



**TÉCNICO LISBOA**

Extended Abstract

## **Vacant housing stock: Analysis and action proposal**

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# **1 Introduction**

## **1.1 Framework and justification**

The Portuguese housing stock has grown significantly in recent decades. In twenty years, the country produced a million and a half new houses, abolishing the existing housing deficit by then. Alongside the growing number of households, the number of apartments that are vacant also grew a lot. 2011 census data, indicated the existence of approximately 735,000 vacant apartments in the housing stock, about 200,000 were vacant in the last decade. Despite the surplus of housing, many households still have difficulties in accessing the housing market at costs that can withstand, although today there is a housing supply coverage rate available to suppress the housing shortages across the Portuguese territory. This new paradigm, created by the housing oversupply and the growing number of vacant houses is both an obstacle, for the distortion that it can create in the real estate market, and an opportunity, since it is an asset already built, and for the most part, ready to use. The increase in vacant housing stock is also a problem in the international context. In the eight European countries with the highest number of vacant dwellings, there are more than 11,000,000 vacant houses, and only in the United States, the last statistical data point to the existence of 18,000,000 vacant houses.

The subject has been capturing the attention of governments, academia, non-governmental organizations and public opinion. In the United States, the Centre of Community Progress believes that the financial crisis has greatly worsened the number of vacant houses, jeopardizing decades of investment in the access to housing. To Mallach (2006), these houses have a negative impact on the urban environment, contributing to the decline in the value of properties and discourage investment, plus the cost accounting for municipalities, not only for the loss of tax revenue as the costs to keep many of these safe houses. The UK Government launched the Empty Homes program, a set of measures with the aim of encouraging owners of empty and abandoned houses to promote the necessary efforts to bring them back to use. Increasing the supply of sustainable housing, more affordable rents and reducing the waste of these assets and their negative impacts in the community, is the policy main goal (UK Government, 2002).

In Portugal, the housing strategic plan prepared in 2015 identifies the need to integrate in the market, a vast vacant housing stock, whose withdrawal has multiple and complex reasons, of which stresses the lack of confidence of the owners in the rental market, the cost of rehabilitation or the absence of a properly updated land and property registration (IHRU 2015). A better use of the existing housing stock, based on a partnership between the public and private agents, through the purchase or rental of housing to be placed in the low-cost market is a priority for the current housing policies. For all these reasons, the debate around the vacant housing stock is now more relevant than ever.

## **1.2 Evolution of housing policies in Portugal**

The National Housing Strategy approved in 2015 aims to facilitate the householder's access to housing based on three priority action areas: urban rehabilitation, the fostering of the rental market and the qualification of accommodation. However, not always been these public policy priorities of housing in Portugal, which have emerged to address the existing needs and without an integrated long-term vision. Contrary to housing policies in other countries, several studies have appointed to the lack of public housing offer in Portugal along the last decades (IHRU 2008). Despite the existence of various programs and schemes for social housing, the first half of the twentieth century is characterized by the weight of self-construction and the responsibility of households in solving the housing problem. The absence of significant public promotion alongside a still fragile private sector will facilitate the illegal construction outbreak of the seventies. The increasing difficulty in access to housing led to the promotion of controlled cost housing policies, in order to rehouse families and promote the access for the neediest households. Public housing production earned some expression, essentially through the new construction model, funded by the state and promoted by local authorities alongside with the cooperative movement and private constructions companies. However, the public housing production has always been residual compared to the private market, which historically benefited from more favourable fiscal policies and incentives that allowed it to provide housing to a wider range of Portuguese society, leaving the neediest households under the burden of the state in solving their housing situation.

