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Chapter 9

Housing and Inequality: the case of Portugal

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9.1 Introduction

Numerous definitions of inequality exist, but at its core inequality refers to “the phenomenon of unequal and/or unjust distribution of resources and opportunities among members of a given society” (Koh, 2020:269), limiting the possibility for disadvantaged individuals or groups to benefit from certain opportunities in life (health, education, housing, etc.).

In the fields of urban studies, sociology and geography, the study of inequality has been a constant, giving rise to a vast research programme that has developed various new approaches. Inspired by Milanovic (2012), we can identify three types of approach.

In one type of approach, *inequality is examined as a dependent variable*. This is, for example, the case for studies that use neo-Marxist theory to explain inequality as the consequence of class exploitation and class struggle due to the imperatives of capitalist accumulation (Linklater, 1990; Piketty, 2014), or structural-functional theory to explain inequality as the outcome of public administration that leads to processes of social stratification and social reproduction (Merton, 1968; Fournier, 2013).

In other approaches *inequality appears as a variable that explains other social, economic and urban phenomena*. In these approaches inequality is seen as a variable that either stimulates or prevents some desirable economic outcome, such as economic growth, collective efficiency, and so on. Hamnett (2019), for example, claims that educational attainment and economic development within a society is not random but patterned and constrained by the impact that poverty and inequality have on the access of both youth and adults to the education system. “People who live in nice houses in wealthy areas are likely to be healthier and have better education levels” he argues (p. 246).

Finally, there is a third way in which inequality enters the realm of social scientists. That is when they *raise and address ethical issues related to inequality, and social or territorial injustice*. In this type of approach researchers problematize the role that public policies have played (through the distribution of resources such as income or housing) in producing inequality, pointing out that this has limited the prospects of past, current and future generations. Alves (2017b) makes the point that discriminatory attitudes towards the Gypsy/Roma have delayed this population’s ability to settle and confined them to the least desirable social/public rented housing, far from the privileged white neighborhoods with better connections to the labour market. Meanwhile Van Baar (2011) claims that the nomad theory, which argues that Gypsy/Roma are “nomads” who can only survive in segregated “camps” (Van Baar 2011: 207), isolating them from mainstream society, has helped marginalize or even dehumanize this population, limiting their opportunities for social integration and social mobility.

Human geographers’ writing on inequality has been rich and varied. Many have been concerned with the effects of capitalist state and market intervention on different stages of urbanization, with a focus on urban decline or growth, as well as how the characteristics of different types of settlements at each moment in time

(in terms of demographics, housing quality, and access to services) is echoed in new dimensions of inequality and social injustice (Hopkins, 2021).

In the early decades of the twentieth century, scholars from the Chicago School tried to explain the urban distribution of social structures (Park, 1915; Park and Burgess, 1925), noting, as emphasized by Pacione (2005), that this distribution was explained not just by spatial factors – such as where a particular group is located in the present – but also by temporal ones – such as how long this particular group has been located in this area.

With the rise of radical political-economic inquiry in human geography during the 1970s and 1980s, growing attention was directed to the rights to the city and the just city (Harvey, 2012; Fainstein, 2014). Already in 1973, Harvey, in “Social Justice and the City”, pointed out that while the Chicago school (see Park and Burgess 1925) drew heavily on urban geography’s developments of location theory and central place theory and “elaborated an interpretation of city form in ecological terms” – claiming that competition for land and urban resources between social groups led to the division of urban spaces into distinctive ecological niches (identifying, for example, the concentration of low-income groups and various ethnic groups within particular sectors of the city) – they were mainly concerned “to find out who ended up where and what conditions were like when they got there” (Harvey, 1973 p. 131), and this did not offer an explanation for the real constitutive forces that shaped urban inequality. Harvey (1973) also makes the point that several decades before the Chicago school, Engels had shown greater interpretative capacity when he sought to explain the patterns and living conditions of low-income groups in Manchester, emphasizing the causal mechanisms that gave rise to them. They resulted from the exploitation of the stronger and more powerful few who “[tread] the weaker under foot (...) while to the weak many, the poor, scarcely a bare existence remains” (Harvey, 1973, p. 134).

