2004. SRUs are publicly owned companies that actively endorse urban regeneration in historic city centres and one of their aims was to develop new solutions of access to decent housing, later on energy challenges were added. The two main differences between the two approaches is that *Bultzatu 2025* is set for the whole Basque region, while the Porto SRUs works in a more specific area and that the Basque roadmap was set up after the 2008 crises, while the SRUs already was introduced pre-2008 and further evolved due to the 2008 crises.

A variety of sources were used, them being scientific and grey literature. For several of the renovation policies, there were relatively few papers in English-language literature and therefore limitations of our study are the strong reliance on incomplete information, mainly at the level of the cases, due to the lack of several reliable English international scientific sources. At the level of cases SDU Vivo Porto and

Bultzatu 2025, a review of grey literature (both in English as in original languages) was added via government's legislative documents and reports. To compare the growing climate change awareness pre- and post-2008, updated documents were used as much as possible. For instance, to research the influence of *Bultzatu 2025* on the shift in goals of the renovation approach in the Basque county pre- and post-2008, the Basque Building guide for sustainable building (edition 2006 and 2015) is used as a point of reference. SDU Porto Vivo already existed pre-2008 and policy documents and scientific literature, pre- and post-2008, of SDU Porto Vivo enabled us to research a potential shift.

Although interviews could have been an interesting additional source of information for both case studies, this method was not used. The supporting reason for that decision was that this research focuses on the crisis responses, and decisions connected to these responses had to be taken based on the available information at that crisis moment. As time has passed, new insights on how one could or should have acted have been discussed frequently in scientific and non-scientific publications and these insights might overshadow the aimed results of the interview. In contrast, written documents capture the particular crisis zeitgeist more accurate.

5. Influence of the 2008 crises on the French, Portuguese, Spanish and UK national housing policies

Based on the four selected cases (France, Portugal, Spain and the United Kingdom), this chapter explores the influence of the 2008 financial and economic crises on the national housing policies by comparing the pre- and post-2008 situation. The changes in policies are clustered by the tenure statuses: home ownership, social rent and private market rent. Although this might seem a clear distinction to start from, as this overview will show, several policies have actively supported households to change their tenure status, while other policies changed the tenure status of dwellings.

5.1 Home ownership

This section on the national housing policies concerning home ownership is subdivided in three subsections. First, an overview of each country's pre-2008 overall policies concerning ownership is given, followed by policies to support mortgage lending for a specific targeted group and policies on building or selling of affordable housing.

5.1.1 Pre-2008 national housing policies on home ownership

To begin, the predominate status of ownership in Portugal and Spain. Research of Allen, Barlow, Leal, Maloutas and Padavoni (2004) showed that housing policies in Portugal and Spain, similar to other Southern European countries, was aimed at directly or indirectly supporting household access to owner-occupied housing.

The Portuguese state supported home ownership by facilitating access to credit, e.g. through a subsidized regime, and by tax benefits and deductions, for instance the state offered a tax deductibility of interest payments (ECB, 2009). Matos

(2012) elaborates on the subsidized mortgage credit. It was created in 1977, but only after the mid-1990s the number of its loans granted rocketed. This subsidized regime ended in 2002. However, the contracts made under the scheme, continued to be valid until the debt has been paid off. Using data of the Portuguese public institute responsible for ensuring the implementation of the government's policies in the areas of housing and urban rehabilitation (IHRU, 2015), Costa Pinto and Guerra (2019) found that, between 1987 and 2011, almost three quarters of public funding allocated to housing was channelled to this measure.

The Spanish *National Housing Plan* of 1961, which promoted the purchase of newly built housing, (Duque & Susino, 2016) can be marked as the starting point for the development of a strong Spanish home ownership culture (Fuster et al., 2019). Also the Spanish state offered a tax deductibility of interest payments (ECB, 2009).

The share of households with home ownership in France is the lowest among the four selected countries (Eurostat, 2021b). Similarly, a study of Scanlon and Whitehead (2004) concluded that compared with the average home ownership rate among European countries, France's position is much below the average. Furthermore, Spilerman and Wolff (2012) concluded that in France fewer mortgages are held, due to the fact that the French home purchasers must make larger down payments and repay the loan in a short period. Finally, similar to Portugal and Spain, French homeowners can deduct interest payments from taxes (ECB, 2009).

In the United Kingdom successive British governments had promoted the growth of home ownership over the last thirty years leading up to the 2008 crises, such as the

Right to Buy (Loison-Leruste & Quilgars, 2009), which will be described in the subchapter on affordable housing. In the UK, there was a limited mortgage interest tax relief (van der Heijden et al., 2011).

5.1.2 Pre- and post-2008 policies supporting mortgage lending for a specific targeted group

Turning now to some policies for specific targeted groups. Both France and Spain supported targeted groups with their policies on mortgage lending, an overview of their pre- and post-2008 situation. Added by post-2008 policies in Spain and the UK, specifically implemented to support owners, suffering difficulties to repaying their mortgage, due to the 2008 financial crisis.

Pre-2008, the French government's support for mortgage lending was aimed at first-time homebuyers. Pollard (2010) illustrates several of these support measures. Firstly, in the mid 1990s, earlier subsidized home ownership loans (*prêts aidés d'accession à la propriété*, or PAPs) were replaced by means-tested (according to household composition and income) interest-free loans for first-time homebuyers. These loans showed the State's desire to encourage house building by placing middle-income households in a financial position to buy property for the first time. Secondly, two years previous to the 2008 crises, the *Pass-Foncier scheme* was established in France. It was a land-purchase deferment scheme for first-time homebuyers who were purchasing a new-built main residence. The scheme made land available free of charge, during the repayment period of the loans taken out for the build, and as such limited the initial cost of the operation to the building costs. Miron (2001) states that the limited French funds for supporting home ownership have largely been allotted for the purchase of newly built structures, rather than the policies being used for the acquisition of existing homes.

The *French Stability Programme 2009-2012* was set up as a recovery programme by the French State in the aftermath of the 2008 crises. As the paper of Pollard (2010) showed, the part of this programme focusing on the housing market, mainly supported first-time buyers overall with

policies that were already set before, for instance: the interest-free loans (supplemented by the government) for first-time homebuyers and an extension of the *Pass-Foncier scheme*. Concerning the former, in the plan was decided that the interest-free loans would be doubled. As such the programme was a continuum of the State's desire to support middle-income households.

Pre-2008, Spanish policies provided tax deduction on first home purchases (Leal, 2005). From the beginning of 2013, this tax-deductible mortgage payment ended (Pittini et al., 2015). Post-2008, the Spanish housing market experienced a sudden and severe fall in prices (Gentile, 2013). For homeowners this meant that the value of their house decreased, while the height of their, mainly flexible rate, mortgage did not. The pre-2008 high level of debt in loans acquired by the Spanish households caused, post-2008, mortgage defaults and a growth of evictions (García-Lamarca & Kaika, 2016) even though, as Fuster, Arundel and Susino (2019) showed, only a few homeowners in their primary residence were facing foreclosures (INE Digital Repository, 2014). However, both the highly publicized nature of eviction stories and the increase from previously minor levels sparked the feeling of a severe crisis for the public imagination. As a result, several national and regional policies focused on foreclosures. An overview by Ferreras (2015) illustrates that, to support households that meet vulnerability criteria (e.g. income, number of members living in family unit) the Spanish government (2013) introduced a temporary moratorium on evictions by the *Act 1/2013, of 14 May, de medidas para reforzar la protección a los deudores hipotecarios, reestructuración de deuda y alquiler social* or measures to protect mortgage defaulters, restructure debt and social renting. Another measure that the act entailed was setting up the Code of Best Practices. To deal with mortgage defaulting allowed banks to voluntarily adopt affordable formulas, such as restructuring debt, splitting it up and, in some cases, payment in kind.

Post-2008, also the UK set up policies to support homeowners that faced increasing difficulties to meet their responsibilities with credit institutions.

