

History of Housing Finance and Policy in Spain



Final Paper
Housing Policy in the United States: The Intersection of the Public and Private Sectors in
Housing Finance
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Introduction

Much as the major laws and institutions that guide and define the US housing finance system arose from a single historical event, Spain's housing finance history can be dated to the defining event in its modern history. In 1939, after three years of fighting between the forces of General Francisco Franco and the Republican government (established only five years prior to the start of hostilities), Spain entered a period of dictatorship under Franco that would last until his death in 1975. As a result, the government institutions, goals, priorities and policies that define this period in Spain's history were a reflection of the values and objectives of General Franco. At the same time, the course of the development of the Spanish housing finance system was also influenced by the significant economic and demographic changes and challenges facing Franco and the country.

This paper will discuss the institutions, laws, evolution, goals and practices of the Spanish housing finance system. In doing so, it will highlight the influence of Franco and the demographic trends that have created the unique hallmarks of modern Spanish housing. Despite its relatively short history as a modern economy, Spain boasts the highest homeownership rate in the western world and the lowest public housing rate in the western world (negligible as compared to 30% in the Netherlands and Denmark or mid-teens in Germany).¹ Additionally, Spain boasts one of the most advanced mortgage finance markets as measured by its share of the European mortgage backed securitization market. The success of the Spanish housing system in creating homeowners out of 84% of its families is more impressive when contrasted with the agrarian nature of its economy in 1940 and the lack of democratic institutions until 1975. Spain's success in

housing was in part due to the success of its economic transformation. Since joining the EU, Spain has reduced its national debt, reduced interest rates, eliminated deficit spending and increased per capita income. The cost of this economic success, however, is a housing affordability crisis that has grown since the early 1990s. This topic will be the final focus of this paper.

Tenure Patterns in Spain (Percentages)							
	1950	1960	1970	1980	1990	1995	2002
Social Rented Housing	3	2	2	2	1	1	1
Private Rented Housing	51	43	30	21	15	13	12
Total Rented Housing	54	45	32	23	16	14	13
Owner Occupied	46	51	64	73	78	81	84
Other	0	4	4	4	6	5	3
Total	100	100	100	100	100	100	100

Source: The Tenure Imbalance in Spain by Montserrat Eastaway & Ignacio Varo. Page 284.

Spain in the 1940s and 1950s

Spain after the Civil War was a devastated agricultural country that was beginning to create an industrial base. The rate of population growth through the 1950s was 8.3%, however, the most significant demographic trend was the much faster growth in the urban population of 21.1% during this period.² Homeownership rates equaled rental tenure rates at 46% and 54%, respectively.³ The quality of Spain's housing lagged significantly behind other European countries. Electricity could be found in 80% of Spanish homes as compared to 98% of West German homes or 93% of French homes. Running water was a feature found in only 34% of Spanish homes as compared to 94% of British homes or 78% of German homes.⁴

Franco's Economic and Housing Policy Initiatives

Two institutions were founded by Franco to supervise reconstruction after the extensive destruction wrought by the Civil War. These were the National Institute of Housing (Instituto Nacional de la Vivienda - INV) and the Syndical Housing Authority (Obra Sindical del Hogar – OSH), founded in 1939 and 1942, respectively.⁵ These institutions grew out of legislation passed only two weeks after the end of the War in an attempt to appeal to populist sentiment for reconstruction. The INV's mandate was to coordinate the production of "protected houses" (viviendas protegidas). The INV provided aid and incentives which included: (a) 90% exemption of local taxes, (b) 20 year interest free loans for 40% of construction costs, (c) grants for 20% of construction costs applicable to housing cooperatives.⁶ The INV financial incentives included restrictions intended to drive the creation of homes for lower income Spaniards. These restrictions included a prohibition on sale by the developer and a rent cap of 20% of the tenant's income (among other restrictions).⁷ The major intended recipients of the INV incentives were state and public housing authorities like the OSH.

Despite the early focus on housing by the Franco government, the housing act passed in 1939 did little to stimulate production. The primary faults were its reliance on an unprepared public sector and unattractive economic returns for private developers. The second iteration of the National Housing Act came in 1944. The Ley de Viviendas Bonificables increased the loans to developers from 40% to 60% of costs, increased the interest rate from 0% to 4%, increased the loan term to 50 years from 20 years and allowed the sale of dwellings built under this legislation.⁸ The early housing acts in Spain also sought to reconstruct devastated areas villages in the South and West portions

of the country despite the growing demand for housing in the urban areas (due to migration). As a result, the over ten-fold increase in state-aided production between 1946 and 1954 did little to alleviate the national housing deficit of 1.5 million units in 1955.⁹

In 1946, the government of Spain passed its third housing act the Limited Rent Act. This law sought to limit investment in existing rental dwellings in order to encourage investment in the productive sectors of the economy.¹⁰ While popular at the time it was passed, the effect of this law is still felt in Spain today as it has grand-fathered many leases and allowed for the succession of leases to multiple generations of a family. As a consequence rental investment and construction has been dwarfed by for-sale construction.

