

## HM1.3 HOUSING TENURES

### Definitions and methodology

*Housing tenure* refers to “the arrangements under which the household occupies all or part of a housing unit”. Different types of housing tenure can be distinguished, and the categorisation is mainly determined by whether the dwelling is owned by the household who occupies it or not:

- *Own outright*: The household owns the dwelling and has no outstanding mortgage related to the dwelling.
- *Owner with mortgage*: The household owns the dwelling but is currently paying off the mortgage.
- *Rent (private)*: The household rents the dwelling at market prices on the private rental market.
- *Rent (subsidised)*: The household rents the dwelling at reduced market prices, e.g. employer-subsidised housing and accommodations where rent is fixed by law.
- *Other*: Includes for European countries accommodation provided for free; for other countries it also includes other, non-descript types of housing.

These are basic categories that can be identified across countries and are therefore useful for international comparison. Nevertheless, countries often use different or additional categories of housing tenures. These tenure categories are included in one or more of the above categories in the measures presented in this indicator, depending on the country context. For instance, social rental housing in most countries is included under subsidised rent, but in some cases it is classified as private rent due to data limitations. Furthermore, co-operative housing is in most cases grouped under owner-occupancy. Please refer to ‘data and comparability issues’ below for a more detailed discussion.

### Key findings

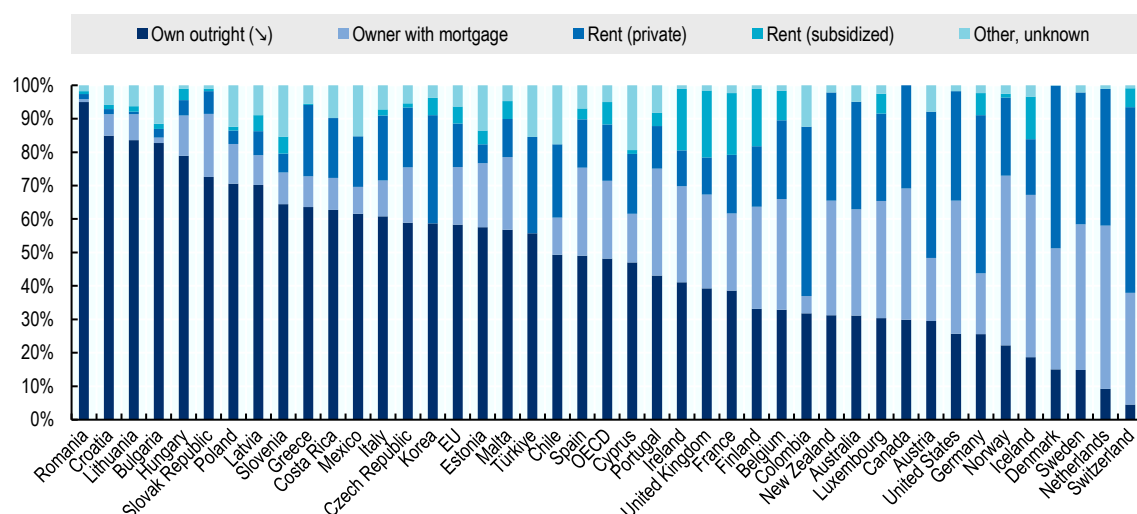
The shares of owner and tenant households vary widely across countries. In most of OECD and EU countries, more than two-thirds of households own their dwelling, either outright or with a mortgage. Central and Eastern European countries have very large shares of households owning outright, largely because, after the fall of the communist regime, many tenants were offered the option to purchase their dwellings at a low price (Hegedus et al, 2013; Tsenkova, 2009). As a result, in Romania, about 95% of households own their dwelling outright, as do more than 80% of households in Bulgaria, Croatia and Lithuania (Figure HM1.3.1, see worksheet HM1.3.A1 for earlier years). Chile, Mexico, and many Southern European countries also have relatively large shares of households owning outright, ranging from 43% in Portugal to 61% in Italy. In these countries, mortgage markets started to develop more recently and families traditionally have a strong role in facilitating home ownership, for example, through inheritance or financial support (Allen et al, 2004). In many English-speaking and Nordic countries, as well as in the Netherlands, owners with outstanding mortgages are the most common tenure type. In Iceland, the Netherlands and Norway, for example, almost 50% of households are owners with a mortgage.