Following the 2008 crises, the British government set up a *Mortgage Rescue Scheme* and *Homeowners Mortgage Support*. The paper of van der Heijden, Dol and Oxley (2011) shows that the government hoped that these measures would prevent evictions. In their evaluation, the Department for Communities and Local Government (2010) describes the *Mortgage Rescue Scheme* as providing “a supported exit route out of home ownership for households who would, if repossessed, be in priority need for homelessness assistance” (p11). In other words, this allowed housing associations to acquire the property and rent it back to a household, in the case their mortgage repayments would be considered unsustainable. The housing association would offer a three-year assured short hold tenancy at 80 per cent of the market rent. The *Homeowners Mortgage Support* allowed “borrowers to be entered onto concessionary forbearance arrangements of a minimum of 30 per cent of the interest only mortgage payment for a maximum of two years” (p 13). Moreover, van der Heijden et al. (2011) addresses the broader aims of this increased government’s support. The government hoped that these measures would slow down the further downward pressure on house prices as this could also cause financial problems for new constructions and prevent them to start (van der Heijden et al., 2011).

5.1.3 Affordable housing

The second support measures of the national governments in regard to ownership, was the building or selling of affordable housing, pre- and post-2008. Even though part of the social sector, it has been added here as it increases home ownership, primarily for lower income groups. However, as the examples will show, several of these dwellings, in a later phase, are being sold on the market.

Firstly, the VPO regime in Spain will be described, but prior some context on the Spanish situation of affordable housing. A 1991 national survey revealed that the rate of home ownership for working-class households was higher than that of professionals (Susino, 2003). In other words, similar to Portugal, in Spain home ownership was even a widespread reality across every social class (García

2010). Research of Dol, Mazo, Llop, Hoekstra, Fuentes and Etxarri (2017) showed that this widespread reality can be explained by the long-standing Spanish tradition of providing subsidies for the constructions of owner occupied houses known in Spain as *Vivienda de Protección Oficial (VPO)* which can be translated as Officially Protected Housing. The houses were suited for low- and medium income households (households with an income below 5.5 times the minimum wage (Hoekstra et al., 2010). However, over time VPO’s could lose their social character and become part of the regular housing market. As the research of Hoekstra, Heras Saizarbitoria, Etxezarreta Etxarri (2010) shows, a defining characteristic of VPO housing is in the temporary nature of the subsidization arrangement, i.e. only for a given period of time, the so-called qualification period, these houses are considered as subsidized housing. To prevent speculation, VPO houses can, during the qualification period, only be sold against prices that are determined by the government. As a rule, these prices are the price of new subsidized owner-occupancy dwellings.

As Pittini et al. (2015) described, by 2012, when the new Spanish *State Housing Plan 2013-2016* was set up, the production of social housing had almost completely stopped, due to the lack of public funding and difficulties accessing financing from credit institutions, following the 2008 crises. The *State Housing Plan 2013-2016* supported low-income tenants and subsidized the creation of public social rental housing and the rehabilitation, regeneration and renovation of buildings. As Dol et al. (2017) point out, as such this plan ends the position of the subsidized VPO dwellings as the old cornerstone for owner occupation (Ministerio de Fomento, 2013).

The selling of social housing in the UK is already a longstanding policy. In the UK, social housing was just below a third of the housing stock in 1979, by 2006 that was not even a fifth (Loison-Leruste & Quilgars, 2009). From the 1980s the British government implemented a *Right to Buy scheme*, aimed at council tenants, to promote the growth of home ownership (Loison-Leruste & Quilgars, 2009). Some of the criteria applied to buying a council home are that it is the buyer’s only or

main home and that the buyer have had a public sector landlord, for instance a council, housing association or NHS trust, for three years. This however does not have to be three years in a row. A comparable scheme is the *Right to Acquire*, which aims at tenants of housing association homes.

Post-2008, the British government continued incentives for the sale of existing affordable houses (van der Heijden et al., 2011). In 2013, the government set up three affordable home ownership schemes to supported house purchases for specific parts of the market, such as those who live in social housing. These schemes were: the *Help to Buy ISA*, the *Help to Buy equity loan* and the *Buying through shared ownership*. The *Help to Buy Individual Savings Account (ISA)* supported aspiring homeowners for a house in the UK. They could save money on the account and the government would boost their savings by 25%. With the maximum government bonus the account holder could receive £3,000. The *Help to Buy scheme* gives new homeowners in England a low-interest loan (20% (up to 40% in London)) towards their deposit of 5% for a newly built home. Finally, the *Buying through shared ownership scheme* gives lenders the opportunity to share ownership (between 25% and 75%) with the housing association and pay rent on the rest.

5.2 Social rent

Earlier was described how the social sector plays a role in execution of the national housing policies, for instance by building affordable housing or selling social housing. Concerning the social rental market, this section will focus on policies that were implemented due to the crisis and had an influence on the tenure status of households. A short overview on how these measurements for the reuse of dwellings or land, vacant due to the 2008 crises, were taken in the four selected countries and French and UK examples of policies, related to developments for social housing and countercyclical building.

5.2.1 Post 2008, reuse of dwelling or developments

In Spain, Portugal and the UK, former vacant housing was reused for social houses. The 2012 Spanish *Fondo Social de Vivienda (Social Housing Fund)* was an initiative of the central in collaboration with the financial sector. In their paper, Dol et al. (2017) elaborate on this Fund. It was aimed at vulnerable households and due to this Fund, about 6000 vacant dwellings, part of the banks' housing stock, were transferred into the social rental sector.

In Portugal, Costa Pinto (2017) describes that, following the 2008 crises, in order to make the rental market more accessible, the Portuguese National Institute for Housing and Urban Rehabilitation (IRHU) partnered with other entities and, among other initiatives, established the *Social Rental Market programme (Mercado Social de Arrendamento)* in 2012. This programme was aimed at households that not have enough income to buy their own house or to rent in the private market, nor were able to access social housing. The programme re-leased real estate, seized by banks, at a price less than a third below the regular market price.

As the research of van der Heijden et al. (2011) shows, in the UK, the British government took measures to remove unsold new dwellings from the market, this by enabling housing associations to buy up new dwellings that remain unsold. Moreover, as indicated previously, the *Mortgage Rescue Scheme* allowed the housing association to acquire a property and rent it back to a household if they were unable to meet their payment commitments.

As Pollard's (2010) paper showed, in France, a different strategy was chosen. Here the State tried to both tackle the property and housing crisis by the off-plan or prior-to-completion purchase of 30,000 housing units from property developers by social developers, which the state instituted since autumn 2008. In other words, this measure allowed developers to get rid of their unsold housing, or, more often, to sell land on which they have not yet started building, while at the same time social housing was 'produced'. In the first years after

the crisis the partnerships between developers and social landlords grew and the measure helped changing the boundaries and interactions between property developers and social-housing organizations. However, the *Scellier scheme*, a tax incentive scheme to boost investment in private rental property, gave developers new opportunities on the open market and as importance of the scheme increased, the off-plan market dried up.

5.2.2 Post-2008, countercyclical building

Post-2008, housing associations in the UK and France were building countercyclical. In the UK, housing associations and local authorities are the main providers of social housing. The research of Hodkinson and Robbins (2013) described that when the 2008 crises hit, the national government allowed local authorities greater budgetary control over their housing, with the hope that councils would build new council housing on land they already owned, this by being able to borrow against their rental streams. Robertson (2017) shows that the national government was not supporting financially, as the *affordable rent programme*, introduced in the *2010 Comprehensive Spending Review*, reduced the proportion of funding, from approximately 30% to 5%, for affordable housing developments that could come from the social housing grant. As there was less investment budget devoted to affordable housing by the state, housing associations were also required to borrow more from private sources (Chevin, 2013). As Pittini et al. (2015) described, after the 2008 crisis, housing associations carried out most social housing construction. While local authorities did increase their housing production, following a decade of low activity, it still remained low.