It is from this more critical and reflexive perspective that Harvey challenges us to interpret the spatial structure of cities from a more economic and cultural point of view – one that takes into consideration, for example, how urban land use is determined through a process of competitive bidding, and how this process pushes low income groups towards smaller, poorer-quality housing in less attractive areas: “when the poor group is forced to live on high rent land, the only way they can adjust to this is to save on the quantity of space they consume and crowd into a very small area” (Harvey 1973).

The relationship between capital, the proletarian class and the right to housing and the city is even more complex because, as Dear and Scott (1981) discuss, the proletarian class is composed of different social groups, among which the capital-labour relation may be different, and the state often takes on the role of a regulator, a moderator, whose intervention in society aims at “the protection and reproduction of the social structure”, supporting the maintenance and reproduction of existing inequalities in order – allegedly – to maintain its socio-economic efficiency.

9.2 Theoretical and methodological considerations

We know that the dimensions of inequality are intertwined, intersect (e.g. racial discrimination in the employment and housing markets), and are related to geography, as places differ in terms of the qualities and opportunities that they offer to individuals (Andersen et al 2020).

We also know that inequality – i.e. the unequal and/or unjust distribution of resources and opportunities among members of a given society and across neighborhoods (communities) – is shaped by public policy. Even though, as Malpass and Murie (1999) emphasise,

“the word ‘policy’ is notoriously difficult to define with any precision (...) a starting point is to say that it generally implies action in relation to a particular problem which it is intended to solve or ameliorate in pursuit of some objective” (p. 5).

Policy, therefore, involves the formulation of a problem, policy goals, and policy tools, which Bali et al. (2021) describe as the set of techniques and means by which governing authorities exercise their power to ensure that policy objectives are achieved. Bali et al. (2021) distinguish substantive tools that are used to directly affect policy outcomes (such as regulations and subsidies) from procedural tools that are used to alter aspects of a government’s own workings and policy-making processes (Bali et al., 2021).

Taking these two facts into consideration, we are able to formulate a working hypothesis for this paper: that social and spatial inequalities are the result both of a succession of political, social and economic conjunctures and of policy measures designed and implemented to modify the quality, quantity, price and ownership of housing – measures that shape the way housing is produced and consumed.

Three specific goals guide our empirical research on the specific case of Portugal:

1) To detect contradictions between the scope and content of housing policy, on the one hand, and housing needs, on the other.

2) To analyse the effect of different generations of housing policy on inequality, distinguishing between policies that construct the idea of housing: i) as an economic good subject to market mechanisms – which gives rise to policies that mostly respond to the demand of a population that can afford it; ii) as a social right – which gives rise to policies that mostly aim to support groups that have limited economic, social, or cultural resources (such as low- and middle-income families, young people, immigrants, the elderly, and so on).

3) To show how housing policy both reflects and generates social inequality, trying to identify the key causal mechanisms that have given rise to inequality in the construction of housing policies.

Even though geographers have addressed questions of inequality at a finer spatial scale – for example in studies of residential segregation and neighbourhood development – this is not the case with this paper. Instead, our aim is to problematize choices made at the level of policy design in a country where insufficient attention has been paid to ex-ante, on-going and ex-post evaluation (Alves 2017a). The lack of systematic data collection by local and central authorities over time – particularly about volume of investment, the form this investment takes, and its impacts – complicates the analysis.

Methodologically, our research uses a constructionist/interpretivist approach, complemented by a historical perspective, to provide an account of inequality as the outcome of current and earlier public policies.

We will develop a historical overview of the main housing policies in Portugal based on two main sources of information: documentary sources such as legislation and written policy texts, which will allow us to uncover the reasons behind the development of housing policies – an essential part of the process tracing method; and statistical and administrative data, which will allow us to reveal the political rationality of policies.

To do so, we will adopt the process tracing method as presented by Palier and Trampusch (2018), according to whom a given context or outcome is the result of a sequence of events or actions. Our research will trace the main events/milestones that have led to the current housing context in Portugal. According to Trampusch

and Palier (2016), the process tracing method can be either deductive or inductive. We will use an inductive approach to identify the social mechanisms that give rise to social inequalities in access to housing, looking in particular for two kind of event, as discussed by Bengtsson and Ruonavaara (2017, p.52): (1) *critical junctures*: crucial moments, such as crises, at which decisions are taken that decisively influence the path followed, and make it difficult to annul or minimise the resulting effects; (2) *political focal points*: “decision points, where the restricting role of dominant institutions is made explicit”. In addition to identifying these two types of event, we will also adopt Somerville and Bengtsson’s (2002) concept of “contextualized rational action”. That is, actors’ actions stem in part from the goals they intend to achieve, but are “largely shaped by the situation in which they find themselves” (Bengtsson and Ruonavaara, 2017, p.51). Moreover, for these authors, we need to recognise the temporal dimension of action. For instance, actions taken at a certain point in time are, to some extent, a consequence of a prior decision, and, simultaneously, will set some basis for a decision yet to be taken.

