

NATIONAL STRATEGY

2025-2035

for Poverty Reduction
and Social Inclusion.



Affordable and Social Housing

Working Paper to the National Strategy for Poverty Reduction and Social Inclusion: 2025-2035

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Table of Contents

	Contents	
	Glossary	
01.	Introduction	
02.	The Housing Market in Malta	
(a)	Development of Housing Stock in Malta over the Past 30 Years	
(b)	Size of Housing Stock, Occupants and Tenure	
03.	Homeownership as a component of a Household's Assets	
04.	Property and Rental Sector and Affordability	
(a)	Housing Costs Definitions and Mortgage Regulation	
(b)	Purchase and Financing of the Main Residential Dwelling	
(c)	Rental Value of Furnished and Unfurnished Flats / Apartments as Main Residential Dwelling	
(d)	Comparing the Housing Cost Burden of 'Owners with Mortgages' and 'Tenants of Rented Property'	
(e)	Impacts of Inflation and Mortgage Interest Rate Increases on Household Costs	
05.	Social and Affordable Accommodation Assistance provided by the Housing Authority	

Tables

01.	Property Price Index (PPI) movements for different types of dwellings: Q1 2017 to Q1 2023
02.	Homeownership With and Without Mortgage - %: 2010-2021
03.	Total Housing Cost Overburden Rate by Share of Households
04.	Rental Affordability for Young People
05.	Average Total Income of Applicants
06.	Problems encountered when taking a home bank loan
07.	Affordable Social Housing Schemes provided by the Housing Authority
08.	Lease Conditions for Properties Allocated for Social Accommodation by the Housing Authority
09.	Affordable Housing Schemes offered by the Housing Authority
10.	Approved Applications relating to Affordable Accommodation Schemes offered by the Housing Authority

11.	Investment by the Government through the Housing Authority in Social Accommodation and Affordable Housing
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Figures

01.	Affordable housing continuum according to income quintile
02.	Housing Policies applied by the Government of Malta
03.	Overview of Dwelling Stock over the Past Decade
04.	Number of persons per dwelling between 1995 and 2021
05.	Occupied buildings built between 2005 and 2021
06.	Housing Stock by Residential or Secondary Dwelling and District
07.	Housing Stock by Type of Dwelling: 2011-2021
08.	Main Residential Dwellings by Number of Rooms and Period of Construction
09.	Distribution of households by household size, region
10.	Main residential dwellings by tenure status and citizenship of dwelling members
11.	Main residential dwellings by tenure status and period of construction
12.	Main residential dwellings by tenure status and district
13.	Real Assets by Percentage of Households – 2021
14.	Real Assets – Conditional Medians by Type and Wave: €
15.	Real Assets – Composition by Net Wealth Quintile: Percentage of Total Assets
16.	Real Assets by Type and Age by % of Households
17.	Real Assets: Percentile Distribution: €
18.	House Prices and Rents: % Change between 2010 and Q2 2023
19.	Average prices per sqm by property type and region: 2022
20.	Debt – Composition by Net Wealth Quintile: Percentage of Total Liabilities
21.	Debt – Conditional Median: €
22.	Debt – Conditional medians by net wealth quintile: €
23.	Composition of Total Loans related to Property: Q4 2020 – Q2 2022
24.	Loan Distribution by Loan-To-Value Brackets - Q4 2020 – Q2 2022 - %
25.	Loan Distribution by Loan-To-Income Brackets - Q4 2020 – Q2 2022 - %
26.	Loan Distribution by Maturity - Q4 2020 – Q2 2022 -%

27.	Loan Distribution by LSTI Brackets - Q4 2020 – Q2 2022 - %
28.	Loan Distribution by Income Quintiles - Q4 2020 – Q2 2022 - %
29.	Loan Distribution by the Market Value of Properties - Q4 2020 – Q2 2022 - %
30.	Distribution of Monthly Rents for Non-Shared Rentals: July – December 2022 - %
31.	Distribution of Monthly Rents for Shared Rentals: July – December 2022 - %
32.	Hedonic Rent Index: Q1 2020 = 100
33.	Annual Growth Rate in Registered Rent Indices
34.	Median Rent by Property Type and Number of Bedrooms Across Regions: 2022
35.	Households' Housing Cost Burden (mortgage and rent) as a share of disposable income – 2020
36.	Housing cost burden of low- and middle-income households as a share of disposable income: 2018-2020
37.	Housing Cost Burden Rate of Households by type of property, in % of the Population spending more than 40% of their Disposable Income on Rent or Mortgage – 2020 (or latest year)
38.	Housing Cost Overburden rate for owners and tenants spending more than 40% of their Disposable Income on Rent or Mortgage
39.	Scenario: Purchasing a Property: Affordable Accommodation
40.	Annual Inflation Rate
41.	Mortgage Distribution by LSTI Bucket and Interest Rate Shock -%
42.	Age cohort distribution for persons seeking housing assistance
43.	Current Residence for persons seeking housing assistance
44.	Households that face the highest Affordable Housing Challenges – 2023
45.	Social Accommodation Allocated by the Housing Authority concerning applications categorised as high-priority – 2022
46.	Applications for Social Accommodation Classified as 'Priority' on the Waiting List – 2022
47.	Beneficiaries of the Equity Sharing Scheme by Age in 2022
48.	Income Ranges of Applicants for the Housing Benefit Scheme in 2022
49.	Age distribution of Persons who benefitted from the Pre-95 Protected Leases Scheme in 2022
50.	Homeless Persons in Malta by Nationality
51.	Reasons for homelessness according to YMCA 2022 Survey

AHS	Affordable Housing Schemes
AROP	At-risk-of-poverty
CCF	Corradino Correctional Facilities
CBM	Central Bank of Malta
DSTI-O	Debt Service to Income Ratio
EC	European Commission
ECB	European Central Bank's
EES	Equity Sharing Scheme
FT	Full time
FTB	First-Time-Buyer
HA	Housing Authority
HBS	Private Rent Housing Benefit Scheme
HCO	Housing Cost Overburden
LSTI	Loan Service To Income
LTI	Loan-To-Income
LTV-O	Loan-to-Value Ratio at Origination
MCH	Mount Carmel Hospital
MS	Member States
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
p.p.	Percentage points
PPI	Property Price Index
PT	Part-time
Q	Quarter



01. Introduction

The crucial role housing plays in promoting social cohesion is widely recognised, with adequate housing affirmed as a universal right. The right to adequate housing is established in Article 25 (1) of the Universal Declaration of Human Rights, Article 11 of the International Covenant on Economic, Social and Cultural Rights, and Article 31 of the Revised European Social Charter.

Affordable housing is generally understood as social housing, affordable rental housing and affordable home ownership, provided to eligible households whose needs are not met by the market – those belonging to the first three quintiles of the population.¹ Housing affordability, therefore, aims to get to grips with housing affordability for the home's occupier.

The term social housing has two possible connotations as follows:²

- (a) All types of housing that receive some form of public subsidy or social assistance, either directly or indirectly, which can include tax relief on mortgage interest, tax shelters for homeownership, subsidies to builders, depreciation allowances for investments in residential properties, or below-cost provision of collective public services (roads, electricity, water or sewers) for housing. This definition is inclusive, namely whenever the private housing stock receives some public subsidies, it should be included in the social housing sector.
- (b) Traditional public housing, namely housing subsidised by the state and social rented housing, but also includes new forms of publicly supported and non-market housing, such as cooperatives, rent-geared-to-income, limited-dividend and non-profit housing provided by social agencies, community groups, non-profit private firms and political organisations other than governments. The common distinction of these new forms is that they are collectively managed on a not-for-profit basis, with their rents set (at least partially) according to the ability to pay. Public subsidies are used to reduce initial capital costs or operating costs, with a wider target than traditional policy.

There is, however, no international consensus on how to define or measure housing affordability, and no single measure fully captures the range of concerns around the ability of households to secure decent housing in an appropriate location for an acceptable price. A useful definition of affordability is that “housing affordability” is concerned with securing some given standard of housing (or different standards) at a price or a rent which does not impose, in the eyes of some third party (the government, for example) an unreasonable burden on household incomes.³ The affordability definition contains two standards for determining whether housing can be considered to be affordable:⁴

- (a) Standard for setting a reasonable or decent level of housing quality.
- (b) The standard for setting a reasonable share of price or rent concerning income.

¹ Pg 12, Housing affordability and sustainability in the EU, Analytical report, European Construction Sector Observatory, European Commission, 2019.

² Pg 8, Social Housing in the EU, Employment and Social Affairs, Policy Department Economic and Scientific Policy A, IP / A / EMPL / NT / 2012-07, 2013.

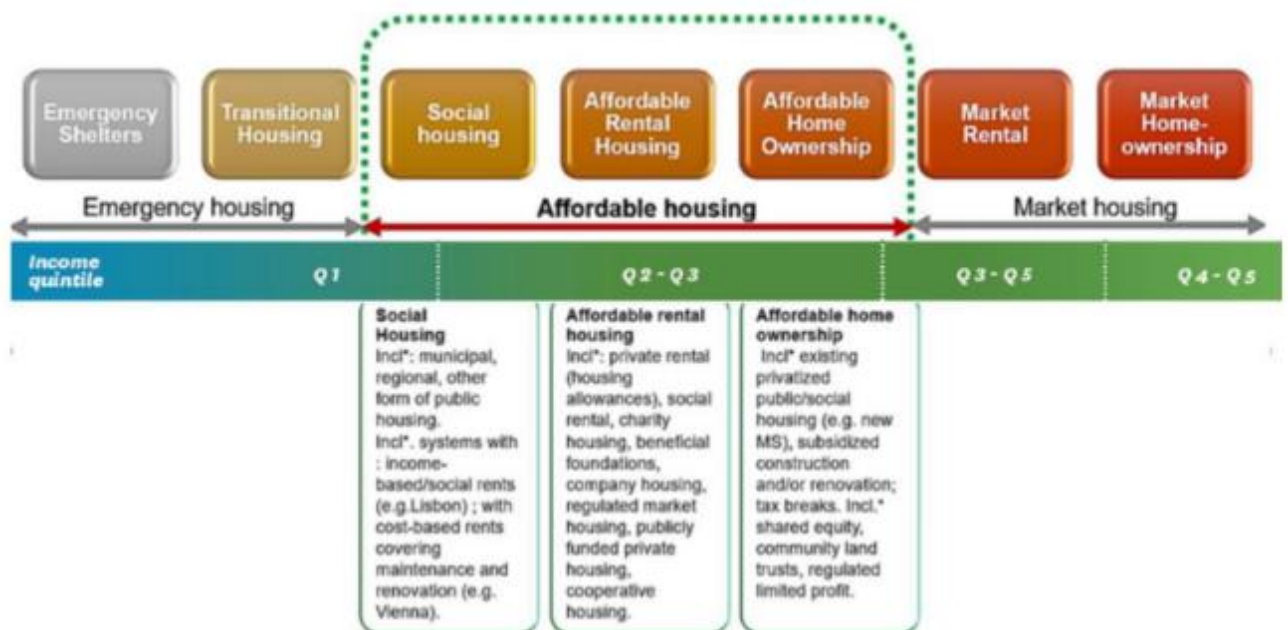
³ Pg 25, Haffner, E, A, M., Housing affordability in the European Union, Informationen zur Raumentwicklung, Heft 4/2018. Accessed on 3rd October 2023: https://www.bbsr.bund.de/BBSR/DE/veroeffentlichungen/izr/2018/4/downloads/housing-affordability-eu.pdf?__blob=publicationFile&v=1

⁴ Pg 25, Ibid.

In Europe, for example, housing affordability is often defined by the housing cost overburden rate, the percentage of the population living in households where the total housing costs represent more than 40% of disposable income (Eurostat definition). The OECD also follows this approach in one of their recent studies on affordable housing. In the US and Australia, a 30% threshold is applied. The Global Housing Watch takes a slightly different approach, considering affordable housing, any house with a house-price-to-annual household income ratio of 3.0.⁵

Government intervention to provide access to good-quality affordable housing is an important instrument of social policy to prevent poverty and social exclusion, enabling equal opportunities through better access to health, education and social capital, and inclusion in the labour market. Interventions in the housing market by the Government can take different forms. Four dimensions of government intervention and how these result in differentiating housing models and policies are presented below.

Figure 01: Affordable housing continuum according to income quintile⁶



These are:

- (a) **Tenure:** Social housing is provided for rent in most countries, but the sale of dwellings is also possible in many countries. Moreover, some countries offer provision for intermediate tenure, a shared ownership solution where tenants buy a share of the dwelling and pay rent for the remainder. Other MS provided social housing as low-cost housing for sale.
- (b) **Provider of the service:** There are various models applied across EU Member States (MS) within the European Union (EU) – which include the provision of social housing by the central Government, local Government, public companies, non-governmental organisations, limited-profit associations, cooperatives, etc.
- (c) **Beneficiaries:** Affordable housing can be categorised as a:⁷
 - 01. 'Universal service': According to this approach, housing is a primary public responsibility, and the objective of affordable housing is to provide the whole population with access to decent quality housing at an affordable price. In this approach, affordable housing assumes a market-regulating approach through rent control to guarantee the whole population's

⁵ Pg 12, Housing affordability and sustainability in the EU, Analytical report, European Construction Sector Observatory, European Commission, 2019.

⁶ Pg 15, Ibid.

⁷ Pp 10-13, Social Housing in the EU, Policy Department A, Economic and Scientific Policy, Directorate-General for Internal Policies, PE 492.469, European Parliament, 2013.

quality and affordable housing. In contrast, social housing is typically allocated through waiting lists.

02. 'Targeted service': Identifies the institution in charge of allocating housing resources according to market dynamics. Quality affordable housing is directed towards individuals and households whose demand for housing with decent quality and affordable prices is not met by the market. This approach can be categorised in two:

- (i) Generalist model: This model allocates housing to households below a pre-identified ceiling. Furthermore, housing is allocated by the provider according to the specific rules and procedures based on income ceilings. Generalist, affordable housing allocation has rents set at a fixed ceiling, with households benefitting from income-based housing allowances covering part of the rents.
- (ii) Residual model: This model allocates housing to households deemed most vulnerable. Housing in this model is allocated based on need. Rents under this model are either cost or income-based.

(d) **Funding arrangements:** Various models are applied. In some countries, affordable housing is entirely financed through public funds, whereas in others, financing is raised from the market.

There are strengths and weaknesses to both owning and renting a home. Homeownership can promote wealth accumulation: a home can be an asset, and mortgage debt repayment can incentivise better household spending behaviour. Homeownership is also associated with other outcomes correlating with higher incomes, such as community engagement and better educational achievement for children. At the same time, homeowners are exposed to housing cost overburden and the need for considerable maintenance investments over time.⁸

In a recent paper, the European Commission (EC) says house prices have grown steadily across the euro area for nearly a decade. It adds that since 2013, house price growth has gradually built up to attain a cumulative increase of some 40% by 3Q 2021, around four times higher than the increase in the overall price level. Half of the overall increase in house prices since 2013 has taken place since 2019. Additionally, the EC observes that the annual house price growth in the third quarter of 2021 has been the highest since 2013, reaching 10% overall for the euro area and over 30% in eight countries.⁹

Renting is more often associated with higher housing insecurity and, in some countries, lower housing quality; on the other hand, renting is more accessible to households with limited resources, and it involves lower transaction costs than selling an owned home, so it might provide a better solution for households whose housing needs are likely to change in the short-term as, for example, youths or young families.¹⁰

The housing sector was, nevertheless, up to the mid-1990s distorted. Following World War II, given the significant number of destroyed and damaged properties, governments introduced measures to regulate the private sector rental market. The various legislative and regulatory instruments applied (Civil Code [CAP 16], Reletting of Urban Property (Regulation) Ordinance [CAP 69], Housing (Decontrol) Ordinance [CAP 158]: Act XXIII of 1979, and concessions to Temporary Emphyteusis) resulted in private landlords losing control of their properties. These measures allowed family members of tenants to retain 'possession' of the building even when the original tenant passed away. In essence, various Governments placed the obligation of quality affordable housing as a universal right onto the private sector. In 1995, there were 33,781 tenancies regulated by the pre-1995 rent laws – of which approximately 29,000 had an annual rent of a maximum of €466.¹¹

⁸ Pg 13, Salvi del Pero, A., et al., Policies to promote access to good-quality affordable housing in OECD countries, OECD Social, Employment and Migration Working Papers, No. 176, OECD, 2016.

⁹ Pg 1, Housing Market Developments in the Euro Area: Focus on Housing Affordability, Technical Note for the Eurogroup, Directorate General, Economic and Financial Affairs, Ref. Ares 2049175, European Commission, 2022.

¹⁰ Pg 13, Salvi del Pero, A., et al., Policies to promote access to good-quality affordable housing in OECD countries, OECD Social, Employment and Migration Working Papers, No. 176, OECD, 2016.

¹¹ Pg 18, Ibid.

In 2008, the then Government sought to reform the pre-1995 rent laws. The end objectives were (a) for landlords to assume full ownership of their property in a transitional manner to minimise social shocks to tenants and (b) to achieve legal certainty and, in doing so, allow for better utilisation of the existing housing stock as owners start participating actively in the rental market by placing their property up for rental.

Since the 2008 reforms, further steps were taken to regularise the rental market, including the formalisation and registration of property rental contracts in a central registry maintained by the Housing Authority.

Like other MS, Malta has a certain degree of housing overburden and overcrowding or a share of its population with housing deprivation. There is universal agreement that the locum of responsibility for social housing rests primarily with the State in that it is the State that normally intervenes to ensure that those members of its society who cannot afford access to adequate housing are provided such access in a manner that renders it affordable to them – and where special needs are so identified, marginalised groups are not socially excluded.¹²

Undoubtedly, successive administrations in Malta have sought to secure these fundamental essentials. The Housing Authority, and previously the Department of Social Housing, have, through various schemes such as Home Ownership Scheme Plots; provision of leased or for sale apartments and maisonettes; ownership of own residence; and rent subsidy achieved much in securing accessible, affordable adequate housing to persons in disadvantaged and low-income groups.¹³ **Figure 02** presents the mix of policies Malta applies to housing. Social housing is discussed in Chapter 05 of this paper.

Figure 02: Housing Policies applied by the Government of Malta¹⁴

	Home Ownership and Home Buyers	Rental Policies	Social Housing Policies	Housing Allowance
Malta				
Grants	Loan	Fiscal	Guarantee	
Regulatory	Capital investment	Strategy		

02. The Housing Market in Malta

(a) Development of Housing Stock in Malta over the Past 30 Years

Figure 03 presents an overview of dwelling stock as it has developed over time, per census year, in Malta.¹⁵ As can be seen, since 1995, the number of main residential and secondary seasonal used or vacant dwellings, respectively, practically doubled by 2021. The increase of main residential dwellings in 2021 compared to 2011 was 41.2%, whilst that of 2011 on 2005 was only 9.8%. This significant increase concerning main residential dwellings between the 2011 and 2021 census years is not mirrored regarding secondary-use dwellings. Secondary use dwellings between the 2011 and 2021 census years increased only by 14.8% - which is also significantly lower than the increase between 2005 and 2011, where the increase stood at 33.7%.

¹² Pg 6, Spiteri Gingell, D., The need for reform – sustainability, justice and protection: Rent laws – the need for reform, White Paper, Ministry for Social Policy, 20008.

¹³ Ibid.

¹⁴ Pg 55, Housing affordability and sustainability in the EU, Analytical report, European Construction Sector Observatory, European Commission, 2019.