Already before the 2008 crises, the French government invested heavily in social housing. In her paper Lévy-Vroelant (2007) demonstrates that the French social housing sector was undergoing a process of impoverishment and connects this to the interplay of three factors: firstly, a large share of households already living in the social housing estates experience a deterioration of the living conditions. Secondly, middle-income households are exiting the deteriorating areas. Thirdly, the new

households that enter the areas are poorer than those who have left. Lévy-Vroelant (2007) places the suburban riots during the autumn of 2005 in this light of this impoverished housing and living conditions and shows that, following the riots, several actions were launched in the so-called *Zone Urbaines Sensibles (ZUS)* or 'sensitive neighbourhoods'. This in order to identify and elaborate solutions concerning the deterioration of living and housing conditions.

Pollard (2010) describes that following the 2005 suburban riots and the 2008 crises, the French State set up a €26 billion *French Stability Programme 2009-2012* in which €1.8 billion was intended for the housing sector. A part of these funds was used to increase the urban renewal programme in the previously mentioned peripheral social-housing districts (cfr. the banlieues).

As Pollard (2010) shows, with *French Stability Programme 2009-2012*, the state aimed to react to the crises both in an economic sense to the property crisis, by activating an anti-cyclical building programme, and in a social (or societal) sense to the housing crisis, by diminishing the housing difficulties that French households encounter. However, in her paper Pollard (2010) concluded the government prioritized the economic handling of the property crisis over the social handling of the housing crisis. Moreover, as Pittini et al. (2015) described with a VAT reduction for the construction and renovation of social housing and with a rise of the ceiling of the *Livret A saving account* (which finance social housing) the French State showed that the production of social housing was their priority. The goal of the VAT reduction was to build 22,500 additional social homes per year. The goal of the *Livret A* was to meet financing needs of social housing construction projects. This increase by half of the *Livret A* ceiling has enabled the Caisse des Dépôts et Consignations to increase its loans to the social housing sector by 10% in 2013.

5.3 Private rental market

Overall the share of the private rental market (PRM) in the household tenure status has been decreasing in most countries prior to 2008, while in the last

decade a clear increase can be noticed. The study Haffner, Elsinga and Hoekstra (2008) gives an insight on how the share of the PRM had been developing since 1950 until the beginning of the 2000s. In Spain and England, the private rental sector decreased from over half of the housing stock to around one in ten. In both countries this decrease was compensated for mainly by home ownership. Also in France there was a significant drop after 1955 in share of the PRM, from about two fifths to about one in five at the beginning of the 2000s. As Haffner et al. (2008) described, the French PRM share had been stable since the second half of the 1980s, due to special financial or fiscal concessions to produce intermediary rental housing. Finally Portugal, as Alves (2017) showed here the private rental sector decreased by half between 1981 and 2011 (INE, 2012). However, as figure 6 shows, the number of tenant households with a rent at market price increased in the UK and Spain since 2007, Portugal and France since 2012 (Eurostat, 2021c). To better understand this growth, shortly more on the situation in the UK and Spain. Robertson (2017) stated that the growth of the PRM in Britain was mainly fed by demand from people trapped between an unaffordable owner-occupied sector and an under-provided social housing sector. With less supply of housing in the UK, the social rented sector focused on providing for the most vulnerable individuals. Consequently, for households that were not labelled as vulnerable and didn't have the financial means to become homeowners, the PRM was

the only option and the PRM became the most vulnerable housing sector (Wetzstein, 2016). Spain experienced a shift in the tenure status of young adults. Calculations from the microdata of the Survey of Family Budgets done by Fuster et al. (2019) shows that for the group of young adults, aged 18 to 29, who live independently, home ownership decreases from more than half in 2007 to less than a third in 2016. While at the same time there was a rental sector increase from more than a third to more than a half. Research by Bosch and López (2017) showed similar trends for a wider age group of young adults. This PRM growth has coincided with shifts in national policies concerning the PRM, first more on the pre- and post-2008 regulations for landlords for the four selected countries. Second, an overview of post-2008 policies, such as funds (England), taxes (France) or specific programs (Portugal) that increased investments in the PRM.

5.3.1 Policies towards landlords

In England, the conditions for landlords concerning PRM regulations were already favourable, pre-2008. The study of Haffner et al. (2008) showed that rent regulation for new leases in the private rental sector was abolished in England with the 1988 *Housing Act*. Also for existing contracts in England there were very few regulations, and in some cases none at all. The 2010 British government *Comprehensive Spending Review* allowed registered social landlords to charge affordable rents in lieu of social rents. In other words, the rent for tenants living

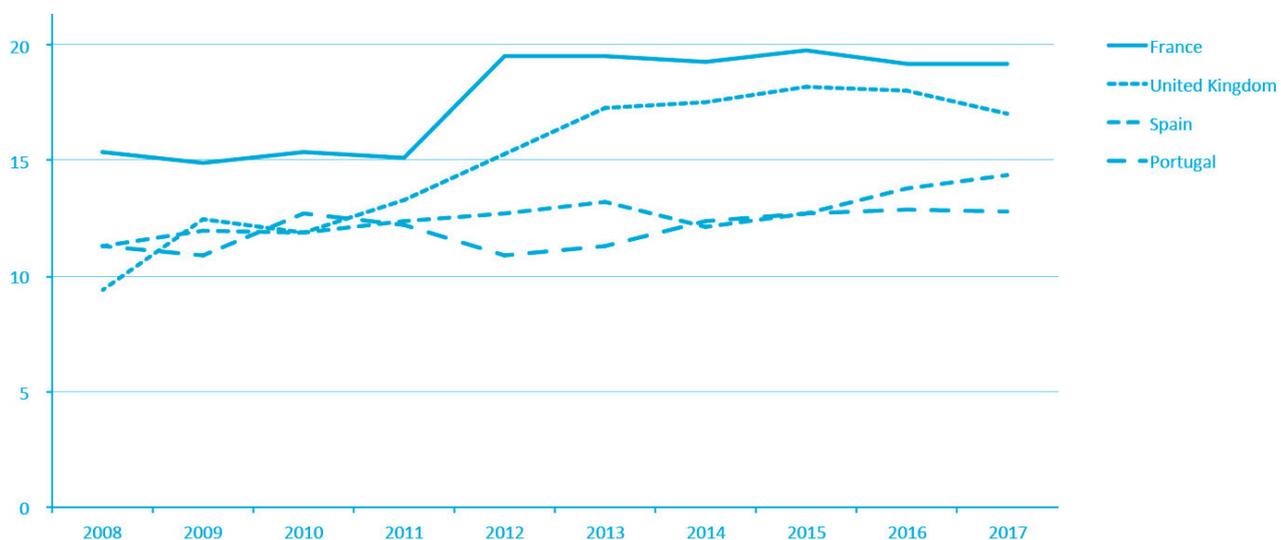


Figure 6: Share of households (France, UK, Spain and Portugal) with a private market (rent at market price) tenure status, source Eurostat.

in homes built under the *affordable rent scheme* increased rent from two fifths to four fifths of market rents. As a result there was a greater poverty level among these tenants compared to those renting in existing social houses (Robertson, 2017).

The study of Haffner et al. (2008) demonstrates that since the 1994 *Urban Tenancy Act*, Spain had no regulations in regard to new contracts. However, for the first five years of the lease there was a cost-price regulation, which implies that the annual rent increase should stay below the index of consumer prices. According to the Tojo and Naredo (2010) the Spanish property model, which promoted investment in house purchases, was one of the reasons why investors would rather lock up flats than rent them out. Post-2008, The Spanish *Law 4/2013* promoted the rental housing market. As Pittini et al. (2015) describes, this law brought about significant changes by providing better conditions for landlords such as a greater flexibility in ending rental agreements, reducing compulsory minimum time extension, greater freedom to increase rents, and faster legal procedures for evictions.

Like Spain, France had cost-price regulation for existing contracts and had no regulations for new or renovated dwelling, while for existing dwellings there were market rent regulations, i.e the rent was set on the basis of reference dwellings in the same region and comparable characteristics (Haffner et al., 2008). As Viprey (2004) illustrates, in 2004, the French government presented their *Social Cohesion Plan*, which sought simultaneously to combat problems in employment, housing and society more widely and as such aimed for an integrated approach to social exclusion. With regard to housing, one priority was to mobilise the vacant private-sector housing stock. Furthermore, Loison-Leruste and Quilgars (2009) illustrate that the *Social Cohesion Plan* aimed at tackling the French housing crisis by enlarging the share of agreement-regulated housing. For this kind of housing, a landlord and the central government signed an agreement. In exchange for financial help to build or carry out works in a property from the government, the agreement creates a

statutory tenancy for the dwelling and their qualifying tenants are entitled to a housing subsidy. As such these dwellings, a sizeable part of the private rental stock, could be regarded as social.