Gradually it has been widely accepted that there is a need to improve the rental market as well as more incentive policies for the rehabilitation of buildings. Urban rehabilitation is seen as one of the main challenges for the future development of urban policies in Portugal. Recover the competitive role of old urban centres and promote the recovery of its housing stock are major priorities. Housing rental emerges as the alternative of homeownership, in a context of degradation of fiscal and finance conditions, the contraction of disposable income of households and the need for debt reduction, emerging as the main way to develop an affordable housing supply that can meet the new socio economic requirements of householders. Basically, although the basic objectives of housing policy remain – decent housing for every family at prices compatible with their income – the means to achieve it have changed radically. Today it is accepted to say that we must move towards a reduction of the direct role of the state in social housing provision and strengthen its role as regulator in general access to housing. More and more, the actions taken by government in implementing their options should vent financial measures, by means of an improvement in action conditions of the actors involved, including investors in private rental (IHRU 2007). Both in Portugal as in the international context, is it agreed that rather than promote the new housing market, the challenge of the present housing policy is to engage a wide vacant housing stock in fostering new and more sustainable housing solutions.

### 1.3 Methodology

This article will be divided into three distinct phases. The first is an updated and detailed characterization of the Portuguese housing stock, particularly the vacant housing stock. The characterization will be made using the available statistical data, in particular form censuses surveys. The second phase corresponds to the framing of vacant houses problem by defining vacant houses, the reasons why they are vacant and its main consequences. There will be also carried out the theme framework in the international context. In the third phase will be evaluated the public rental of houses in the private market for affordable housing, as well as move forward with proposals for its implementation.

## 2 Portuguese housing stock characterization

The evolution of the housing stock has been strongly influenced by demographic dynamics of the last few decades. The process of population concentration in the coast and the bipolarization in metropolitan areas had, in territorial terms, a greater concentration of buildings and accommodation on the coast. Despite the demographic slowdown, the housing stock has grown considerably in recent decades. In 2011, there were in the country about 5.9 family accommodations to approximately 4 million classic families, which corresponds to about 1.45 accommodations per family. This ratio reflects surplus of about 1.9 million accommodations. Overall, in the last three decades, there was an increase of 73% in the number of accommodations, while the householders increase was only 38.3%. Because of the high growth rates of the Portuguese housing stock over the past decades, a significant part of the existing buildings were of recent construction. 2011 Census data indicate that about 63% of the existing buildings were built from 1971. These trends suggest the existence of a strong new housing market at the expense of the building rehabilitation sector, which had an impact on the evolution in the type of occupation, ownership and structural maintenance of housing buildings in the recent decades. As regards the type of occupation, the 2011 census point to a significant increase of secondary residence and vacant accommodations. Of the 5.9 million existing dwellings, 68.1% were of usual residence, 19.3% of secondary residence or seasonal use and about 12.6% were vacant. The number of empty homes suffered its greatest increase in the last decade, about 35 %of all new housing.

**Table 1 – Accommodation distribution by type of occupation 1991-2011 (Source; INE/LNEC 2013)**

<b>Accommodation distribution by type of occupation 1991-2011</b>			
<b>%</b>	<b>1991</b>	<b>2001</b>	<b>2011</b>
<b>Usual residence</b>	73,5	70,8	68,1
<b>Secondary and temporary residence</b>	15,9	18,4	19,3
<b>Vacant</b>	10,6	10,8	12,6

The existing data on housing tenure shows that the vast majority of usual residence accommodation is occupied by the owner, about 73% of the usual residences. The domain of this housing tenure indicates that over the past decades,

the housing supply was focused on the acquisition of accommodation instead of renting. In fact, the weight of the rental market in Portugal is still quite small, representing in 2011 only about 20% of usual residence accommodation. In 2011, of the approximately 780,000 accommodations rented in Portugal, 80% correspond to lease agreements entered into after 1975, and about half of it was celebrated from 2006. The rents of rental contracts saw significant increases relative to older contracts in the last decade. 2011 census data indicate that between 2011 and 2001, the average monthly value rose from 123€ to 235€. Despite the strong decrease of the very low rents on the old contracts, half of the rented accommodation had average monthly value of less than 200 euros.