9.3 Housing as a key structural domain of inequality and exclusion

Hamnett (2019) claims that “it is impossible to look at urban inequality without analysing the role of government policy” (p. 250). James et al. (2022), in a systematic review of the literature on housing inequality, note that over a quarter of papers frame housing inequality as an unintentional product of public policy, that is “the way housing issues are problematized, represented and operationalized in public policy processes such as, agenda-setting and issue framing, and policy implementation” (p. 9).

As with other types of social policy (e.g. education, health care, social protection), housing policy reflects the ideological choices of those who govern under specific socioeconomic and political circumstances. As theorized by Kemeny (1992), ideologies are not merely abstract systems of thought but provide motivation for action and can channel that action into the creation or legitimation of various combinations of state intervention. Kemeny distinguishes two philosophies in housing policy, in terms of their policy aims and objectives, stressing how they help shape the structure of inequality. In one philosophy, it is argued that the state should take direct responsibility for providing rental housing to the neediest and, to this end, should organise non-profit rental housing in the form of a state or local monopoly. In the other philosophy, it is argued that the state should not itself be a major provider or, if it is, then access to such housing – often provided on

a non-profit basis – should not be limited to needy families but should be accessible in a more universal way to families from different socioeconomic backgrounds.

Before moving on to our empirical analysis, four preliminary points should be noted. First, policy goals and tools are multi-level in nature. As Howlett emphasizes (2009) policy goals and means are formulated and implemented at different levels of government, and are co-dependent. For example, at a higher level, the overarching policy regime and governance models set the outside boundaries for the lower level of policy objectives and policy targets. From this perspective, a policy regime preference for a market governance model at the national level, with certain corresponding policy targets and policy tools (which are often set in legislation), restricts the range of choices available for policy design and implementation at the local level.

Second, housing inequality itself is a multi-layered phenomenon. It is often related to wealth inequality (think about the appreciation of property values for homeowners versus skyrocketing housing prices and the problem of housing unaffordability for tenants), to issues of economic globalization, and – as James et al. (2022) emphasize – to: i) the failure of governments, regulators and markets to adopt fair policies; ii) the tension between home understood as a social right and a place to live, and housing seen as an investment and financial asset.

Third, the literature on inequality shows that it is a structural phenomenon characteristic of Portuguese society. Inequalities of access are present in the social protection system and in all other public-sector services (e.g. healthcare), since protection covers the various groups in society differently, leaving some of them less protected or not protected at all (Alves, 2010). Allen et al. (2004: 8-10) describe Southern European policies as suffering from a deficit of stateness, in the sense that state regulation of land use and social protection are weak. Several studies (Srinivas, 2008) on social protection argue that the welfare state has been shaped by the dualism between protected and unprotected workers (including the precarious, long-term unemployed, etc.), noting that the labour market and social protection are together responsible for failing to protect a wide range of people (especially young people, women with difficulties in accessing employment, and people with disabilities).

Fourth, in a country where the economy has been based on construction, real estate and tourism, there are major inequalities in access to, and the condition of, housing (in terms of its cost and quality). In this paper we argue that inequality of access to housing and housing conditions is the result of a historical trajectory of social inequalities – a trajectory that originates in social, economic and political spheres that are beyond the control of the population most affected by the phenomenon.