By 1954 the government realized that the magnitude of the housing deficit would require participation by private sector developers (and not just the public sector builders targeted in the original 1939 and 1944 legislation), if it were to be reduced. The 1954 Limited Rent Housing Act was a reorganization and consolidation of previous laws that used many of the same financing incentives as the 1944 Act but modified them to attract private developers (the consequence of this flexibility was that developers focused on building more profitable units for middle and upper income Spaniards). The 1954 legislation created two classes of eligible dwelling, Group 1 and Group 2. The chart below describes the different treatment of both classes of dwelling.¹¹

1954 Limited Rent Housing Act Summary		
	<u>Group 1</u>	<u>Group 2</u>
Unit Size	50 – 200 square meters	50 – 200 square meters
Sale Price Restrictions	None	Cap of 20 times annual rent
Grants	None	Up to 20% of construction costs payable only to state agencies
Cost Benchmarks	None	
Tax Exemption	90% rate exemption	90% rate exemption
Construction Loans	Up to 60% of construction cost	Up to 75% of construction costs, with additional 15% negotiable, 50 year term
Rental Rates	No limits	Controlled by INV

Source: Housing in Europe by Martin Wynn.

Table 1 (please see end of paper) highlights the success of the 1954 legislation in creating housing versus the 1939 and 1944 housing acts. The 1954 legislation created 1.4 million dwellings versus a combined total of 0.4 million for the 1939 and 1944 legislation (through Franco's death). Table 1 also highlights the popularity of the unrestricted group 1 houses to private developers (901,000 Group 1 houses built versus 516,000 Group II houses). This preference is made starker by the fact that private builders dominated Group 1 while state developers like the OSH dominated Group 2.

In 1957, the Central government provided further stimulus to private development in the form of the 1957 Housing Act. This Act introduced a subsidy of 30,000 pesetas per unit and loans of 600-900 pesetas per square meter for larger and smaller units, respectively. This subsidy was by far the most successful government sponsored financing program (the subsidy equaled 15-30% of the sales price of a dwelling). It produced 1.6 million units under Franco's tenure despite its late start. Between 1954 and 1961, the government encouraged the construction of 900,000 dwellings and reduced the housing deficit by 0.5 million (one third) units through its passage of housing

legislation.¹² The dominant form of this housing was estates (apartment complexes) with over 1,000 dwellings.¹³ These estates replaced many of the shantytowns that developed near cities like Barcelona and Madrid in the late 1940s and early 1950s. The 1957 Housing Act also created the Ministry of Housing to oversee all Spanish government housing programs. The predecessor INV was transferred to the Ministry of Housing from the Ministry of Labor and oversaw the approval of subsidized projects.¹⁴

The National Plan

On October 20, 1961, the Spanish Council of Ministers approved the National Housing Plan. The Plan was intended to reduce the housing deficit of 1 million units that existed at the time over a course of 16 years as well as provide for the future growth in households. The Plan sought to triple the annual production of housing units from 135,000 in 1961 to 353,000 in 1976 at a cost of 551 billion pesetas (\$9 billion USD). Of the total production goal of 3.7 million units, 65% would be smaller units targeted at lower income families (see Tables A & B below). The National Plan utilized the funding mechanism (30,000 peseta grants) first introduced by the Housing Act of 1957, but provided significantly increased resources to fund its ambitious goals. The plan provided grants for 75% of the units to be built.¹⁵

Table A. National Housing Plan Construction Goal and Requirements	
	<u>Dwelling Units</u>
Present Housing Shortage	1,000,000
Housing Needs due to Population Growth	1,550,828
Housing Needs due to Internal Migration	252,000
Replacement of Obsolete Dwellings	<u>911,072</u>
Total Housing Production Goal (1961-1976)	3,713,900

Source: Spanish Housing Policy: An Evaluation of the National Housing Plan, 1961-1976 by Paul Wendt and Eric Carlson. Page 56.

Table B. National Housing Plan Dwelling Characteristics Summary			
Class	Size (Sq. Meters)	Construction Cost	Unit Share
Class A	50-80	90,000-144,000 ptas	65%
Class B	60-100	135,000-225,000 ptas	27.5%
Class C	80-130	228,000-370,000 ptas	7.5%

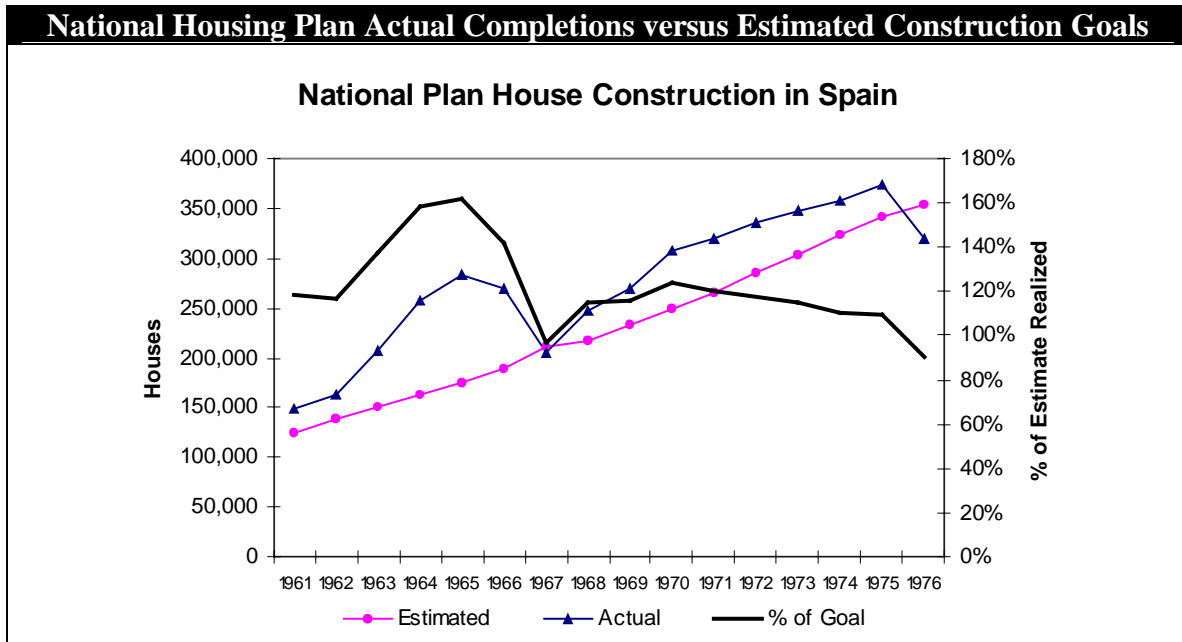
Source: Spanish Housing Policy: An Evaluation of the National Housing Plan, 1961-1976 by Paul Wendt and Eric Carlson. Page 56.

