

# COVID-19 EFFECTS AND HOUSING RELATED RECOVERY OPPORTUNITIES.

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Minister for Social Accommodation (Malta) – Hon. Roderick Galdes  
MP

# THE ONSET OF COVID-19 IN MALTA AND GOZO

- Malta's first cases of COVID-19 were reported on the 07 March 2020.
- On the 12th March 2020, Maltese public health authorities imposed travel bans and mandatory self-quarantine for any person arriving in Malta against the threat of capital fines.
- As a country with deep reliance on external tourism, this was a major shock to our economy and had ripple effects that reverberated across other sectors of society, with housing being no exception.
- On the 01<sup>st</sup> April 2020, the Government of Malta officially declared a state of public health emergency and the country was put in a state of semi-lockdown until measures were gradually relaxed in the following months.

# IMPACTS ON CONSTRUCTION, HOUSING AND DEMOGRAPHY

- Despite the havoc created by the pandemic, especially in respect to tourism and the tourism-reliant retail sector, the construction sector proved resilient and stood out as the only growing segment of the Maltese economy in 2020.
- The Maltese National Statistics Office estimates that this sector registered a 2.9% increase in output during 2020.
- Property prices in Malta fell by around 6% in the second sector of 2020 but quickly rebounded to exceed peak levels previously registered in 2019 in both Q3 and Q4 of 2020.
- However, the private rented sector was deeply affected by COVID-19 and the intersectionality and interdependence of housing and tourism in our archipelago proved significant.

# IMPACTS ON CONSTRUCTION, HOUSING AND DEMOGRAPHY (CONTINUED)

- In fact, the paralysis experienced in the tourism sector gave rise to an unprecedented surge of new listings between the end of April 2020 and the end of May 2020, and a minority of re-listings at the same price or a lower price.
- At the height of the first wave of the pandemic, a 14% decline in the average advertised rental price for an apartment in Malta was observed.
- These developments alluded to “a reversal of the consistent upward trend which had been prevalent in the local rental market over the past years” (MFSA, 2020).
- The effects mentioned hereabove must also be seen in the context of a significant disruption in the importation of foreign labour in Malta, with 2020 being the first time since 2009 wherein Malta did not register exponential increases in the number of foreign workers living and working in our islands.

# SYNOPSIS OF ECONOMIC EFFECTS

- Paralysis in the tourism sector and uncertainty about recovery times of the industry led to a sharp increase in supply of long-let residential properties available to tenants.
- Property sales and construction of new residential units continued unabated, possibly linked to Government's fiscal interventions which reduced transfer duties in all property transactions to the minimal taxation levels usually reserved to first-time buyers.
- Increase in foreign labor in Malta stagnated for the first time in 11 years, with reduced numbers of EU workers in Malta, although number of third country nationals living and working in Malta seemingly increased notwithstanding the pandemic.