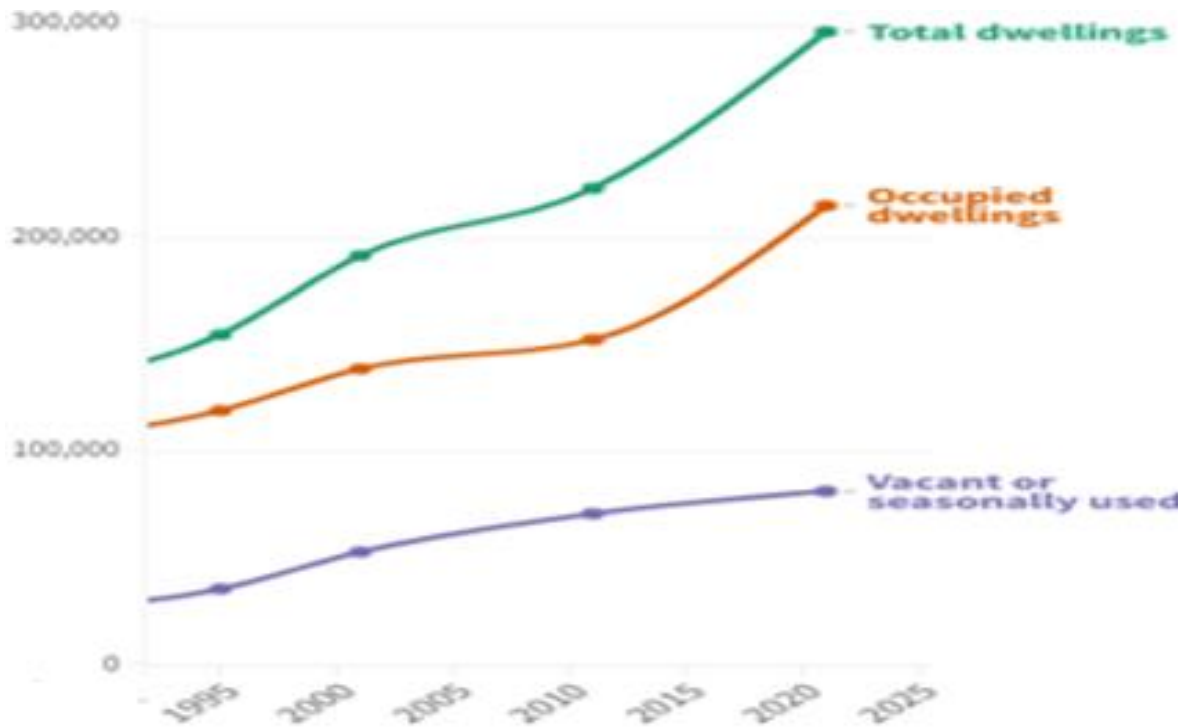
¹⁵ Pg 16, Dwelling Characteristics, Census of Population and Housing 2021, Final Report, NSO, 2023.

Three-fourths of the main residential dwellings, 74.6%, are owned by Maltese. These dwellings fall into two categories:

- (a) 66.2% owned freehold.
- (b) 8.5% held with ground rent or under emphyteusis.

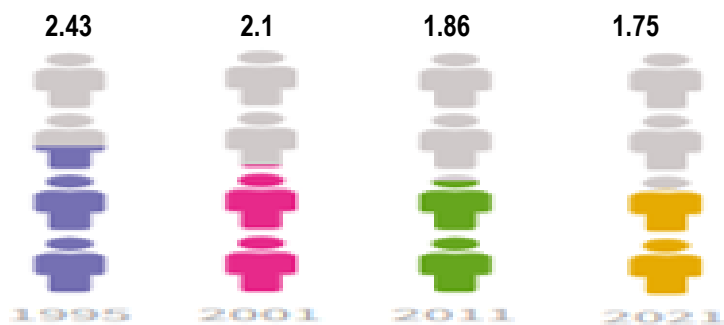
These figures are consistent with the levels observed in 2011.

Figure 03: Overview of Dwelling Stock over the Past Decade¹⁶



In 1995, in Malta there was 1 dwelling for every 2.43 persons. In 2021, as shown in **Figure 04**, this fell to 1 dwelling for every 1.75 persons.¹⁷

Figure 04: Number of persons per dwelling between 1995 and 2021¹⁸



¹⁶ Ibid.

¹⁷ Borg, N., A home for every 1.75 people: Malta's construction boom in numbers, Times of Malta, 4th October 2023. Accessed on 5th October 2023: <https://timesofmalta.com/articles/view/27-apartments-every-house-malta-construction-boom-numbers.1058853>.

¹⁸ Ibid.

The census shows that 26% of all occupied homes in Malta, some 55,500 homes, were built between 2016 and 2021. Over the full decade between 2011 and 2021, the figure is 39%. In the ten years preceding the 2011 census, 19,423 new homes were built. By contrast, 84,055 new homes were built in the subsequent ten years, more than a four-fold increase. This is presented in **Figure 05**.

Figure 05: Occupied buildings built between 2005 and 2021¹⁹

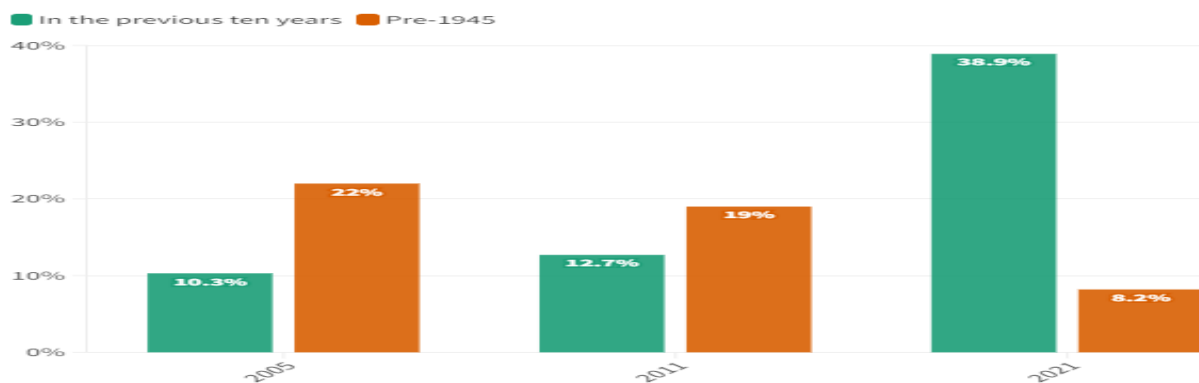
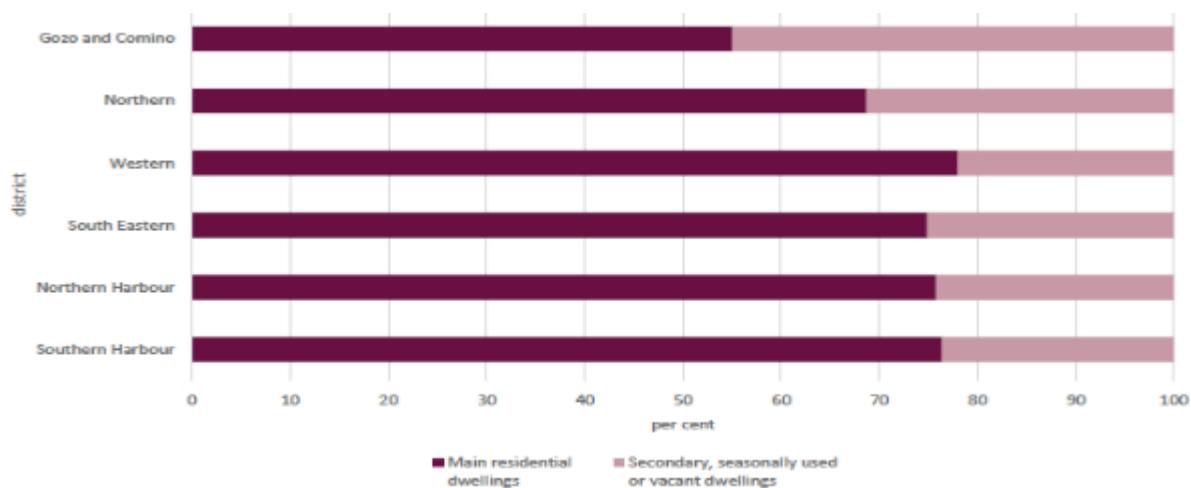


Figure 06 presents the dwelling stock as recorded in the 2021 census. San Pawl il-Baħar has the largest number of dwellings, with 23,738 or 8% of the total stock. Its size was almost equivalent to the combined sum of the subsequent two ranked localities: Tas-Sliema, which had 13,468 dwellings (4.5%), and Birkirkara, with 13,136 dwellings (4.4%). In Gozo and Comino, nearly half of the total stock's dwellings were secondary, seasonally used or vacant (45%). This contrasts with Malta, where a quarter of the dwellings fell into this category (25.5%). In the regions of Malta, the percentage varied, ranging from 22.1% in the Western district to 31.3% in the Northern district.²⁰

Figure 06: Housing Stock by Residential or Secondary Dwelling and District²¹



The divergence between flats, penthouses, and terraced houses has changed since the 2011 census. In the 2021 Census, the majority of the housing stock consisted of flats and penthouses, making up 52.7%, followed by terraced houses at 22.9%, and maisonettes at 19.8%. This contrasts with the 2011 Census, where terraced houses were the primary choice of residence at 34.4%. Flats and penthouses are the primary choices for a main residence accounting for 48.4%, with maisonettes following at 23.9%, and terraced houses at 22.7%.

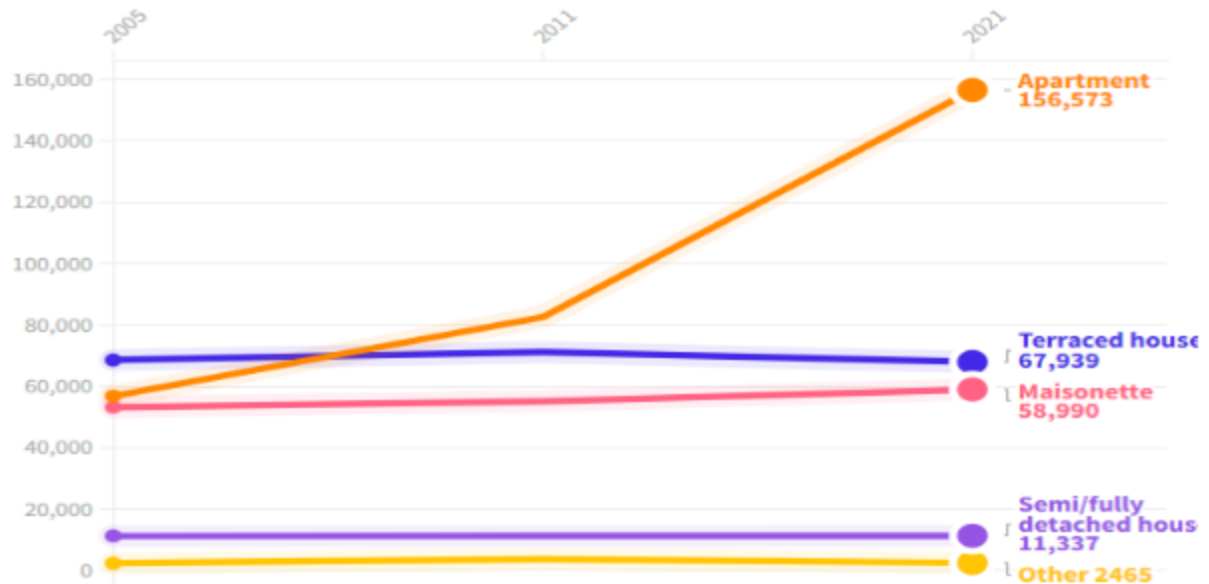
¹⁹ Ibid.

²⁰ Pg 17, Ibid.

²¹ Ibid.

The majority of maisonettes, at 87.5%, served as the primary place of residence, representing the highest proportion among various dwelling types. Conversely, 33.4% of flats, penthouses, and terraced houses were designated for secondary purposes, including seasonal occupancy and vacancy, accounting for 27.9% in total.²²

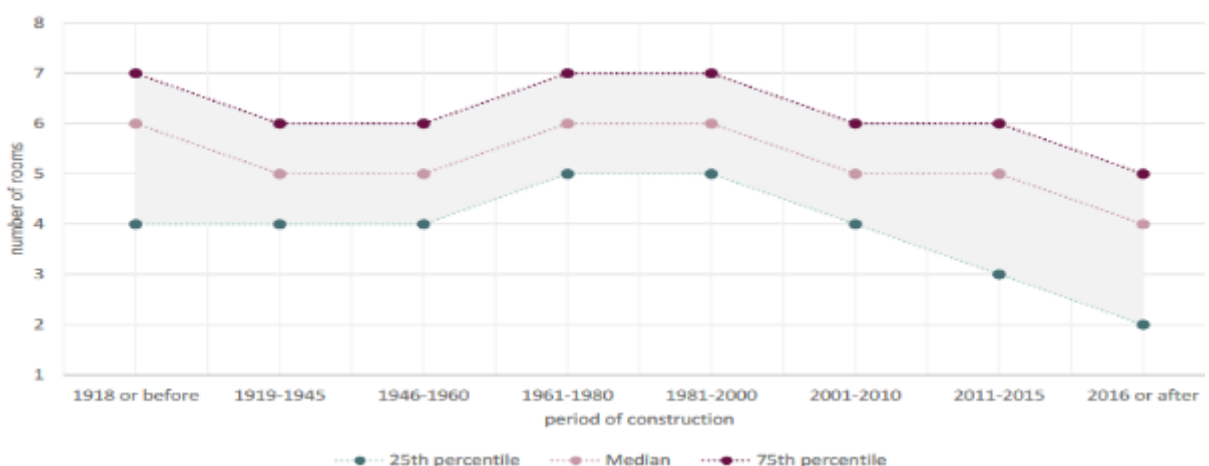
Figure 07: Housing Stock by Type of Dwelling: 2011-2021²³



(b) Size of Housing Stock and Number of Occupants

Similar to the pattern observed in the 2011 census, approximately 50% of the main residential dwellings had five or six rooms. Nonetheless, the mean count of rooms decreased in 2021 compared to the 2011 census from six to five. This change was primarily attributed to more dwellings having four or fewer rooms. This stood at approximately one-third of all main residential dwellings in 2021, compared to approximately marginally over one fourth recorded in the census 2011); and a reduced proportion of dwellings with seven rooms or more, 17.5% in 2021 when compared to 25.0% in 2011.²⁴

Figure 08: Main Residential Dwellings by Number of Rooms and Period of Construction²⁵



²² Pg 18, Ibid.

²³ Borg, N., A home for every 1.75 people: Malta's construction boom in numbers, Times of Malta, 4th October 2023. Accessed on 5th October 2023: <https://timesofmalta.com/articles/view/27-apartments-every-house-malta-construction-boom-numbers.1058853>.

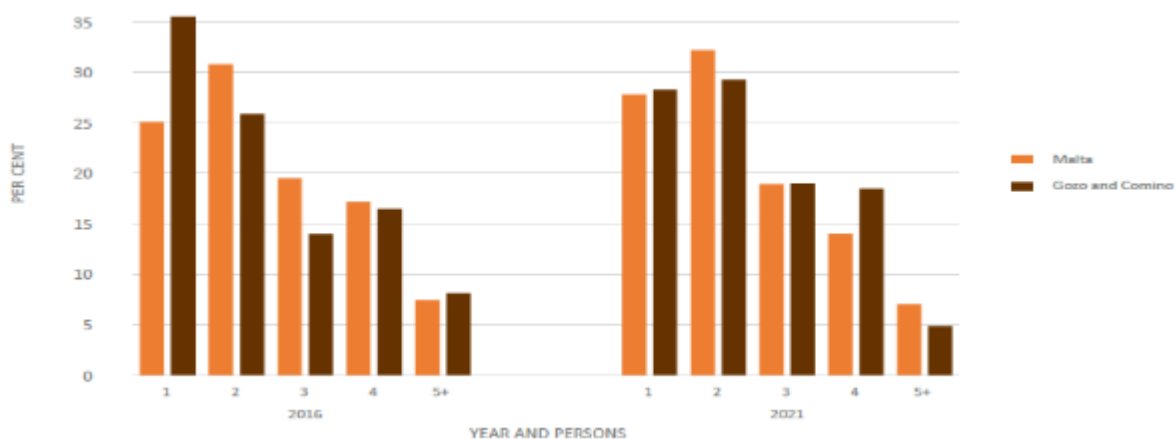
²⁴ Pg 18, Dwelling Characteristics, Census of Population and Housing 2021, Final Report, NSO, 2023.

²⁵ Ibid.

Young people in Malta tend to leave their parents' homes at an average age of 29 years, with young Maltese males at an average of 30 years and women slightly lower at 28. Invariably, people leave their parents' homes when they marry, cohabit or enter a civil partnership, although the number of persons who leave their homes for independence or to co-share an apartment is increasing compared to previous generations.²⁶ If they opt to purchase a home, such persons are First Time Buyers (FTB). Anecdotal evidence suggests that parents who own a terraced house or other forms of free-standing residential dwelling are transforming these into a block of multiple apartments in part to ensure that their children obtain a residential dwelling at no cost, or a far lower cost had they to purchase an apartment from the market.

It is pertinent to note, however, that in 2021, the most common household size for people living in a main residential dwelling in Malta and Gozo was, on average, 2.4 persons. The upward trend in single-member residences persisted, accounting for 70,123 individuals, which equates to one-third of the total. Approximately the same percentage comprised two-member households, while another third consisted of households with three or four members. On average, non-Maltese dwellings were smaller in number of residents, with 1.98 compared to 2.4 for Maltese residents, as mentioned above. Of note, however, is that the percentage of dwellings having five or more members was higher in Maltese and non-Maltese residents (14.9% compared to 6.0% or less in other dwellings).²⁷

Figure 09: Distribution of households by household size, region²⁸



A total of 51,278 residences, 23.8% of the main residential units, were inhabited by non-Maltese residents. Additionally, 8,967 homes, 4.2%, were shared by both Maltese and non-Maltese residents. Although flats and penthouses were the primary choice for 36.7% of Maltese residents, terraced houses at 29.2% and maisonettes at 28.4% were also popular options, this was not the case for non-Maltese residents. 82.0% of non-Maltese residents reside in flats or penthouses, with 11.3% occupying maisonettes and 4.3% residing in terraced houses. This trend was also apparent in dwellings shared by both Maltese and non-Maltese residents.

Despite the lower number of dwellings with non-Maltese occupants compared to those inhabited by Maltese residents, the distribution of flats or penthouses is comparable for both groups: 54.7% of flats were occupied by Maltese residents, and 40.3% by non-Maltese residents.²⁹ The 2021 census records that 52.8% of non-Maltese residents rent furnished homes, while 41.4% own freehold. Regarding residences housing both Maltese and non-Maltese occupants, the majority, 62.5%, were owned properties, while 23.0% were rented furnished.

²⁶ Arena, J., Average youth in Malta leaves home at 29, Times of Malta, 13th September 2022. Accessed on 26th September 2023: <https://timesofmalta.com/articles/view/average-youth-malta-leaves-home-29.978764>

²⁷ Pg 30, Regional Statistics Malta, 2023 Edition, NSO, 2023.

²⁸ Ibid.

²⁹ Pg 25, Dwelling Characteristics, Census of Population and Housing 2021, Final Report, NSO, 2023.

Figure 10: Main residential dwellings by tenure status and citizenship of dwelling members³⁰

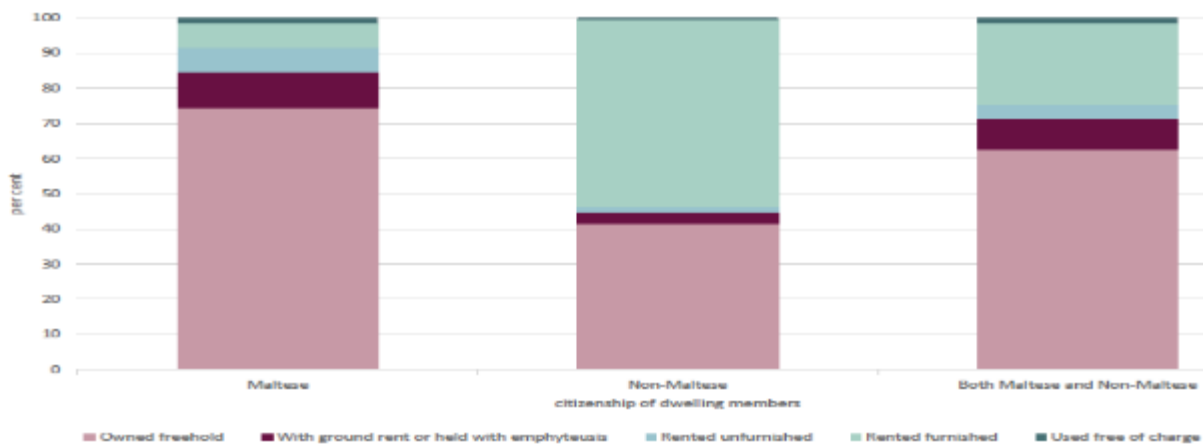


Figure 10 presents the main residential dwellings by tenure status and construction period. Construction of buildings for furnished and unfurnished dwellings for rent was at its lowest between 1981-2010. Given the post-WWII regulated rental market, the private sector withdrew from investing in the rental market. This trend was reversed between 2001 and 2020, following the introduction of a new rental framework for rental agreements entered into from 1995 onwards. Nevertheless, this increase was marginal.

