

# Spain's housing policy turn and the challenge of multi-level governance<sup>t</sup>

Policy brief, July 2026

Iago Martínez-Durán

PhD Researcher, Institute for Studies and Development of Galicia (IDEGA) – University of Santiago de Compostela

Visiting Affiliate, UK Collaborative Centre for Housing Evidence, University of Glasgow



Economic and Social Research Council



Arts and Humanities Research Council



UK COLLABORATIVE  
CENTRE FOR  
HOUSING EVIDENCE

# Summary

Spain is undergoing the most significant of turns in its state housing policy since the restoration of democracy in the 1970s. Three measures illustrate the drive to reform a system historically oriented towards home ownership: the reintroduction of rent control after forty years, the creation of the first state-owned company intended to develop and manage social and affordable housing on a permanent basis, and the reinforcement of the country's residual public stock under new parameters. The multi-level and plurinational architecture of the state, combined with deep political polarisation, is nevertheless limiting the effective reach of this change and driving a reorganisation of governance.

## About the author

Iago Martínez-Durán is a PhD researcher at the Institute for Studies and Development of Galicia (IDEGA), University of Santiago de Compostela, and a Visiting Affiliate at the UK Collaborative Centre for Housing Evidence (CaCHE), University of Glasgow. His research examines housing policy and the multi-level, plurinational governance of housing systems.

For more information contact Iago Martínez-Durán at [iago.martinez.duran@usc.es](mailto:iago.martinez.duran@usc.es).

# 1. The crisis of the property-owning democracy

For decades Spain has been a society of home owners. An extreme case, in comparative perspective, of state-led residential property promotion as a cornerstone of asset-based welfare<sup>1</sup>. In 1950, the majority of Spanish households were renters; by the 1970s, owner-occupancy had already exceeded 70%. The engine of this transformation was the Franco dictatorship, which constructed its social model on mass, subsidised access to home ownership. “We do not want a Spain of proletarians, but a Spain of proprietors”<sup>2</sup>, declared its first Housing Minister, making explicit the logic of what has been described as Thatcherism avant la lettre<sup>3</sup>. The democratic transition left this intact: ownership kept climbing until 2011.

Public policy has been consistent with this commitment, combining purchase subsidies, mortgage market liberalisation, and public housing geared towards eventual privatisation: an apparatus that functioned as much as a motor of construction-led growth as a vehicle of social provision. Since 1960, some 6.5 million subsidised units have been built, yet the publicly owned social rental housing stock amounts to only around 318,000 dwellings, 1.7% of households. This reflects a defining feature of the Spanish model: public money has historically favoured access to private ownership over a permanent rental stock<sup>4</sup>. Even on the broadest measure of social and below-market rental housing, the figure reaches only 3.3%, against an EU average of around 8% (Table 1)<sup>5</sup>.

In line with wider global trends, Spain has undergone two qualitatively distinct housing crises over the past two decades. The first, after 2008, was a mortgage debt crisis, massively dispossessing owners through a wave of foreclosures and evictions<sup>6</sup>. The second, from 2015, has centred on rent, locking out would-be tenants<sup>7</sup>. Rental prices have risen by 43%, twice the rate of wages. Among tenants renting at market prices, 30.6% spend more than 40% of their income on housing. The average age of leaving the parental home has reached 30 years against 26.2 in the EU<sup>8</sup>.

The society of owners has broken down as a social contract<sup>9</sup>. Owner-occupancy, which peaked at 83.9% in 2011, has fallen to 70.6%. The generational collapse is even sharper: among those under 35, home ownership has dropped from 69.3% to 36.7%. For a growing share of the population, ownership has ceased to be a reasonable expectation. The old model no longer operates as a mechanism of integration, but as one of exclusion that runs increasingly along class lines, with access to ownership mediated by family wealth. It is against this shifting landscape that the reforms described below should be read, drawing on an analysis of housing policy documents and their territorial implementation.

**Table 1. Spain’s housing system in European perspective**

Indicator	Spain	EU27
Owner-occupancy rate (%)	73.7	68.4
Social and below-market rental housing (%)	3.3	8
Housing cost overburden, market-rate tenants (%)	30.6	20.3
House prices, cumulative change 2015–2025 (%)	+87	+65
Mean age of leaving the parental home (years)	30.0	26.2

Sources: Eurostat — EU-SILC (owner-occupancy, 2024; housing cost overburden, 2023), House Price Index (2015–2025), and average age of leaving home (2024); Ministry of Housing and Urban Agenda (social and below-market rental housing). Owner-occupancy is shown on the EU-SILC measure; the national series (Bank of Spain) gives 70.6%.