9.4 Housing inequality in Portugal

The housing policies we discuss in this paper date back to as far as roughly a century ago. A set of critical junctures appear to have been fundamental in the formulation of new policies and implicit political rationales, as figure 1 show us. Our analysis begins in 1910, with the beginning of the 1st Republic. The second critical juncture occurred in 1933, when an authoritarian regime began to administer the country. The end of WWII marks the third critical juncture, in a period that extends to 1974, when the carnation revolution – which corresponds to the fourth critical juncture – occurred. The entry into the EEC is the fifth crucial moment we identified. The world financial crisis of 2008, and the regulation of the New Generation of Housing policies in 2018 that has placed the issue of housing again on the national political agenda, are identified as the sixth and seventh critical junctures. We should add that, despite the fact that critical junctures are specific moments temporally defined as lasting a number of days or years, their effects are wider. As such, the solutions adopted in response to them extend until the next critical juncture occurs.

The solutions adopted during each of these critical junctures are further analysed and discussed below. Although apparently obvious, this is particularly relevant when analysing the housing sector, as housing shortages or specific housing conditions in a given period of time will strongly impact the actions taken foremost.

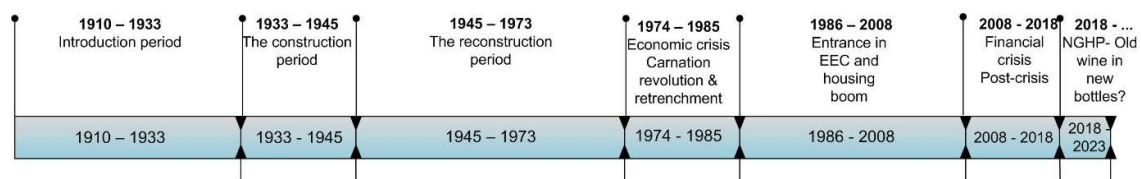


Figure 1. Temporal segmentation of housing policies in Portugal

9.5 The introduction period 1910-1933

During this period, housing becomes a political issue. Political interventions are made in the housing market during the 1st Republic (1910 – 1926), but there is no significant state support for intervention. The priority given to housing as a political issue begins in the last years of this period, with the focus on planning new cities and expanding existing cities.

The institutionalization of housing policies occurred in Portugal during the “Estado Novo” (New State), a right-wing authoritarian regime that ruled Portugal for 41 years (1933–1974). The regime implemented a statist development strategy based on a significant programme of public works, including housebuilding.

The 1930s was a period of intense legislative activity in the fields of planning and land policy. The Expropriation Act (1933) allowed for the compulsory purchase of land at existing use value, and the 1934 Town Planning Act established the legal obligation for local authorities with over 2,500 inhabitants to make plans for their consolidated urban areas and contiguous areas of expansion. In cities where the Urbanization Plan was executed (even though seldom officially approved), it guided new housing schemes, general constructions and protected areas of architectural and urban value.

9.6 The construction period 1933 - 1945

During this period, a housing system was developed that supported the very creation of the territorial planning system aimed at expanding cities. The 1933-1945 period there was a marked ideological association between the house/yard model (detached houses with gardens) and the affordable rent model (build-to-rent) that resulted in the exclusion of low-income populations from accessing the housing that was built with public subsidies.

In this period the main concern of housing policy was both to counteract housing shortages by boosting housing production as much as possible, and to support the construction of housing for the upper-middle class (those with better jobs and income), who were regime’s main supporters. The *Estado Novo* proclaimed that ownership was the ideal tenure for achieving social stability, and, inspired by the ideas of the garden city

movements, that the neighbourhood was the basic unit of planning. The main housing program from this period, the *Programa de Casas Económicas* [Low-cost Houses Programme] (1935–1965), promoted the construction of detached houses with gardens for civil servants and the most skilled segments of the working class. The houses were paid for through monthly rents over a period of 25 years, eventually becoming the property of the family. The production of housing during this period resulted from a strong alliance between banks, employee pension funds, local authorities, and real estate companies, under strong central government leadership. The main housing program not only played an important role in economic dynamics but became a step on the way to homeownership for working- and middle-class households.

9.7 The reconstruction period 1945 - 1973

After the Second World War, the emphasis in many countries was put on reconstruction. Although Portugal had not been destroyed, it still had a major housing shortage because of a sharp increase in the population in the main cities due to the rural exodus. Internationally, there was a consensus across the political spectrum in favour of housing construction initiatives and tenants' support. A consensus that, according to Piketty (2014), would not have been possible under different circumstances, and one that produced equalizing results (a reduction in inequalities). In Portugal, the aim was to promote access to rental housing for income groups that until then had been unable to find homes either through the free market or in state-subsidized housing. Two programs are worth mentioning. The first is the 1959–1969 *Programa de Renda Económica* [Low-cost Rental Housing Program], which promoted the construction of three-storey buildings and was created to attract the accumulated investment of the Federation of Pension Funds. The second is the 1945 *Programa Casas dos Pobres* [Poor People's Houses Program]. Its houses were built and managed by municipalities for the lowest paid workers. However, the scale of this intervention was very small in view of the magnitude of the problem.