**Table 2 – Usual accommodation occupation by housing tenure 1991-2011 (Source: INE/LNEC 2013)**

<b>Usual accommodation occupation by housing tenure 1991-2011</b>			
<b>%</b>	<b>1991</b>	<b>2001</b>	<b>2011</b>
<b>Owner occupant</b>	64,7	75,7	73,2
<b>Tenant occupant</b>	27,5	20,8	19,9
<b>Other situation</b>	7,7	3,4	6,8

The Portuguese housing stock is essentially privately owned. The small part which is public is mostly owned by local authorities. Besides representing a small part, the public rental accommodation increased in the last decade. In 2011, the private rentals had higher average income values, about 262 €, which contrasts with the 85 € average income in public rentals property of local authorities. It should be noted that both in 2001 and in 2011, the average rents remained lower than the average monthly charges with own house purchase, an amount that increased to 398€ in 2011 (INE/LNEC 2013). The strong growth of new constructions led to a significant reduction to only 70% of occupancy of accommodation in dilapidated buildings. Weak housing rehabilitation and rental markets led to the degradation and abandonment of older buildings. 2011 census data indicate that about one million building in Portugal lacks works of repair, and 150,000 were too devastated, mostly of them are old. The buildings with vacant accommodations are also those with more repair needs. Despite this trend is in major urban centres that are found higher rates of first homes in dilapidated buildings. In the past decade, the vacant housing stock suffered its largest increase ever recorded and the number of apartments on the market for sale increased by a third. Vacant accommodations follow the logical location of the usual residence accommodation, being relative evidence in rural areas, reflecting the depopulation and the abandonment of these areas. Also have a significant absolute weight in large urban coastal areas, demonstrating some saturation of housing and the abandonment of these urban centres (CIP 2008). The data of vacant accommodations indicates that about 37.4 % is on the market for sale or rent, a proportion that increased in the last decade. Beside the one whose fate would be the demolition, about 58.7% of them are vacant for unknown reasons, making it difficult to draw a profile about its situation. In these cases, most of them represent situations of abandonment or uncertainty on the part of their owners.

**Table 3 – Number of Vacant accommodations (Source: Census 2011)**

<b>Number of Vacant accommodations</b>	<b>Nº</b>	<b>%</b>
<b>For Sale</b>	164745	22,4
<b>For Rent</b>	110221	15,0
<b>For demolition</b>	28388	3,9
<b>Unknown situations</b>	431774	58,7

The surplus of accommodation in relation to the number of households is common to all regions of the country. Also, the coverage rate of vacant accommodations for the existing housing needs is well over 100% in almost all the Portuguese territory; so technically, Portugal no longer registers a housing deficit but enough supply to address the existing housing needs. In 2011, about 130,000 accommodations were needed for the approximately 270,000 vacant in the market for sale or rent, which represented a coverage of more than 200%. Only 17 of the 308 Local Governments didn't have enough vacant accommodations to address the housing needs registered.

### 3 Vacant housing Stock

#### 3.1 Definition of vacant accommodation

At first glance, the vacant accommodation can be divided into two major groups: those that are on the market for sale or rent, and those who are outside the market. Much of the vacant accommodations in the market are of more recent construction, presenting in general a better condition. For those, the decisive factors for being vacant will be economic and market factors. As for accommodation in unknown situations, the lack of detailed information makes it hard to draw a profile on these accommodations, and there will be a wide range of reasons why they are vacant. Although only a residual part is market for demolition, many of these vacant accommodations are in poor structural conditions and therefore represent a nuisance to safety and public health. For Wilkinson (2006), a vacant property can be defined as any residential building that pose a threat to public safety and thus meet the definition of a public nuisance The National Vacant Properties Campaign defines vacant property as vacant residential that pose a threat to public safety or that exhibit traits of neglect on the behalf of the property owner. For Mallach (2006), a property whose owner has stopped carrying out a least one of the significant responsibilities of property ownership, such as paying taxes and keeping it from becoming a public nuisance, should be considered a vacant and abandoned property. The Department of Housing and Urban Development of the United States government considers that the absence of universal definitions of vacancy and abandonment complicates efforts to assess the numbers and address the problem. For tax application, the UK Government considers any properties which have been unoccupied and substantially unfurnished for two or more years as a vacant property. In the United States, few states have provided a clear legal definition of what constitutes a vacant or abandoned property. For example, the New Jersey Abandoned Property Rehabilitation Act considers that any property that has not been legally occupied for a period of six months and which meet any one of the defined criteria may be considered an abandoned property. Among the defined criteria are, the need for rehabilitation, unfinished construction, unpaid property taxes or the property becoming a nuisance.