1 Vidal, L. & García-Duch, M. (2024). The limits to working-class property ownership: The case of Spain’s ‘society of owners’. *Economy and Society*, 53(4), 675-700. Allen, J., Barlow, J., Leal, J., Maloutas, T., & Padovani, L. (Eds.). (2004). *Housing and welfare in Southern Europe*. Blackwell Pub.  
 2 Cited in Vidal and García-Duch (2024).  
 3 López, I., & Rodríguez, E. (2011). The Spanish Model. *New Left Review*, (69), 5-28.  
 4 Pareja-Eastaway, M. (2025). Housing as the Fifth Pillar of the Welfare State: Why Spain Needs Structural Reform. *The Political Quarterly*.  
 5 Ministry of Housing and Urban Agenda (2024).  
 6 Pareja-Eastaway, M., & Sánchez-Martínez, T. (2017). More social housing? A critical analysis of social housing provision in Spain. *Critical Housing Analysis*, 4(1), 124-131.  
 7 Byrne, M. (2020). Generation Rent and the Financialization of Housing. *Housing Studies*, 35(4), 743-765.  
 8 Data from the Bank of Spain, the Spanish Youth Council and Eurostat.  
 9 Carmona, P. (2022). *La democracia de propietarios: Fondos de inversión, rentismo popular y la lucha por la vivienda*. Madrid: Traficantes de Sueños.

## 2. A new framework: cumulative, crisis-driven and contested

The change began in 2018 with the return of the Socialists to government and accelerated from 2020 with the entry into the executive of the New Left that emerged from the 2011 mass popular protests against austerity. The process, shaped from below by a new generation of tenant unions<sup>10</sup>, has had three prominent features (Table 2). Cumulative, through successive sedimentary measures rather than a single reform. Crisis-driven, responding to a series of emergency shocks from the Covid-19 pandemic to the economic fallout of successive armed conflicts. And fiercely contested, by sustained right-wing opposition across parliamentary, institutional and judicial arenas, and by significant tensions within the governing progressive coalition itself. Overall, it has consolidated a new framework aimed at strengthening the role of the central state within the multi-level governance system<sup>11</sup>, returning to the investment path pursued before the Great Recession, expanding tenant protection, and radically reforming the inherited public housing system.

**Table 2. The anatomy of a turn: three features of Spain’s emergent model**

Feature	How it manifests
Cumulative	Built by layering successive measures rather than enacting a single reform: the pandemic “social shield”, the re-regulation of tenancies, the creation of a state-owned housing company and a new State Housing Plan. The first central-state housing law epitomises the model, but the turn has been sedimented step by step rather than legislated at a stroke.
Crisis-driven	Each step has answered an emergency rather than a long-planned design: first the Covid-19 pandemic, with eviction moratoria and the “social shield”; then the inflationary shocks that followed successive armed conflicts, which prompted caps on annual rent increases. Reaction to crisis, more than blueprint, has set its pace.
Contested	A field pulled in opposing directions: sustained right-wing opposition across parliamentary, institutional and judicial arenas; friction within the governing coalition itself, between its social-democratic pole and the parties to its left that press for bolder measures; and pressure from below by an organised tenant-union movement demanding deeper reform.

The centrepiece is Law 12/2023 on the Right to Housing, the first piece of state-level housing legislation of the democratic period, which reintroduces rent control and seeks to reform the public housing model. But the wider landscape is made up of multiple measures: the “social shield” articulated during the pandemic, initially aimed at halting evictions and later complemented with caps on annual rent increases; the re-regulation of tenancy legislation, reversing the liberalising reforms introduced in 2013; the mobilisation of vacant housing; and the creation of new public capacities, such as a dedicated Ministry of Housing, the first state-level public housing company, or a national rental price data infrastructure.

A recent strand of the literature has read the Spanish case as one expression of a wider crisis in the neoliberal housing policy paradigm: an open and still incomplete questioning of housing as an asset in favour of its treatment as a social right<sup>12</sup>. This briefing engages with that conversation<sup>13</sup>, but it focuses on a hitherto neglected dimension: the multi-level and plurinational architecture of Spanish housing governance<sup>14</sup>, which is both conditioning the effective reach of the turn and undergoing a process of reorganisation whose outcome remains uncertain.