Success of Franco Era Legislation

At the end of Franco's reign, a review of housing finance would clearly indicate that the primary source providing funding to the housing construction industry was the central government itself. As seen in Table 1, the state provided funding in the form of loans, grants and subsidies for over 60% of units built. The State's financial involvement went as high as 90% during the 1960s before private construction accelerated. In the early part of the Franco era, the state was also responsible for the actual construction of units through the OSH and local authorities. By the early 60s however, the private sector built up to 90% of the units, with subsidy from the government.¹⁶ As the Spanish economy and living standards rose after the early 1960s, the government's role shrank as middle and upper income Spaniards bought houses developed by private builders without subsidies in larger numbers.¹⁷

The efforts of the Franco government proved successful in getting a large number of dwellings built in a relatively short time.¹⁸ One third of Spain's current housing stock was built between 1946 and 1970, with another 26% built between 1971 and 1980 (Franco's policies in essence built 50% of Spain's housing).¹⁹ The administration also imposed restrictions on mobility to alleviate the growing need for urban housing in a 1957 Cabinet decree. They required potential residents to secure housing in advance of moving and to inform authorities. The decree also prohibited firms from hiring workers who were not officially residents of Madrid.²⁰ Accelerating construction and limiting

demand served to successfully diminish the housing deficit present in the early 1950s and met the needs of a growing and wealthier society. The national plan is responsible for the largest increase in homeownership rates in a decade (51% to 64% in 1960, and part of the subsequent rise to 73% through 1980).²¹ Chart 1 below illustrates the success of the National Plan in meeting its production goals.



Source: Housing in Europe by Martin Wynn, page 131.

Where Franco’s policies failed were in filling demand at all levels for quality housing. Despite a vacancy rate of over 10% and an oversupply of housing relative to households, Spain still harbored shantytowns and poor quality housing. Much of the new subsidized construction went to middle class families as a result of lax screening for state subsidized housing.²² Similar to the United States, Spain also offered homeowners mortgage interest deductibility, which was also a benefit mostly enjoyed by the middle classes. Since half of Spain’s housing stock at the end of the Civil War was rental and landlords had rents frozen by the Urban Rent Act of 1946, little incentive existed to

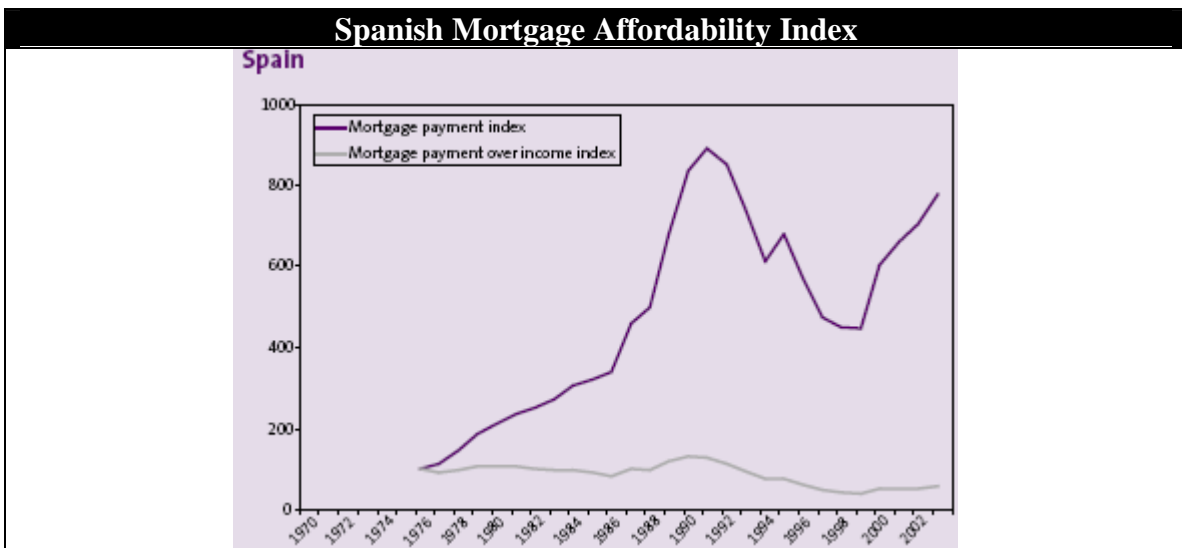
upgrade the 48% of units without bathrooms or the 13% that still did not have running water as of 1975.²³ Finally, upon analysis, it seems that the benefit of government subsidized financing did not accrue to buyers but instead was consumed by developers as additional profit. Evidence of this wealth transfer exists in the lack of pricing discounts for private sector houses built with state aid as compared to units built without state aid.²⁴