The private rental market was still perceived as a risk sector given that the Government did not repeal, in any form, the post-WWII regulatory framework. The increase in investment in property construction for rental between 2001-2010 and 2011-2015 is remarkable.

This is a direct result of two key developments. The first was the 2008 rent reforms. The 2008 rent reform secured certainty in the private rental market. It is primarily achieved in three ways. First, it introduced a process for repealing the post-WWII regulatory framework, ensuring that pre-1995 rented properties would revert to their owners in 5 years relating to residential dwellings and 10 years concerning commercial dwellings. Second, the Government underlined that the responsibility for providing affordable housing is a state responsibility. Thirdly, perhaps the most important factor was that the rent reform secured unanimous bi-partisan support.

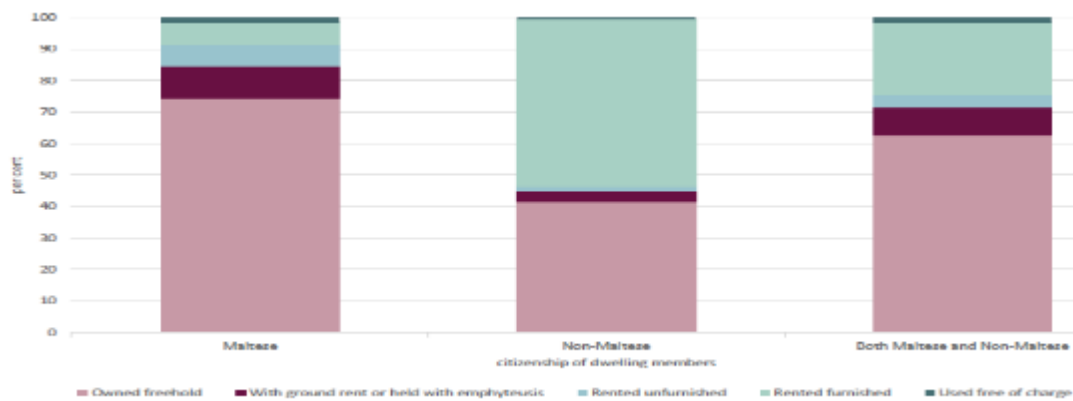
The second was that in 2009, there already were strong indications that in cases raised in the European Court of Human Rights, the Court would declare in favour of the landlords given that the old rent laws presented a disproportionate and excessive burden and “failed to strike the requisite fair balance between the general interests of the community and the protection of the landlord’s right of property.”

Since 2016, investment in the construction of furnished and unfurnished private property for rental has continued to increase, as did vacant properties being rented out. Following the introduction of the reform relating to the registration of private property for rental purposes with the Housing Authority, 47,879 contracts were active at the end of 2022- an increase of 24% compared to the end of 2021. Slightly less than 95% of active contracts were for long-term leases (i.e., with a duration of at least one year), with a further 5% as shared spaces. Up to 67,945 individuals – 14% of the residents- are tenants living in those dwellings.³¹

³⁰ Pg 22, Ibid.

³¹ Pg 6, The Annual Residential Rental Study, Second Addition, Housing Authority, 2022.

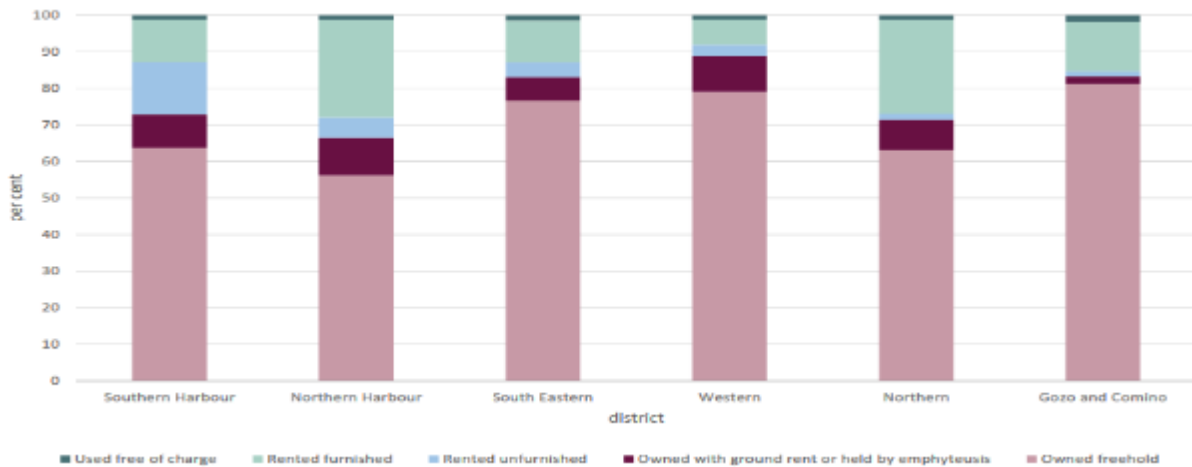
Figure 11: Main residential dwellings by tenure status and period of construction³²



The region with the most furnished and unfurnished rentals is the Northern Harbour, followed by the Southern Harbour and the Northern regions. Of interest is that whilst the number of total rentals in these two regions is quasi-equal, the rental mix is different. The Southern Harbour has a mix of both furnished and unfurnished rentals, with the majority being the latter, whilst in the Northern region, over 95% of the rentals are furnished. This is presented in **Figure 11**.

While the Gozo region ranks second from last in terms of private rentals, it has grown by over 211.5% between 2011 and 2021: from 789 (415 unfurnished and 374 furnished) to 2,458 rentals (240 unfurnished and 2,218 furnished)).

Figure 12: Main residential dwellings by tenure status and district³³



Rental contracts for non-Maltese generally had a shorter duration than those of Maltese individuals. 77.4% of non-Maltese held contracts lasting less than two years, contrasting to 26.1% of Maltese. Moreover, a significant percentage of Maltese who rented their residences, constituting 71.1%, were bound by contracts lasting 3 years or more, whereas only 15.9% of non-Maltese had such extended contracts.³⁴

³² Pg 22, Dwelling Characteristics, Census of Population and Housing 2021, Final Report, NSO, 2023.

³³ Ibid.

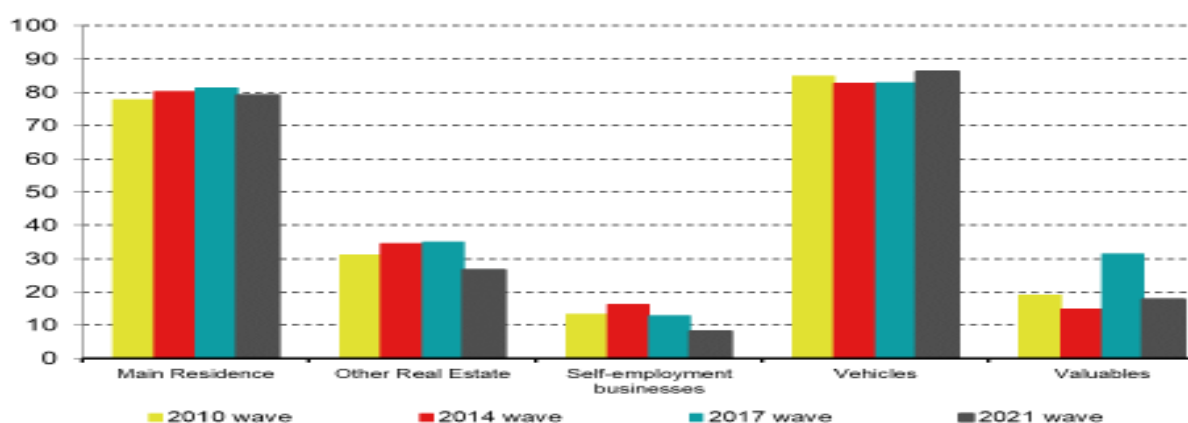
³⁴ Pg 26, Ibid.

03. Home Ownership as a Component of a Household's Assets

The median value of household total assets stood at €311,900 in 2020 – increasing by €59,100 over 2017. The composition of a household's total assets in 2021, as in the previous surveys by the Central Bank of Malta (CBM) on household finance and consumption, was primarily in real assets: 89.4%. This is an increase of 2.9 percentage points (p.p) compared to the First Wave study, the share of real assets stood at 86.5%.³⁵

Figure 13 presents the type of real assets owned by the percentage of households. As seen, 79% of households in 2021 owned their main residence – marginally below the ownership levels in 2014 and 2015.

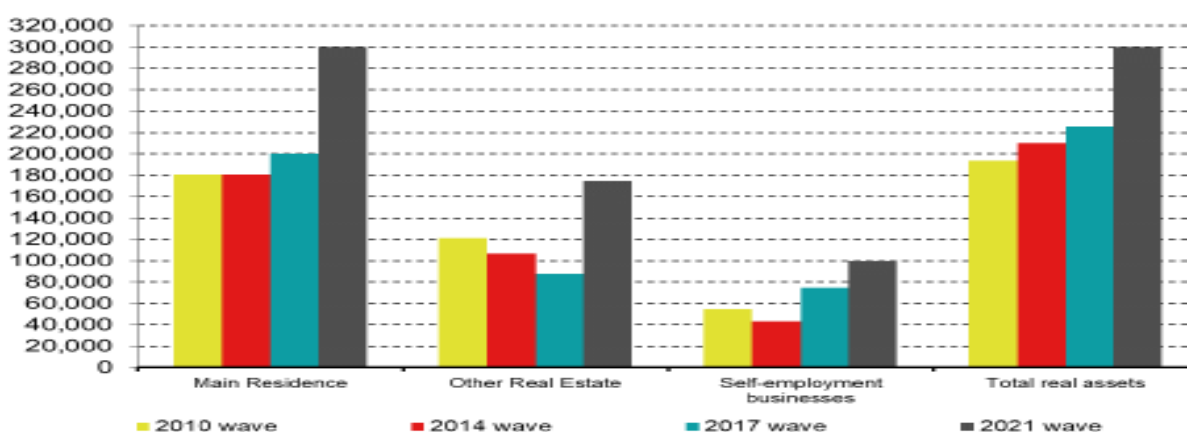
Figure 13: Real Assets by Percentage of Households - 2021³⁶



Source: CBM (Authors' calculations based on MT-HFCS data)

The conditional mean value of the main residence owned by a household is €300,000 – an increase of €100,000 or 33% in 2017, where the conditional mean value of a main residence stood at €200,000. The main increase in the median value was observed for the household main residence as the median value in the 2020 wave stands at €300,000 - €100,000 more than it was in the previous wave. The median value of other real estate also increased significantly since the previous wave. It stood at €175,000, broadly doubling from around €87,500 in the previous wave.³⁷

Figure 14: Real Assets – Conditional Medians by Type and Wave: Euro³⁸



Source: CBM (Authors' calculations based on MT-HFCS data)

³⁵ Pg 9, Antonaroli, V., and et al; Household Finance and Consumption Survey in Malta: Results from the Fourth Wave, WP/01/2023, Central Bank of Malta.

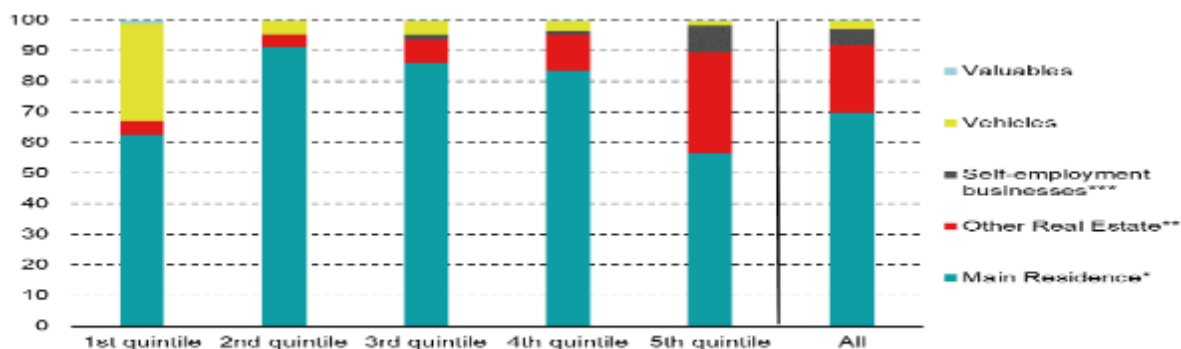
³⁶ Pg 11, Ibid.

³⁷ Pp 9-10.

³⁸ Pg 10, Ibid.

Figure 15 presents the real asset portfolio composition by net wealth quintile. Households' main residence made up 69.6% of total real assets. The second most popular real asset among Maltese households was reported to be 'other real estate' (22.1% of aggregate real assets). The share of vehicles and valuables in real assets remained limited and largely unchanged from the previous wave. Overall, the composition of real assets by type remained similar to that reported across previous waves. This Figure also shows the composition of real assets across net quintiles. 15 Households in the second wealth quintile show the highest proportion of assets accounted for by their main residence (91.2%), while for households at the top of the wealth distribution this share drops to 56.6%, as these hold a significant share of their real wealth (32.9%) in 'other real estate'.³⁹

Figure 15: Real Assets – Composition by Net Wealth Quintile: Percentage of Total Assets⁴⁰



Source: Authors' calculations based on MT-HFCS data.

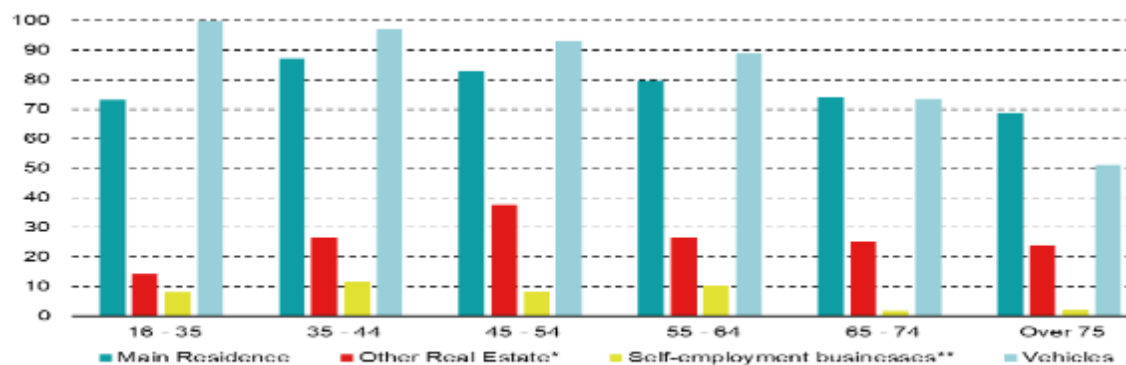
* Number of observations is less than 21 for the first quintile. Statistics should be treated with caution.

** Number of observations is less than 21 for the first two quintiles. Statistics should be treated with caution.

*** Number of observations is less than 21 for all quintiles, except the last. Statistics should be treated with caution.

Consistent with observations made earlier in this document, by age 35, 70% of households would own their main residence. The conditional value of the main residence for the cohort up to 35 years of age is €250,000.⁴¹

Figure 16: Real Assets by Type and Age by % of Households⁴²



Source: Authors' calculations based on MT-HFCS data.

* Number of observations is less than 21 for the first bracket. Statistics should be treated with caution.

** Number of observations is less than 21 for all brackets, except the 55-64 bracket. Statistics should be treated with caution.

Figure 17 presents the distribution of real assets from the 1st to the 99th percentile for all households, including those not possessing any real assets (for which a zero value was assigned). The unconditional mean of total real assets stood at €414,488, higher than the median value of €300,000, and in fact, the mean-to-median ratio stood at 1.38 in 2020. The distribution of real assets grows fairly slowly between the 15th and the 85th percentile, which reflects the fairly evenly distributed self-assessed values for the household's main residence. From the 85th percentile onwards, particularly above the 99th percentile, the increase in the value of real asset holdings becomes more pronounced.⁴³

³⁹ Pg 11, Ibid.

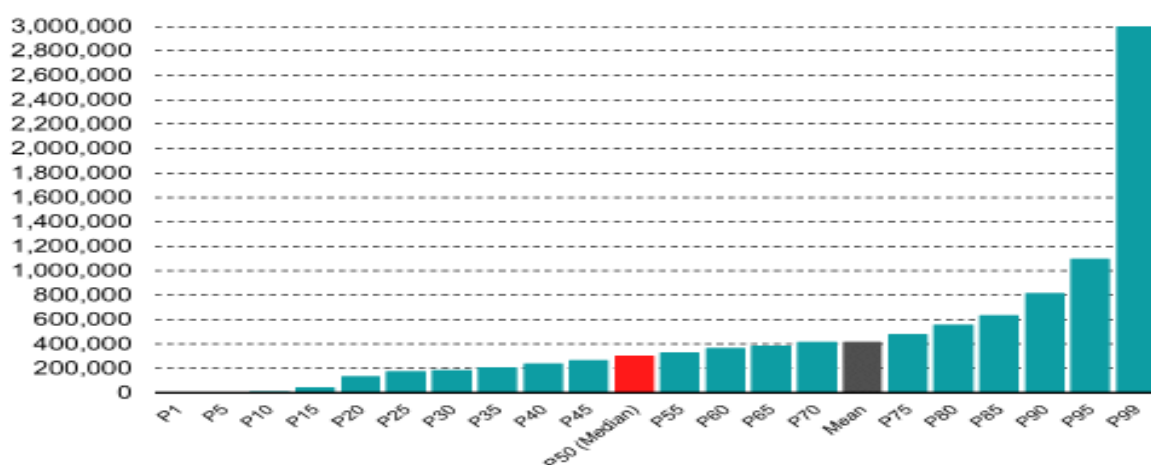
⁴⁰ Pg 12, Ibid.

⁴¹ Pg 13, Chart 4a, Ibid.

⁴² Pg 14, Ibid

⁴³ Pg 26, Ibid.

Figure 17: Real Assets: Percentile Distribution: €⁴⁴



Source: CBM (Authors' calculations based on MT-HFCS data)

04. Property and Rental Sector and Affordability

(a) Housing Costs Definitions and Mortgage Regulation

Housing costs relating to the main residential dwelling can represent a substantial financial burden to households, especially low-income households – whether this relates to the monthly mortgage paid on a purchased property or the monthly rental value on a leased property. Housing costs are considered a share of household disposable income, including social transfers (housing allowances) and excluding taxes.

The median of the ratio of housing costs over income indicates the financial pressure that households face from housing costs. The housing cost overburden (HCO) rate is an important indicator of housing affordability. The HCO rate indicators underline that households that spend more than 40% (in line with Eurostat methodology) of their disposable income on housing costs, whether this concerns a purchased or rented property, are at risk of poverty (AROP) due to reduced spending on other essential matters, a lower standard of living, and risk exposure to financial budget costs arising from shocks outside of their control.

Housing costs may be defined in two ways:

- (a) Narrowly, which takes into account only costs relating to rent and mortgage costs (principal repayment and mortgage interest); or
- (b) Broadly, which apart from (a) includes the costs of mandatory services and charges, regular maintenance and repairs, taxes and utilities, which are referred to as “total housing costs” below.

The CBM regulates mortgages for purchasing a First-Time-Buyer’s (FTB) main residential dwelling through Directive No. 16 titled ‘Regulation on Borrower Based Measures’.⁴⁵ This Directive establishes that:⁴⁶

- (a) The LTV-O (Loan-to-Value Ratio at Origination) ratio of a residential dwelling for Category I Borrowers (homeowner-FTB) obtaining a mortgage relating to their primary residence) shall not exceed the 90% LTV-O (Loan-to-Value Ratio at Origination), provided that it does not exceed 10% of the total volume of residential property loans. Concerning Category II Borrowers (mortgages that do not relate to a buyer’s primary residence), this does not exceed 20% of the total value on a semi-annual basis.