In all countries, with the exception of Colombia, Germany and Switzerland, owner-occupied households (outright or with a mortgage) are more common than tenant households (renting at private market or reduced rate). In Colombia (51%), Germany (47%) and Switzerland (56%), renting through the market is the most common form of tenure among households. The share of tenant households is generally

very low in Central and Eastern European countries. Renting at subsidised rates is most common in the United Kingdom (20%), France (19%) and Ireland (18%), and is also common in Iceland, and Finland. Austria, Denmark and the Netherlands – countries where support for subsidised rental housing is traditionally sizable -- are not considered here due to data limitations (see Section on Data and Comparability Issues); refer to indicator PH4.2 Social rental dwelling sector, for additional data on the social housing stock, which are based on country responses to the OECD Questionnaire on Affordable and Social Housing (QuASH).

### Figure HM1.3.1: Housing tenure distribution

Share of households in different tenure types<sup>1</sup>, in percent, 2020 or latest year available



#### Notes:

1. Tenants renting at subsidised rent are lumped together with tenants renting at private rent in Australia, Austria Canada, Chile, Colombia, Costa Rica, Denmark, Mexico, the Netherlands, Türkiye and the United States, and are not capturing the full extent of coverage in Sweden due to data limitations.
2. Outright owners of homes are lumped together with owners with mortgages in Chile, Korea and Türkiye due to data limitations.
3. Data for Germany and Italy refer to 2019, for Canada and Iceland to 2018 and for Chile to 2017.
4. OECD and EU averages refer to countries for which all tenure types are available.
5. See also indicator PH4.2 Social rental dwelling stock in the Affordable Housing Database for additional information.

#### Sources:

OECD calculations based on the European Survey on Income and Living Conditions (EU-SILC 2020), except for Germany and Italy (2019), and Iceland (2018); the Household, Income and Labour Dynamics Survey (HILDA) for Australia (2020); the Canada Income Survey (CIS 2018); the Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2020); the Gran Encuesta Integrada de Hogares (GEIH) for Colombia (2020); the Encuesta Nacional de Hogares (ENAH) for Costa Rica (2020); the Japan Household Panel Study (JHPS 2020); the Korean Housing Survey (2020); the Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2020); estimates provided by Stats New Zealand (2021); Türkiye-National SILC (2020); Understanding Society - The UK Household Longitudinal Study (2020); the American Community Survey (ACS) for the United States (2020).

Tenure figures on the population level confirm the household-level picture above (data not shown here, see online worksheet HM1.3.A2). In countries where households are more likely to own (rent) their dwellings, a larger share of population also lives in owned (rented) dwellings. The biggest differences in tenure shares based on the household as opposed to the population level arise regarding rates of homeownership with mortgages. Mortgages are typically held by younger owners living in more numerous households, often couples with children (still) living in the household. Therefore, the share of owners with a mortgage is often larger when considering population, rather than household-level, data.

Note by the Republic of Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Between 2010 and 2020, the distribution of tenure types has remained more or less stable (see online worksheet HM1.3.A1). In many countries, the share of households who own their dwellings outright has decreased slightly, while the shares of households with a mortgage or in private rental accommodation has edged up. In most countries, the share of households in subsidised rental accommodation has remained largely stable, with the exception of the Czech Republic where the share of subsidised tenant households fell from 14.9% in 2010 to 1.2% in 2020. While there used to be a sizable regulated rent sector in the country, these provisions started to phase out in 2007 (Lux and Mikeszova, 2012; Vobecká et al, 2014). Rents were gradually increased until reaching market values, and de-regulation was completed in 2012. Changes in the rental sector can also partly explain recent increases in government spending on housing allowances (see Indicator PH 3.1 Public Spending on Housing Allowances).