Lastly Portugal, as the paper of Matos (2012) illustrates, until 1990 the PRM suffered a prolonged control of rents and a rigidity of the property rental legislation. A reform in 1990 created a clear split in the rental market. The rents of houses, rented pre-1990, were still set at very low rates. Concerning comfort and safety, these houses suffered severe deficiencies. In 2011, these houses were still one third of the total rented dwellings.

Even though there were two reforms in old leases, the *Urban Tenancy Regime* in 1990 and *New Urban Tenancy Regime* in 2006, it was very hard for landlords to increase the rents or give notice (Pittini et al., 2015). As a result, landlords preferred to keep their houses away from the rental market (Costa Pinto & Guerra, 2019) and instead of the general habit of applying savings to the construction of housing for rent, households shifted their savings to more profitable financial products (Matos, 2012).

5.3.2 Policies to increase investments in the PRM

Firstly the UK, the British Homes and Community Agency, currently replaced by Homes England, aimed to expand purpose-built PRM post-2008 by an institutional investment in the form of a £1bn *Build to Rent Fund*, set up in 2012. Via loans to developers, which could be used to cover costs such as land, construction or planning costs, the Fund was a fully recoverable investment. At the point of sale or refinance, e.g. the developers sold on their interest in the project, the loan needed to be repaid. The government shared risk or bridged finance to help schemes to be built, managed and let (British Homes and Community Agency, 2015).

In France, tax incentives were used to support the PRM. In 2008, the *Scellier scheme* was put in place to encourage investment in the private rental property (Pollard, 2010) and in 2014, the *Pinel scheme*, a reduction on the income tax for buy-to-let investments.

Pinto's (2017) paper shows that in order to make the Portuguese rental market more accessible post-2008 crises, the IRHU partnered with other entities and developed the *Rehabilitating for Rent (Reabilitar para Arrendar) programme* in 2014. This supported municipalities, companies, and urban regeneration societies to rehabilitate buildings for use as rental housing with regulated rents.

5.4 Reflections

In the decades prior to 2008, the four national governments had the clear aim to increase the number of homeowners by mainly supporting specific groups, such as first-time buyers, low or middle-income households. Owing to this aim, governments had set up policies such as tax benefits, reductions or relief, interest payments, subsidies, funds, investments, programmes and others. As some of these examples showed, several policies had actively supported households to change their tenure status, while other policies changed the tenure status of dwellings. For instance, some countries even had policies to support mortgage lending for a specific targeted group, such as first-time homebuyers. In a more direct manner national governments also increased home ownership, by building or selling affordable houses. This focus on home ownership might be the reason why investments in social or private market rent were low. From the insights from the literature review, the post-2008 policies are listed based on if housing policies ended, continued, arose or shifted.

In regard to housing policies that ended, several of the pre-2008 policies supporting home ownership stopped, due to the austerity measures national governments introduced. Here both indirect, such as tax benefits, and direct policies, e.g. the building of affordable housing, ended.

An example of the continuation of housing policies is the French urban renewal programme in the peripheral social-housing districts (cfr. the banlieues). Interestingly, this programme was the result of an earlier crisis, the 2005 suburban riots

Three examples of housing policies that arose. Due to the economic crisis, certain households had increasing difficulties to meet their responsibilities with credit institutions. Several new policies were set up to prevent evictions. Next to avoiding evictions, a broader aim of some governments was to slow down the further downward pressure on house prices. As a second example, post-2008 policies that aim to diminish vacancy. These new policies were targeting the reuse of dwellings or developments

vacant due to the crises. These policies focused on houses once seized by the banks, newly built dwellings, or on land on which developers had not yet start building. A third example are new policies following the post-2008 growth in the private rental market the selected countries experienced. This while the share of households in this sector had been decreasing for decades for most countries. Due to the 2008 crises, certain households in these countries were trapped between unaffordable owner-occupied sector and an under-provided social housing sector; as such the private rental market grew in importance. Pre-2008, the four countries have shown differences in the level of PRM regulations. Whereas England had favourable regulations for landlords in place pre-2008, France, Spain, and Portugal had stricter regulations. Some of these regulations caused landlords

to rather lock up their flats than to rent them out. Post-2008 most countries set up new policies to support this sector. Overall this has not led to major shifts in policies towards landlords. Instead, like they did for the home ownership, governments used funds (UK), programmes (Portugal) or tax incentives (France) to support the sector.

Two examples of housing policies that shifted. In the UK, the national government allowed local authorities greater budgetary control over their housing, this to push forward countercyclical building for social housing. Another example is the growing focus on renovations in policies, such as Spanish State Housing Plan 2013-2016 that subsidized the renovation of buildings, or the French VAT reduction for the construction and renovation of social housing.

Post-2008, governments supported the private rental market with similar types of policies as they had supported home ownership prior to the 2008 crises.

6. Influence of climate change and the 2008 crises on the Porto and Basque housing renovations policies.

This chapter will focus on the effects of both climate change and the 2008 crises on a regional or local scale. For this case study, two European renovation programmes: the Basque *Bultzatu 2025 and 2050* roadmaps and the Portuguese *Sociedades de Reabilitação Urbana (SRU)* were selected. These cases illustrate how climate change and the 2008 crises led to a more integrating renovation approach.

6.1 Basque case: Bultzatu 2025 and 2050

6.1.1 Renovation policies and main development principles in Spain and the Basque Region

Overall, the focus and attention of the Spanish government has almost uniquely been on the production of owner-occupancy housing (Jurado Guerrero, 2006; Leal Maldonado, 2003; Tatjer, 2005). In the decade running up to the 2008 crises, Spain experienced a housing boom. As the reclassification and requalification of vacant land would give real estate developers the best capital gains, these developers thus opted much more for new building than for conserving the built stock. Consequently, the Spanish real estate business had evolved in expanding urbanisation. Also Rubiera Morollón, González Marroquin & Pérez Rivero (2016) observed that the new housing estates, built during this boom, were in most cases also in the most sprawled areas. Some of these areas became problematic concerning the environment and urban sustainability.

In 2004, the National Ministry of Housing was created and one of its leading priorities was the rehabilitation and re-adaptation of the built stock in land and buildings (Tojo & Naredo, 2010). In the Spanish expanding urbanization, the *Land Act 2007* brought about a

necessary reform as it introduced a principle of sustainable urban and spatial development by promoting the rational use of natural resources, harmonising the requirements of economy, employment, social cohesion and contributing to reducing pollution among others (Tojo & Naredo, 2010). As Tojo and Naredo (2010) state, with the act, the Spanish government took a difficult choice, as the new model threatened to ruin the real estate business, a driving force of the economy.

More specific for the Basque region, Burón Cuadrado (2014) states that, regarding land consumption, the Basque County was an exception in Spain. The county mainly focused on brownfields redevelopments and thus less on greenfield developments. Grijalba, Urrutia, Eizaguirre-Iribar, Irulegi and Hernández (2020) looked into Basque urban regeneration policies and saw, that since 1983, the urban regeneration increasingly became part of the housing policy. Moreover, they noticed that aspects, connected to the energy renovation of buildings and socio-economic regeneration were gradually introduced. From the 2000s, several programmes, focusing on urban renewal, regeneration or the rehabilitation of houses were implemented.

A concrete example of the impact of the growing awareness of climate change on housing developments at the level of Basque Autonomous Community is the *Guía de edificación sostenible para la vivienda* (2006) or the *Building Guide for sustainable building of housing* published by the Basque Department of Housing and Social Affairs and their attached public companies, the Departments of Industry, Commerce and Tourism and of Spatial Planning and Environment. In this guide both the importance of the building sector, as one of the most important engines of a

country's economy, and its impact on the environment is stressed. The latter, as it is responsible for a high consumption of resources (energy, water and raw materials) and generates a large amount of waste and air, soil and water pollution. The guide thus makes a connection to a growing awareness of climate change. Furthermore, the guide points out that poor design and construction methods can have significant effects on the buildings and the health of their occupants.