Figure 1- Summary of the factors that define a vacant accommodation

#### 3.2 Causes for the vacant housing stock

The housing stock occupation reflects demographic, economic and social changes. In the last decades, the socio-economic changes influenced the growth of the Portuguese economy and the income of the middle classes. Alongside, affordable credit policies are at the origin of Portugal present one of the highest rates of home owners in Europe. As a result, the indebtedness of households for housing acquisition has increased significantly over the past few decades. The housing loans grew from 3 billion euros in 1994 to 19.6 billion in 2007, when it reached its maximum. The weight of the housing loans in the total indebtedness of households reached near 80% in 2010 (CIP 2013). These policies led to contraction of the rental market. The lack of income for landlords to ensure the maintenance and security of buildings, the difficulty in pouring the defaulting tenants, led to the lack of confidence in the rental market and led to the gradual reduction of the rental offer over the past decades. Alongside this, the investment in new buildings has led to the development of urban peripheries, degradation of the oldest housing stock and the abandonment of the historic urban centres. Housing policies focused on home ownership and access to credit. Between 1987 and 2011, the State budget spent 9.6 billion in housing policies. About 73% of that money was for interest subsidies for housing acquisition loans. New construction became a major source of income for Local Governments. The income from property taxes doubled between 2000 and 2010. As the production and supply of homes increased, the houses were getting substantially more expensive. The increase of housing prices diverged sharply from the evolution of the disposable income of households.

The effects of previous policies and the economic and financial crisis of 2008, led to an unprecedented increase in the housing stock available for sale. In 2011, there were about 350.000 houses for sale. The increasing difficulty in honouring the burden of bank loans, for citizens and companies, the difficulty of landlords in dealing with the consequent deterioration of housing, are the visible faces from a crisis that divided society between a majority of citizens and foreclosed companies and a minority of financial and real state groups that enriched with high-value land and buildings (ALP 2011). Real estate speculation has also contributed to distort the price of housing, where the value was strongly inflated contributing to hinder the access of families to housing. Many investors bought houses with the aim of keep them empty, waiting for their appreciation and then sell the maximizing the investment. With the breakdown of confidence in the housing market and the value of homes, many owners end up not selling below their expectations while keeping them empty, increasing the number of vacant accommodation. The owner's relationship with the accommodation is also a factor that can lead to an accommodation stay vacant, particularly due to legal problems related to situations of inheritances, division of property, and other responsibilities aforementioned, which aggravates problems in the decision making about what to do with a vacant accommodation. In Portugal, more than 13% of urban buildings are in possession of undivided inheritances. A study prepared by the UK Government concludes that in urban areas where there arises a greater concentration of empty houses, there is a relevance of indicators of population decline, degradation of the quality of life, existence of weak rental markets and weak economic power on the part of the households. For Malach (2010), vacancy is the result of three factors: physical obsolence, Market obsolence and location. For Wilkinson (2006), vacancy is the result of many complex factors that are hard to separate from one another. However, the most important ones are market and economic forces, which largely determine their potential revitalization as well.



**Figure 2 – Summary of possible causes for vacant housing stock**

### **3.3 Consequences of vacant housing stock**

When vacant, the housing stock becomes a cost and waste. The housing relocation from the old urban centres promoted the depopulation of urban areas where accommodations are vacant, removing the same human capital that supports the establishment of economic activities, public services or other community dynamics. In addition, vacant houses promote the degradation of housing supply and the urban environment. Furthermore, promote real estate depreciation of housing and the areas they operate, increasing the costs for urban regeneration and generate weaker markets, reducing the income that owners can withdraw from their accommodations. Because of their poor condition some accommodation represents a danger to public health, representing an additional cost for public services responsible for their maintenance. Vacant housing stock also represents a loss of revenue for Local Governments. The contraction in the economic activity with the 2008 financial crisis led to the decrease in Local governments' revenues with property transmission taxes. The importance of vacant accommodation reveals a great mismatch between potential supply and demand for housing, as well as a significant weight of empty homes without any use, a problem that has not been resolved in the context of current policies housing (IHRU 2014).