## 3. Three policies in focus

Of the many measures that make up the turn, three warrant closer examination: the return of rent control, the creation of a state-owned housing company, and a reform of the public-housing model (Table 3). Together they capture the substance of the new

framework: stronger tenant protection, direct public provision, and a more durable social stock.

- 10 Gil, J., & Palomera, J. (2024). Can Tenants’ Unions Challenge Neoliberal Housing Governance? The Emergence of a New Movement in Spain and Its Impact on Post-neoliberal Housing Policy. *Housing, Theory and Society*, 41(5), 628-656.
- 11 Spain’s housing governance is distributed across three tiers (the central state, seventeen autonomous communities or regions, and over eight thousand municipalities) whose competences overlap and interact in complex ways. See Section 4 below.
- 12 Flynn, L. B. & Montalbano, G. (2024). A Turn towards Post-Neoliberalism? Housing Policy Paradigm Crisis in Europe. *West European Politics*.
- 13 Byrne, M. (2024). Post-Neoliberalization and the Irish Private Rental Sector. *Housing Studies*, 39(7), 1658-1677. Kadi, J., Vollmer, L. & Stein, S. (2021). Post-Neoliberal Housing Policy? Disentangling Recent Reforms in New York, Berlin and Vienna. *European Urban and Regional Studies*, 28(4), 353-374.
- 14 Spain’s constitutional settlement recognises the existence of distinct nationalities within a single state (not merely regions) with Catalonia, the Basque Country and Galicia historically claiming national status on cultural, linguistic and historical grounds. This plurinational character shapes the political dynamics of housing governance in ways explored in Section 4.

**Table 3. The turn up close: three policies in focus**

Policy	What it does
<b>Rent control</b>	The new state housing law reintroduces rent regulation after some forty years, under a second-generation model with no general or permanent ceiling. It caps in-tenancy increases, now decoupled from inflation through a new, lower index, and, in officially designated stressed market areas, the rents of new contracts, with a tighter reference-price ceiling for large landlords.
<b>State-owned housing company</b>	A newly created state-owned company, the first charged with developing and managing social and affordable housing on a permanent basis, offering contracts of up to 75 years at rents capped at 30% of average local income. Its initial portfolio was transferred from the state-controlled “bad bank” set up to absorb lenders’ toxic property assets after the 2008 crisis.
<b>New public-housing model</b>	A reform aimed at the chronic weaknesses of protected housing: it raises the share of developable land reserved for it (from 30% to 40%), broadens the delivery schemes, and, most significantly, tries to make newly built, publicly funded homes permanently protected, closing the “back door” through which such housing has long reverted to the market after twenty to thirty years.

### 3.1 The return of rent control

Spain had rent control mechanisms almost without interruption from 1920, but they were largely eliminated in 1985 in a context of rental market liberalisation. Law 12/2023 now reintroduces such control under a new, second-generation model<sup>15</sup>: it regulates both in-tenancy rent increases (now decoupled from CPI) and the setting of new rents in areas under market stress, without imposing a general and permanent ceiling.

The central instrument is the designation of Stressed Residential Market Areas. It is a regional competence, with considerable flexibility in the design of the procedure (including the role reserved for municipalities) and requires empirical evidence. At least one of two criteria must be met: that housing costs exceed 30% of average household income, or that the cumulative growth in rental prices over five years exceeds regional CPI by more than three percentage points. Designation is temporary, with an initial duration of three years, renewable, and is conditional on the adoption of a corrective plan of measures. It is therefore also a top-down mechanism of agenda-setting; a trigger for a broader corrective agenda, requiring the designating authority to commit to complementary measures, beyond rent control itself, addressing the structural causes of price pressure.

Within the stressed areas, where tenant protection is further reinforced, new rental contracts cannot, as a general rule, exceed the updated rent of the previous contract. For large landlords (those owning five or more properties) an additional ceiling applies, set on the basis of a reference system built from 41.2 million data points drawn from tax-declared rental contracts. In addition, a new index, lower than CPI, now serves as the ceiling for annual rent updates in all contracts signed after the law came into force.