Housing Finance After Franco

In 1976, a year after Franco's death, the new government set about to solve the housing problem that persisted for lower income Spaniards. The 1976 Social Housing Act represented a realization that the subsidies the government provided to developers did not reach homebuyers. As a consequence all economic incentives to builders were eliminated with the exception of the 20-year tax holiday. The act targeted households with income over 11% of the cost of a house and below 2.5 times the minimum wage. The Act provided subsidies for loans to be made by the commercial banks and Cajas at 95% LTV with 4% interest rates and 25 year terms.²⁵ The Act failed to stimulate new affordable construction due to existing oversupply and the reluctance of lenders to lend to the targeted lower income group (lenders imposed a 30% cap on mortgage to income burdens that was difficult for lower income Spaniards to meet). The recession that existed in Spain from 1974-1980 and inflation of 15% also limited lenders desire to finance lower income households.²⁶ The continued predominance of shorter-term mortgages also contributed to the lack of affordability.

The affordability of housing in Spain for most middle class Spaniards has increased since Franco's death (although there has been a recent decline in affordability

driven by price increases) due to increased loan terms and the declines in inflation and interest rates as exhibited in the chart below. In the 1920s, Spaniards spent twice the European average on housing, with the cost of a dwelling exceeding eight times the income of an industrial worker.²⁷ Despite the long-term increase in affordability, Spaniards currently still spend more on housing than other Europeans (28.3% of total expenditures versus 23.3% for the EU group).²⁸ Critically, the average Spaniard is spending less than the 30% threshold that often demarcates affordable housing.



Source: RICS 2004 European Housing Review by Michael Ball.

In 1985, the Boyer Decree liberalized rental laws that limited rent increases. The goal of this decree was to stimulate investment in private rental supply. It was thought that encouraging the construction of rental supply would push rental prices down and since these provided a benchmark for sale prices, home prices would also fall. The experience of Spain after the Boyer Decree suggests that the opposite occurred as rents and home prices rose significantly before falling mildly in the recession of the early

1990s. The Boyer Decree was successful in creating increased supply, however, as the economic returns to building rental units improved.²⁹

Role of Financial Intermediaries

Until the mid 1980s, the Ban of Spain controlled the finance system, setting fixed savings and borrowing rates.³⁰ Like the US, mortgages in Spain until the 1950s were of limited term and modest loan to value. The principal organizations that provided mortgages in Spain after the Civil War were the Institute of Credit for National Reconstruction (ICRN), Banco Hipotecario (the Mortgage Bank), and the Cajas de Ahorros (local savings banks). The ICRN provided loans to developers for Group II limited rent units at 4% interest for 20 year terms, subject to approval by the INV.³¹ The ICRM's funds came from the government treasury. The Mortgage Bank also provided loans to developers, under direction from the INV, to fund Group I housing. Before 1958, the Bank issued its own debt to fund its mortgage activity. After the passage of the Medium and Long Term Credit Act in 1958, the bank received its funds from the government. The Mortgage Bank and the ICRN originated approximately equal volumes of loans to developers, 1.2 billion pesetas and 1.2 billion pesetas, respectively in 1957.³²

The Savings Banks were founded by the local governments and were mandated to invest portions of their deposits in public debt and were free to also invest the remainder in mortgages. The aggregate mortgage originations of the 82 Cajas was 1.7 billion pesetas in 1957. The lion's share of mortgage origination volume was underwritten by the INV itself from government appropriations. In 1957 this amount totaled 3.7 billion pesetas out of the total 7.1 billion peseta mortgage lending market.³³

Another unique feature of the Spanish market is the availability of pass-through mortgages. The pass-through option is made available to homebuyers as a result of the extensive low-cost loans provided to developers by government agencies or banks (subsidized by the Ministry of Housing). Homebuyers can accept these pass-through loans on newly developed properties or seek a better deal on their own.³⁴

As the housing construction market moved away from public aided construction to non-aided construction, the mortgage origination market followed suit. Banking reforms initiated in the mid 1970s (and completed in the mid 1980s) allowed the Cajas to decrease their required investment in public obligations, freeing them to increase their mortgage activity (currently 50% of their lending activity).³⁵ The ICRN ceased to exist by this point. The commercial banks, though never prohibited from mortgage lending, took greater interest in mortgage lending in the mid 1980s. Savings banks currently originate 55% of mortgages; commercial banks originate the remainder.³⁶ There is an even split between fully variable and initial period fixed and typical terms are for 15 years with 80% LTV.³⁷

Financial Innovation in the Spanish Mortgage Market

Financial innovation in the Spanish mortgage market followed quickly on the heels of liberalization reforms by the Bank of Spain. As mentioned previously, investment restrictions were lifted in the early 1980s, providing Cajas with greater flexibility. In 1982, the government permitted variable interest rates. Commercial banks, which had previously focused on only short-term loans, began to enter the market as a result of this liberalization. By 1984, variable rates became the norm in Spain. A

consequence of the shift to variable rates was that banks were willing to extend their loan maturities from 8-10 years to 15 years. Additionally, the 1981 Ley de Regulacion del Mercado Hipotecario (Mortgage Market Regulation Law) permitted LTV ratios of up to 80% (up from a standard of approximately 50%).³⁸ Both the higher LTV's and longer maturities served to make loans more affordable for lower income households.