⁴⁴ Pg 15, Ibid.

⁴⁵ Directive Number 16, Regulation on Borrower Based Measures, Central Bank of Malta, 2021. Accessed on 6th October 2021: <https://www.centralbankmalta.org/site/About-Us/Legislation/Directive-16-2021.pdf>

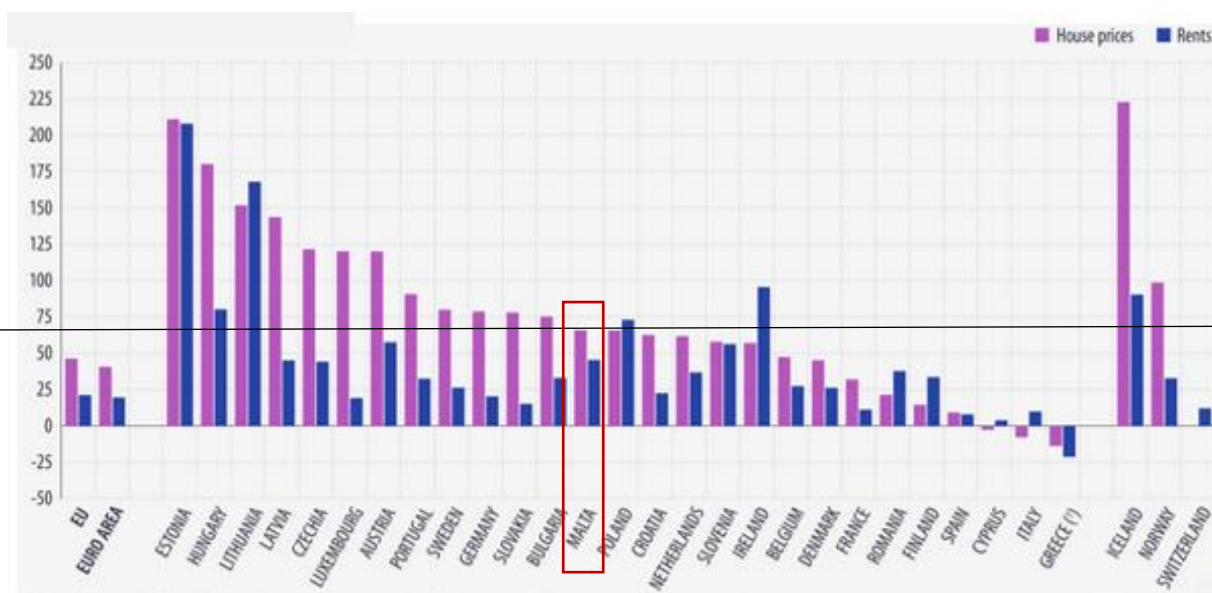
⁴⁶ Pp 1-6, Ibid.

- (b) A mortgage cannot be provided to a home-owner-FTB, the Debt Service to Income Ratio at Origination (DSTI-O) of whom exceeds 40% subject to an interest rate shock of 150 basis points.
- (c) The loan maturity term for a home-owner-FTB does not exceed 40 years or the official retirement rate, whichever comes first, and for a non-home-owner-FTB, 5 years or the official retirement age, whichever occurs first.

Interest rates offered by local banks on property mortgages are primarily either Fixed Interest Rate Mortgages⁴⁷ or Variable Interest Rate Mortgages⁴⁸.

Between 2010 and the second quarter of 2023, in Malta, house prices increased by approximately 60% and rents and rental prices by nearly 50%. This is presented in **Figure 18** below.

Figure 18: House Prices and Rents: % Change between 2010 and Q2 2023⁴⁹



The property and rental markets relating to a household’s main residential dwelling are discussed below.

- (b) Purchase and Financing of the Main Residential Dwelling

Table 01 presents the Property Price Index (PPI) movements for different types of dwellings from Quarter 1 2017 to Quarter 1 2023.

⁴⁷ Note: This is the most common type of mortgage, not only in Malta but in the EU. In a fixed-rate mortgage, the interest is guaranteed to remain the same agreed rate for a set period of time. This is of benefit because a buyer knows exactly how much their mortgage payment is every month for the fixed term period. Close to the end of the period, the buy will renegotiate to agree a rate for the next period. The longer the term is set for, the higher the interest rate is likely to be which is especially helpful in uncertain economic times and rising interest rates but not so advantageous in a stable market.

⁴⁸ Note: A variable rate mortgage is also known as adjustable-rate mortgage or tracker mortgage. With this type of mortgage, the interest rate is periodically adjusted according to an index the lender uses to reflect the cost of borrowing on the credit market. This base rate or standard variable rate can increase or decrease according to wider economic circumstances so the payment can vary. Variable-rate mortgages are often offered at lower rates than fixed-rate mortgages because of the inherent risk in the rate varying over time.

⁴⁹ Accessed on 3rd October 2023: <https://ec.europa.eu/eurostat/documents/4187653/16179947/house-prices-and-rents-eu-ms-2010-q2-2023.jpg/0bf58480-9c8c-8a4a-eb04-4c5181d2b83b?t=1696231493732>.

Table 01: Property Price Index (PPI) movements for different types of dwellings: Q1 2017 to Q1 2023⁵⁰

Quarter 1	Apartments	Maisonettes	Aggregate	PPI
2017	105.39	105.85	105.43	105.61
2018	110.69	114.15	111.40	111.25
2019	118.75	118.23	118.51	118.53
2020	124.46	124.90	124.42	125.06
2021	131.48	124.10	129.81	130.82
2022	139.44	136.72	138.72	139.69
2023	148.97	143.69	147.59	148.89

As seen from the above Table, within 7 years, the PPI increased from 105.61 to 148.89 – an increase of 43.28p.p., or 40.9%. A significant increase is registered in all types of dwellings. Between Q1 2023 and the corresponding Q1 of 2022 alone, the PPI registered an increase of 9.17p.p., or 6.5%, in 2022.

The EY 'Property Market Overview – 2022' shows that the average €/sqm asking price by property type across regions and their change on prior year values increased only in Gozo across all property types, whilst the South Eastern and Northern regions experienced decreases. The report posits that the data suggests that the residential property purchase market is moving towards a gradual price convergence, where lower-valued regions converge towards the upper-valued regions. From a property type perspective, apartments have shown an average price increase across all regions, whilst townhouses show downward movements – consistent with the increased demand for apartments.

Figure 19: Average prices per sqm by property type and region: 2022⁵¹

Region	Apartment	Maisonette	Others	Penthouse	Terraced House	Townhouse
Gozo	€ 1,662	€ 1,529	€ 2,191	€ 2,049	€ 2,395	€ 2,135
	1.28%	0.95%	0.98%	1.35%	0.09%	0.55%
Northern	€ 2,414	€ 2,346	€ 3,144	€ 2,997	€ 3,901	€ 3,806
	0.70%	-0.51%	-0.74%	0.15%	-0.67%	-2.46%
Northern Harbour	€ 3,164	€ 2,598	€ 3,040	€ 3,092	€ 3,963	€ 3,447
	0.57%	-0.33%	0.19%	0.60%	0.71%	-1.95%
South Eastern	€ 2,151	€ 2,195	€ 2,700	€ 2,494	€ 3,477	€ 2,985
	0.63%	-0.06%	-1.76%	-0.66%	0.15%	-2.45%
Southern Harbour	€ 2,458	€ 2,405	€ 3,167	€ 2,272	€ 3,224	€ 3,233
	0.31%	-0.07%	-1.42%	0.14%	0.45%	-1.78%
Western	€ 2,309	€ 2,420	€ 3,132	€ 2,731	€ 4,153	€ 3,587
	0.68%	0.18%	-1.57%	0.77%	-0.58%	-4.24%

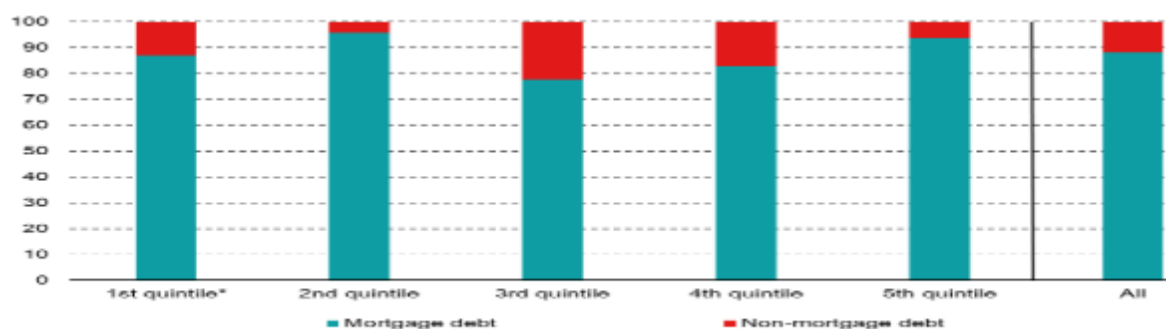
The CBM 4th Wave research shows that 33.1% of households held some form of liability in 2020, marginally lower than in 2017. Mortgage debt amounted to 88.4% of total households' debt in 2020. The share of main residence mortgage out of total debt was highest in the second net wealth quintile

⁵⁰ Property Price Index, NSO, NR 115/2023, NSO, 4th July 2023. Accessed on 6th October 2010: <https://nso.gov.mt/property-price-index-ppi-q1-2023-2/>.

⁵¹ Pg 6, Property Market Overview 2022, EY-DJAR.

at 93.4%, followed closely by the first quintile at 85.2%. This share drops to around 60% in the wealthier quintiles.⁵² This is presented in **Figure 20**.

Figure 20: Debt – Composition by Net Wealth Quintile: Percentage of Total Liabilities⁵³



Source: Authors' calculations based on MT-HFCS data.
 * Number of observations is less than 21 for both components of debt. Statistics should be treated with caution.

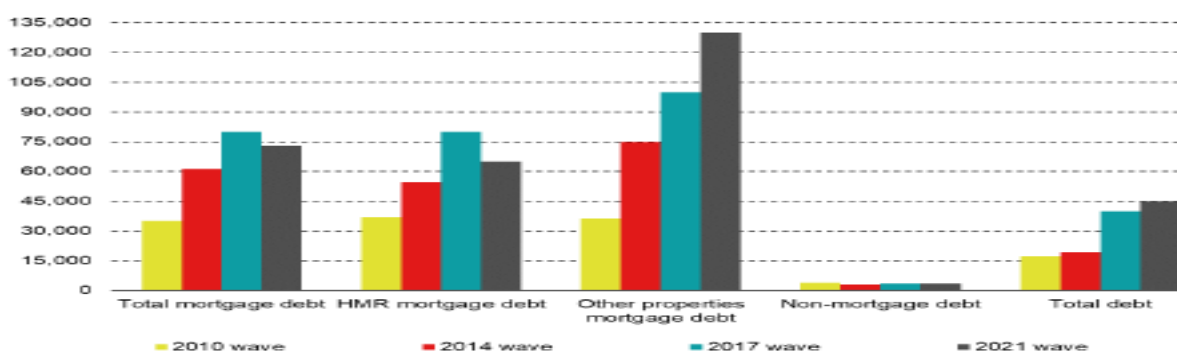
This is largely consistent with data from another sources - the Housing Authority - presented in **Table 02**. This data shows that home ownership between 2010 and 2021 increased by 2.4 p.p. from 79.5 to 81.8%, with an increase in owners with a mortgage over the same period increasing by 6.8 p.p.: from 16.4% to 23.2%.⁵⁴

Table 02: Homeownership With and Without Mortgage - %: 2010-2021

Owner	2010	2015	2021	Change, btw 2010-2021	Change, btw 2015-2021
	(a)	(b)	(c)	(c) – (a)	(c) – (b)
With Mortgage	79.5	80.4	81.9	2.4	1.5
With No Outstanding Mortgage	16.4	20.8	23.2	6.8	2.4

Of note, the CBM 4th Wave research finds that the conditional mean value of the residential dwelling mortgage debt was slightly below €75,000 – marginally lower than that recorded in the 3rd Wave.

Figure 21: Debt – Conditional Median: €⁵⁵



Source: CBM (Authors' calculations based on MT-HFCS data)

⁵² Pg 25, Antonaroli, V., and et al; Household Finance and Consumption Survey in Malta: Results from the Fourth Wave, WP/01/2023, Central Bank of Malta.

⁵³ Ibid.

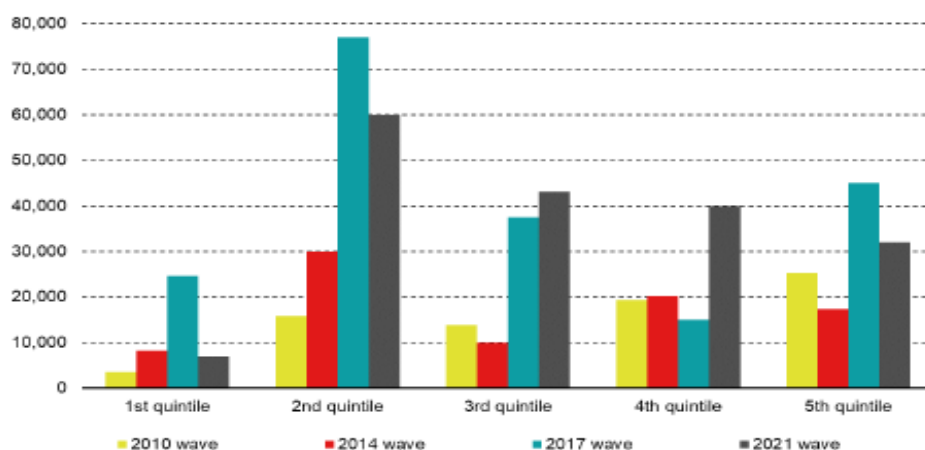
⁵⁴ Micallef, B., Presentation, Executive Head, Policy, Housing Authority, Affordable Accommodation, Malta Sustainability Forum, October 2023.

⁵⁵ Pg 22, Antonaroli, V., and et al; Household Finance and Consumption Survey in Malta: Results from the Fourth Wave, WP/01/2023, Central Bank of Malta.

Another important finding from the CBM 4th Wave research is that the proportion of indebted households has increased since 2017 across most quintiles of net wealth apart from the 1st and the 5th quintiles. Debt participation for the lowest quintile more than halved, while that for the highest declined by 5.1 p.p. The study posits that the increase in the proportion of households holding liabilities in the other three quintiles can be attributed to a rise in the participation rate of mortgage debt, which is in line with the strong growth in this form of credit in official monetary and banking statistics.⁵⁶

Overall, the second and third wealth quintiles exhibit the highest debt participation rates – with 40-45% of households in these quintiles having some form of debt exposure. The conditional median level of debt is highest for the second quintile, at €60,000.

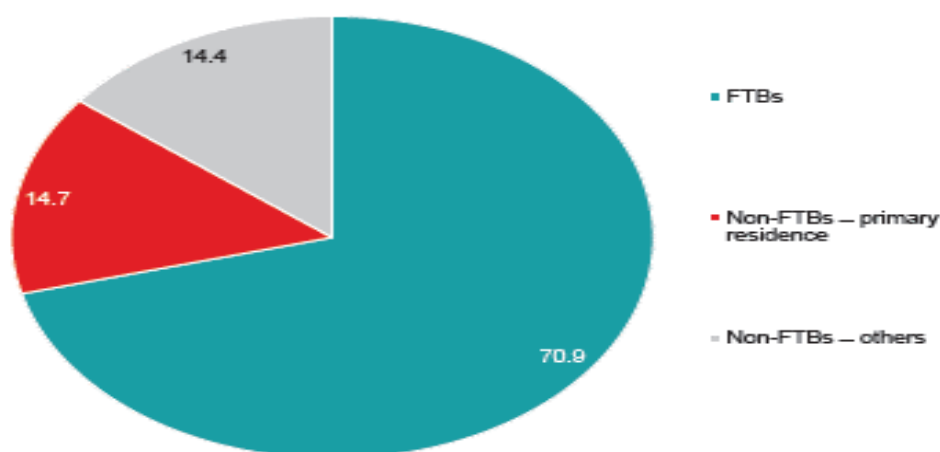
Figure 22: Debt – Conditional medians by net wealth quintile: €⁵⁷



Source: CBM (Authors' calculations based on MT-HFCS data)

Between Q4 2020 and Q2 2022, approximately 71% of mortgages were granted to FTB, while about 15% related to non-FTBs purchasing their primary residence. The remaining 14.4% consisted of borrowers purchasing an additional residence not aimed to serve as their primary residence.

Figure 23: Composition of Total Loans related to Property: Q4 2020 – Q2 2022⁵⁸



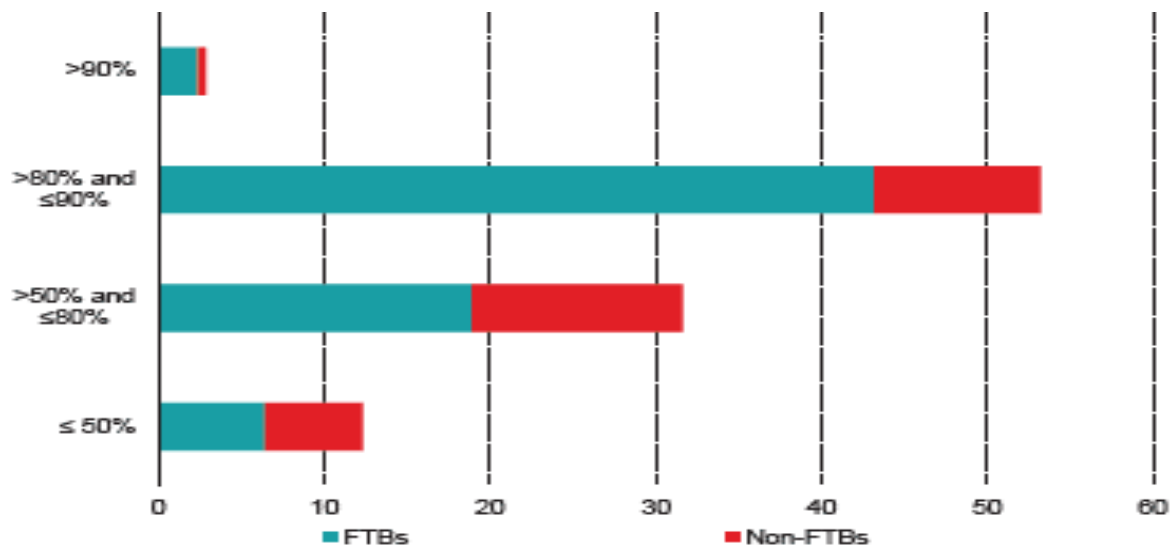
Approximately 50% of loans granted during this period had a Loan-to-Value (LTV) ratio of between 80% and 90%, most of which were towards FTBs. This is presented in **Figure 24**.

⁵⁶ Pg 23, Ibid.

⁵⁷ Pg 23, Ibid.

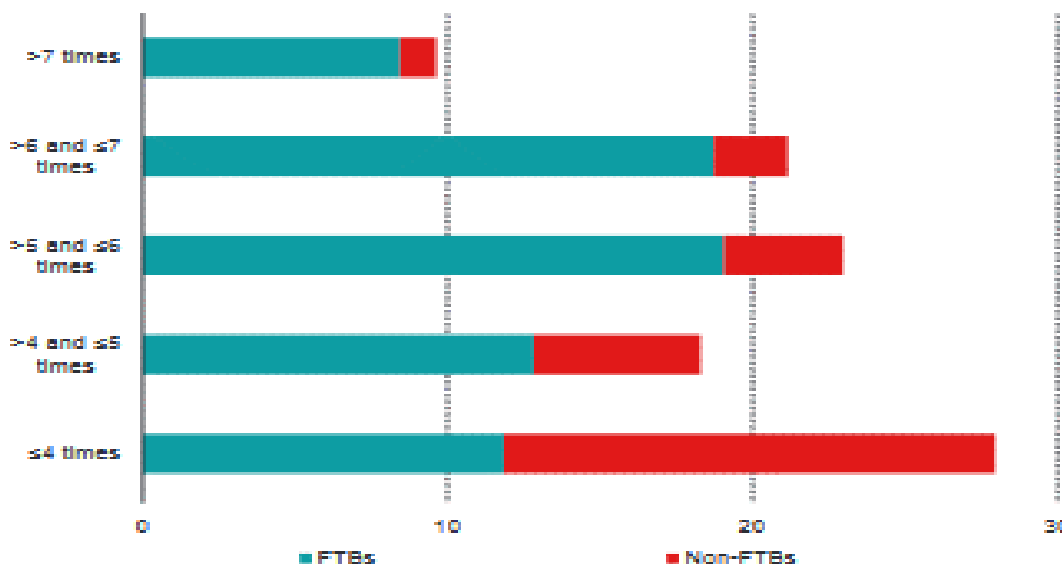
⁵⁸ Pg 17, Interim Financial Stability Report – 2022, Central Bank of Malta, 2022.