**Figure 3 – Summary of vacant housing consequences**

### **3.4 The problem of the Empty Homes**

The vacant housing stock growth is a common problem in the international context. In Spain, some municipalities of Catalonia plan to fine banks that do not arrange solution within two years, for accommodation of its property portfolio from mortgages, or keep them to provide as social housing. In 2011, the Andalusian Parliament approved a decree-law that allowing the expropriation of long-term vacant accommodation by the banks. In Netherlands, the occupancy of accommodation that is vacant for over a year is legal. In Germany, owners of vacant and abandoned houses that do not promote its rehabilitation can be expropriated by the state. With the aim of finding solutions to the housing problem, a UK Government document launched in 2002 considers that the vacant homes are a unique opportunity for the revitalization of the urban communities and for the promotion of sustainable housing. Based on this, the UK Government launched the Empty Homes program. The strategy is to implement a set of measures to encourage owners of vacant housing to make the necessary efforts to put their homes back into productive use, with more affordable costs and reducing the negative impacts that these houses have in the community (UK Housing Strategy 2002). The UK Government considers that, if local governments are able to lease private sector long-term empty homes, can dramatically reduce their reliance on new construction for social housing (Temporary Management, Lasting Solutions, 2003). Under this strategy the UK Government launched in 2011 a set of measures to provide local authorities with more powers to pursuit their strategies to vacant homes. At first, incentives through lower taxes of VAT and penalties through higher rates of Council Tax were created. The existing reductions in local taxes for empty houses were eliminated, considered an incentive to maintain these conditions by vacant housing owners, but also the possibility of reductions and exemptions are applied in those taxes up to 50% for homes brought back into use and had been vacant previously for two or more years. It was also created a new homes bonus, a grant by government to local authorities, based on the amount of extra council tax raised through long-term empty homes that were brought back into use. In the case of houses placed on the market at affordable costs there is still an extra grant. Also, local authority's powers to take over long-term empty homes were improved as well. Since the beginning of this program, the UK already reduced its stock of empty houses at 130.000, about 17% of the existing vacant stock in 2002. In 2015, official statistics on the number of empty homes in the UK indicate that the total number peaked in 2008 with about 783.000 empty homes, which means a reduction of 173.000 empty homes between 2008 and 2015.

## **4 Public rental of accommodation in the private market for social housing**

### **4.1 Justification of the proposal**

Finding new solutions for lower income households is clearly one of the challenges of housing policies in the present. To this end, it is necessary to focus efforts on the blurring of the boundaries between the public and private sectors, an effort that must serve the "public interest" and replace the already worn and apparently more discriminatory concept of social housing. In several European countries, almost all social partners agree that today, more than promote new housing markets, the essential function of the state is to support access to housing for people with difficulties in accessing the private market, and at the same time, care and monetize the public park that comes from previous interventions (IHRU, 2007). In this case study will be conducted a characterization of the housing policies in the city of Portimão, in order to compare the cost of the existing measures with the viability of supporting the public rental of accommodation in the private market for social housing.

### **4.2 Case-Study – Municipality of Portimão**

#### **4.2.1 Housing Stock analysis**

The analysis of the municipality housing stock has shown that the number of vacant apartments follows the values of the national average, accounting for about 11.2% of existing accommodation.

