PH3.1 PUBLIC SPENDING ON HOUSING ALLOWANCES

Definitions and methodology

This indicator presents figures on the amount of public spending on housing allowances across OECD countries. Housing allowances are means- and/or income-tested income transfers to households directed at supporting households in meeting their housing costs (Kemp 2007, OECD 2016, Stephens et al 2011).

Housing allowances are a form of demand-side support generally provided to low-income households who meet the relevant eligibility criteria (OECD 2016) to help meet rental and other housing costs, temporarily or on a long-term basis. Although such schemes are commonly called housing allowances, they are also known as “housing benefit” (in the United Kingdom), “rent assistance” (Australia), “rent supplement” (Ireland, New Zealand), or “housing vouchers” (United States).

Other types of demand-side assistance which are not included here concern direct support such as grants, subsidized loans and mortgage guarantees for home buyers, mortgage relief schemes for overindebted home owners and assistance to home owners through tax relief (see indicators PH 2.1 and 2.2). Supply-side measures aimed at increasing the supply of social rental and other types of affordable housing are not included in this indicator (see indicators PH 4.1, 4.2 and 4.3 and 5.1)

Data on the coverage and payment rates of housing allowances based on EU_SILC and on OECD Tax-benefits models are presented in indicator PH 3.2, as indicator PH 3.3 provides short descriptions of Housing allowance programmes in terms of eligibility and payment rules..

Key findings

Public spending varies markedly across countries

Out of 37 reporting countries, only three countries did not report providing housing allowances: the Slovak Republic, Slovenia and Romania. All other countries have one or more housing allowance schemes in place. Since the 1970s most of these countries have changed focus from providing supply- to demand-side subsidies, and, nowadays, housing allowances are one of the most widely used instruments of housing support (Kemp, 2007).

At 1.4% of GDP, public spending on housing allowances is by far the highest in the United Kingdom followed by France and Finland (Figure PH 3.1.1). Public spending on housing allowances is close to 0.5% of GDP in Denmark, Germany, the Netherlands, New Zealand and Sweden, and between 0.1 and 0.3% of GDP in Australia, Austria, Bulgaria, Croatia, Czech Republic, Ireland, Japan and the United States.

Overall, public spending on housing allowances has not changed significantly between 2013 and 2015, with the exception of Finland and the Netherlands where it increased, and Ireland and Lithuania where it decreased. Data for the United Kingdom included in figure PH 3.1.1 show a decrease in spending on housing allowance, which is largely due to reduced spending on heating allowances through the Winter
Fuel programme. By contrast, spending on rent allowances through Housing Benefit increased between the two years.

Figure PH3.1.1: Public spending on housing allowances in OECD countries

Government spending as % of GDP, 2013 and 2015

Notes:

*a* Indicates that information is missing on one measure

a) Footnote by Turkey: 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. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

b) Footnote by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.


2) 2015 data is missing for Denmark, Spain and Sweden. 2013 data is missing for Korea.

3) No housing allowance programmes were reported for Romania, the Slovak Republic and Slovenia.

4) In the following countries there is provision of housing allowances but data on public spending are not available: Canada, Greece, Luxembourg, Mexico and Switzerland.

Source: OECD Questionnaire on Affordable and Social Housing (2014, 2016).

Types of housing-related costs covered by housing allowances

Figure PH 3.1.2 shows the types of housing-related costs covered by housing allowances. Although housing allowances are commonly associated with support towards rent payments, as in for example, Australia, Chile, Japan, Malta, Spain, New Zealand, the United Kingdom and the United States, in some countries they are also open to home owners and can cover different costs. These include heating costs, insurance and service costs, waste collection fees and other charges, or costs associated with home ownership such as land or property tax and mortgage interest payments.
Figure PH3.1.2: Spending on housing allowances by type of housing related costs covered

Government spending as % of GDP, 2015 or latest year available.\(^1,2,3,4\)

Notes:

* Indicates that information is missing on one measure.

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2) 2015 data is missing for Denmark, Hungary, Spain and Sweden. 2013 data is missing for Korea.

3) No housing allowance programmes were reported for Romania, the Slovak Republic and Slovenia.

4) In the following countries there is provision of housing allowances but data on public spending are not available: Canada, Greece, Luxembourg, Mexico and Switzerland.

Source: OECD Questionnaire on Affordable and Social Housing (2014, 2016).