Figure 24: Loan Distribution by Loan-To-Value Brackets - Q4 2020 – Q2 2022 - %⁵⁹



Approximately 50% of the loans to FTBs fell in the five-to-six and six-to-seven times Loan-To-Income (LTI) buckets, with some loans exceeding seven times the gross annual income. This shows that many FTBs borrow a larger multiple over their income during the period review.

Figure 25: Loan Distribution by Loan-To-Income Brackets - Q4 2020 – Q2 2022 - %⁶⁰



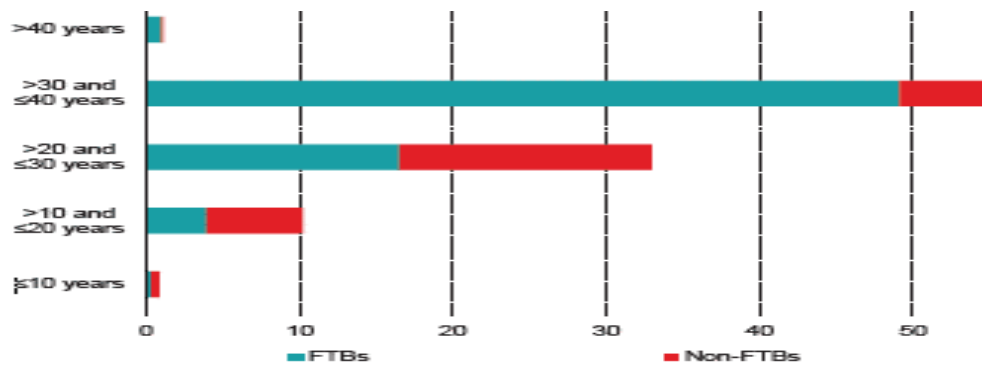
This is also possible since FTBs tend to be younger – with a weighted average age of about 31 years. As shown in **Figure 26**, most loans granted to FTBs are between 30 and 40 years, with a weighted average **maturity** longer at about 32.5 years.⁶¹

⁵⁹ Ibid.

⁶⁰ Pg 18, Ibid.

⁶¹ Pg 17, Ibid.

Figure 26: Loan Distribution by Maturity - Q4 2020 – Q2 2022 - %⁶²



Looking at loan servicing, over 40% of FTB had a Loan Service To Income (LSTI) ranging between 20% and 30%, followed by approximately 14% in the 30% to 40% range. The number of FTBs with an LSTI greater than 40% is negligible.

Figure 27: Loan Distribution by LSTI Brackets - Q4 2020 – Q2 2022 - %⁶³

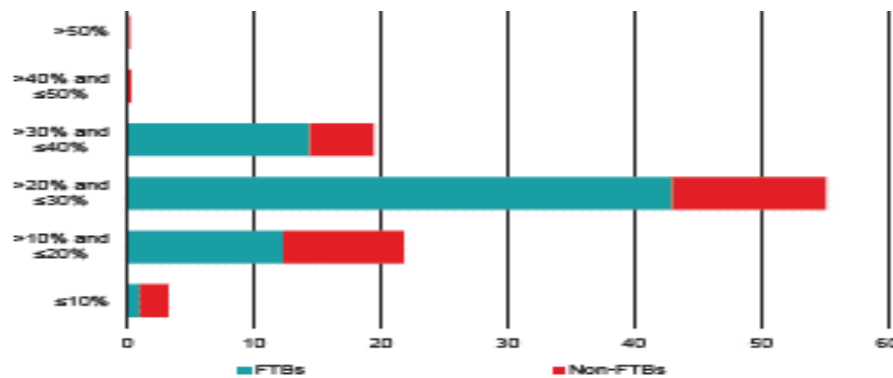
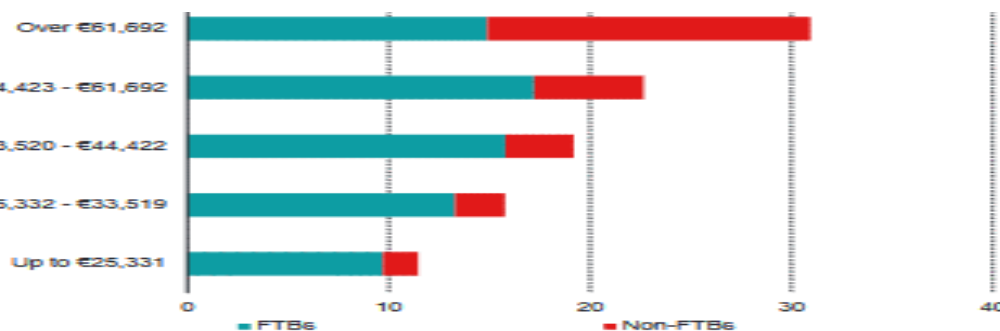


Figure 28 below presents the loan distribution by income quintile. The majority of FTB fall in the €44,423-€61,592 income range, at approximately 17%, followed by approximately 15% of FTB in the €33,520-€44,422 income range.⁶⁴

Figure 28: Loan Distribution by Income Quintiles - Q4 2020 – Q2 2022 - %⁶⁵



The majority of the residential dwellings purchased over this period by FTB, slightly less than 20%, exceeded a value of €355,000, followed by approximately 17% of FTB who purchased a property valued between €275,001 and 355,000.⁶⁶

⁶² Ibid.

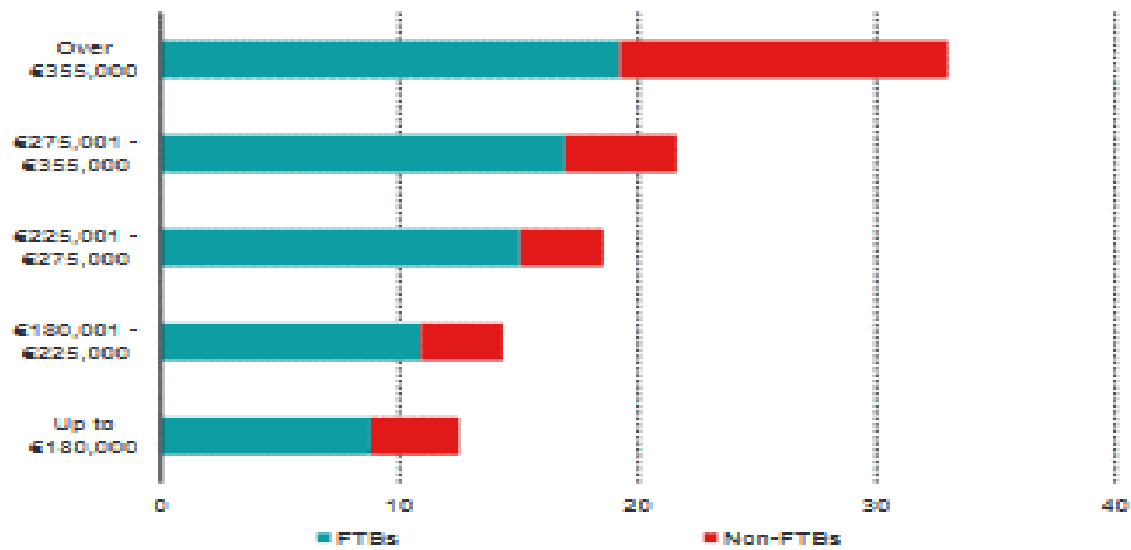
⁶³ Ibid.

⁶⁴ Pp 18-19, Ibid.

⁶⁵ Pg 25, Ibid.

⁶⁶ Pg 19, Ibid.

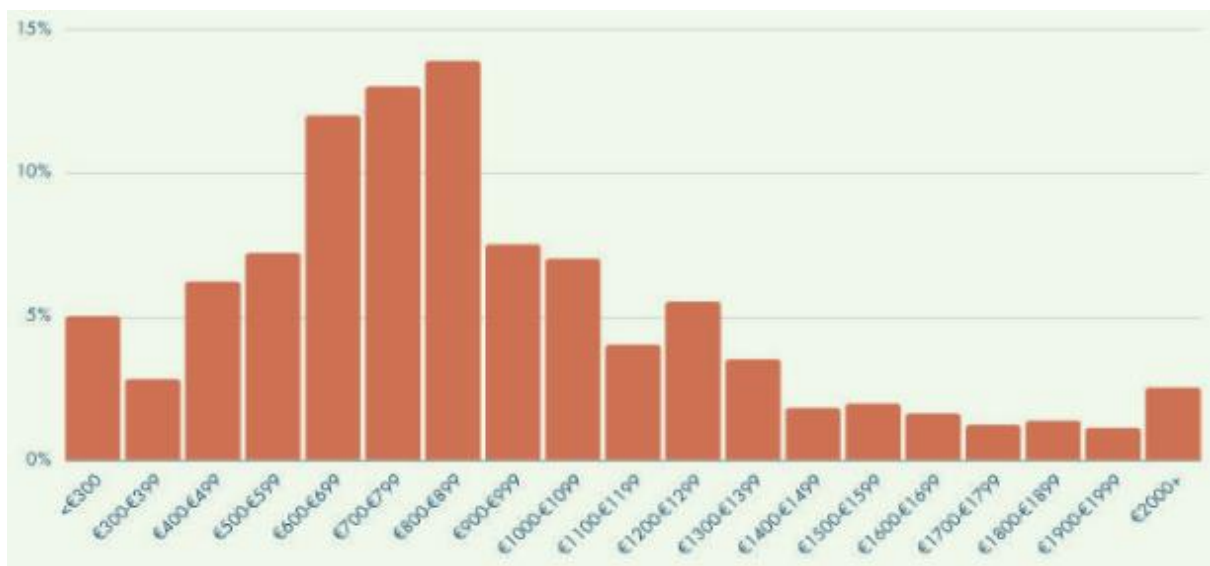
Figure 29: Loan Distribution by the Market Value of Properties - Q4 2020 – Q2 2022 - %⁶⁷



(c) Rental Value of Furnished and Unfurnished Flats / Apartments as Main Residential Dwelling

The Figure below presents rental value for non-shared long and short-term contracts for July – December 2022. The rental value of 27% of the rental property is between €700 to €899 / month. 29% of rented property exceed a rental value of €1,000 / month. Slightly over 20% of the rented property have a rental value of €599 / month or less.

Figure 30: Distribution of Monthly Rents for Non-Shared Rentals: July – December 2022 - %⁶⁸



Regarding shared spaces, 60% of the rented properties have a monthly rental value of between €100 and €299. As shown in **Figure 31**, slightly less than 90% of all rented properties in this category have a monthly rental value of €499 or less.

⁶⁷ Pg 17, Ibid.

⁶⁸ Pg 16, The Annual Residential Rental Study, Second Addition, Housing Authority, 2022.

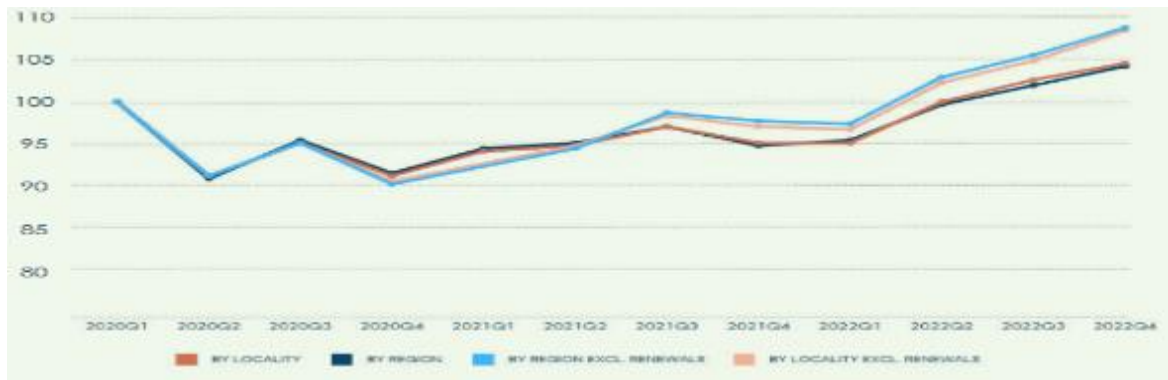
Figure 31: Distribution of Monthly Rents for Shared Rentals: July – December 2022 - %⁶⁹



According to the Housing Authority (HA), the most common localities for registered shared leases are St Paul's Bay, Birkirkara, Msida, Ħamrun and Qormi. On the contrary, shared leases are the least common in Gozo.⁷⁰

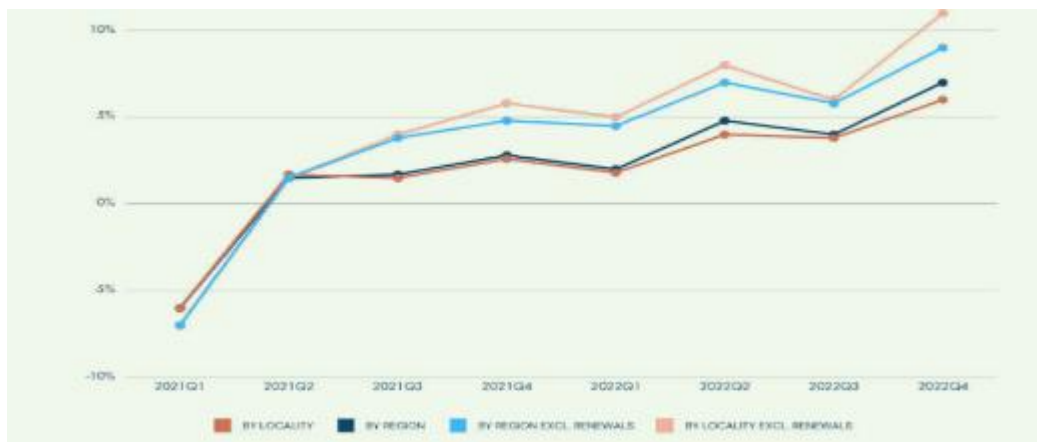
As seen from **Figure 32**, the hedonic price index model applied by the HA for Q1 2020 to Q4 2022 shows that rents increased by 3% to 9% over that period.

Figure 32: Hedonic Rent Index: Q1 2020 = 100⁷¹



The model shows that, on average, rents have increased by 6.6% in H2 2022 compared to H1 2021. If renewed contracts are excluded, the growth rate will be more pronounced at 8.8% in H2 2022.

Figure 33: Annual Growth Rate in Registered Rent Indices⁷²



⁶⁹ Pg 17, Ibid.

⁷⁰ Ibid.

⁷¹ Pg 19, Ibid.

⁷² Ibid.

The hedonistic monthly estimates by HA for rents in the apartment sector are consistent with the EY research findings, with both rating the North Harbour as the most expensive, Gozo as the least and the North District as the 4th. The EY research is based on regional observations for sales price data.

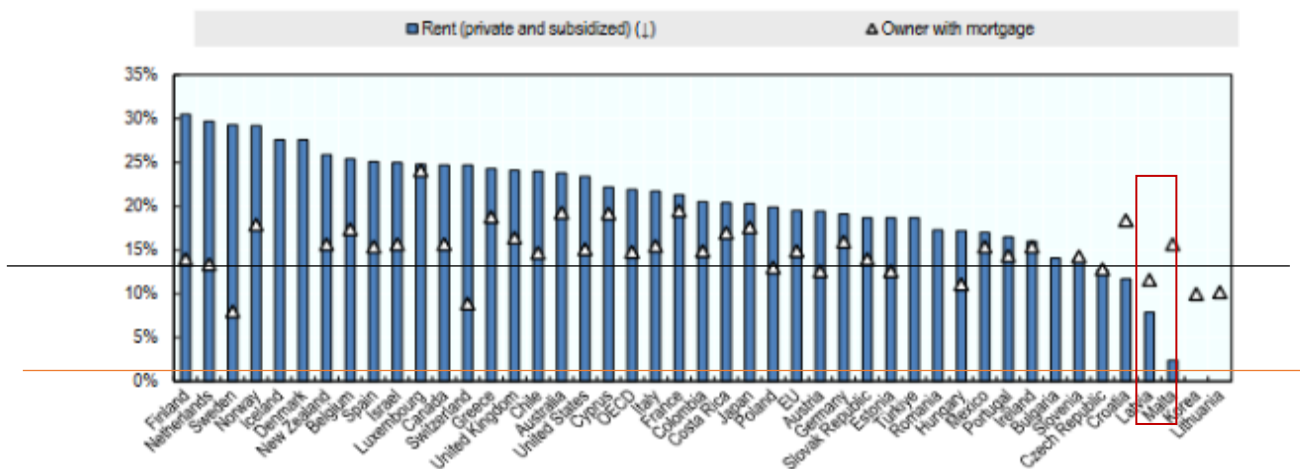
Figure 34: Median Rent by Property Type and Number of Bedrooms Across Regions: 2022⁷³

Property type	Bedroom	Gozo	Northern	Northern Harbour	South Eastern	Southern Harbour	Western
Apartment	1	€ 595	€ 700	€ 900	€ 700	€ 900	€ 700
	2	€ 650	€ 850	€ 1,200	€ 850	€ 950	€ 900
	3	€ 750	€ 1,000	€ 1,600	€ 900	€ 1,000	€ 1,100
House of Character	1	€ 650	€ 900	€ 700		€ 700	€ 850
	2	€ 1,200	€ 1,000	€ 1,200	€ 825	€ 1,100	€ 1,200
	3	€ 1,300	€ 2,100	€ 2,325	€ 1,613	€ 1,550	€ 2,200
Maisonette	1	€ 575	€ 700	€ 850	€ 700	€ 850	€ 750
	2	€ 650	€ 900	€ 1,100	€ 850	€ 850	€ 950
	3	€ 750	€ 1,100	€ 1,400	€ 950	€ 900	€ 1,102
Penthouse	1	€ 700	€ 800	€ 1,000	€ 750	€ 850	€ 800
	2	€ 750	€ 1,000	€ 1,400	€ 950	€ 1,025	€ 1,200
	3	€ 800	€ 1,350	€ 1,978	€ 1,200	€ 1,100	€ 1,500
Terraced House	1	€ 650	€ 1,000	€ 800	€ 825	€ 725	
	2	€ 750	€ 1,100	€ 1,250	€ 950	€ 800	€ 1,041
	3	€ 950	€ 1,400	€ 1,600	€ 1,300	€ 1,028	€ 1,575
Townhouse	1	€ 650	€ 700	€ 850	€ 750	€ 900	
	2	€ 750	€ 1,000	€ 1,200	€ 900	€ 1,050	€ 1,050
	3	€ 975	€ 1,300	€ 2,100	€ 1,350	€ 1,500	€ 1,600

(d) Comparing the Housing Cost Burden Rate by Type of Property Status

Figure 35 presents the HCO rate relating to the mortgage and rent burdens in Malta – both defined narrowly: principal repayment and interest payments concerning the former and private market and subsidised rent concerning the latter. In 2020, according to the OECD Housing Database, the HCO rate as a share of disposable income was higher, at approximately 16%, concerning owners with mortgages than tenants of rented property (at less than 3%).

Figure 35: Households' Housing Cost Burden (mortgage and rent) as a share of disposable income - 2020⁷⁴



⁷³ Pg 15, Property Market Overview 2022, EY-DJAR.

⁷⁴ Pg 2, HC1.2 Housing Costs over Income, Directorate of Employment, Labour and Social Affairs - Social Policy Division, OECD, 2022. Accessed on 4th October 2023: <https://www.oecd.org/els/family/HC1-2-Housing-costs-over-income.pdf>.