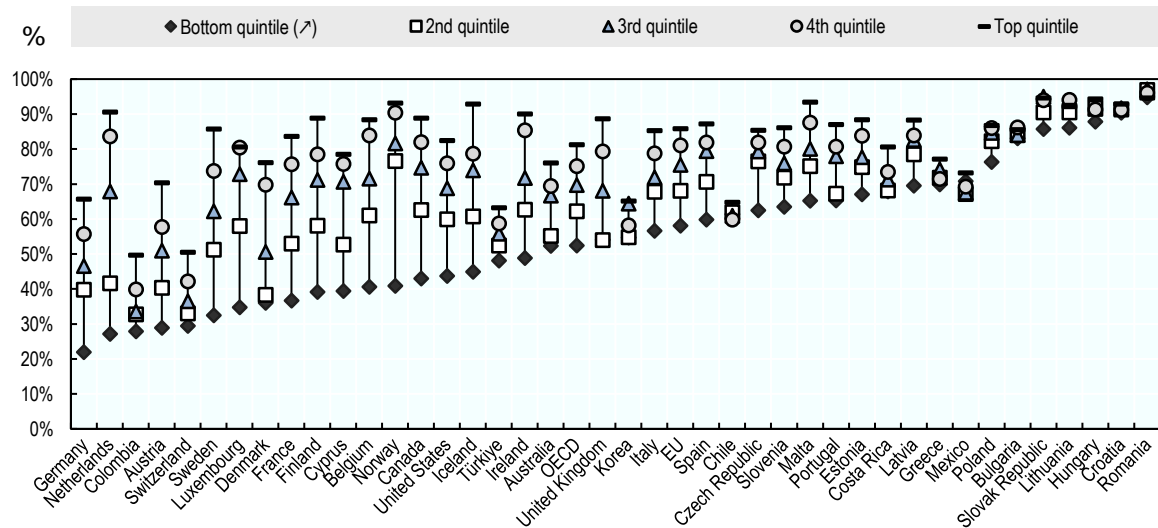
In nearly all OECD countries, a household's likelihood to own the dwelling (with and without outstanding mortgages) increases with income (Figure HM1.3.2; see online worksheet HM1.3.A3 for earlier years and indicators HC1.3, HC2.1, HC2.2 and HC2.3 for quality of housing by tenure type and income position). The widest within-country variation of home ownership rates between the bottom and the top income quintile is observed in the Netherlands, where 90% of households in the top quintile are owner households, compared to 27% of households in the bottom quintile – a 63-percentage-point gap. By contrast, in Chile, Greece, Korea, Mexico and many Central and Eastern European countries, the share of homeowner households hardly varies with the income position of the household. Particularly in Central and Eastern European countries, this coincides with generally very high home ownership rates. In Romania and Croatia, for example, over 90% of households across all quintiles of the income distribution are homeowners.

In almost all countries, the home ownership rate is lowest for households in the bottom quintile of the income distribution; Mexico is an exception, where home ownership rates are similar across all income levels. The lowest rates of overall home ownership (with and without a mortgage) among households in the bottom quintile are found in German-speaking countries, as well as Colombia and the Netherlands: 29% in Austria, 28% in Colombia, 22% in Germany, 27% in the Netherlands and 29% in Switzerland; Figure HM1.3.2). In Colombia and Switzerland, ownership is *also* less common among top-income owner households (around 50%), which implies a relatively small difference in the share of owner households between the bottom and top quintiles (around 20 percentage points). However, the gap in home ownership between low- and top-income households is much larger – over 40 percentage points – in Germany, the Netherlands and Austria, because these countries record a much larger share of top-quintile homeowners. By contrast, in 10 countries, at least 90% of households in the top quintile own their dwelling: Ireland, the Netherlands, Lithuania, Croatia, Iceland, Norway, Malta, Hungary, the Slovak Republic and Romania.

In general, in countries where home ownership varies considerably across the income distribution (for example, in Finland, France, Iceland, the Netherlands, Norway and Sweden), ownership-rate differences are most pronounced between the bottom quintile and the second quintile, while they are more similar for households higher up in the income distribution.

**Figure HM1.3.2: Share of homeowner households across the income distribution**

Percentage of owner households (with and without outstanding mortgage) by income quintile, 2020 or latest year available <sup>1</sup>



**Notes:**

1. Tenants renting at subsidised rent are lumped together with tenants renting at private rent in Australia, Austria, Canada, Chile, Colombia, Costa Rica, Denmark, Mexico, the Netherlands, Türkiye and the United States, and are not capturing the full extent of coverage in Sweden due to data limitations.
2. Outright owners of homes are lumped together with owners with mortgages in Chile, Korea and Türkiye due to data limitations.
3. Data for Germany and Italy refer to 2019 and for Canada and Iceland to 2018.
4. In Chile, Colombia, Mexico, Korea and the United States, gross income is used due to data limitations.
5. In the United Kingdom, net income is not adjusted for local council taxes and housing benefits due to data limitations.
6. In Türkiye, net income is not adjusted for income taxes due to data limitations.
7. See also indicator PH4.2 Social rental dwelling stock in the Affordable Housing Database for additional information.