Because the large majority of low-income households in Portugal were not able to afford or access these houses, they turned to the illegal self-built home markets (Barata-Salgueiro, 1977). A lack of enforcement and a general unwillingness to find solutions to the problem led to widespread abuse (illegal construction). Cities grew through the illegal genesis of urban areas. These illegal constructions expanded into the suburbs and throughout the inner city (Teixeira, 1992). In 1966 there was an estimated housing shortage of 500,000

dwellings. This led to the creation, in 1969, of the *Fundo de Fomento da Habitação* [Housing Development Fund], an agency which directly promoted housing, but also the development of mono-functional housing projects that did not include public services, transportation or other amenities, and fostered segregation (Branco & Alves 2020).

9.8 Economic crisis. Carnation revolution and retrenchment 1974- 1985

In April 1974, the Carnation Revolution put an end to the dictatorial regime that had ruled the country for 41 years with disappointing results in terms of wages, education, life expectancy, rates of poverty and housing conditions (Branco & Alves, 2020) and marked the introduction of democracy in Portugal.

As many families had to rely on self-building, a large percentage of permanent housing in 1970s Portugal still had no basic facilities, such as running water (47 %), a bath or shower (32 %), or sewers (60 % of the total housing stock). The development of the welfare state in Portugal in the 1970s occurred during a very adverse international macroeconomic and ideological period, characterized by the shift from the previous post-war consensus (of Keynesian politics) to a neoliberal context of strong confidence in the market. The acute shortage of decent, affordable housing was amplified by internal and international migration flows related to a large rural exodus and the movement of hundreds of thousands of refugees and “*retornados*” (returnees) fleeing from liberation struggles in the former Portuguese colonies (Alves, 2017a).

9.9 Portugal's entrance into the EEC and the housing boom 1986-2005

This period is marked by Portugal’s accession to the European Economic Community in 1986, which was followed by a cycle of continuous growth and low unemployment rates (Portugal had one of the lowest unemployment rates in the EU in 1991, around 4 %), which saw real wages and the purchasing power of households increase. In a context of deregulation of the credit market and low interest rates, a decade of centre-right governments promoted homeownership, through a disproportionate investment in subsidised loans/mortgages and tax deductions. Between 1987 and 2011, almost three quarters of the Portuguese housing budget was spent on subsidising mortgages, only 8.7% on subsidising rent, and 17.9% on direct housing provision.

Between 1992 and 2002, the number of homes built annually for family housing rose from 52,000 to a record 126,000, while the number of urban buildings sold rose from 166,000 to over 254,000. New building was mostly directed at owner-occupants (Alves 2022). The volume of mortgage loans grew from €5 billion in 1990 to €104 billion in 2008 – an increase of more than 2,000 % in national spending, while the increase in population was only 10 %. Approximately half of all mortgage contracts signed in that period were supported by the state, through subsidized mortgage loans and tax deductions (Allegra et al., 2020). In 2011, owner-occupancy became the dominant tenure in Portugal by far, accounting for 76 % of the total housing stock, and covering all strata of the population, but mostly those with middle to high incomes (Garha et al., 2021).

It is important to note that in the 1990s many small construction companies were working in the informal market. This was a period of rapid suburbanisation, facilitated by a first generation of municipal comprehensive plans, in which the supply of public housing remained low. Many families that could not access loans had to rely on an informal housing sector and self-construction, with support from their family/community, in most cases without the prior construction of infrastructure or state authorization. Many cities saw the rapid expansion of shantytowns and squatter settlements in the suburbs.

In terms of housing policy, there was a trend in this period towards decentralisation of the state's housing stock to the municipalities and the sale of housing at discount prices to tenants (along the lines of the right-to-buy policies implemented in other countries), which further reduced a public housing stock that was already residual in relation to housing needs.