Figure 36 compares the median rent and mortgage burdens HCO for Maltese households as a share of disposable income from 2018 - 2020. As can be seen from **Figure 35**, the HCO rate of owners with mortgage households in the 4th Quintile and Top Quintiles respectively decreased between 2018 and 2020 – by 2.1 p.p. and 2.4 p.p., respectively. On the other hand, the HCO rate of low-income households who are tenants of rented properties as a share of disposable income in the Bottom Quintile and the Second Quintile increased by 0.7 p.p. and 0.5 p.p., respectively, over the same period.

Figure 36: Housing cost burden of low- and middle-income households as a share of disposable income: 2018-2020⁷⁵

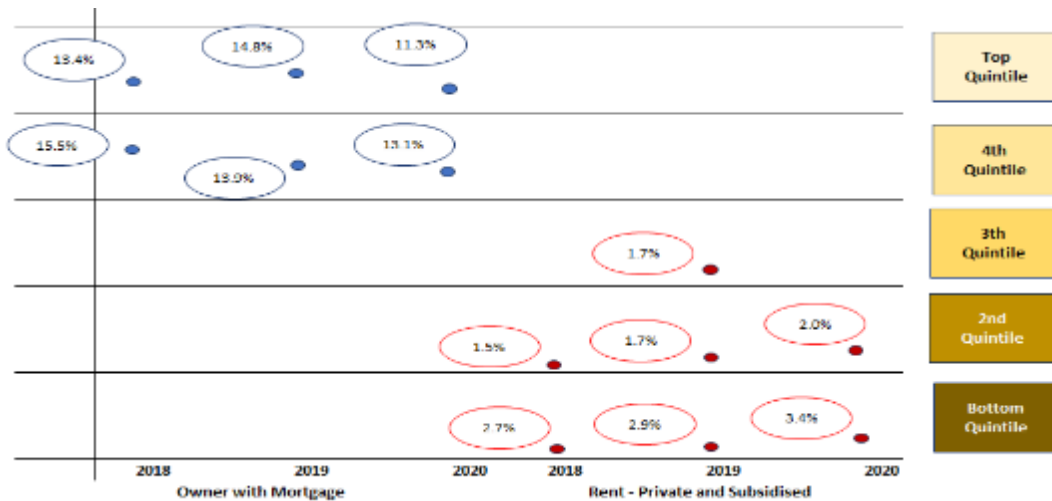


Figure 37 shows the share of the population in the bottom quintile of the income distribution who are exposed to the HCO rate according to whether they are owners with mortgages or tenants of rented property. Approximately 30% of low-income persons in owners with mortgage households spend more than 40% in Malta, significantly higher than 14% of low-income households' private rental costs. Concerning tenants of subsidised rented property, this is 0%.

Figure 37: Housing Cost Burden Rate of Households by type of property, in % of the Population spending more than 40% of their Disposable Income on Rent or Mortgage – 2020 (or latest year)⁷⁶

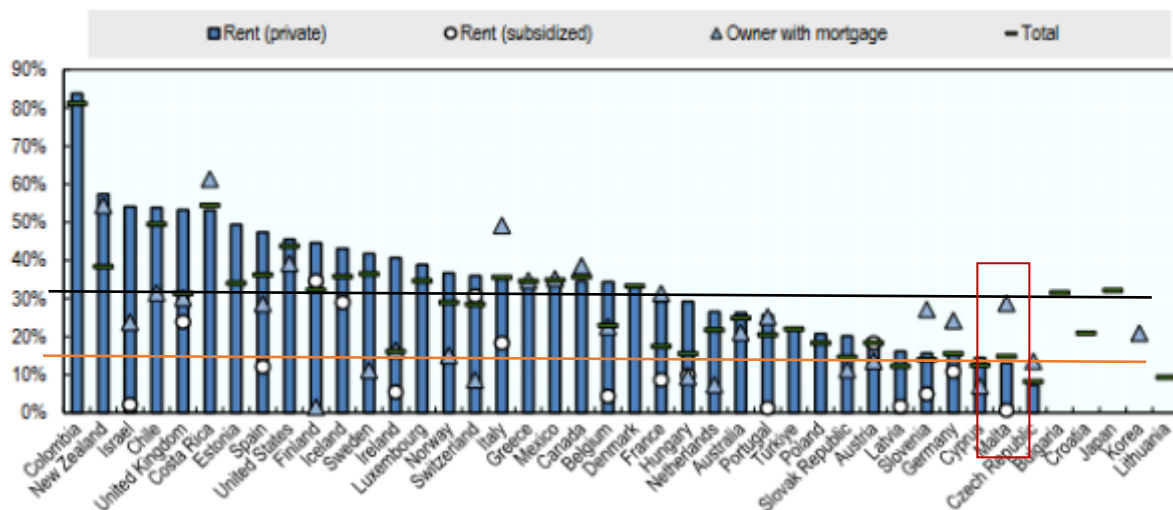


Figure 38 presents the share of the population spending more than 40% of disposable income by property type. As can be seen from this Figure, approximately 9% of tenants of rented properties spend

⁷⁵ HC12_1, OECD.

⁷⁶ Pg 5, HC1.2 Housing Costs over Income, Directorate of Employment, Labour and Social Affairs - Social Policy Division, OECD, 2022. Accessed on 4th October 2023: <https://www.oecd.org/els/family/HC1-2-Housing-costs-over-income.pdf>.

over 40% of their disposable income compared to 5% of owners with mortgages. Concerning tenants of subsidised rented property, this is marginally above 0%.

Figure 38: Housing Cost Overburden rate for owners and tenants spending more than 40% of their Disposable Income on Rent or Mortgage⁷⁷

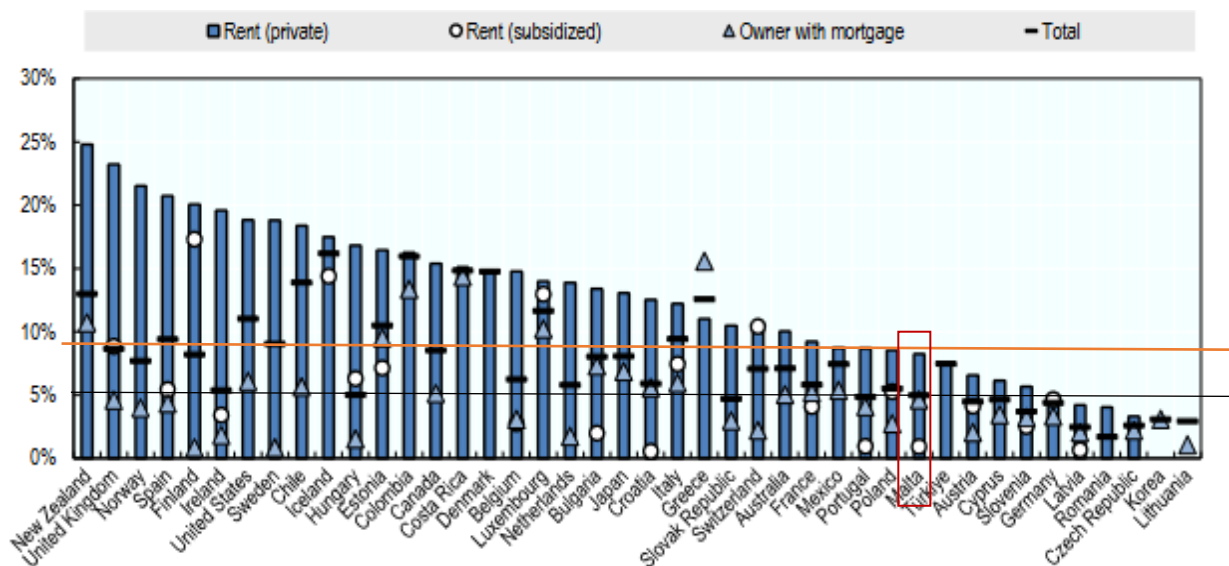


Table 03 presents the total housing cost (the broader definition referred to above) in households who are mortgage owners or tenants of private or subsidised property who pay more than 40% of their disposable income. Concerning mortgage owners, the data suggests that such total housing cost overruns relate only to a marginal percentage of households in the 4th and top quintiles. Concerning tenants, the share of the population whose total housing costs exceed their disposable income by 40% increased from 2.6 p.p. between 2018 and 2020, from 17.8% to 20.4%.

Table 03: Total Housing Cost Overburden Rate by Share of Households⁷⁸

	2018					2019					2020				
	Bottom	2nd	3rd	4th	1st	Bottom	2nd	3rd	4th	1st	Bottom	2nd	3rd	4th	1st
Own outright															
Owner with Mortgage															
Rent - Private	17.8					29.7					20.4				
Rent - Subsidised	3.7	2.8				0.8									

(e) Impacts of Inflation and Mortgage Interest Rates Increases on Household Costs

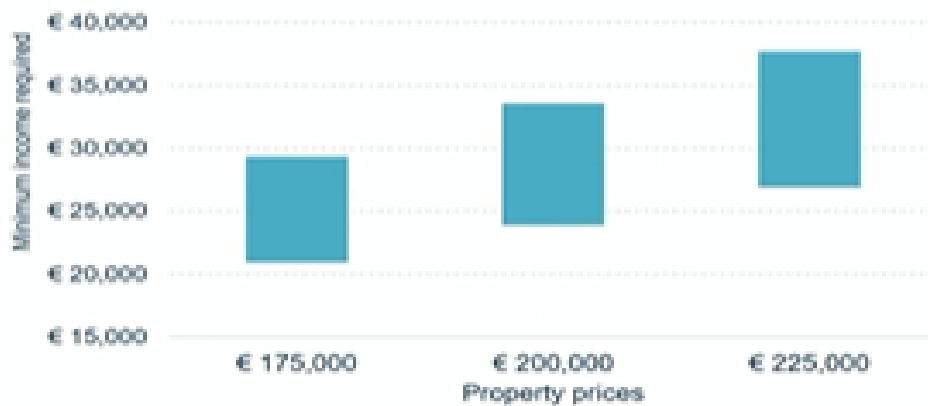
The affordability of purchasing a home by an FTB depends on two components: (a) the ability to borrow, as discussed previously, from a bank to finance a purchase and (b) the ability to meet the mortgage payments. Concerning the former, an FTB must meet the thresholds established by the CBM through Directive 16. **Figure 28** models the minimum income required by an FTB under different debt-service to-income scenarios of 25%, 30% and 35%, assuming an interest mortgage rate of 3.0%, an LTV of 90%, and a mortgage term of 35 years. **Figure 39** presents the value of a property that can be purchased and the minimum income requirements to affect the purchase of the three options under the different scenarios.⁷⁹

⁷⁷ Pg 6, Ibid.

⁷⁸ HC12_A4, OECD.

⁷⁹ Micallef, B., Presentation, Executive Head, Policy, Housing Authority, Affordable Accommodation, Malta Sustainability Forum, October 2023.

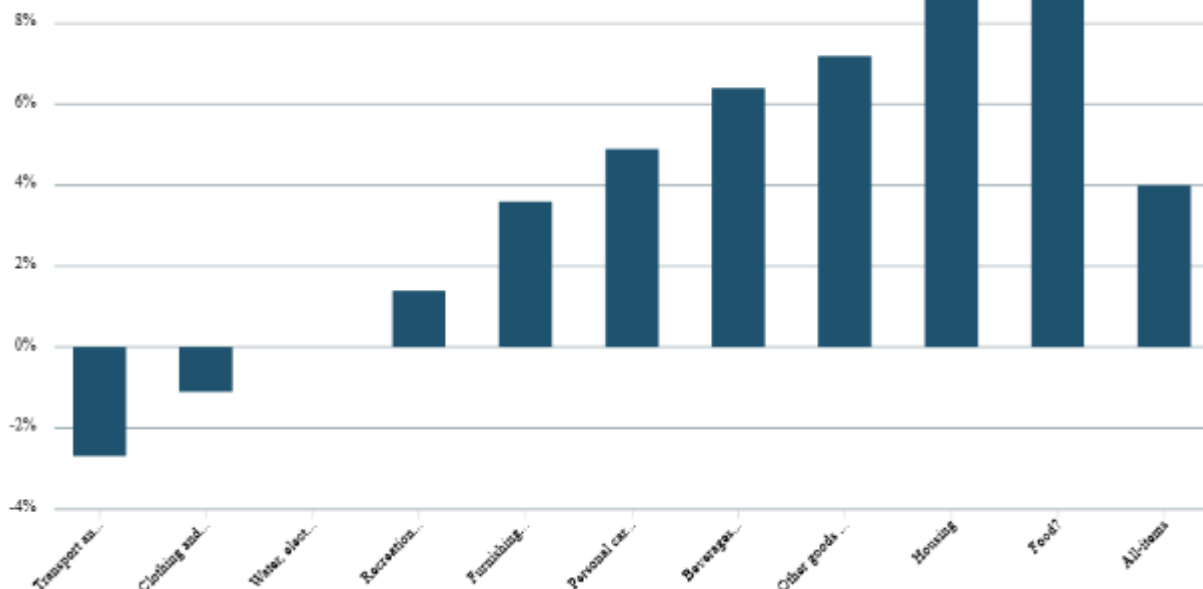
Figure 39: Scenario: Purchasing a Property: Affordable Accommodation



A confluence of factors is increasing pressure on the HCOs, owners with mortgages or tenants of rented property. The first is inflation, which surged post-COVID-19 pandemic due to the energy and food crisis. The second is the European Central Bank's (ECB) increase in interest rates. The consequence of these factors is that financial conditions for households have tightened.

In Malta, the inflation rate increased from 1.4% in September 2019 to a peak of 7.4% in August and September 2020 before easing off to an 18-month low of 4.9% in September 2023.⁸⁰ In September 2023, the highest annual inflation rates in the Retail Price Index were registered in food at 8.8% and in housing (including materials and services for house maintenance) at 8.1%.⁸¹ Between August 2022 and August 2023, a 12-month inflation increase of 8.7% was registered.

Figure 40: Annual Inflation Rate⁸²



A 2021 study titled 'Housing Affordability: A focus on Young people in Malta' models rental scenarios of persons earning a net income of €800 and €1,600 monthly, concluding that applying the 30% - 40% rules any young person on the minimum wage or thereabout can only afford a studio or 1 bedroom flat, and for the matter in certain and not all localities.⁸³ The choice of flat or locality type broadens if a

⁸⁰ <https://tradingeconomics.com/malta/inflation-cpi>.

⁸¹ <https://nso.gov.mt/retail-price-index-rpi-september-2023/>.

⁸² Accessed on 3rd October 2023: <https://nso.gov.mt/retail-price-index-rpi-august-2023-2/>.

⁸³ Pg 49, Briguglio, M., and Spiter, G., Housing Affordability: A Focus on young people in Malta, The Annual Malta Residential Rental Study, Second Edition, Housing Authority, 2022.

person shares the rent with one or more others. The study adds that it is affordable for the average young couple earning average salaries to afford any dwelling across Malta and Gozo: for a young couple on minimum wages, a studio or 1-bedroomed apartment is affordable if the 40% threshold is considered as an acceptable percentage to spend, but less so if the rent/earnings limit is capped at 30% (or lower).⁸⁴

Estimating based on a living wage in Malta that the basic minimum disposable income required for a single person is €700 monthly to live, the study concludes that young people on the NMW would have insufficient residual income to rent.⁸⁵ The study posits that a young person needs to earn €900 net monthly to afford a living room and a living wage and €1,350 net worth to afford a studio or 1 bedroom flat or a flat in Gozo, the latter having the lowest median rental values for apartments in Malta.⁸⁶

Table 04: Rental Affordability for Young People⁸⁷

Scenario	Earnings	30% or 40% rule		Residual Rule	
		30% of earnings	40% of earnings	Rental Options	Based on Rental Options
		€			€
Young couple - average earnings	3,200	960	1280	Wide range	1800 Wide range
Young couple - minimum earnings	1,600	480	640	Room, Studio, Gozo	200 Room
Young person - average earnings	1,600	480	640	Room, Studio, Gozo	900 Wide range
Young person - minimum earnings	800	240	320	Room	100 None

Similarly, the benchmark interest rate, which the ECB sets, was increased. At a time when debt has been on a rising trend, such rate increases could pose debt repayment difficulties for some households. The CBM states that although the Maltese households' balance sheets remained strong, households are increasingly becoming more leveraged, with growth in debt outpacing the rise in their financial assets and disposable income. Whilst these indicators remained largely in line with their average since June 2009, should current leverage trends persist, risks to the households' sector could be amplified, especially for the more highly indebted and lower income earners, amidst a scenario of weaker economic growth and a possible increase in interest rates.⁸⁸

The CBM conducted a study to determine the impact on Maltese mortgage owners on an increase in interest rates of up to 250 basis points. An increase of up to 150 basis points, in line with Directive No. 16, shows mortgages shift from an LSTI in the 20%-30% category (grey-coloured bar), which currently represents around 55% of total mortgage owners, to the 30%-40% LSTI bucket (yellow-colour bar) which would account for approximately 50% mortgage loans. The study shows that an interest rate of 150 basis points is likely to be absorbed by households as this would not result in a significant build-up of risk given that DSTI does not exceed 40%.⁸⁹

⁸⁴ Ibid.

⁸⁵ Pg 50, Ibid.

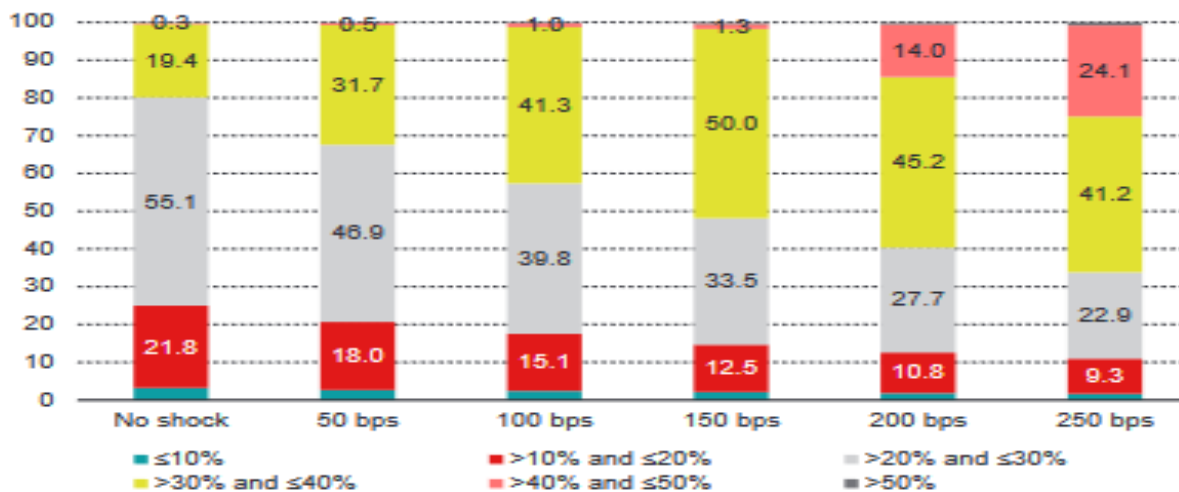
⁸⁶ Ibid.

⁸⁷ Pg 51, Ibid.

⁸⁸ Pg 2, Mamo, S., and Zaffarese, S., The effect of rising interest rates on households mortgage repayment capabilities, Special Feature extract from the Interim Financial Stability Report, 2022. Accessed on 26th October 2020: <https://www.centralbankmalta.org/site/Reports-Articles/2022/Special-Feature-Interim-FSR-2022.pdf>.

⁸⁹ Pg 5, Ibid.

Figure 41: Mortgage Distribution by LSTI Bucket and Interest Rate Shock -%⁹⁰



Source: Central Bank of Malta.

Note: The y-axis indicates the cumulative share by LSTI bucket, with the different interest rate shocks reported on the x-axis.