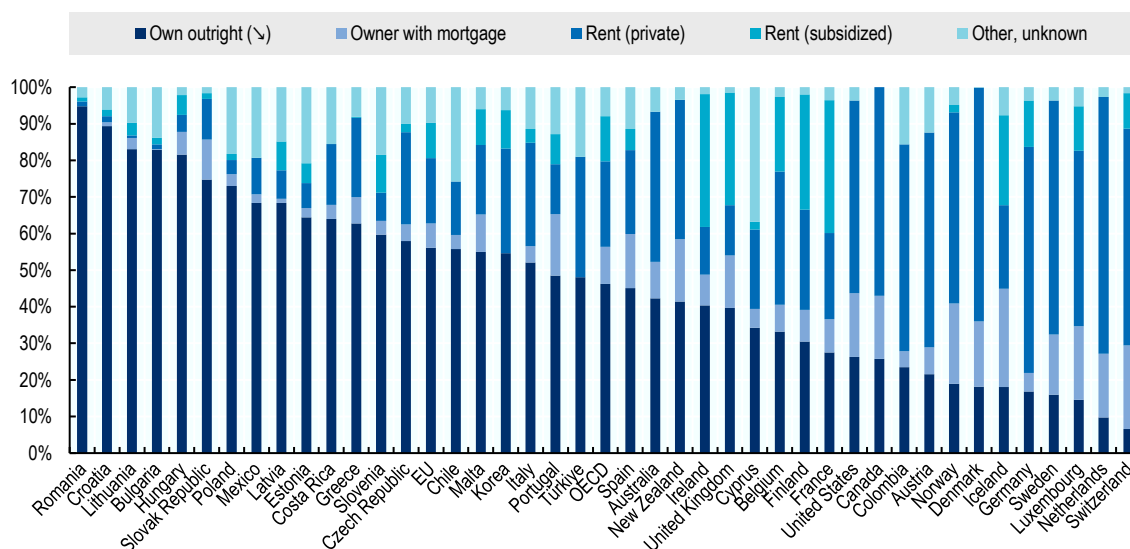
**Sources:**

OECD calculations based on the European Survey on Income and Living Conditions (EU-SILC 2020), except for Germany and Italy (2019), and Iceland (2018); the Household, Income and Labour Dynamics Survey (HILDA) for Australia (2020); the Canada Income Survey (CIS 2018); the Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2020); the Gran Encuesta Integrada de Hogares (GEIH) for Colombia (2020); the Encuesta Nacional de Hogares (ENAH) for Costa Rica (2020); the Japan Household Panel Study (JHPS 2020); the Korean Housing Survey (2020); the Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2020); Türkiye-National SILC (2020); Understanding Society - The UK Household Longitudinal Study (2020); the American Community Survey (ACS) for the United States (2020).

The general national tenure patterns (majority owners vs. majority tenants) hold amongst each countries' low income households (Figure HM1.3.3, see online worksheet HM1.3.A4 for earlier years and other quintiles). With home ownership less common amongst low-income households, they are generally more likely to live in rental accommodation. The prevalence of rental accommodation among low-income households is particularly high, at 74% in Germany, 70% in the Netherlands and 69% Switzerland. Renting at subsidised rates is most common among low-income households in Finland (32%), France (36%), Iceland (25%), Ireland (36%) and the United Kingdom (31%).

**Figure HM1.3.3: Housing tenure distribution for low-income households**

Share of different tenure types across households in the bottom quintile of income distribution, in percent, 2020 or latest year available



**Notes:**

1. Tenants renting at subsidised rent are lumped together with tenants renting at private rent in Australia, Austria, Canada, Chile, Colombia, Costa Rica, Denmark, Mexico, the Netherlands, New Zealand, Türkiye and the United States, and are not capturing the full extent of coverage in Sweden due to data limitations.
2. Outright owners of homes are lumped together with owners with mortgages in Chile, Korea and Türkiye due to data limitations.
3. Data for Germany and Italy refer to 2019, for Canada and Iceland to 2018 and for Chile to 2017.
4. OECD and EU averages refer to countries for which all tenure types are available.
5. In Chile, Colombia, Mexico, Korea and the United States, gross income is used due to data limitations.
6. In the United Kingdom, net income is not adjusted for local council taxes and housing benefits due to data limitations.
7. In Türkiye, net income is not adjusted for income taxes due to data limitations.
8. See also indicator PH4.2 Social rental dwelling stock in the Affordable Housing Database for additional information.

**Sources:**

OECD calculations based on the European Survey on Income and Living Conditions (EU-SILC 2020), except for Germany and Italy (2019), and Iceland (2018); the Household, Income and Labour Dynamics Survey (HILDA) for Australia (2020); the Canada Income Survey (CIS 2018); the Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2020); the Gran Encuesta Integrada de Hogares (GEIH) for Colombia (2020); the Encuesta Nacional de Hogares (ENAH) for Costa Rica (2020); the Japan Household Panel Study (JHPS 2020); the Korean Housing Survey (2020); the Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2020); estimates provided by Stats New Zealand (2021); Türkiye-National SILC (2020); Understanding Society - The UK Household Longitudinal Study (2020); the American Community Survey (ACS) for the United States (2020).