This was a period generally characterized by: (a) an abundance of land for new housebuilding and widely-granted construction permissions (even in areas of low demand); (b) a lack of strategic vision with regard to conservation and the enhancement of areas of natural and historic significance, and to flood risks; (c) dispersed growth in peripheral areas that later led to cumulative public expenditure on infrastructure and services, such as garbage collection, recycling, waste management, water supply, postal services and transportation; and (d) narratives that emphasize, in Portugal's semi-peripheral economy, the importance of the construction sector and tourism gains, which in a context of development planning favours an increase in the number of seasonal dwellings and vacant dwellings at the expense of securing land for social and affordable housing within market developments, as seen elsewhere (Alves 2022).

In the 1990s the national government launched an emergency programme of urban clearance (of shanties) – the so-called *Programa Especial de Reajuntamento* [Special Rehousing Programme] (Allegra et al., 2022). This program typically built new council housing estates on areas where cheap land was available, displacing slum dwellers to areas in the periphery characterised by a lack of infrastructure, and reinforcing the segregation of people along lines of class, income, and ethnicity (Branco & Alves, 2020).

9.10 The management and retrenchment period after the 2008 global economic and financial crisis

The slowdown in the pace of housing licensing and construction started in 2002 when the Portuguese government stopped the interest subsidization on mortgages for new contracts. It was then reinforced by the economic and financial crisis triggered by the subprime crisis in 2008, which had dramatic effects, leading to the destruction of jobs, higher unemployment rates, wage cuts, and so on in Portugal. With the reduction in wages and the rise in unemployment rates, a significant share of households experienced difficulties in repaying their mortgages. The risk of default was particularly high for families at risk of poverty, but also for upper-middle-class families facing unexpected situations such as unemployment, divorce, illness, etc. The percentage of households overburdened by housing (i.e. with housing expenses exceeding 40 % of disposable income) was particularly high among low-income households, who became particularly vulnerable to losing their home.

The global financial crisis also had dramatic impacts on the country's financial situation, as Portugal was in a state of near bankruptcy and had to accede to a programme of economic and financial adjustment imposed by the “Troika” (the European Commission, the European Central Bank, and the International Monetary Fund) and to a package of austerity measures (Allegra et al., 2020).

The economic adjustment programme required a political-ideological reorientation towards: i) the retraction of the state, namely a reduction of the strong tenant protection that had existed until then, with the introduction of a new landlord-tenant regime that permitted the ending of old contracts for structural works; and ii) the adoption of a pro-growth and pro-market agenda, which involved the introduction of legislative reforms and stimuli in the rehabilitation sector (for more details see Cocola (2023), Branco & Alves (2020)).

Austerity policy also led to a rupture or interruption in the construction trajectory of the social housing system, with government grant funding for social housing no longer available. In this context of austerity, housing policies were mainly made up of tax exemptions or discounts (e.g. tax benefits in special rehabilitation areas that are broadly defined to attract private investment for rehabilitation), and of deregulation and privatisation policies, which even involved the sale of public property as this was seen as the most efficient way to counteract inner-city decline associated with building degradation. Overall this was an agenda that stimulated the financialization of housing markets (Canelas et al. 2023) and brought with it the emergence of new social risks.

The impacts of this agenda began to be particularly visible from 2015, when the country offered strong incentives for foreign investment through investor visas. (e.g. the golden visa, non-habitual residents' visa, etc.). These achieved their objectives by attracting an increasing volume of investment and foreign players to the Portuguese property market, turning certain cities and areas into hotspots for international investment in the process.

However, the increase in demand from foreign investors and immigrants with greater purchasing power, which was associated with an increase in the volume of transactions and housing prices, hampered or prevented access to housing markets especially in areas with high market demand. Those excluded were families in a more precarious situation in the labour and housing markets; the main winners were property-owning families and companies, who saw an unprecedented increase in the value of their real estate assets.

Purchase and rehabilitation were mainly driven by activities and interests linked to the tourism industry. The transformation of the housing stock – in physical terms, and in terms of tenures and occupancy – was driven by short-term rental activities that generated higher profitability. Deregulatory policy facilitated gentrification in previously marginalised or declined areas. The tourism industry takes on the role of a key driver of economic growth and the renaissance of historic cities (Montezuma & McGarrigle, 2019), but brings with it displacement of the working-class people who used to live in these areas.