6.1.2 Organisation and stakeholders of *Bultzatu 2025 and 2050*

With *Bultzatu 2025*, the Roadmap for Sustainable Building in the Basque Country, the Basque government (2012) promoted a more sustainable way of building. Prior to its introduction, a wide range of regional and local social agents was consulted via a solid stakeholder consultation and the roadmap brought together objectives set by the different departments of this government (Hidalgo, 2013). As Klinckenberg and Forbes Pirie (2013) point out, *Bultzatu 2025* is an inclusive and coordinated approach, within a government with a strong focus on integrating energy, social and urban regeneration goals. In the various policy areas, it shows the various policy drivers for the Basque Country and brings forward how policies interact and which cross-sectoral actions are required. Finally, it sees the need for participation across several government departments and from all building value chain parties.

In *Bultzatu 2025*, the Basque government sets itself the target to rehabilitate a total of 250,000 homes in a situation of 'high or very high vulnerability' by 2025 and build 114,000 houses. To meet these targets, *Bultzatu 2025* has five main lines of actions, them being: (1) design, development and implementation of an advanced regulatory framework with control and monitoring mechanisms; (2) sensitization of home owners and end users; (3) strengthening and extension of the support system and instruments for promoting, advising and financing the execution of improvement actions; (4) development and acceleration of market entry of innovative, sustainable and better-performing products and services and (5) orientation and capacity building of professionals in the sector towards

innovation and sustainability.

As the second main line of action shows, *Bultzatu 2025* was also aimed at homeowners and end users. Together with the Roadmap, a website was set up to inform citizens and professionals on sustainable rehabilitation. For instance what advantages it entails, how to revalue their home and what are the essential elements of renovation. Moreover, to stimulate homeowners, the Basque government provided housing renovation grants of between 2,000 and 45,000 euros.

Also for *Bultzatu 2050* (Basque government, 2020), a wider group of actors participated in its making and the agenda integrates environmental, social, economic and technological challenges. In contrast to *Bultzatu 2025*, *Bultzatu 2050* involved a wider mix of ownership, as next to home ownership, *Bultzatu 2050* also targeted the rental sector, by promoting "renovations for rent" programmes. These programmes combined housing renovations, occupational training and access to rental housing.

6.1.3 Renovation approach of *Bultzatu 2025 and 2050*

Bultzatu 2025 starts with an analysis of the housing stock, regarding its current state, type of ownership, characteristics of the needed interventions. This analysis (Basque government, 2012) concludes that the old building stock shows a poor habitability and of Basque citizens, almost one in three lives in houses with a high or very high vulnerability. Moreover, the analysis describes the business activity associated with the residential building sector. Here also the decrease in activities of the building sector, related to the 2008 crises, are put forward.

Regarding the poor habitability of Basque citizens, Hidalgo (2013) described how the low energy performance of the buildings in the Basque region were a trigger, to increase the renovation of their building stock, with the aim to increase energy efficiency and by doing so, reduce the CO₂ emissions. Concerning the users, Hidalgo points out that the Basque region has a high life expectancy combined with a low birth rate. This resulted in an increasingly ageing population. By involving also social agents in the set-up of the roadmap, it also looked at

this demographic challenge. As a result, the Basque socio-healthcare system introduced new home approach. In their approach the home becomes the central place for attention and care. In other words, together with an energy renovation, the housing stock was adapted to guarantee certain accessibility thresholds; to allow for a certain level of personal independence; and to foresee the introduction of support mechanisms for covering home care services.

Bultzatu 2050 continues on the principles of *Bultzatu 2025* and in their urban agenda for the Basque Country, the Basque government (2020) defines the following four actions for the renovation of buildings and urban regeneration. Firstly, promoting energy efficiency and the renovation of the urban building stock. *Bultzatu 2050* still has a focus on: “Promoting energy efficiency and the renovation of the urban building stock, adapting it to the current energy challenges (building envelopes and heating systems) and individual needs, in areas such as guaranteeing accessibility to them, ensuring healthy and comfortable conditions and eliminating the risk of energy poverty” (Basque government, 2020, p45). To execute these actions, the agenda promotes financial instruments and updates the legal and urban planning tools to promote redevelopment and regeneration. These instruments facilitate project developments, which improve the energy efficiency of housing, as part of the comprehensive urban regeneration programmes. As such ensuring that households with lower incomes can participate.

Secondly, promoting the construction of user-friendly housing, where they make a reference to the earlier introduced approach of making residential buildings suitable for the provision of care.

Thirdly, *Bultzatu 2050* looks at the type of housing and promotes the redesign of buildings in order to adapt housing to the life cycles of individuals. The fourth action aims at developing proposals for the comprehensive urban regeneration in neighbourhoods and vulnerable areas, and at integrating holistic activities in order to reverse the conditions prevalent in urban segregation.

6.1.4 Guide for sustainable building and rehabilitation of housing

Following the 2006 guide for sustainable building of housing, a revision was published in 2015: *Guía de edificación y rehabilitación sostenible para la vivienda* or *Building guide for sustainable building and rehabilitation of housing*. Next to Basque Department of Housing, Public Works and Transportation and the Department of Spatial Planning and Environment, also SURBISA, an organisation specialised on city renewal in Bilbao, collaborated in the review and added a project as a case. As such knowledge and examples from practice on rehabilitation was added to this revision. The guide’s introduction elaborates on why the term rehabilitation was added in the title of the revision. It points out that in the past 10 years only about 8% of the projects executed were rehabilitation works, while in the Basque Autonomous Community thousands of buildings were in need of rehabilitation. The decrease of activities in the building sector following the 2008 crises should therefore be seen as opportunity to redirect efforts towards rehabilitation, this on the condition the necessary reforms carry implicit sustainability criteria.

Most of the 2015 listed guidelines are similar to the 2006 ones. There are some new guidelines added, for instance due to new knowledge on techniques, especially on heating and cooling. Comparing similar guidelines of 2006 and 2015, the main difference is that the later edition each guideline has one part of the text specifically focussing on the construction of new buildings and one part on rehabilitation. Rehabilitation is thus firmly positioned in the Basque Policy.

6.2 Portuguese case: *Sociedades de Reabilitação Urbana* (SRU)

6.2.1 Renovation policies and main development principles in Portugal and Porto

At the end of the 20th century, Portugal experienced a growing suburban sprawl. In Lisbon and Porto, for instance, most residential property transactions shifted geographically to the suburbs and in particular the urban fringe, owing to cheaper housing prices together with good transport accessibility (Fonseca et al., 2002; Meijers et al., 2012). Especially regarding the areas surrounding the metropolitan areas of Lisbon and Porto, the Portuguese central government launched, *mea de Erradicação de Barracas*, or the *Special Rehousing Programme* in 1993. The programme's main aim was to eradicate slums (Alves, 2017). Even though, as Branco and Alves (2015) show, the programme included rehabilitation of homes or by occupying vacant buildings, for instance in city centres, these options were less often used. More often the funding for housing with controlled costs was spent on new construction for sale. Concerning the inner cities, until 1990, the private rental market suffered a prolonged control of rents and a rigidity of the property rental legislation (Matos, 2012). These made it very hard for landlords to increase the rents or to give notice. As of these freezing of rents, landlords took minimal to no incentives to maintain their properties and rehabilitate housing (Alves & Andersen, 2015).

Both the growing suburban sprawl and the freezing of rents led to problems of degradation, loss of resident population, and ageing of vacant buildings and they especially have a large impact on historic centres, owing to their concentration of old buildings (Branco & Alves, 2015). As Moreira, Tavares and Pereira (2016) describe, several programmes were introduced in the 1990s, which focused on the rehabilitation of the historical centres of Lisbon and Porto. The main actors in these programmes were municipal authorities, which financed the reconstruction of old urban buildings, and the State, whose main attention was conserving certain important buildings (Silva, 2012). More specific for Porto, the municipality funded and

directly executed projects in the 2000s. Obvious examples are the projects that were part of the 2001 Porto European Capital of Culture. These projects included improvements to public spaces, streetscaping, pedestrianization schemes or new urban furniture and limited housing rehabilitation (Balsas, 2007). Even though initiatives were taken to improve the inner cities, between 1991 and 2011, the historic centre of Porto lost half of its population (Branco & Alves, 2015).