Spanish Cajas historically issued mortgage bonds (cedulas hipotecarios) to secure capital to fund their mortgage origination activity. These bonds were debt of the individual issuing bank. Any individual issue of bonds was *pari passu* with other issues and shared a claim on all of the outstanding mortgages of the issuing bank. While this mechanism allowed the banks to raise money, they were limited to the strength of their balance sheet and not their ability to originate mortgages. Additionally, this mechanism did not provide specific security to the bondholders and exposed them to the failure of the individual bank.³⁹

Article 47 of the Spanish Constitution of 1978 establishes the government's constitutional obligation to facilitate access to affordable housing for all Spaniards.⁴⁰ One of the most significant steps in making capital available was the 1992 law allowing mortgage securitizations. This law expanded the source of funds beyond the bank deposits and bonds that previously funded all mortgage lending and allowed for longer-term mortgages. Though Spanish law does not allow for the trust structure used in the US, an interim step (the participation) was adopted that provides for the pooling of claims on mortgage participations which are claims on underlying mortgages.⁴¹ Spain is now the fourth largest European market for securitizations.⁴²

Despite these recent innovations, Spain remains behind the US in developing mortgage products to fit the needs of all creditworthy borrowers. The mortgage bond and securitized mortgage securities only account for 5% of funding each (85% of funding comes from deposits), mortgage insurance is nascent in its development (limiting the ability of banks to issue high LTV loans) and sub-prime lending does not exist in meaningful form.⁴³ In 1994, the Spanish government passed a law intended to increase competition in the housing finance market by making the transfer and refinancing of loans cheaper and easier. The law specifically reduced notary fees and registration fees, limited prepayment penalties and exempted refinancing activity from being taxed.⁴⁴

Despite the nascent stage of mortgage market innovation, Spanish banks have gravitated to the securitized and mortgage bond markets in the past few years as the volume of mortgages issued rises by 20% per year; and savings deposits become less attractive given low interest rates and a more mature pension system.⁴⁵ The total outstanding mortgage balance in Spain totals 419 billion euros, of which mortgage bonds account for 60 billion euros and 30% of new funding.⁴⁶ Securitization should allow banks to create new products as they can better match their mortgage assets to investors' appetites for different fixed income mortgage backed securities.

Contemporary Housing Issues

The Spanish housing system has benefited from Spain's entry into the EU, rising living standards and financial market liberalization and innovation. Spain currently has the largest surplus of housing units to family households.⁴⁷ Much of this was driven by the construction of second homes in the 1990s. The critical issue for Spain then is

affordability. The issue of affordability has been the most detrimental to new households, young Spaniards and low-income households. Spain is currently experiencing the lowest birth rate per woman in the EU (1.25) and an ageing population. It is expected that the demographic trends that supported the housing boom in the 1990s will stagnate and decline after 2010. This should alleviate pressure on the Spanish housing market.⁴⁸ Spain is also currently building more houses as a percent of existing stock than any other country in the EU, except Ireland (2% of stock versus EU average of 1%).⁴⁹ Should economic growth moderate, any oversupply would tend to contain or reverse recent price increases.

Spain's housing affordability concerns are unique given the unmatched homeownership rates. The nature of Spain's challenge should be manageable given its economic growth, favorable demographic trends, a productive housing industry and a relatively mature finance system. To the extent that there is not significant internal migration due to the migration of employment, Spain can focus more of its resources on low-income homeowners and first time buyers. There are several approaches that Spain can take to ease these housing burdens.

The first is to introduce federally supported mortgage insurance that will help those with low savings levels (but reasonable incomes) to purchase a home. Providing lump-sum upfront grants, as the government has in the past, may not address the critical issue of monthly affordability.

The second step is to encourage sub-prime lending. The high level of profitability of Spanish banks may indicate that they are skimming the best customers and leaving

profitable customers out of the market.⁵⁰ The government could either encourage or mandate responsible lending to this class of borrowers.

The government also currently charges significant transfer taxes upon the purchase of a home. It could consider waiving those taxes for first time homebuyers (which total in the neighborhood of 7% of the property value).⁵¹ It may also consider a tax break greater than the current 20% deduction for mortgage interest and real estate taxes for first time home buyers (potential for the first 5 years of the loan). Finally, it could require new middle class construction to include a handful of units for lower income residents (given the preponderance of large apartments complexes versus single family homes, this would be easily accomplished).

Given the strong preference for ownership and social patterns that accommodate young adults living at home until financial independence, I would estimate that housing programs focused on rental affordability would not be as well received. The government of Spain should ensure that there is enough rental housing to accommodate migration, but beyond that they should not focus on rental housing for the middle class. Rental housing for lower income people, who may never be able to afford to own their homes due to low or unstable incomes, should be provided by the government. This would involve a transfer of resources, but one that could be imposed on the large homeowner base with only modest impact. Since homeowners as debtors benefit from inflation and have fixed debt amounts, less generous deductions would not be noticed over time.