9.11 A New Generation of Housing Policies (NGHP): old wine in new bottles?”

In 2018, after several years of market-oriented strategies and an intensifying housing crisis – which was more manifest in Lisbon, Porto and Algarve where house prices have risen faster (Allegra et al., 2020; Mendes, 2020) – the socialist government launched the so-called New Generation of Housing Policies (NGPH) to address the challenges related to the structural shortages of permanent housing both for the more vulnerable groups and the middle-class groups. In a context of an increasing share of population overburdened by housing costs and poor housing conditions, the Portuguese government recognizing that 2% of public housing within the total housing stock is clearly insufficient to address even the needs of the most deprived and at risk of social exclusion, set the political ambition of increasing the proportion of publicly-subsidized housing from 2% to 5% of the total national stock.

A national survey of housing needs showed a first figure of 26,000 families living in sub-standard conditions in Portugal. But more detailed surveys carried out later, at the level of Local Housing Strategies, showed that the number of families living in unsuitable conditions (e.g. unhealthy and insecure houses, overcrowding, inadequacy of housing for the special needs of residents with disabilities or reduced mobility, homeless, etc.) is much higher than this figure. With the Recovery and Resilience Plan (PRR) funding, which component 2 is devoted to housing issues, the government channelled investment in threefold programmes:

1. The Support Programme for Access to Housing (an expected investment of 1.211 million euros). The *1º Direito* (First Right) is the central programme and allows the construction of new buildings or the renovation of existing dwellings, as well as, whenever necessary, the acquisition of new buildings or the lease of buildings to sublease. The programme main objective is to provide mainly social housing accommodation, but also financial support for renovation or construction to the identified target groups that do not have the financial capacity to guarantee their own housing. The government maintains the aim of providing for at least 26.000 households by 2026.

2. The National Emergency and Temporary Accommodation Grant (176 million euros). The objective of this investment is to provide temporary or emergency accommodation to the vulnerable population groups in mainland Portugal, including victims of domestic violence, victims of human trafficking, homeless persons; needs for urgent and temporary accommodation for persons at imminent and actual risk of being left without

accommodation or in the process of de-institutionalization; but also housing indispensable to the public interest targeted at state officials and agents;

3. Loans for public affordable housing (775 million euros). The *Programa de Arrendamento Acessível* (Affordable Housing Program) offers tenancies at rents of up to 80% of market rent levels within the local area, lease contracts of five years, and a tenant's affordability ratio (i.e. the ratio between housing costs and household income) between 15 % and 30 %.

Another objective of the PRR is to increase the supply of student accommodation at affordable prices, throughout the construction of new dwellings and rehabilitation of existing ones. The implementation of Portugal's PRR is underway, however with some delays, and with the risk of not achieving some targets, namely related to the investments in social housing (26.000 dwellings for social housing) and the 12.500 student accommodation places, due to the lack of human resources and capabilities in many municipalities to carry out plans of investment, as well as high inflation of construction costs (raw material and labour).

Some criticisms related to the rationale or logic of intervention of the programmes should be identified. This includes the way problems and needs are defined by the government, including its underlying causes, what it is expected to achieve, and their potential impacts related to the segmentation of the provision of social housing, affordable housing and market housing. Other criticisms include the fact that the available budget for the acquisition of land, constructing, rehabilitation or acquisition of dwellings targeted at low-income families will be insufficient considering the level of housing needs identified by municipalities. It is also criticized the fact local housing strategies (*Estratégias Locais de Habitação*) drawn by local authorities in some municipalities have not included in their targets (in terms of number of dwellings and families), Roma families living in informal or illegal settlements or dwellings (characterized by lack of running water, electricity, and other basic infrastructure). In addition, it is also to be considered the possibility that the investments in housing could eventually lead to an increased concentration or further physical isolation of marginalized groups.