**Table 4 - Accommodation distribution by type of occupation**

Type of occupation	Usual residente	Secondary residence	Vacant
Portimão	18.256	14.415	4.221
Alvor	2.441	4.371	511
Mexilhoeira Grande	1.527	640	557
<b>Total</b>	<b>22.224</b>	<b>19.430</b>	<b>5.289</b>

#### 4.2.2 Public housing analysis

The analysis to the promotion of social housing shows that there are 1533 accommodations promoted as social housing by private and public promoters. About 46.6% is owned by the municipality and lies in its large majority in public rental schemes in the public housing stock. Moreover, 53% correspond to affordable housing in property regime, mostly by private promoters with public financing. Acquisition costs of accommodation of the municipal housing stock are summarized in Table 7. The data for the accommodation of the older housing stock was not possible to obtain. The Municipality of Portimão assign grants to support the rental of accommodation in the private market for households with needs. The value of the subsidy varies depending on the household composition and monthly income. Currently, 147 households are receiving grants, in the annual amount of €211.164, which represents an average value of 119.7 euros per household. The summary of the grants by value are summarized in table 7. In addition to the acquisition costs of accommodation and the subsidies to support private rental, the budget for housing in 2016 is summarized in table 8.

**Table 5 – Average acquisition cost per accommodation in the municipal housing park**

Average acquisition cost per accommodation in the municipal housing park (€)			
P. Neighbourhood	Nº of accommodation	Average cost per accommodation	Total cost
Coca Maravilhas	165	25.210,67	4.184.971,29
Cardosas	47	48.407,17	2.275.136,96
Cruz da Parteira	124	33.174,00	4.113.576,35
Montes de Alvor	36	58.830,39	2.117.893,9

**Table 6 – Subsidies for private market rental by ranking**

Subsidies for private market rental by rental				
Ranking	Monthly Value (€)	Nº of Households	Annual Value (€)	%
1	75	31	27.900	21,1
2	100	25	30.000	17,0
3	125	20	30.000	13,6
4	150	66	118.800	44,9
5	%60 Renda	5	4.464	3,4
<b>Total</b>	-	<b>147</b>	<b>211.164</b>	<b>100,0</b>

**Table 7 – Budget values for housing in 2016**

Budget values for housing in the Municipality of Portimão - 2016 (€)	
Subsidies for rental accommodation in the private market	433.010
Major repair in the Municipal housing park	1.077.017
Acquisition of accommodation	5.000
Rehabilitation and maintenance of the municipal housing park	100.574
Condos	33.526
<b>Total</b>	<b>1.649.127</b>

### 4.2.3 Determination of rental costs in the private market

To determine the rental of accommodation was necessary to carry out a study of the real estate market in the municipality. The analysis to households showed that, for the most part, these correspond to couples without children, with one child or single person families. Thus, the study sample was composed of 50 one bedroom accommodations and 50 two bedrooms accommodation T2. The results are summarized in Table 9.

**Table 8 – Average rental value of accommodation (€)**

Average rental value of accommodation (€)		
Nº of bedrooms	Sample (nº)	Average rental value (€)
1	50	299,8
2	50	368,3

To determine the monthly value that households with housing needs will pay for the accommodation is necessary to set out in law No. 81/2014 that establishes the new public rental housing scheme. For the range of households income considered the supported rent values are summarized in table 10. Table 11 summarizes the costs of subletting a private accommodation to a household with supported rent by type of accommodation, household composition and supported rent value for households with housing needs in the municipality.

**Table 9 – Supported Rent value by household composition and monthly income**

Supported rent value supported by household composition and monthly income (€)						
Household composition	Household monthly income (€)					
	250	500	750	1.000	1.250	1.500
One person family	9,99	39,96	89,90	159,82	249,72	359,60
Couple without children	8,38	36,68	84,94	153,19	241,41	349,62
Couple with one children	4,64	28,24	71,82	135,37	218,91	322,42
Couple with two children	1,44	19,01	56,56	114,09	191,59	289,07

**Table 10 – Subletting cost by household composition, type of accommodation and supported rent value**

Subletting cost by household composition, type of accommodation and supported rent value (€)				
Household composition	Accomm. Type	Private rent value	Supported rent value	Subletting cost
One person family	T1	299,80	39,96	259,84
Couple without children	T1		36,68	263,12
Couple with one children	T2	368,30	28,24	340,06
Couple with two children	T2		19,01	349,29