6.2.2 Organisation and stakeholders of *Sociedades de Reabilitação Urbana*

Sociedades de Reabilitação Urbana (SRU) or *Urban Rehabilitation Societies* are publicly owned companies that actively endorse urban regeneration in historic city centres (Neto et al., 2014) and they introduced a new phase of policy concerning the rehabilitation of city centres, as previous renovation projects mainly focused on specific buildings and upgrading the public space.

A short overview on how SRU are set up and how they developed over the years. As Moreira, Tavares and Pereira (2016) describe, *Law 104/2004* created SRUs and provided them the rights to acquire and rehabilitate property and redefine their uses. With these legal powers they could influence local housing policies and as such SRUs overall collaborated closely with municipal authorities.

Regarding how SRUs are set up, Branco and Alves (2015) mention that at the start two institutional models for SRUs were introduced. In one model the municipalities holds all the capital, in the other both municipality and the central state (via the Institute of Housing and Urban Rehabilitation (IHRU)) bring in capital. An example of the former is Porto Vivo SRU, which absorbed all competencies and resources of the municipality regarding urban rehabilitation. Despite the seemingly public sector focus, as Branco and Alves (2015) pointed out, SRUs aimed at promoting institutionalized cooperation with the private sector for urban regeneration purposes. At the end private investors were easily attracted to participate in partnerships with SRUs, owing to the SRU negotiation capacity, and their legal tools of expropriation and ability to impose a forced property sale in order to promote building renovation.

The 2008 crises brought challenges to the SRUs. As Branco and Alves (2015) described, to control the rising public sector debt, central governments imposed budget constraints and regulations and forced municipalities to incorporate the deficits and bank loans of municipally owned companies into their accounts. As a result, the municipality model faced difficulties. Other options for funding were looked at, each setting other priorities, and as such challenging the SRUs limits to adapt. For instance, following the 2008 crises, the authorities also viewed the rental market as an effective housing policy instrument and a means for urban rehabilitation (Branco & Alves, 2015). As Costa Pinto (2017) showed, IRHU partnered with other entities and developed Rehabilitating for Rent (Reabilitar para Arrendar) to make the rental market more accessible. This programme supported urban regeneration societies, municipalities and companies to rehabilitate buildings for use as rental housing with regulated rents.

6.2.3 Renovation approach of Sociedades de Reabilitação Urbana

As Branco and Alves (2015) describe, the *Urban Rehabilitation Laws* of 2009 introduced significant amendments to the instruments of action of SRUs and municipalities could define *Urban Rehabilitation Areas (ARU)*. For these areas they could set up a *simple Urban Rehabilitation Operation (ORU)* or a *systematic ORU*. For both, the private owners would have immediate access to fiscal and financial incentives and to tax benefits to repair or renovate their dwellings and as such promoting energy renovations. For the *simple ORU*, a strategy and a technical justification are adequate to approve the ARU and it was mainly up to the private owners to take action.

A *systematic ORU* looked at the level of the neighbourhood: a strategic rehabilitation programme was set up and the implementation of its execution fell to a SRU or a partnership with private actors. The research of Sousa and Conceição (2013) shows how SRUs introduced a novel approach of urban regeneration. Based upon strategic documents, interventions would guide implementation for each street block. SRUs had legal powers concerning

changing the tenure of buildings and forcing intervention, using expropriation and prompt licencing procedures.

The case of SRU Porto Vivo shows that SRUs, by showing good examples, could improve sustainable energy performance of the whole neighbourhood. As Santos, Valença and Fernandes (2017) describe, Porto Vivo, the Regional Culture Directorate and the Energy Agency of Porto developed a set of guidelines concerning materials, construction techniques, supply energy options and procedures to be fulfilled by the retrofitted buildings, see figure 7. Obviously, Porto Vivo implemented these guidelines in their developments. However, as Santos et al. (2017) point out, the main success of these guidelines have been that private promoters, builders or owners are following the same rules has Porto Vivo for their retrofitting operations, despite the less strict national requirements for retrofitted buildings. A reason was that the 10% extra investment cost, that the guidelines overall claimed, led to a higher return.

Guia de Termos de Referência para o Desempenho Energético-Ambiental

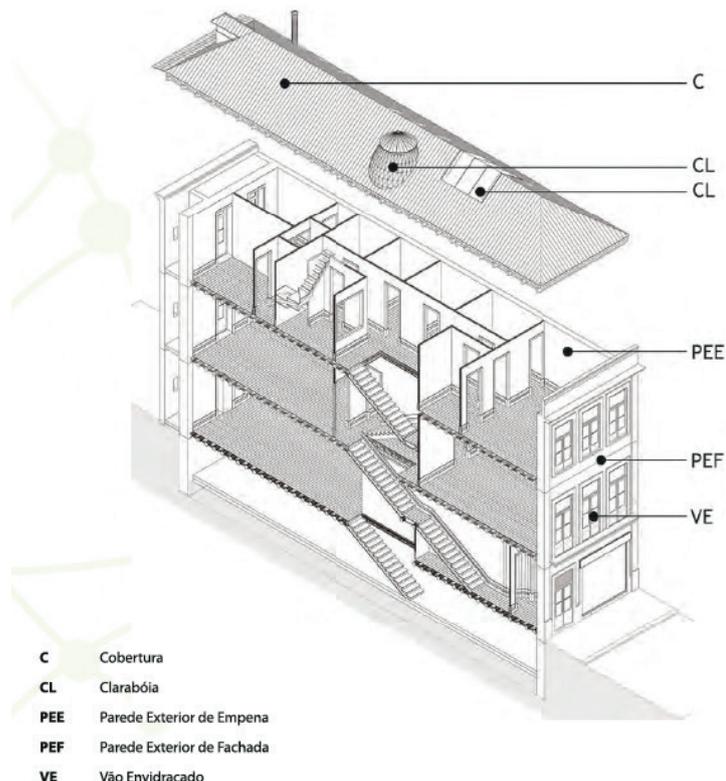


Figure 7: page from the Porto Vivo guide with terms of reference for energy-environmental performance showing the constructive elements, the guidelines elaborates on, source Porto Vivo (2010).

6.3 Reflections

Similar as the reflections of the case study in chapter five, the post-2008 policies are listed based on it housing policies ended, continued, arose or shifted. This set-up allows pointing out similarities between the Basque and Porto case.

What ended? Regarding urban planning principles, the main pre-2008 development strategies in Spain and Portugal had been constructing newly built dwellings. The 2008 crises led to an abrupt stop of many of these construction activities (figure 8). Furthermore, even though both countries had some renovation policies or programmes (e.g. SRU), the effects of the 2008 crises made that the continuation of their organisation model was not a given.

What continued? Even though, the Portuguese SRU had to find new ways of financing, due to austerity measures following the 2008 crises, several SRU were able to continue their activities.

What arose? Basque *Bultzatu 2025* was the result of cooperation between several Basque departments and it shows a newly integrated renovation approach in its organisation. The aims of this approach was to adapt the urban building stock to both the energy challenges, via working on the building envelopes or the heating systems, and to individual needs, via guaranteeing accessibility to the homes, ensuring healthy and comfortable conditions and eliminating the risk of energy poverty. Regarding the

development principles, together with introducing *Bultzatu 2025*, a website was set up to inform owners and to stimulate them housing renovation grants were provided. Next to home ownership, *Bultzatu 2050* also targeted the rental sector, by promoting “renovations for rent” programmes. Another new renovation approach to highlight is the use of guidelines. Via the Portuguese SRU Porto Vivo guidelines, a broader group of actors in the neighbourhood invested in a more sustainable energy performance.