So far, the results of the Affordable Housing Program's implementation have shown that: i) in overheated housing markets rental values at 20 % below market level are still inaccessible to most families, including the middle-income families that allegedly are targeted by the program; ii) low-income families, even those in

urgent need, are excluded from this programme and have to apply for social housing, thus, this new affordable housing provision is not tackling the lack of housing options for low-income people; iii) unlike in other countries that seek to integrate social and affordable housing provision to promote social mix (not to mention different tenures of not-for-profit housing within market housing), in Portugal there are no central government requirements to do so; for example in Lisbon we have seen the choice of a segregated model that does not seek to promote socio-spatial inclusion (for more details see Alves 2021). On the ground we have seen in several cities that affordable-rent homes that cannot be let at more than 80 % of market rents have been provided at a faster pace than social housing. However, 80 % of market rents is not genuinely affordable in many parts of Portugal, such as the metropolitan areas of Porto and Lisbon, and Algarve (Travasso et al., 2020), which means that this is not an inclusive model.

9.12 Conclusion

The analysis and selection of policy objectives and policy instruments has been portrayed as a rational, linear, technical exercise. This is a characterization that Peters (2002) describes as oversimplified, noting that instrument selection and evaluation are inherently a political exercise influenced by five “Is” – ideas, institutions, interests, individuals and the international environment. Also Cairney (2021) makes the point that policymakers exhibit bounded rationality: they only have the ability to pay attention to a tiny proportion of available facts, are unable to separate those facts from their values, struggle to make clear and consistent choices, and cannot anticipate fully the effects of their decisions.

In contemporary democratic political systems, policy agendas are focused on the ‘problems’, policy goals and instruments that leaders and stakeholders believe are worthy of attention and debate (Head, 2019). A central theme within the policy studies literature, including that on housing policy, has been to contest and problematize how problems are understood, defined and shaped in processes of agenda-setting, asking what impacts policy design choices have (in terms of beneficiaries and tools) – and specifically whether they reinforce or mitigate inequality within both residential space and society as a whole. This paper has sought to answer this question for the case of Lisbon over the past century.

The empirical research presented in this paper confirms that housing policy, “a field located at the junction between welfare and spatial planning” (Allegra et al. 2022: 331) has the potential not only to modify the quality, quantity, price and ownership of housing, but to shape the understanding of housing as a policy matter that is governmentally constructed, in terms of their objectives, instruments, and expected outcomes.

Our case shows that the state can enforce laws that privilege the right to property, reinforcing housing as an economic good subject to market mechanisms, which has given rise to policies that mostly respond to the demand of a population that can afford it, and itself has made housing increasingly unaffordable for a large proportion of the population, over the idea of housing as a social right, jeopardizing the right to decent housing at affordable prices, which is key to the sustainability of communities and neighborhoods.. Thus, our case study shows that the way housing policy has been designed and implemented reflects and generates social inequality and preconceptions about social and economic issues.

The analysis developed in this paper has shown that housing policies have been in existence for over a century, and that they have arisen as a result of different concerns, policy goals and instruments that were similar between different political regimes (both authoritarian and democratic), and political parties (both left- and right-wing). It has also shown that even though regulation and direct provision have helped to respond to chronic housing crises, associated to housing quality, availability and costs, their coverage and main beneficiaries have varied significantly. Some groups have been excluded from support that has been made conditional on income or other criteria (such as behaviour), and there have been contradictions between the scope and the content of policy, on the one hand, and housing needs, on the other.

We cannot say that all political regimes and political parties have a similar inclination towards an unequal distribution of housing subsidies and opportunities. But what the empirical analysis does show is that the promotion of housing stock under most political regimes has failed adequately to counteract inequality of access to a safe, stable and healthy place to live. This failure has limited generally desirable economic, social and urban outcomes related to economic growth, collective efficiency, and social cohesion.

The Portuguese case study, analyzed in this paper throughout a historical perspective, demonstrates that the basic assumptions made by researchers and planners regarding a greater or lesser public intervention in

housing are simplistic and not very helpful, when they don't address the content and the expected effects of policies either in terms of improving or building basic services (water supply, sewage, etc.), and thus living conditions, or reducing socioeconomic and spatial inequalities.

The paper further adds to the existing body of literature about inequality, by providing new evidence and insights about the potential impact of housing policy's formulation and implementation. The paper fulfils a gap in current knowledge from a policy perspective in ways that haven't been explored before and that have the potential to generate more critical debates about the causes and the effects of housing inequality. In terms of contributions for real-world scenarios, the paper offers practical recommendations to inspire practical change regarding the adoption of non-discrimination and non-segregation principles. In what concerns research paths to study housing inequality, future research should bridge interdisciplinary gaps and integrate knowledge from various sources to engage in a more constructive and useful debate.

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