### 3.2 A state-owned company for permanent social housing

CASA47, established in December 2025, is the first state-owned company intended to develop and manage social and affordable housing on a permanent basis. Its name refers to Article 47 of the Constitution, which recognises the right to decent and adequate housing. It is designed to operate across the full residential cycle, from land management and planning through to allocation and maintenance. It will offer contracts of up to 75 years and rents capped at 30% of average local income.

Its initial portfolio comes principally from the transfer of 40,000 dwellings and 2,400 plots of land from SAREB, the “bad bank” created after the 2008 crisis to absorb toxic assets from the rescued financial institutions, and recapitalised in 2021 under majority public control. These assets are valued at €5.9 billion, with capacity for a further 55,000 homes. With CASA47, the state equips itself with an instrument of direct intervention in the housing system previously available only to the regions and some municipalities.

### 3.3 A new model of public housing

The Spanish protected housing system suffers from two structural pathologies. The first is its small size, already noted. The second is the declassification mechanism: except in some of the wealthier regions, the dominant regulatory tradition has always set a time limit (typically of twenty to thirty years) after which protected housing reverts to the open market. The result is well known: public investment cannot secure a stock of public and social housing large enough either to meet the needs of vulnerable households or to influence the wider dynamic of prices.

<sup>15</sup> Arnott, R. (1995). Time for Revisionism on Rent Control? *Journal of Economic Perspectives*, 9(1), 99-120.

The new law seeks to change this framework for the first time at the level of the central state. It raises the reserve of land for protected housing from 30% to 40% of developable land and from 10% to 20% of non-consolidated urban land, with a minimum of 50% earmarked for rental, and broadens the range of delivery schemes for affordable housing beyond traditional direct public promotion and subsidised private development. The figure of “incentivised affordable housing” introduces tax and planning benefits for private or non-profit owners who let their property at below-market rents, and use-right housing cooperatives<sup>16</sup> are recognised as an alternative tenure form. The most ambitious instrument, however, is the permanent protected status of newly built publicly funded housing, a definitive closure of the system’s back door.

## 4. The new model and multi-level governance

Housing policy must necessarily be analysed from a multi-level perspective. An exclusive focus on the central-state level, common in the comparative literature, obscures dynamics that are fundamental to contemporary housing systems<sup>17</sup>. This caveat is particularly relevant in Spain: a plurinational, highly decentralised state, with competences distributed across three tiers that do not articulate cleanly.

The state acts through cross-cutting powers: civil law (including tenancy legislation), basic land legislation, the framework of economic planning, and the guarantee of equality. The seventeen regions formally hold exclusive competence: they can have their own housing laws and regulate protected housing, implement state plans through bilateral agreements, and, decisively, designate or fail to designate stressed market areas. The more than eight thousand municipalities in Spain, most of them without real institutional capacity, retain urban planning powers, a role in the provision and management of social housing, and certain fiscal competences.

**Table 4. The multi-level architecture of the turn: three tiers, three roles**

Tier	Core housing competences	Role in the current turn
<b>Central state</b>	Civil and tenancy law, basic land legislation, the framework of economic planning, and the constitutional guarantee of equality, together with state housing plans and their funding.	Drives the new framework: it passes the first central-state housing law of the democratic period, equips itself with new capacities for direct intervention and, through the State Housing Plan 2026–30, ties funding to permanent protected status, unsettling the traditional division of roles.
<b>Regions</b> (17 Autonomous Communities)	Formally exclusive competence over housing: they legislate their own housing laws and regulate protected housing, and implement state plans by bilateral agreement, powers that overlap and, in practice, come into conflict with those of the central state and municipalities.	Implement and develop, or withhold and block, the new model, above all by designating, or declining to designate, the stressed market areas on which rent control depends. Several have also challenged the law before the Constitutional Court in defence of their competence, and they continue to define their own social-housing model.
Municipalities (More than 8,000)	Urban planning, certain fiscal powers, and a role in the provision and management of social housing, though most lack real institutional capacity.	Their part is set by each region, including a role in the procedure for designating stressed areas, and is highly uneven: most lack the capacity to act, while a minority are emerging as arenas of local housing-policy innovation, reinforcing the uneven architecture the turn has produced.