Table 1. Houses Constructed in Spain (1943-1960)

Housing Legislation:	State Aided Homes						Total State-Aided	Non State-Aided Homes (c)	Total Houses Built (d)	State-Aided as % of Total
	Protected Dwellings	Subsidised Houses	Group 1 Houses	Group 2 Houses	Fixed Subsidy	Total				
	1939	1944	1954 (a)	1954 (b)	1957	State-Aided				
1943	80	0				80				
1944	595	0				595				
1945	1,326	0				1,326				
1946	2,701	783				3,484	464,870	509,235	8.7%	
1947	4,120	2,051				6,171				
1948	5,736	3,108				8,844				
1949	5,429	4,100				9,529				
1950	5,822	8,514				14,336				
1951	12,898	17,760				30,658	26,300	56,958	53.8%	
1952	8,766	16,994				25,760	37,200	62,960	40.9%	
1953	9,711	15,971				25,682	41,300	66,982	38.3%	
1954	14,844	15,598				30,442	56,600	87,042	35.0%	
1955	27,537	18,184				45,721	66,300	112,021	40.8%	
1956	45,238	30,578	98	1,812		77,726	44,300	122,026	63.7%	
1957	30,741	25,802	4,080	6,115		66,738	41,300	108,038	61.8%	
1958	30,413	21,826	12,093	31,488	137	95,957	33,400	129,357	74.2%	
1959	32,105	16,062	23,280	36,749	16,979	125,175	12,500	137,675	90.9%	
1960	18,589	6,199	26,591	32,605	43,534	127,518	16,800	144,318	88.4%	
1961	13,194	3,167	28,109	37,235	52,771	134,476	13,544	148,020	90.8%	
1962	2,096	2,685	24,453	36,042	82,558	147,834	14,612	162,446	91.0%	
1963	2,250	1,024	33,870	32,772	117,968	187,884	18,818	206,702	90.9%	
1964	3,461	775	57,668	26,319	142,928	231,151	25,689	256,840	90.0%	
1965	1,086	428	79,334	19,229	140,716	240,793	42,492	283,285	85.0%	
1966	902	78	88,429	17,189	104,768	211,366	57,000	268,366	78.8%	
1967	38	179	51,553	12,233	68,093	132,096	72,375	204,471	64.6%	
1968	344	41	43,724	26,831	62,430	133,370	114,719	248,089	53.8%	
1969		171	42,465	17,960	97,373	157,969	112,285	270,254	58.5%	
1970		346	54,826	17,043	113,079	185,294	122,755	308,049	60.2%	
1971			54,033	34,935	101,726	190,694	128,257	318,951	59.8%	
1972			51,075	35,450	103,889	190,414	145,610	336,024	56.7%	
1973			49,932	28,266	99,125	177,323	171,225	348,548	50.9%	
1974			51,373	24,039	100,371	175,783	182,677	358,460	49.0%	
1975			66,384	26,370	103,712	196,466	177,925	374,391	52.5%	
1976			58,408	15,733	88,153	162,294	157,531	319,825	50.7%	
Total	280,022	212,424	901,778	516,415	1,640,310	3,550,949	2,398,384	5,949,333	60%	
Percentage	4.7%	3.6%	15.2%	8.7%	27.6%	59.7%	40.3%	100.0%		

Source: Housing in Europe by Martin Wynn, pages 126 & 131.

(a) Denotes Group 1 Units per 1954 Housing Act definition.

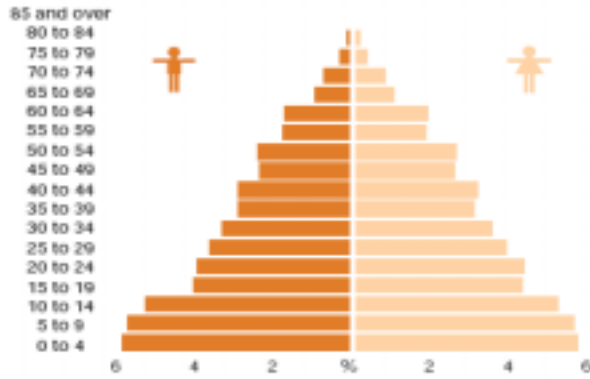
(b) Denotes Group 2 Units per 1954 Housing Act definition.

(c) 464,870 Houses built between 1941 and 1950.

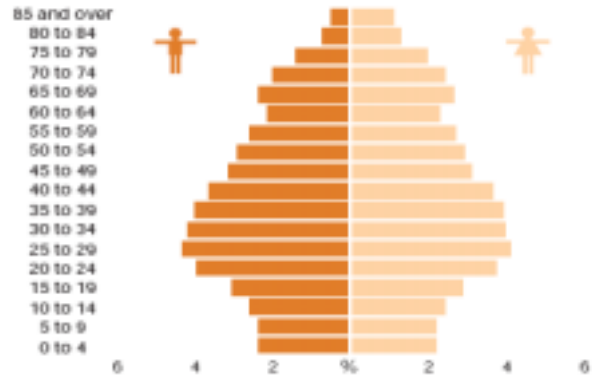
(d) 509,235 Houses built between 1941 and 1950.