An increase in mortgage rates beyond 150 to 250 basis points, however, results in a marked increase in the 40%-50% LSTI bucket (light red bar), impacting approximately a fourth of the value of the loans granted, skewing the distribution further towards higher LSTIs, and largely reflecting FTBs. A full 250 basis points increase would also result in the weighted average LSTI rising by 8.3 p.p. to 32.5%, with the metric for FTBs reaching 34.5%, representing an increase of 9.2 p.p.⁹¹ Furthermore, such an increase in interest rates would:⁹²

- Result in an LSTI that exceeds 40%, and thus, such borrowers could potentially experience repayment difficulties. These loans amounted to almost 2,000, around a fifth of the loans assessed. These tended to be FTBs, with an LTV of more than 80%, an LTI of more than six times and a term to maturity of more than 30 years. Loans with such characteristics are common among almost half of these 'stretched loans'. However, since most of these borrowers were among the youngest cohort, such borrowers also tend to have prospects of higher incomes in the future, such that their LSTI drops over time.
- Since the property generally belongs to FTB mortgage owners of their only and primary residence, the likelihood that such borrowers default on their loan is expected to be contained, given the drive for home ownership. However, this would imply that such borrowers would require an adjustment in their consumption patterns to continue honouring their debt repayments, thereby reducing their disposable consumption on other essential items. The analysis excludes households' existing net liquidity; households may use part of their savings to compensate for their higher repayment burden.
- Mortgage owners in the bottom bracket of income (that is, those borrowers with an income of up to €25,331) are among the most vulnerable, with their weighted average LSTI increasing to 37.5% from the current 27.2%, with almost 42% of the mortgages granted to such income quintile exceeding 40% LSTI. These represented about 600 mortgage owners (or 6.5% of the number of loans), equivalent to around 5% of the overall value of loans granted during the period assessed. The modelling does not account for counterbalances to an interest rate increase by an inflationary wage increase.

⁹⁰ Ibid.

⁹¹ Pg 6, Ibid

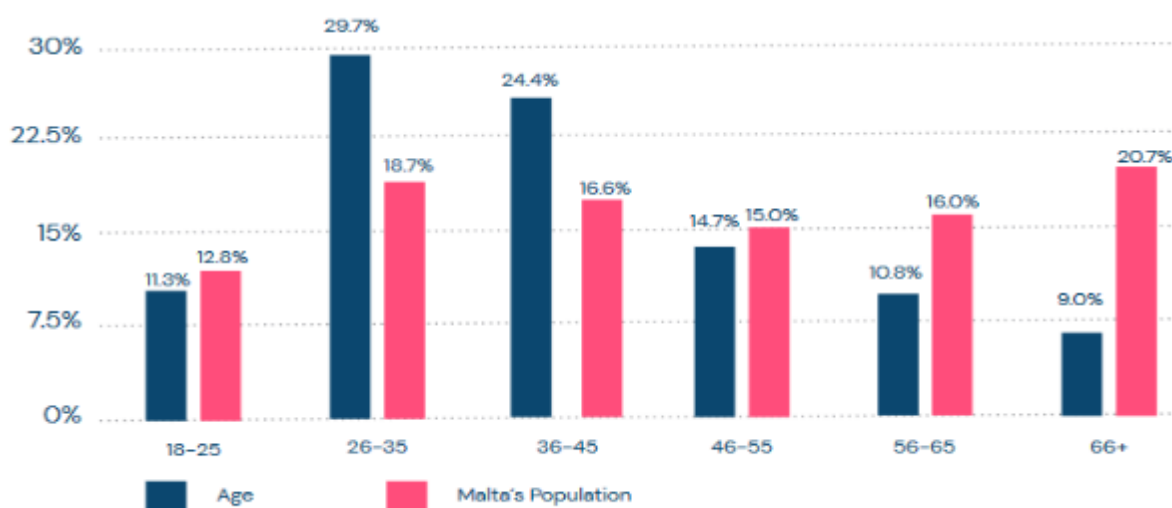
⁹² Pg 9, Ibid.

- Impact the extent of new loans which can be granted should the LSTI be maintained below 40%, where the credit amount of the 'stretched loans' would need to be, on average, almost 10% smaller (on median around 8%). This equals a drop €40 million, spread across the 2,000 'stretched loans'. FTBs must make up for this difference or purchase a cheaper property.

05. Social and Affordable Accommodation Assistance provided by the Housing Authority

A research study carried out by the HA on a sample of 60% of 3,382 applicants awaiting alternative housing as of February 2018 found that amongst all respondents, 5% of all applicants are females, while 25% are males and that the largest age category was within the 26-35 age bracket at 29.7%, followed by the 36-45 age bracket at 24.4%. From the total population, 50.6% of the respondents are single, 27.0% are separated or divorced, 15.8% are married, 0.1% are in a civil union, and 6.6% have another status. Moreover, 62.6% are single parents and 31.3% of all the applicants do not have dependent children living at their house. On average, amongst all applicants, the total number of dependent children at their house is 1.3. Amongst those applicants who have dependent children, the average number of children per applicant is 1.9⁹³

Figure 42: Age cohort distribution for persons seeking housing assistance⁹⁴



As presented in **Table 05** the average total income for applicants seeking social housing assistance was €755 per month

Table 05: Average Total Income of Applicants⁹⁵

	Average - €
Main applicant – Full-Time (FT)	872
Main applicant – PT (Part-Time)	438
Partner's applicant – FT	838
Partner's applicant – PT	531

⁹³ Pp 30-33, Marmara, V., and Brown, M., Profiling social housing applicants: Individuals applying for an alternative accommodation, Housing Authority, 2021. Accessed on 31st October 2023: <https://housingauthority.gov.mt/wp-content/uploads/2022/06/Profiling-social-housing-applicants.pdf>.

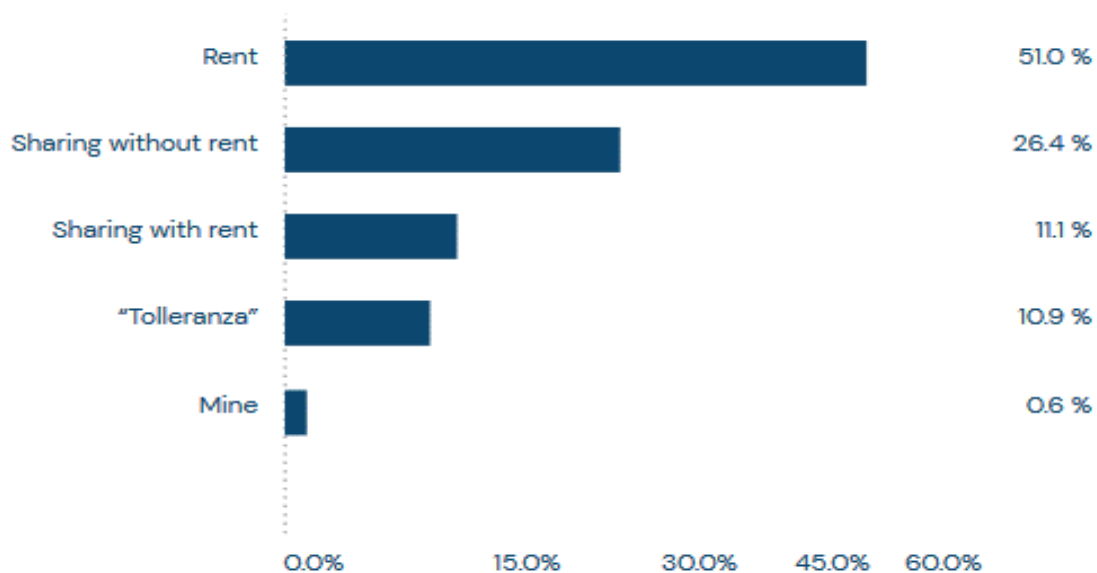
⁹⁴ Ibid.

⁹⁵ Pg 35, Ibid.

Pension	579
Other Income	204
Social benefits – Among respondents with social benefits	392
Social benefits – amongst all respondents	311
Living on social benefits only	530
Total income	755

The research further found that 51.0% of all the total applicants were in a rented residence, 26.4% were sharing a place without paying rent, 11.1% shared a rented place, 10.9% were in a “Tolleranza” residence, and 0.6% claimed that their place is theirs.

Figure 43: Current Residence for persons seeking housing assistance⁹⁶



Concerning taking a mortgage to purchase a loan, 26.5% of the respondents claimed that their main problem was the initial deposit followed by 16.1% who claimed that paying the ‘monthly payments’ might be very challenging, 14.3% due to the ‘payments of the interest amount’, 11.5% claimed that it is impossible for them to take a loan since they are unemployed, 9.8% due to their age, 6.1% due to their low income, 3.4% due to their working conditions (not a fixed employment or not full time employed) and 2.7% since they are living on social benefits.⁹⁷

Table 06: Problems encountered when taking a home bank loan⁹⁸

	Response - %
Initial deposit	26.5
Monthly payments	16.1

⁹⁶ Ibid.

⁹⁷Pg 49, Ibid.

⁹⁸ Ibid.

Payments of the interest amount	14.3
Unemployed	9.8
Too old to take a loan	6.1
Low income	3.4
Fixed employment or full-time	2.7
Living on social benefits	9.6

Of the respondents of 60 years to the question relating to what assistance they required to live comfortably, 23.2% stated that they needed a 'rent subsidy', 18.1% stated that they needed 'smaller accommodation', and 12.8% said that they need some 'housing benefits'.

Table 07: Over 60 years of age on housing assistance required⁹⁹

	Response - %
Rent subsidy	23.2
Smaller accommodation	18.1
Housing benefit	12.8
General maintenance	11.5
Community housing	11.1
Community worker	7.2
Ground floor accommodation	4.0
Government's accommodation	2.1
Larger property (more rooms)	1.9
A place with low rent	1.9
Other	6.2

Figure 44 presents the type of households that, according to the HA, face the highest affordability challenges. There are three main categories of households, each of which is categorised as low income: (a) one adult younger than 5 years of age; (b) single person with dependent children; and (c) two adults with three or more dependent children.¹⁰⁰

⁹⁹Pg 49, Ibid.

¹⁰⁰ Micallef, B., Presentation, Executive Head, Policy, Housing Authority, Affordable Accommodation, Malta Sustainability Forum, October 2023.

Figure 44: Households that face the highest Affordable Housing Challenges - 2023

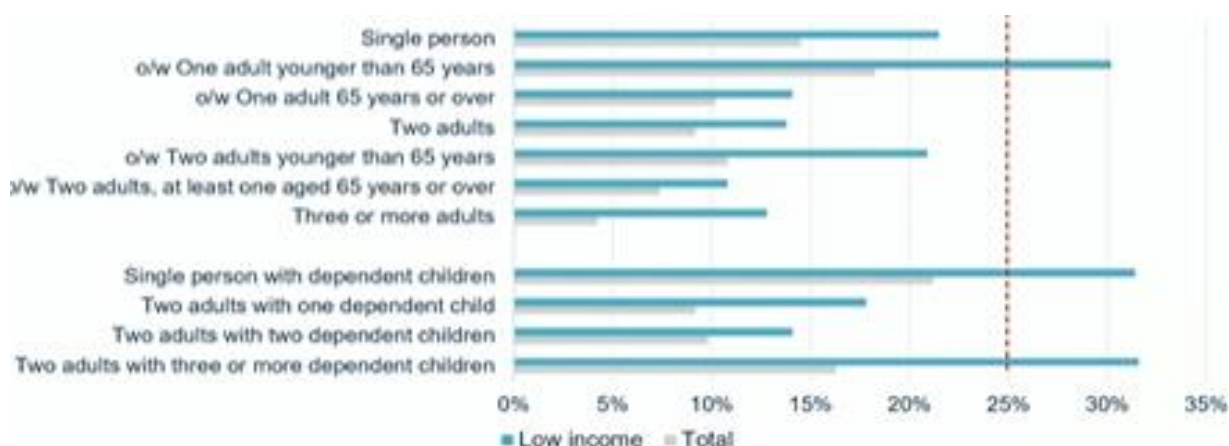


Table 07 presents the affordable housing schemes offered by the HA.

Table 07: Affordable Social Housing Schemes provided by the Housing Authority¹⁰¹

Social Accommodation	Social Housing	Individuals who cannot afford to purchase or lease a dwelling on the open market or through one of the HA's initiatives may request to be allocated a Government-owned dwelling. Single individuals with an income of less than €10,000 / year, single parents, and married couples with less than €12,000 are eligible. An additional €700 is allowed for each child under 18. Applicants must not have assets worth more than €28,000 to be eligible.
	Exchange of Social Housing Dwelling	Tenants of Government-owned dwellings may request to exchange their residence if valid and reasonable grounds exist. Tenants must have lived in their current residence for the last three years and not be in arrears on their rent or ARMS bill payments.
	Recognition of Social Housing Dwelling	Family members of tenants of Government-owned dwellings may request to become tenants upon the recognised tenants' demise. The family must have lived with the demised tenant for the last five years before their death and must satisfy the means testing criteria set by the HA.
	Nikru biex Nassistu	The Nikru Biex Nassistu Scheme is aimed towards the owners of vacant dwellings who wish to lease their dwelling to the HA. The property is leased for 10 years and must be in good repair and furnished with a kitchen, including appliances. The HA subleases the leased property for social accommodation.

In determining eligibility, income is applied as the criterion for the award of social accommodation – though this excludes social security benefits for children's allowance and supplements for disability and illnesses. The income threshold is presented in **Table 08**.

¹⁰¹ <https://housingauthority.gov.mt/services/social-accommodation/>.

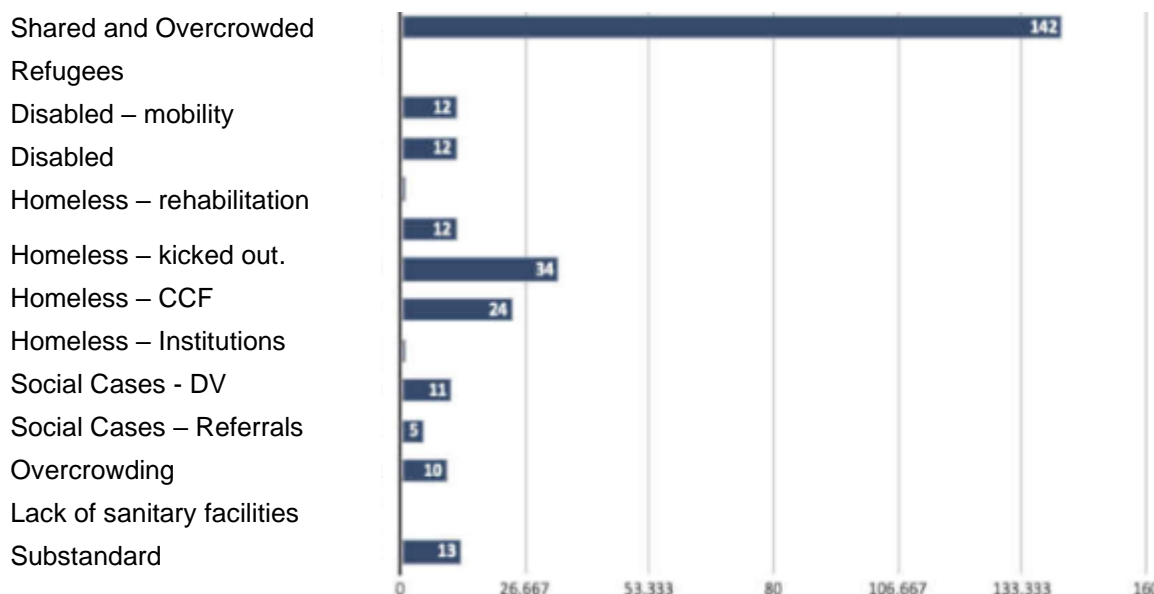
Table 08: Lease Conditions for Properties Allocated for Social Accommodation by the Housing Authority¹⁰²

Income	General Rate	High Demand Locations
€0 - €6,000 (€8,000 aged 65+)	8%	10%
€6,001 - €12,000	16%	18%
More than €12,000	23%	25%

During 2022, the HA addressed 277 priority-based housing assistance. This is presented in **Figure 45**. Of these, 142 (48.7%), relate to applications relating to shared overcrowded homes. The second largest, 71, or 25.6%, of the total high-priority cases addressed by HA in 2022 relate to allocating social accommodation to different types of homeless persons.

It is important to underline that Malta does not have a definition for ‘homelessness’. ‘Homelessness’ for the local context does not mean a ‘roofless persons’ but a person who do not have their own home and find succour with a third person or roves from one third person to a next. During consultations meetings with government entities and NGOs it was stated that there are Maltese persons or households who are homeless in terms of being ‘roofless persons’ and that Malta’s should establish a definition that aligns it with other EU MSs.

Figure 45: Social Accommodation Allocated by the Housing Authority concerning applications categorised as high-priority - 2022¹⁰³



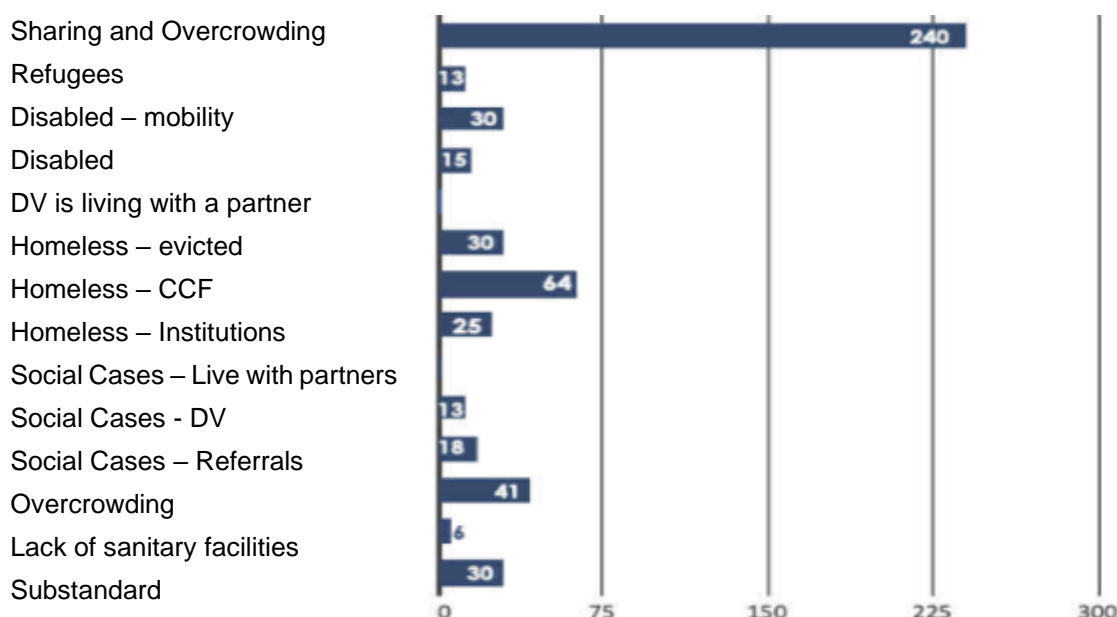
The number of persons on a waiting list for alternative accommodation by the HA was more than halved between 2018 and 2022 – reduced from 3,172 in 2018 to 1,437 in 2022, or by 54.7%.¹⁰⁴ Of the 1,437 applications on the waiting list, 529, or 36.8%, relate to priority applications. This is presented in **Figure 46**. Of these, 240 relate to shared overcrowded homes. 89 of the priority applications on the waiting list, or 32.1%, relate to homeless persons (of whom 34 are persons who completed their sentence or are released on bail from CCF.)

¹⁰² Accessed on 30th October 2023: <https://housingauthority.gov.mt/wp-content/uploads/2022/08/Lease-Conditions-for-Properties-Allocated-for-Social-Accommodation.pdf>

¹⁰³ Pg 14, Annual Report – 2022, Housing Authority. Accessed on 30th October 2023: <https://housingauthority.gov.mt/wp-content/uploads/2023/05/HA-ANNUAL-REPORT-2022.pdf>.

¹⁰⁴ Pg 9, Ibid.

Figure 46: Applications for Social Accommodation Classified as ‘Priority’ on the Waiting List - 2022¹⁰⁵



The HA also offers 15 Affordable Housing Schemes (AHS). These schemes are directed to different types of assistance – such as enabling FTBs to meet deposit terms to obtain a mortgage – to different population cohorts and age groups. The major AHS are presented in **Table 09**.