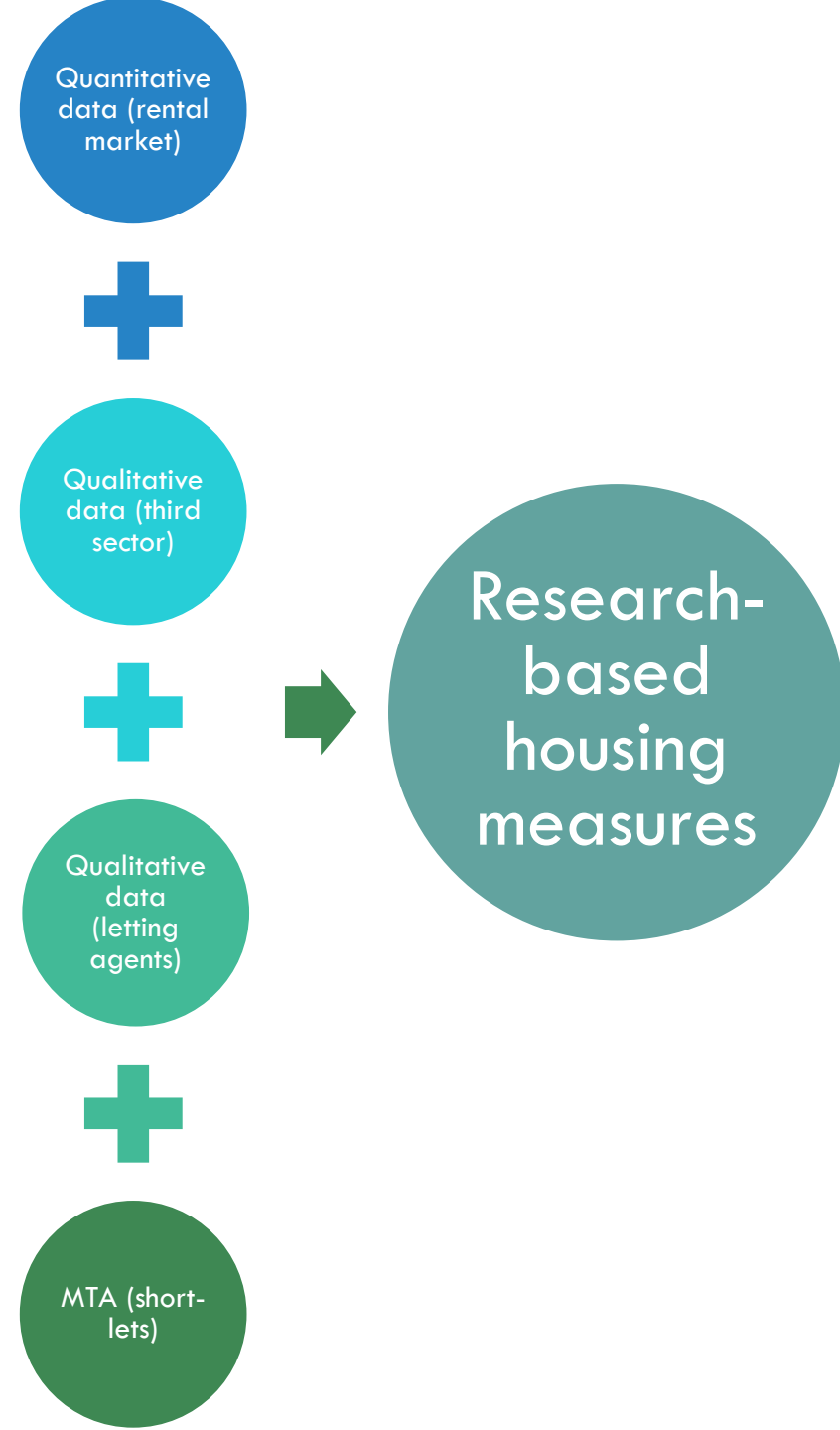
# SOCIAL AND MENTAL HEALTH EFFECTS OF PANDEMIC IN MALTA AND GOZO

- The spread of the Coronavirus in Malta did not create new social issues but accentuated and intensified challenges already prevalent in the housing sector.
- Malta and Gozo saw a rise of 15% in domestic violence reports in the first six months of 2020, which coincided with the period of quasi-lockdown put in place in the first wave of the pandemic.
- Periodic surveys carried out by NGOs operating in the third sector recorded how a growing number of Maltese and Gozitans felt depressed, lacked energy or will to do anything, and had thoughts of self-harm and suicide following the onset of the pandemic.
- The centrality of the home and adequate housing became self-evident as work, education and social interaction shifted from common public spaces to the confines of private residential spaces.

# POLICY REACTIONS IN THE HOUSING SECTOR — SHORT-TERM

- It was immediately decided that the Ministry for Social Accommodation's strategy related to the housing issues brought about by COVID-19 would be directly informed and influenced by stakeholders operating within both the private and public sphere.
- The MSA conducted quantitative and qualitative research with 4 primary sectors:
  1. The third sector (several meetings with NGOs)
  2. The rental market (through a scientific survey with over 700 tenants and landlords)
  3. Letting agents, developers and property-owners (several meetings with representatives of the sector)
  4. Malta Tourism Authority (extensive inter-ministerial dialogue)

# METHODOLOGY





# OUTCOME

- Strengthening of Private Rent Housing Benefit Scheme to meet the needs of:
  - Tenants who became unemployed due to COVID-19;
  - Tenants on unpaid leave; and
  - Self-employed tenants in a zero-income situation.
- Extension of Private Rent Housing Benefit Scheme and First Deposit Assistance granted to Domestic Violence survivors.
- Inter-ministerial dialogue and dialogue with third sector led to the creation of the first-ever national Platform Against Homelessness, and subsequently a health and social protocol was created for the testing and quarantining of persons without a fixed address.
- Suspension of late registration fees associated with the registration of private rental agreements under the recently enacted legal regime and reduced bureaucracy for landlords who provide discounts in rents.

# LONG-TERM VISION OF THE MINISTRY

- National Housing System based on four pillars : People, Connectedness, Sustainability and Digitalization (to be launched in June 2021)
- Strengthening specialized accommodation pathways through the creation of inter-generational housing solutions by means of innovative and design-sensitive public-private partnerships
- Strong intervention to combat unaffordability of housing through the provision of affordable housing units to the masses and creation of first-ever Affordable Housing Foundation in Malta, in partnership with the Roman Catholic Church in Malta
- Revamp of allocation policy utilized by Maltese Housing Authority to reflect societal needs including education programs and long-term care plans for beneficiaries

# LONG-TERM VISION OF THE MINISTRY (CONTINUED)

- Reform in the legislation regulating the Housing Authority's purposes and activities to reflect modern functions of the Authority as regulator and service provider.
- Conclusion of the largest project of social accommodation construction in the last 40 years of Malta's political history.
- Incorporation of sustainable development goals in all projects and initiatives undertaken in the Housing Sector.
- Collaboration with Public Health authorities to design resilient public housing and the re-allocation of spaces previously earmarked for commercial use to serve as primary healthcare services for the benefit of the community.
- Enshrining the protection of the universal right to housing to all residents in Malta and Gozo in Maltese legislation and policy documents.



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**THANK YOU FOR YOUR KIND  
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