Finally, what shifted? From a broader urban planning perspective, the pre-2008 urban developments in Spain and Portugal were mainly newly built developments in sprawled areas, resulting in a degradation of the inner cities. Due to the growing focus on renovating the existing building stock, the Spanish and Portuguese inner cities got more attention.

Only the Portuguese case already existed in some form prior to the 2008 crises. Shortly more on how their organisation model and renovation approach shifted. In Portugal, pre-2008 SRU's started with renovation at the level of the neighbourhood, taking up social challenges. Post-2008, the need for new ways of funding also brought new partners and challenges. Due to the 2009 laws, the SRUs could use new policy instruments, which allowed a shift to an integrated approach. The SRUs could include also the private market in the renovation of building blocks and their renovation approach would include energy renovations.

Post-2008 housing (re)developments brought new stakeholders to the table and as such broadened the aims of the (re)developments.

Post-2008 housing policies supporting the construction sector show a growing focus on renovation.

7. National, regional and local housing policies aimed at supporting renovation or reuse.

A reoccurring element in both case studies (chapter five and six) has been the growing interest in renovation or reuse following the 2008 crises. Although, the cases' policies used the distinctive terms: rehabilitation, regeneration and renovation, for this chapter we use renovation as general term for all these three terms. Essential to the growing renovation or reuse focus in post-2008 policies has been the impacts of the 2008 crises on construction. Due to the crises, the building activities in the selected countries dropped immediately. In regard to the number of dwellings in building permits (figure 8), the change between 2007 and 2008 in France was a decrease of about 17%, in Portugal 30%, in the UK almost 40%, while Spain experienced 57% drop (Eurostat, 2021a). Also Tutin and Vorms (2014) mention a drop in the French volumes of construction. However by 2011, the French construction level was almost back to its pre-2008 peak. As figure 8 shows, prior to 2008 the amount of Portuguese building permits was

already decreasing. Van der Heijden, Dol and Oxley (2011) stated that the UK felt the effects of the crises on their housing construction market. The 2012 UK £1bn *Build to Rent Fund* aimed at supporting both the construction sector and the expanding PRM by an institutional investment. Hoekstra, Heras Saizarbitoria and Etxezarreta Etxarri (2010) described how the Spanish construction boom ended due to the 2008 crises and points out that the number new housing constructions that started, more than halved in about a year. Following 2008, also the former subsidizing of the Spanish VPO houses ended. Besides the 2008 crises, figure 8 also shows the influence of other global events, such a drop around 2020, which can be related to the COVID-19 pandemic.

With this context of the construction sector in mind, an overview of policies at national, regional or local level. Which policies ended, continued, arose or shifted following the 2008 crises?

Pre-2008, renovation was not a new idea. However as the Portugal case showed, the focus of renovation was on public buildings or public space and there was

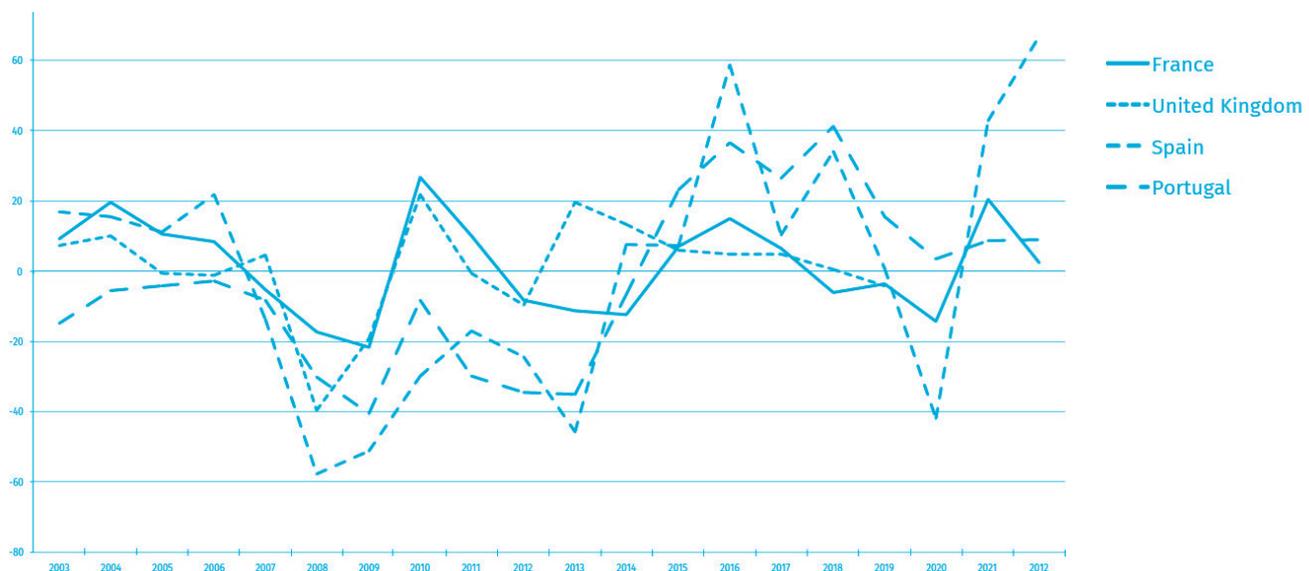


Figure 8: Percentage change compared to same period in previous year for the number of dwellings in building permits (France, UK, Spain and Portugal), source Eurostat.

a limited housing renovation. In some case studies renovation was mentioned in housing policies, however it did not had a primarily role in these policies. As pre-2008 the renovation of housing was a niche in most countries, we didn't find renovation policies that ended due to the 2008 crises.

In regard to policies that continued, the *French Stability Programme 2009-2012* comes into sight. The 2005 riots in French peripheral social-housing districts played a distinctive role, when the French State set up this €26 billion Programme. A part of the €1.8 billion, that was intended for the housing sector, was used to increase the existing urban renewal programme in the previously mentioned districts.

Concerning renovation, the cases show several policies that arose following the 2008 crises. As the Spanish subsidizing of the affordable VPO houses had ended, the *Spanish State Housing Plan 2013-2016* subsidized the creation of public social rental housing and the renovation of buildings. Another example was the Spanish *Law 4/2013*, which promoted the rental housing market. This law brought about significant changes by providing better conditions for landlords and as such stimulated landlords to renovate and reuse former vacant flats.

In Portugal, the IRHU partnered with other entities and developed the *Rehabilitating for Rent (Reabilitar para Arrendar) programme* in 2014. This supported municipalities, companies and urban regeneration societies to renovate buildings for use as rental housing with regulated rents. Also France supported the renovation of the rental market. In 2014, the *Pinel scheme* was introduced. This was a reduction on the income tax for investments in new or existing buy-to-let apartments; the latter providing the apartment undergoes renovation work.

At the regional and local level, two novel post-2008 approaches are found. First, the case of SRU Porto Vivo showed that developing guidelines, based on successful sustainable energy performance developments, can also pursue private developers to follow these guidelines for their renovation activities. The Basque case went even one step further and the development of *Bultzatu 2025*, combining several public

regional departments, resulted in a novel home approach to renovate the Basque housing stock. This approach combined energy renovation, guarantee of certain accessibility thresholds and to foresee the introduction of support mechanisms for covering home care services.

In regard to what shifted, from a former niche in pre-2008 policies, several of the cases' post-2008 housing policies pushed for renovation as a way to support the construction sector. For example, the revision of the 2006 Basque guide for sustainable building of housing in 2015 was titled: *Building guide for sustainable building and rehabilitation of housing*.

In regard to policies on reuse, mainly new policies arose following the 2008 crises. In both Spain and Portugal, houses, part of their banks' housing stock, were bought and reused. The 2012 *Spanish Social Housing Fund* was an initiative of the central government in collaboration with the financial sector and due to this Fund, about 6000 vacant dwellings, part of the banks' housing stock, were transferred into the social rental sector. In Portugal, the *Social Rental Market (Mercado Social de Arrendamento) programme* re-leased real estate, seized by banks, at a price less than a third below the regular market price. In the UK, the *Mortgage Rescue Scheme* allowed housing associations to acquire a property and rent it back to households that were unable to meet their payment commitments.