Spanish Demographic Statistics and Trends

1900 Census



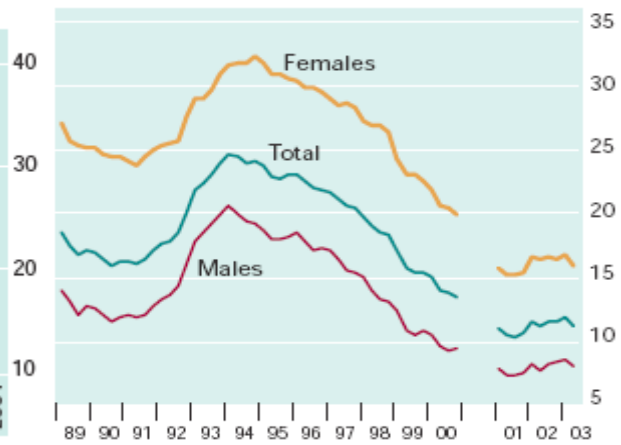
2001 Census



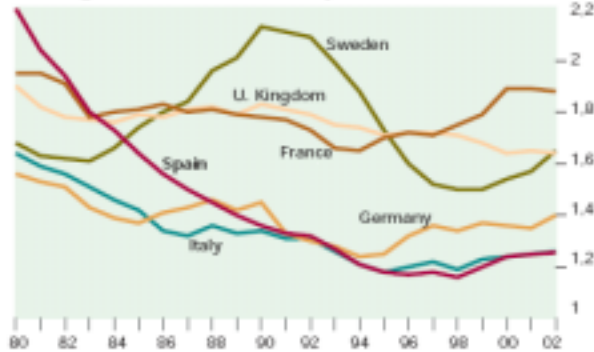
Spanish population over the century (millions of persons)