Table 09: Affordable Housing Schemes offered by the Housing Authority¹⁰⁶

Type	Scheme	Description
Affordable Housing	First-time buyer scheme	The Scheme Grant on the Acquisition of a Residential Property intends to assist first-time homebuyers in the crucial first years after purchasing their first home by granting the sum of €10,000 over ten years when purchasing a property.
	10% Deposit payment scheme	The Scheme on 10% Deposit is aimed towards individuals aged 39 or less who are able to take a loan but have not yet saved the 10% value of the property not catered for in the loan. The HA is a guarantor in a personal loan for this amount, enabling beneficiaries to purchase properties worth up to €225,000. The HA pays interest on this personal loan.
	Housing Benefit Scheme	The Private Rent Housing Benefit Scheme (HBS) provides financial assistance for rent payments. The Scheme ensures that nobody would have to pay more than 25% of their income in rent, if rent paid does not exceed €400 / month for singles and couples without children, €500 / month for families with one child and €600 / month for families with two or more children.
	Equity Sharing Scheme	The Equity Sharing Scheme (EES) is aimed towards individuals aged 30+ who cannot take a loan due to their age and income, which suffices to purchase their home. The HA purchases up to 50% of property worth up to €250,000, thereby lowering the value of the loan taken by the beneficiaries. The remaining share is

¹⁰⁵ Pg 13, Ibid.

¹⁰⁶ <https://housingauthority.gov.mt/services/affordable-housing/>.

		purchased from the HA when the beneficiaries' financial situation improves.
	Social Loan Scheme	The Home Assist Loan Scheme is aimed towards low-income earners who are not in a position to finance a home loan. A grant of up to €167 / month is given to finance part of the repayment of a loan for purchasing a property worth up to €140,000. The annual income threshold is €18,536.64 for single persons, €19,536.64 for single parents and €20,536.64 for couples.
	Sir Sid Darek	Scheme Sir Sid Darek enables tenants to purchase their Government-owned residence. Tenants who hold assets worth less than €150,000 are granted a 50% subsidy on the sale price. The sale is affected at the HA's discretion; high-value, strategically located and historic properties are not offered under this Scheme.
	Grant on First Residence	The Grant to Assist Owners in Completing the First Home provides financial assistance to all first-time buyers; no income threshold applies. The grant is 15.254% of the fiscal receipts submitted for finishing works, capped at €2,330 for singles and €5,824 for couples. An additional €1,165 is granted for rehabilitation on construction works if the purchased property was built before 1990.
	Skema New Hope	The New Hope Scheme enables individuals without life insurance due to a medical condition to purchase their residence. The HA acts as a guarantor instead of the life insurance policy to enable the purchase of properties worth up to €250,000. The beneficiaries pay a yearly contribution for the amount that would have been paid on a life insurance policy.
	Rohs fit-Taxxa	This Scheme is intended for owners who lease their residence at affordable rents and are interested in selling the property to their tenants, as long as they are eligible for the Housing Benefit. Both owners and tenants are exempt from paying tax on the first €200,000 if the lease has been ongoing for 10 years. Owners and tenants are eligible for a 50% tax deduction if the lease has been ongoing for 3 years.

In 2022, the HA received 3,887 applications for assistance under one of these schemes. 2,934, or 78.3%, of these applications were approved. **Table 10** presents the number of applications accepted per Scheme. Of these, the First-time Buyer Scheme, EES and the HBS totalled 58% of the schemes approved by the HA in 2022.

Table 10: Approved Applications relating to Affordable Accommodation Schemes offered by the Housing Authority¹⁰⁷

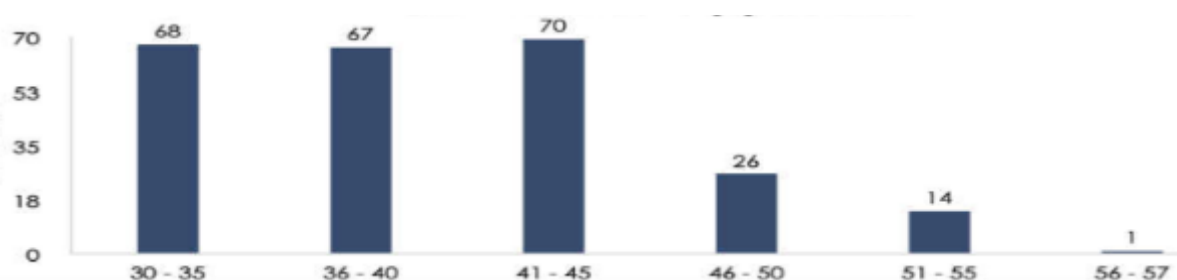
Type	Approved Applications
First-time buyer scheme	364
10% Deposit payment scheme	99
Housing Benefit Scheme	1,114

¹⁰⁷ Pg 19, Annual Report – 2022, Housing Authority. Accessed on 30th October 2023: <https://housingauthority.gov.mt/wp-content/uploads/2023/05/HA-ANNUAL-REPORT-2022.pdf>.

Equity Sharing Scheme	246
Social Loan Scheme	36
Sir Sid Darek	168
Grant on First Residence	310
Skema New Hope	9
Roħs fit-Taxxa	1

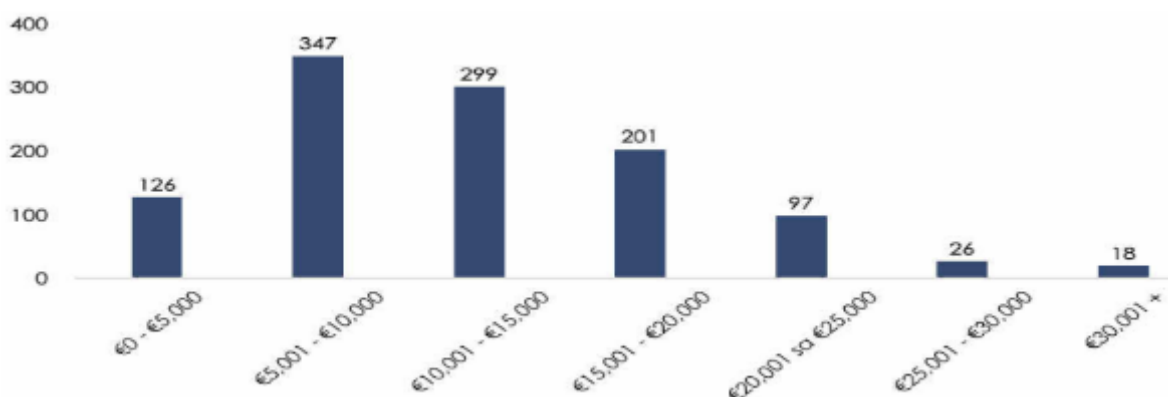
Figure 47 shows the age of applicants awarded a benefit under the EES. 135, or 37.1%, of the beneficiaries were aged between 30 and 40 years. The median income of the beneficiary was €17,919, whilst the median assets were €44,655. Of the types of dwellings purchased, 146 were apartments. The median value of the property purchased was €174,500. The beneficiaries' share in the purchase of the property was a median of €37,000, with the remaining part of the value of the property consisting of a mortgage by the bank partnering with the HA on the Scheme – median value of €73,500, and the HA – median value of €65,000.¹⁰⁸

Figure 47: Beneficiaries of the Equity Sharing Scheme by Age in 2022¹⁰⁹



Concerning the HBS, **Figure 48** presents the beneficiaries' income as of 2021. The largest number of beneficiaries, 347, were in the €5,001 - €10,000 income range, followed by 299 beneficiaries in the €10,001 - €15,000 range. Annual rent paid was highest in the €7,001 - €9,000 (€583.4 to €750 monthly) with a total of 494 beneficiaries. This was followed by beneficiaries in the €5,001 (€416.8) - €7,000 (€583.4) – 304. One hundred seventy-three beneficiaries under the Scheme paid a rental value of €5,000 or less.¹¹⁰

Figure 48: Income Ranges of Applicants for the Housing Benefit Scheme in 2022¹¹¹



¹⁰⁸ Pg 23, Ibid.

¹⁰⁹ Ibid.

¹¹⁰ Pg 32, Ibid.

¹¹¹ Pg 31, Ibid.

Through legislative amendments enacted in 2021, owners of properties leased before 1st June 1995 may file a request in front of the Rent Regulation Board to (a) verify whether the tenant’s means exceed the means testing criteria, in which case the tenant is evicted and, (b) if not, obtain an increase in the rent paid up to 2% of the value of the property. To counter the possibility of Pre-95 Protected Leases tenants becoming homeless, the HA has introduced a scheme for those tenants who fall within the means testing criteria which are deemed to be eligible to continue living in their residence with subsidy amounting to (a) the entire difference between the previous rent and the new rent established by the Rent Regulation Board for elderly tenants, and (b) the difference between 25% of the income and the new rent established by the Rent Regulation Board for working tenants.¹¹²

In 2022, the HA met 503 applications concerning this matter – bringing the total number of applications met by the HA in 2022 to 3,437.¹¹³ **Figure 49** presents the number of beneficiaries benefitting from the Pre-95 protected leases scheme. As expected, most beneficiaries are elderly, with 314 being 71 years and over.

Figure 49: Age distribution of Persons who benefitted from the Pre-95 Protected Leases Scheme in 2022¹¹⁴

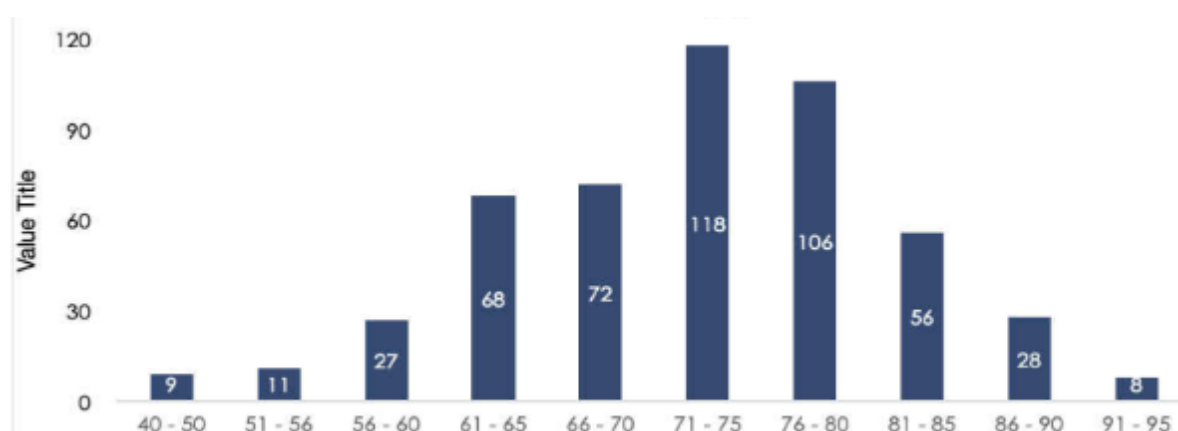


Table 11 presents the total amount invested by the Government through the HA in social accommodation and affordable housing between 2017 and 2024¹¹⁵. The investment increased by 290.7% or €21.8m, from €7.5m to €29.3m.

Table 11: Investment by the Government through the Housing Authority in Social Accommodation and Affordable Housing¹¹⁶

Investment	€'000 million							
	2017	2018	2019	2020	2021	2022	2023	2024
	7.5	8.8	10.1	18.7	19.2	25.8	27.3	29.3

¹¹² <https://housingauthority.gov.mt/services/pre-95/>.

¹¹³ Pg 19, Annual Report – 2022, Housing Authority. Accessed on 30th October 2023: <https://housingauthority.gov.mt/wp-content/uploads/2023/05/HA-ANNUAL-REPORT-2022.pdf>.

¹¹⁴ Pg 34, Ibid.

¹¹⁵ Government 2024 Budget Financial Estimates. Accessed on 31st October 2023: <https://finance.gov.mt/wp-content/uploads/2023/10/fe24-13-Social-Accommodation.pdf>.

¹¹⁶ Pg 20, Report – 2022, Housing Authority. Accessed on 30th October 2023: <https://housingauthority.gov.mt/wp-content/uploads/2023/05/HA-ANNUAL-REPORT-2022.pdf>.

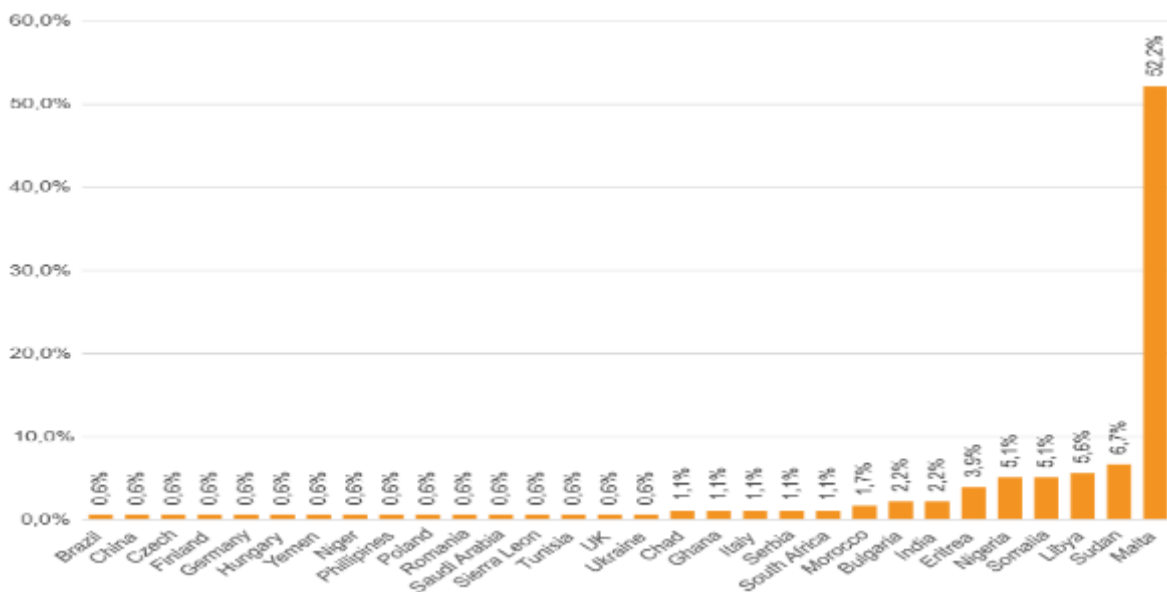
Looking at the schemes, the largest investments were made as follows:

- Equity Sharing Scheme: Introduced in 2020 with an initial investment of €3.7m. In 2023, this increased to €5.6m – an increase of €2 of 65%.¹¹⁷ This Scheme, in 2022, constituted 22% of the total investment for that year.
- Housing Benefit Scheme. In 2017, the budget for this Scheme stood at €1.5m. In 2022, this had increased to €8.4m – an increase of 445% or €6.9m.¹¹⁸ In 2022, this Scheme constituted 32.6% of the total investment.

As discussed earlier, given that there is no definition for ‘homelessness’, there is no quality authoritative data on homeless persons in Malta. YMCA, in 2022, carried out a research project on homelessness.¹¹⁹ The research was based on a total population of 178 individuals and 58 accompanying children aged between 0 and 16. This number of persons is not necessarily over and above that referenced by the HA - -the 71 homeless persons designated as high priority and provided with social accommodation: 12 were classified as evicted / kicked out of their homes; 24 were in institutions, 1 from rehabilitation, and 34 from CCF; and of the 119 homeless persons designated as a priority yet still on the waiting list – 30 were evicted, 25 in institutions, and 64 from CCF.

55.6% of the homeless were males; the average age was 35.1 years for males and 40.5 years for females. The majority (52.2%) of residents were Maltese, whereas 26.4% of residents originally came from countries in Central and Northern Africa (6.7% from Sudan, 5.6% from Libya, 5.1% from Somalia, 5.1% from Nigeria, and 3.9% from Eritrea). Other countries of origin include India (2.2%), Morocco (1.7%), and European countries, namely Bulgaria (2.2%), Serbia (1.1%), and Italy (1.1%).¹²⁰

Figure 50: Homeless Persons in Malta by Nationality¹²¹



¹¹⁷ Pg 20, Ibid.

¹¹⁸ Ibid.

¹¹⁹ Residents and regular frequenters of the homeless shelters were ‘counted’ through the Capture-Recapture method. Through this method, individuals at these shelters between the 17th of January 2022 and the 14th of February 2022 were recorded as part of the ‘fixed’ local homeless population. Each homeless shelter submitted the required data to Marketing Advisory Services. 23 organisations that offer services to counter or mitigate homelessness were approached. 14 shelters/services actively participated in the project. Most of the other 9 organisations that were approached did not participate in this study because, whilst they provide mitigative services for homeless persons, they do not administer shelters.

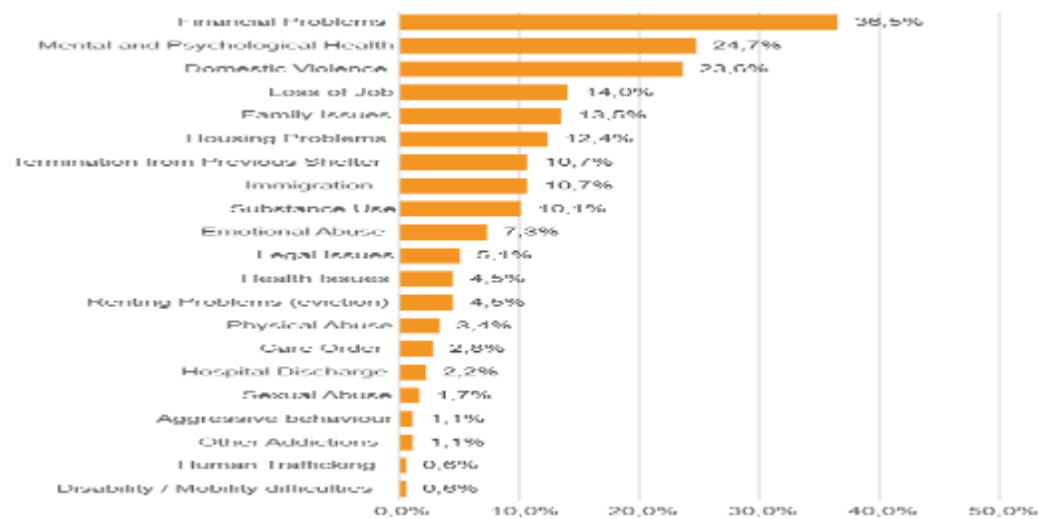
¹²⁰ Pp 25-29, Contemporary homelessness in Malta: qualitative research, carried out by Marketing Advisory Services on behalf of YMCA Malta, 2022.

¹²¹ Pg 25, Ibid.

Figure 43 presents responses to a multiple-response question in the survey concerning reasons for homelessness. Financial problems resulting from job loss result in the highest and 4th ranking at 36.5% and 14.0%. Mental and psychological health ranks second at 27.4%, followed by domestic violence at 23.6%. The other more significant reasons are family issues – 13.5%; housing problems – 12.4%; termination from a previous shelter – 10.7%; immigration – 10.7%; and subsistence use – 10.1%.¹²²

Concerning males, the top 5 reasons for homelessness are financial problems – 26.3%; loss of job – 22.2%; immigration 18.2%; mental and psychological health – 17.2%; and housing problems – 13.1%. The reasons for homelessness amongst women differ from that of males, with domestic violence - at 50.6%, family issues – at 19.0%, and emotional abuse – at 16.5%, ranking 1st, 4th and 5th, respectively. Financial problems at 49.4% rank second, with mental and psychological health at 34.2% ranking third.¹²³

Figure 51: Reasons for homelessness according to YMCA 2022 Survey



As presented in **Figure 44**, reasons for homelessness are significantly higher for Maltese persons concerning domestic violence (+15.8 p.p.), mental and psychological health (+36.1 p.p.), and family issues (+19.1 p.p.) when compared to migrants; whilst concerning financial problems (+2.7 p.p.) and housing problems (+3.5% p.p.) the difference is marginal.¹²⁴

Concerning children, the percentage of adults with accompanying children, on a sample of 30 persons, is higher for Maltese at 56.7% than for migrants at 43.3%. The top three reasons for homelessness for individuals with accompanying children are financial problems – 40.0%; domestic violence – 33.3%; and family issues – 16.7%.¹²⁵

¹²² Pg 31, Ibid.

¹²³ Pp 32-33, Ibid.

¹²⁴ Pg 35, Ibid.

¹²⁵ Pg 37, Ibid.