**Data and comparability issues**

Countries often implement a mix of housing related assistance to households in need. While in some cases there are separate specific programmes providing housing allowances, income-related assistance with housing expenditure is also often provided within the framework of social assistance and minimum income benefits. In this case it was not always possible to identify levels of housing-related spending and data on such programmes were not included (for instance, in Germany, Greece and the United Kingdom). See Annex I for the full list of included as well as missing programmes. Details on all surveyed measures are available under indicator PH 3.2.

Last updated 21/02/2017
Sources and further reading:

Kemp, Peter (2007) *Housing allowances in comparative perspective*, Policy Press University of Bristol


ANNEX I

Figure PH3.1.1 and 3.1.2: List of included measures

Australia
Figures refer to “Commonwealth Rent Assistance (CRA)”

Austria
The following schemes are included: “Mietbeihilfe”, “Wohnbeihilfe”, and accommodation costs covered by “Needs-based minimum benefit (BMS)”.

Bulgaria
The following schemes are included: “Targeted assistance for rent of municipal housing”, rent supplement for municipal housing tenants with disabilities under “Monthly allowance for social integration”, and “Targeted assistance for heating for individuals and families through the heating season”.

Chile
Figures refer to “Subsidio de arriendo D.S. N° 52 de 2013”.

Cyprus
Figures refer to housing allowances provided under the “Guaranteed Minimum Income” scheme.

Czech Republic
The following schemes are included: “Housing allowance”, and supplement for housing under “Social assistance” scheme.

Denmark
The following schemes are included: “Boligsikring”, and “Boligydelse”.

Estonia
Figures refer to “Housing costs under subsistence benefits”.

Finland
The following schemes are included: “General housing allowance system”, “Housing allowance for pensioners”, and “Housing supplement for students”.

France
The following schemes are included: “Personalised housing subsidy (Aide Personnelle au Logement, or APL)”, “Family housing subsidy (Allocation de Logement Familiale, or AFL)”, and “Social housing subsidy (Allocation de Logement Social, or ALS)”.

Germany
The following schemes are included: the main housing allowance “Wohngeld nach dem Wohngeldgesetz”, and costs for housing and heating under unemployment benefit “Arbeitslosengeld II, Sozialgeld”, supplement for housing under “Social assistance” scheme. Housing costs covered under social assistance (“Hilfe zum Lebensunterhalt / Grundsicherung im Alter und bei Erwerbsminderung”) are missing.

Hungary
Figures refer to “Housing allowance (Lakhatási támogatás)”, and “Home maintenance aid”. Since 1 March 2015, home maintenance aid from the central government is no longer available (except in the framework of debt management service), but local governments can provide financial aid to support the housing costs in the frame of local benefit.

Ireland
The following schemes are included: “Rent supplement” and “Fuel allowance”.

Japan
The following schemes are included: “Provision of benefit to secure housing” and housing assistance from “Public assistance” programme.

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Korea
Figures refer to “Housing allowance”.

Latvia
Figures refer to “Housing benefit”.

Lithuania
Figures refer to “Compensations for heating of a dwelling, hot and drinking water expenses”. Data on spending on “Compensation for part of lease payment” (introduced in 2015) is missing.

Malta
Figures refer to “Rent Subsidisation Scheme on Rented Privately Owned Dwellings”.

Mexico
The following schemes are included: “Programme to Access Financing for Housing Solutions (Programa de Acceso al Financiamiento para Soluciones Habitacionales)”, “Decent Housing programme (Vivienda Digna)” and “ Preferential Interest Rate (Tasa de interés diferenciada)”.

Netherlands
Figures refer to “Rent allowance”.

New Zealand
The following schemes are included: “Accommodation Supplement” and “Accommodation Benefit for Students”.

Norway
Figures refer to the measure “State housing allowance”.

Poland
Figures refer to the measure “Housing allowance”.

Portugal
The following schemes are included: “Porta 65 - Jovem” and subsidies regulated by “NRAU Law nº6/2006 (Novo Regime Arrendamento Urbano)”.

Spain
Figures refer to “Aid programme for rental housing”.

Sweden
Figures refer to “Income tested housing allowance” and “Income-tested housing supplement for pensioners”. Data on spending on “Rent for social assistance claimants” is missing.

United Kingdom
Figures refer to “Housing Benefit” and “Winter Fuel Payments”. Assistance with rent and mortgage payments provided under “Universal Credit” is missing.

United States
Figures refer to “Tenant based Section 8 voucher programme”.

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