HC1.3. ABILITY OF HOUSEHOLDS TO KEEP DWELLING WARM

Definitions and methodology

In addition to rents and mortgages, owners and tenants face other housing outlays such as utility and repair costs (refer to Indicator HC1.2 for a discussion of different definitions of the housing cost burden). Heating costs can be considerable, so much so that some households cannot afford to keep the dwelling adequately warm. Low building quality exacerbates problems in keeping dwellings warm (Eurofound, 2016). This indicator shows the share of households that cannot afford to keep their dwelling adequately warm, and is based on household survey microdata.

Key findings

In the Nordic countries, Luxembourg and Switzerland, few households report difficulties with keeping their home warm, regardless of their income position (Figure HC1.3.1, see online worksheet HC1.3.A1 for earlier years and data for all quintiles). In many other countries, however, the situation is difficult for a considerable share of households. In about a fourth of countries (particularly in Central, Eastern and Southern Europe), heating affordability problems concern over 20% of households in the bottom quintile of the income distribution. The rates are slightly lower in Belgium, France, Hungary, Ireland, Latvia, Malta, Spain, Poland, Romania, and the United Kingdom, where more than 10% of low-income households report that heating costs are a challenge. In addition, in six, predominantly Southern European, countries more than 10% of households in the middle quintile report difficulties in keeping their dwelling adequately warm.

Since 2010, the share of households in the bottom income quintile that report heating challenges has either remained broadly stable or increased in the majority of countries (see online worksheet HC1.3.A1). Greece, Italy and Spain recorded large increases in the share of low-income households reporting heating affordability issues after the Great Recession. The share of households facing such issues in the third quintile, by contrast, has not changed much in most countries.

Greater investment in insulation and general building quality may decrease a household's heating costs, as often supported by policy measures. However, a household’s disposable income may be affected more or less by the renovation costs, either directly (owners) or indirectly through higher rents (if landlords pass on the costs of improvements to tenants). Heating costs are also affected by, for example, global commodity prices, the structure of the (national) electricity market, and taxes levied on heating fuel and electricity (Ameli and Brandt, 2014; Flues and Thomas, 2015).

In Central and Eastern European countries, low-income households that own their home outright are most likely to report heating affordability problems (Figure HC1.3.2 only shows results for countries where more than 5% of low-income households affected by heating affordability problems; please see Indicator HM1.3. for more information on tenure structure across the income distribution). These outright owner households are mostly located in thinly-populated areas. Between 60-70% of low-income households that report difficulties to keep their dwelling warm are homeowners in Poland, Latvia, Greece, Estonia and Slovenia.
Figure HC1.3.1. Share of households with difficulties to keep the dwelling warm at different points of the income distribution

Share of households that cannot afford to keep its dwelling adequately warm, bottom and third quintiles of the disposable income distribution, in percent¹, 2019 or latest year available

![Graph showing share of households with difficulties to keep the dwelling warm by income quintile.](image)

Note: 1. No data available for Australia, Canada, Chile, Germany, Mexico, Japan, Korea, New Zealand, Turkey and the United States due to data limitations.
2. The present publication presents time series which end before the United Kingdom’s withdrawal from the European Union on 1 February 2020. The EU aggregate presented here therefore refers to the EU including the UK. In future publications, as soon as the time series presented extend to periods beyond the UK withdrawal (February 2020 for monthly, Q1 2020 for quarterly, 2020 for annual data), the “European Union” aggregate will change to reflect the new EU country composition.
Source: OECD calculations based on European Survey on Income and Living Conditions (EU SILC)

In the Netherlands, Germany, Belgium, the United Kingdom, France and Ireland, most low-income households that report heading affordability challenges are tenants. In the Netherlands and Germany, more than three quarters of the households concerned are tenants, of which some pay subsidized rents. Low-income households with problems keeping dwellings warm are more likely to live in a subsidized rental accommodation than the average low-income household (see Indicator HM1.3 for more details on tenure structure).
Figure HC1.3.2. Tenure structure of low-income households with difficulty to keep dwelling warm

Tenure shares of low-income households with difficulty to keep dwelling warm, in percent, 2019 or latest year available, selected countries¹,²

Note: 1. No data available for Australia, Canada, Chile, Mexico, Japan, Korea, New Zealand, Turkey and the United States due to data limitations. In Denmark and the Netherlands, all tenants are attributed to private market rent due to data limitations.
2. Disaggregation by tenure type only shown for countries where more than 5% of low-income households report heating affordability problems and 100 or more households in the survey reported that they are concerned.
Source: OECD calculations based on European Survey on Income and Living Conditions (EU SILC).

Data and comparability issues

This indicator is calculated based the European Survey on Income and Living Conditions (EU-SILC) for European countries. No comparable information is available in the household surveys of other countries. The variable in EU-SILC refers to whether the household can afford to keep the dwelling adequately warm, regardless of whether the household actually needs to keep it adequately warm.
Sources and further reading


Housing Europe (2020) Promoting the Area-based Approach to Tackle Energy Poverty in the Wake of the EU Green Deal. https://documentcloud.adobe.com/link/track?uri=urn%3Aaid%3Ascds%3AUS%3A41dcfc1c-b45d-4a5a-b880-4e751ef70c8d#pageNum=1.