Until now, this architecture had produced three regional models according to how far regional legislation recognises and makes enforceable a right to housing and backs it with resources<sup>18</sup>. The holistic formally recognises the right with enforceable guarantees and develops it materially through a broad range of instruments. The aid-oriented occupies an intermediate position, formally recognising the right but without enforcement mechanisms, and concentrating on emergency interventions without challenging the dominant ownership model. Finally, the residual limits itself to implementing state housing plans, with no formal recognition of the right. The gradient is less a measure of administrative capacity than of competing conceptions of the state’s role: a structural, rights-based intervention at one end; at the other, a deliberately restrained one, consistent with a more market-

16 Use-right housing cooperatives are a tenure model in which residents hold a long-term right to occupy their home, typically for life, without owning it outright. The cooperative retains collective ownership of the building, keeping it permanently outside the speculative market.

17 Stephens, M. (2020). How Housing Systems are Changing and Why: A Critique of Kemeny’s Theory of Housing Regimes. *Housing, Theory and Society*, 37(5), 521-547.

18 Paleo Mosquera, N. and Quintiá Pastrana, A. (2024). The regionalisation of housing policies in Spain: an analysis of territorial differences. *Housing Studies*, 39(7), 1763-1786.

oriented and centralist stance. The position of governing parties along the left-right and centre-periphery axes, together with path dependency, was the dominant explanatory factor: the most significant advances occurred under parties further to the left and more favourable to political decentralisation, typically in coalition.

The new state-led turn has not only deepened that internal process of differentiation. It has also introduced a new dynamic. The state takes on a more active role and seeks to intervene at the regional and local levels, either through law or through funding. The outcome is not convergence, but recomposition: a reorganisation of governance whose contours are still taking shape. The regions are polarising further along ideological and territorial lines; and the municipalities are emerging, unevenly, as new arenas of housing policy innovation. The result is a more conflictual, and more uneven, multi-level architecture than existed before the reform process began.

## 5. Implementation as a contested space

Multi-level governance is selectively modulating the effective reach of the state-led turn in housing policy. Rent control is the most illustrative case. Three years after the law came into force, only four of the seventeen regions have activated the mechanism. It currently operates in 307 municipalities and covers 8.3 million people, 16.7% of the population. Although it is expected to be applied shortly in a fifth community, limited to specific neighbourhoods, further expansion is unlikely in the current political climate. Conservative opposition to the law, while not entirely monolithic, is predominant among the regions. Voiced through substantive arguments on the effects of regulation on supply and in defence of regional competence, it extends well beyond this policy to the governing coalition's project as a whole. It is thus closer to wholesale rejection than to calibrated dissent.

Implementation is not only limited but diverse. The regions applying it deploy distinct models, reflecting their institutional traditions and political calculations. The role of municipalities is likewise heterogeneous. This diversity, combined with sustained blockage by conservative governments, points to something deeper than uneven enforcement. Against the backdrop of a profound crisis of the property-owning democracy as a social contract, the governance structure is internalising the political and social conflict over the definition of a new paradigm.

Judicialisation illustrates the intensity and breadth of the dispute. The challenges did not come only from the right: Catalonia, despite pioneering the designation of stressed areas, also contested the law in defence of its own competence, a reminder that the territorial axis cuts across the ideological one. Although most of the law has survived the constitutional test, the rulings have weakened its reformist scope by striking down the permanent protected status of public housing. The central state is now pursuing an indirect route through the State Housing Plan 2026-2030: all new units financed through this instrument will necessarily carry permanent protected status<sup>19</sup>. Where the legislative path was blocked, the fiscal alternative is seeking to achieve the same end through different means.

## 6. Conclusions

Spain's state-led housing turn, analysed from a multi-level perspective, reveals a persistent tension between its normative ambition and its effective implementation. The reach of state-driven reform is not simply limited but selectively modulated through a governance system whose complexity is constitutive, and which internalises the political and social conflict surrounding the crisis of the dominant model. The result is neither convergence on a single model nor wholesale blockage, but recomposition: regions polarising further along ideological and territorial lines, municipalities emerging unevenly as arenas of innovation, and a central state that, where the legislative route is obstructed, pursues the same ends through the fiscal one.

The medium-term outlook is uncertain and will depend, in large part, on political developments. The turn could consolidate, or be aborted. The most likely outcome, however, is its sedimentation into a new and uneven geography of the right to housing. Beyond Spain, however, the case carries a wider lesson for decentralised and devolved systems alike: the reach of a housing reform depends less on central legislative ambition than on how the territorial architecture filters, implements or resists it. Governance is not the backdrop, but its decisive terrain.

---

<sup>19</sup> The implementation of the plan, recently approved (RD 326/2026, of 22 April), remains an open question.