## Data and comparability issues

This indicator is calculated based on household surveys. The European Survey on Income and Living Conditions (EU-SILC) is used for European countries; the Household, Income and Labour Dynamics Survey (HILDA) for Australia; the Canada Income Survey (CIS); the Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile; the Gran Encuesta Integrada de Hogares (GEIH) for Colombia; the Encuesta Nacional de Hogares (ENAH) for Costa Rica; the Japan Household Panel Study (JHPS); the Korean Housing Survey; the Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico; estimates provided by Stats New Zealand; Türkiye-National SILC; Understanding Society - The UK Household Longitudinal Study; the American Community Survey (ACS) for the United States.

Due to limitations in the data of these household surveys, net income which adjusts for taxes and transfers is not always used to calculate the income quantiles of countries. In Chile, Colombia, Mexico and the United States, gross income is used rather than net income. In the United Kingdom, net income does not adjust for local council taxes and housing benefits. In Türkiye, net income does not adjust for

personal income taxes. These differences create comparability issues that subsequently affect the distribution of tenure among income quantiles.

For Australia, Austria, Canada, Chile, Colombia, Costa Rica, Denmark, Mexico, the Netherlands, New Zealand, Türkiye and the United States, no information on subsidized rent is available due to data limitations (Dewilde, 2015; Haffner, 2015). Refer to indicator PH4.2 Social rental dwelling sector, for additional data on the social housing stock, which are based on country responses to the OECD Questionnaire on Affordable and Social Housing (QuASH). Furthermore, for Chile, Korea and Türkiye, outright owners of homes are lumped together with owners with mortgages. For European countries, the "other" category refers exclusively to accommodation provided for free.

Additional information gathered through the OECD Questionnaire on Social and Affordable Housing show that countries may use different or additional definitions of housing tenures. Some countries for instance identify tenures according to the owner of the dwelling.

In other countries, the focus is on the nature of the legal status of the household occupying the dwelling, which can include other tenures besides rent and owner-occupation. In a number of countries, for instance, co-operative ownership - whereby a cooperative owns one or more residential buildings and its members are granted the right to occupy a housing unit by buying shares in the cooperative - is accounted for as a separate tenure in national statistics but not in EU-SILC. Cooperative ownership is therefore included under owner occupancy in the EU-SILC database for the Czech Republic, Denmark, Norway, Poland, Switzerland and Sweden.

Social rental housing (see indicator PH 4.2 and PH 4.3) is also difficult to compare across surveys and countries. The household surveys used here often distinguish between outright owners, owners paying off a mortgage, and tenants. Yet the distinction between tenants paying a market rate rent and tenants paying a subsidised, reduced rate is less clear. "Subsidised" rental should thus not only include social housing but also employer-subsidised housing and dwellings where rent is fixed by law. In many countries, the share of households benefitting from subsidised rents according to survey data is thus larger than the social housing sector (Salvi del Pero et al. 2016). Yet, in some countries the opposite holds due to data limitations: (1) in Austria, Denmark and the Netherlands, all tenants are attributed to the market rent category as EU-SILC does not allow to make distinctions by type of tenant; (2) the size of the social rental sector is larger than the reported share of subsidised rent in France; and (3) in the surveys for Australia Canada, Chile, Mexico and the United States, respondents are not asked about subsidised rents - while in Chile and Mexico subsidised rental housing is uncommon it plays a role in the other three countries, where social housing represents between 4 and 5 percent of the total housing stock.

Other countries have additional forms of tenure that are not easily classified. For instance, under the Joense system in Korea, the tenant pays the dwelling owner a down payment and in return can stay in the dwelling for two years (this is the usual duration that can be prolonged).

After two years, the dwelling owner returns the down payment to the renter. Renters often take out loans to finance the down payment. During the lease period, the dwelling owner benefits from the interest he can create from the down payment. There is also a "mixed" system where tenants pay monthly rent and a Joense style down payment. Similar to some extent, 'right of occupancy' housing in Finland is an intermediate tenure between rent and owner occupancy, whereby residents pay a significant deposit (15% of the original purchase price of the dwelling) and a monthly management fee. They cannot buy the dwelling but they are granted security of tenure, and if they want to leave, they are paid back the initial deposit, plus an amount calculated according to the construction cost index.

### Sources and further reading

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