In sum, housing renovation policies that continued were existing policies that were a reaction to a prior crisis, here the French 2005 suburban riots. Policies or investments that ended were mainly those previously supporting the construction of new-builds, while those that were shifting can be linked to a growing importance of renovations. At the national level, post-2008 renovation or reuse policies that arose aimed at supporting renovation and providing housing for those in immediate need of housing. At the regional or local level, the need to find other financial means to support renovation activities also led to new renovation guidelines or integrated renovation approaches.

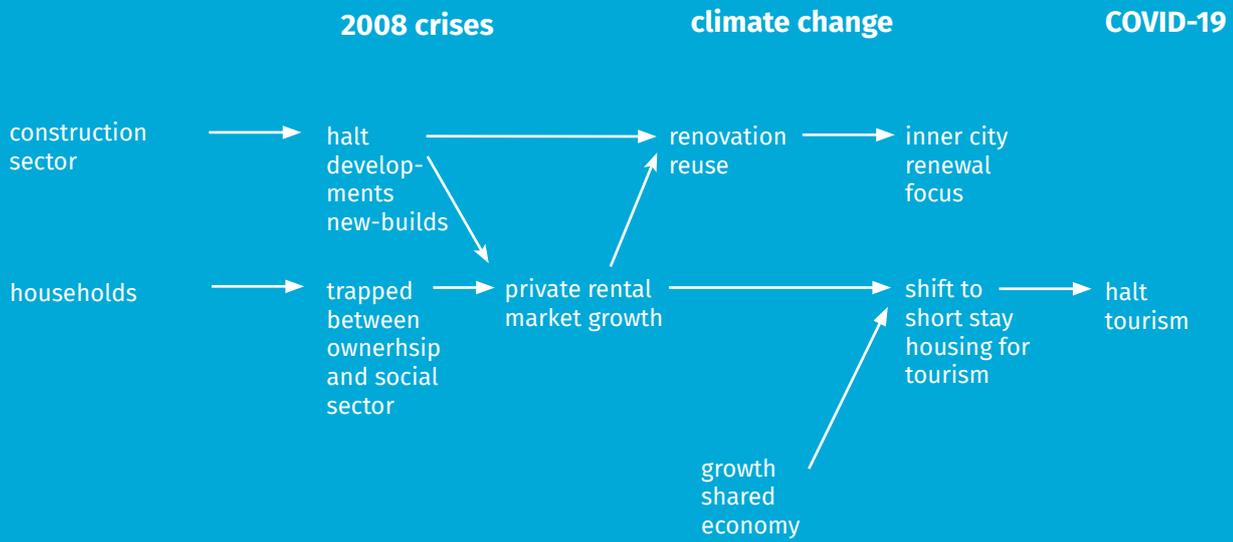


Figure 9: Crises show interlinks.

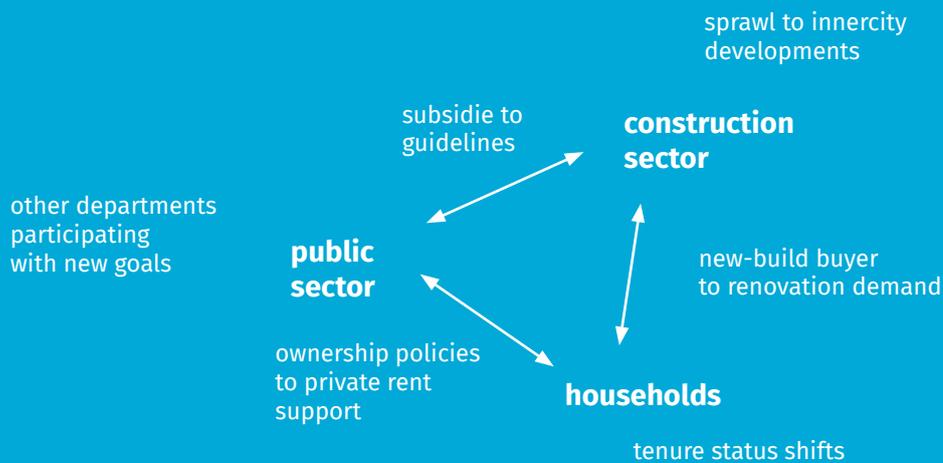


Figure 10: Crises create new connections between the actors in the housing market.

8. Conclusions

This report's starting point is that, via a broader understanding of the influences global crises can have on housing, policymakers can create more resilient policies or better navigate crises. By posing the question: "what should or shouldn't end, continue, rise or shift?" governments are able to better take into account the influence crises can have on housing and navigate the opportunities that crises can bring.

This conclusion section ends with three recommendations, based on cross-case findings, for governments which aim to create more resilient policies or navigate crises.

Firstly, on several occasions in the research, crises showed interlinks (figure 9). A striking example is how the measures following the 2005 French suburban riots continued following the 2008 financial and economic crises. This while other countries decreased their investments in the construction of housing due to austerity reasons. A second example, as the national cases have shown, in most countries the 2008 crises affected the construction sector strongly and this resulted in a halt of new-builds. Some countries developed a growing focus on renovation and new funding streams. The growing climate change awareness supported renovations according to CO₂ reducing standards. The Spanish and Portugal cases illustrated how the combination of climate change and the 2008 crises also shifted the focus of developments, from suburban sprawl of new-builds to in inner city renewal. A final example concerns households, due to the 2008 crises certain households were trapped between ownership and the social sector and a growing need for private rental market housing emerged. Spanish policies that provided better conditions for landlords, stimulated

landlords to renovate and reuse former locked-up flats. However, the increasing digitalisation supported a growing shared economy and short stay housing, a more profitable option than private rent, flourished. Due to the Covid-19 lock downs, tourism plummeted and this affected the short stay housing market drastically. In sum, when dealing with a crisis one has to analyse previous or parallel running global crises (taking into account a potential spillover effect), as these crises can positively or negatively influence the proposed policy measures.

A second finding is that global crises create new roles between the actors in the housing market (figure 10). Some examples of the shift between different actors are between the public sector and households, for instance from ownership supporting policies to private rent support; between households and the construction sector, for example from a new-build buyer to assigning renovation works; and between the public and construction sector, e.g. from subsidies for building to profit making building guidelines. The cases did not only show shifts between the different types of actors, but also among similar actors. For example, the Basque case shows how different public sector departments redefined the Basque housing approach. In short, when setting new housing policies following a crisis, a broad stakeholder analysis of the regime, also taking into account fast growing niche innovations actors, and the potential changing roles among those actors, needs to be set-up.

The final finding is that, due to crises, the tenure status of the existing housing stock can become flexible (figure 11). The cases have illustrated that in the decades prior to 2008, most national governments had the clear aim to increase the number of homeowners. Owing to this aim, governments have set up policies such as

tax benefits, reductions or relief, interest payments, subsidies, funds, investments, programmes and others. Following the 2008 crises, most public authorities were faced with austerity measures and these measures impacted the homeowner focus of housing policies. Due to some post-2008 policies, the tenure status of dwellings changed. For instance, the UK had a policy that allowed housing associations to acquire the property and rent it back to a household, in the case their mortgage repayments would be considered unsustainable. The *Spanish Social Housing Fund* transferred about 6000 vacant dwellings, part of the banks' housing stock, into the social rental sector. The *French Social Cohesion Plan* enlarging the share of agreement-regulated housing by creating a statutory tenancy for former private rent dwelling. As such these dwellings, a sizeable part of the private rental stock, are also regarded as social. In a more direct manner national governments also increased the private rental market, by setting other rules and regulations. Overall, to solve immediate needs households can have due to crises, policymakers can use this tenure status flexibility as a first measure before long-term solutions become possible.

Due to the set-up of this report (comparing pre- and post-2008 policies) the cases seem to list mainly reactive policy measures governments used to navigate crises. However, the fact that there are pre-2008 policies that continued or shifted might be an indication that some of these policies were proactive resilient policies. Furthermore, as has been illustrated by the first cross-case finding, crises show interlinks and a policy measure can be reactive for one crisis, but be proactive for parallel of future crises.

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