### 4.2.4 Analysis of results

By analysing the results, it can be concluded that the private market rental costs are substantially higher to the values of supported rents for households in supported housing schemes. However, it is possible to verify that the level of investment associated with the rental of accommodation in the private market to attend housing needs, is substantially lower that the costs of acquisition and maintenance of public accommodation, which takes a significant share of the budget available for housing. In addition, the private rental option can be an interesting alternative to support access to housing of a larger number of families, allowing addressing to the most urgent housing needs more quickly. At the same time, promotes the access to housing more sustainably, fostering the promotion of the private rental market, and at the same time, allowing the use of the vast vacant housing stock. One of the identified threats is the fact that the promotion of this measure depend ultimately on the willingness of the owners in providing their accommodation for social housing ends. The low-income of households with housing needs may represent a social stigma that can make home owners step aside. However, it is also an opportunity to create incentives, in particular, by property and other municipal taxes, to

incentive the owners of private rentals in the promotion of new housing solutions, dimming the barriers between public and private housing promotion issues. Another threat identified is that the municipality may not have the financial availability to implement the measure, which cost grows with the number of supported households, and that can be a decisive factor. The following table summarizes the strengths and weaknesses as well as opportunities and threats identified for the implementation of the proposal.

**Table 11 – Swot analysis**

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Promotes access to housing</li> <li>• Promotes the rental market</li> <li>• Use of vacant housing stock</li> <li>• Rental over new construction</li> <li>• Promotes social integration outsider social housing context</li> </ul>	<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Changing social housing context</li> <li>• Attend to urgent housing needs</li> <li>• Creation of new rental incentives</li> <li>• Private involvement in new housing solutions</li> </ul>
<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Higher private rental costs compared to supported rent values</li> <li>• Long term low sustainability</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Depends on private owners will</li> <li>• Municipality financial unavailability</li> </ul>

#### 4.2.5 Implementation proposal

The SWOT analysis allowed advancing some proposals for the measure implementation by the Municipality. Figure 5 summarizes the proposals identified.



**Figure 4 – Summary of the implementation proposals**

## 5 Conclusions

The historic growth of the Portuguese vacant housing stock is a result of social, economic and market factors, alongside a large investment in the construction of new housing, strongly financed and supported by public funds in the last few decades. Alongside, the absence of efficient strategies for the oldest housing stock rehabilitation and for promoting the rental market, increased costs for the existing housing stock occupation and promoted the abandonment of the old urban centres. As the financial crisis appeared, the increase in the newly build accommodation that remain vacant revealed a distortion in the housing market and a mismatch between supply and demand of housing. This housing oversupply is confirmed by the coverage rate of vacant accommodations for the existing housing needs, which is over 100% is practically all the Portuguese territory.

The vacant housing stock is also a cost and a waste. It promotes the degradations of housing supply and the economic and urban degradation, causing real estate depreciation of housing discouraging investment in the areas they operate. Alongside, generate weaker markets, reducing the income that owners can withdraw from their accommodation. Because of their condition and vacancy, also represent an additional cost for public services as well as a loss of revenue for local governments. This vast vacant housing stock is the heritage of the end of new construction in the centre of public housing policies, and it should be an opportunity to refocus the strategies in the valuation and monetization of the housing stock.

The rental of accommodation in the private market for households in supported housing schemes represents threats but also opportunities. The private rental costs are higher than the supported rent values, which can represent low long term sustainability. However, if implemented in the context of the creation of the correct incentives, involving the private owners, it appears as a measure with a strong potential to address immediate housing needs, with lower immediate costs for those that are needed for the construction or acquisition of new social housing. Finally, it represents a clear challenge to the creation of new housing access models, more sustainably, with the potential to boost the rental market, monetize the existing and vacant housing stock, improving housing offer and promoting social integration outside usual social housing context.

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