

# Find out about the new Catalan rental reference index

The Generalitat de Catalunya is about to approve **the creation of a benchmark of the rent** with the **objective** of giving **transparency to the market, to facilitate the stability of the prices and to be able to mobilize the empty stock of existing houses**. The model already works successfully in Berlin or Paris. In order to provide you with more information, habitaclia has consulted the UNESCO Chair of Housing of the Rovira i Virgili University in Tarragona, a housing research team that has acted as rapporteur on the commission to set the criteria for future lease legislation Urban residential areas (LAU) in Catalonia. Within the team of Dr. Sergio Nasarre,

## *Current situation*

The rental market in Catalonia and Spain is dysfunctional, expensive and of poor quality and **requires regulation that provides stability and affordability / profitability to the parties and also offers transparency and security to the market**. As you know, **rent is no longer the option of access to housing for those people who can not own**. Currently, private rental in Catalonia and Spain is inaccessible to the average citizen and even more so for people with limited economic resources. Thus, a person who collects the Minimum Interprofessional Salary (€ 707) must allocate more than 115% of his income to the rent (average rent of € 815), and a family with the usual salary (€ 1,250 / month) Of 65% to the payment of their home, When recommended internationally is not to exceed 30%. **This contributes to Spain having one of the lowest rental rates in Europe (15%), with a black market of 46% and 3.5 million empty homes.**

## *Why a rental benchmark*

**STABILIZING The adoption of a system of tables will stabilize rental market rents**, as is done in many European countries: Austria, Germany, Switzerland, France, Belgium, Czech Republic, Denmark, Italy, the Netherlands and Sweden.

**KNOWING THE PRICE Its ultimate purpose is to achieve a more affordable rent**, but at first it will help that this little by little can adapt to the reality of the market, since **both lessor and lessee will know what the market price for the Housing that they intend to rent in a particular city or area.**

**AVOID EXCESSIVE REVENUES It is intended to avoid that excessive revenues can be imposed for certain characteristics and a specific area**, which, in turn, will prevent the average incomes, which make up said tables, uncontrolled. The model proposed is inspired by the one applied in Germany for decades, specifically for 95% of the rent in Berlin.

## *How it will work*

The reference index of the rental prices of housing in Catalonia **will mark the price per square meter**. For this you must take into account the market price, square meters, the age of the building, the characteristics of the apartment (if it has been renovated, if it has furniture, heating, air conditioning, elevator) and its location.

What is sought is to offer transparency to the market, **that all citizens know what the offer is and that within a neighborhood can see what are the**

## **variations of prices according to the house and its characteristics.**

For this purpose, the current rental prices available through the INCASÒL bail deposits can be used and allow the market rent prices to be respected, applying the corresponding correction coefficients according to the specific characteristics Of each dwelling.

This system of referenced income **can be applied in areas with strongest and proven demand, which in principle in Catalonia would be about 115 municipalities.**

In addition, each City Council will have to decide whether or not to accept the price tables designed by the Generalitat according to these criteria already mentioned. Therefore, this double requirement must be met: be a municipality with proven demand and the City Council approve.

A good tool to display this data in a complete and simple way for the citizen would be **an interactive map that could be consulted by entering the address of the apartment and its specific characteristics** , as is done for Paris rentals.

### **Advantages for owners**

– As they will be market reference prices, the owners will have the **peace of mind** of being able to rent the house to tenants who will have no reason to go to another house of the same neighborhood because all will have a similar price, **thus loyalty to the tenant** .

– The owners can **raise the rent beyond the price tables if they decide to rehabilitate and improve their homes.** Taking into account that a large part of empty housing is in poor condition, it is intended to **encourage owners to rehabilitate housing** , **raising the rent** above the benchmark if they do so, as long as it benefits the quality of life of the Tenant, allowing them to recover the investment in rehabilitation in nine years.

– **The rent will never be out of date or out of the market** , since they will always be charging the same as the other owners with similar homes in the same area.