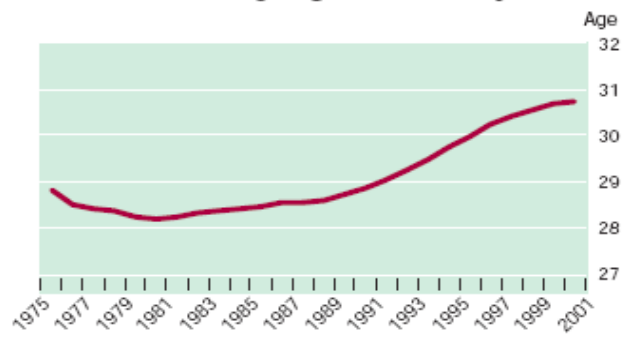
Unemployment rate



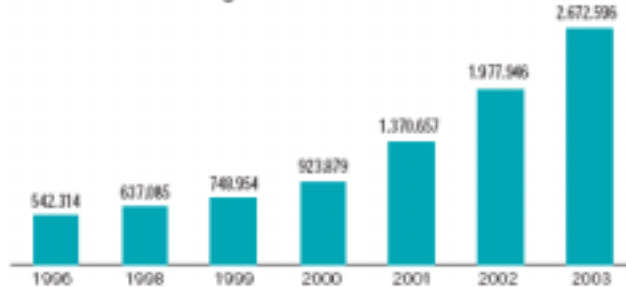
Average number of children per female



Evolution of average age at maternity

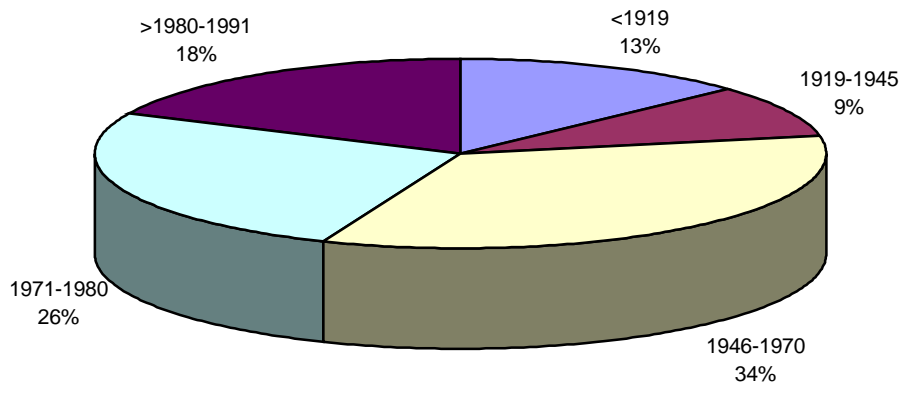


Evolution of foreign residents



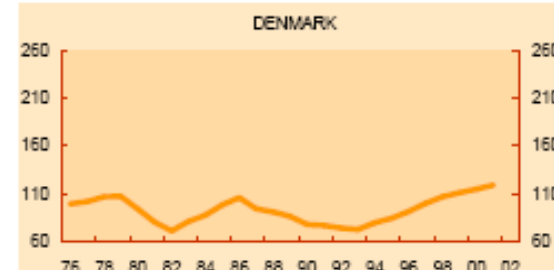
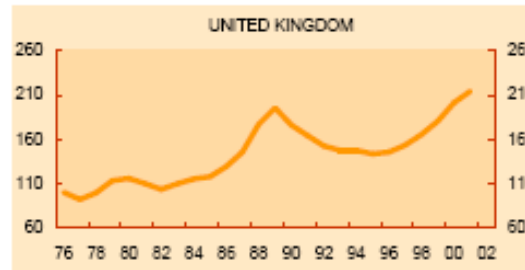
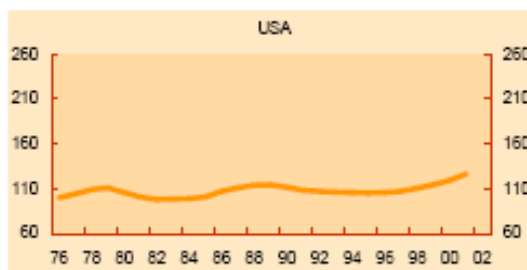
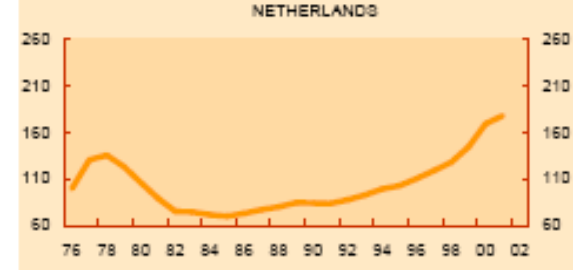
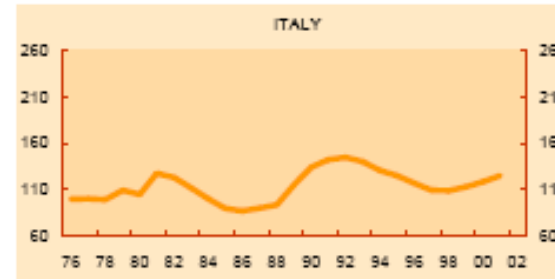
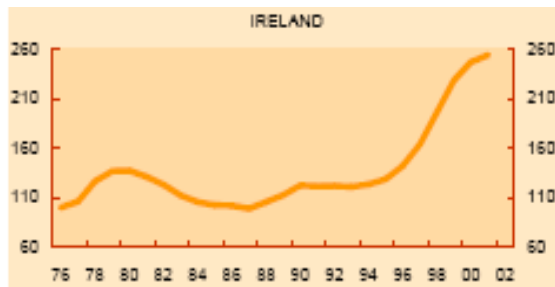
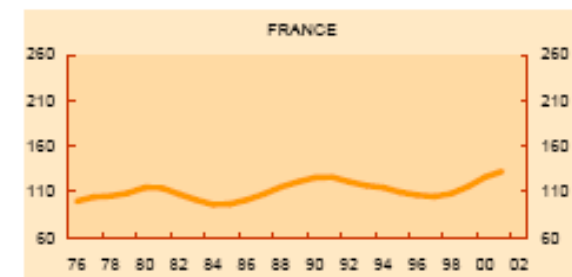
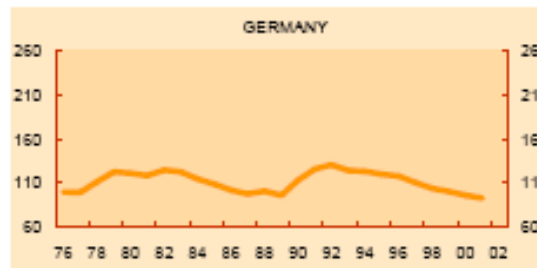
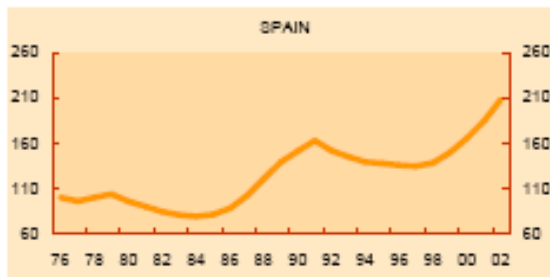
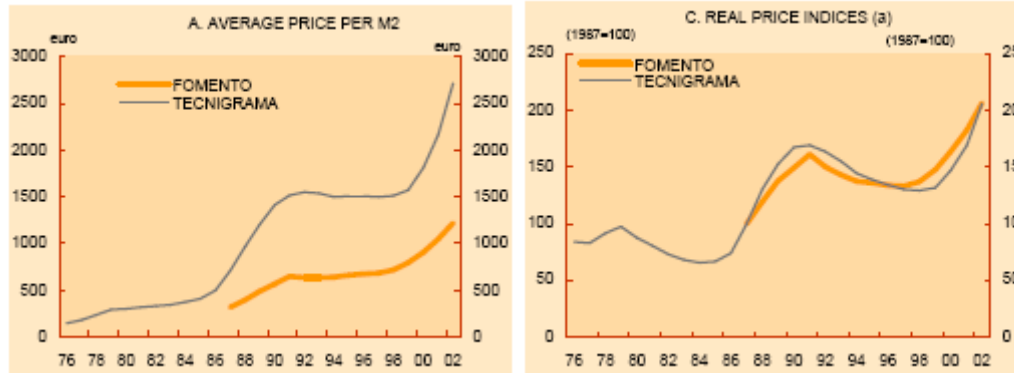
Source: Spanish National Institute for Statistics.

Age of Spanish Housing Stock in 1991



Source: Housing Statistics in the EU 2002 by Barbara Sak and Michael Raponi. Page 28.

Spanish Home Price Trends & Comparative Real Global Home Price Trends



Source: 2003 Bank of Spain Analysis of Home Prices in Spain by Jorge Martinez Pages and Luis Maza.

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