

Chapter 3

The economic impact of migration: Why the local level matters

Much of the empirical evidence on the impact of migration in the host countries focuses on the national level, although it is at the local level where many of the relevant interactions with native-born actually occur. This is an important shortcoming, as one can expect significant variation in the local impact across areas, since immigrants are not evenly spread through the country, and their characteristics also tend to vary locally. This Chapter intends to provide a first step towards filling this important gap. It summarises the empirical literature on the local impact of migration on the labour and housing markets, as well as on local public infrastructure and local finances, together with some novel comparative data.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

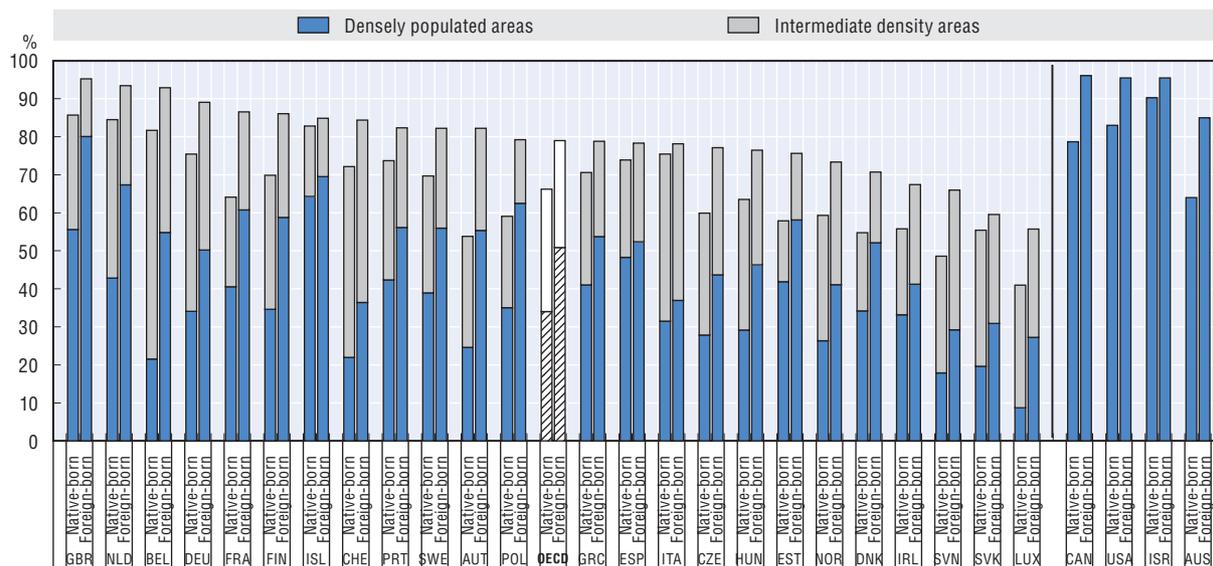
Introduction

Most analysis on the impact of immigration on the labour market and other areas has been concerned with the impact at the national level or the national average impact. After all, the national level is the level at which immigration policies are shaped. In addition, data are often only available at this level. While some empirical studies use sub-national data, they still tend to be concerned with the average effect across the country. The main reason for this is methodological as it allows researchers to increase the number of geographical units available and exploit the variation in the location patterns of migrants. In general, empirical studies on the impact of migration find little effect at the national level, for example on the labour market (see Longhi et al., 2006, 2010b) or in fiscal terms (OECD, 2013a). At the same time, public opinion tends to perceive the economic impact of migration often to be negative (see OECD and European Union, 2015).

How can these contradicting findings be reconciled? First of all, it is obviously the local level where contacts and possible competition between immigrants and the native-born are most direct and visible. Second, migrants¹ do not spread out equally across countries and tend to be quite heavily concentrated in certain areas. In all OECD countries, immigrants are overrepresented in urban areas (Figure 3.1), especially in metropolitan areas (Brezzi et al., 2010). What is more, immigrants with unfavourable background characteristics often tend to be concentrated in disadvantaged neighbourhoods within these urban areas (see OECD, 2006). This is due to a number of effects. A large part of the post-World War II low-skilled labour migration went to the industrial centres. At the time of the labour immigration, these were prosperous areas which have often suffered from economic restructuring – and indeed decline – since. Network effects contributed to further immigration inflows into these areas in spite of changing local economic conditions. In addition, cheap housing tends to be more readily available in these areas, thereby making the areas more easily accessible to persons at the lower end of the income distribution, such as immigrants and in particular recent arrivals. In such cases, although immigration is not the cause, there is a correlation between high immigrant concentration and poor local conditions which native-born might misinterpret as causality. More generally, immigrants are also attracted by metropolitan areas because of the perceived better job opportunities associated with the larger labour market.

In several European OECD countries with large immigrant populations, unemployment also tends to be higher in densely-populated areas than in rural areas (Figure 3.2). The rural-urban differences in unemployment rates are particularly large in Belgium, Austria, Germany, the United Kingdom and the Netherlands. A similar picture is found with respect to employment (Annex Figure 3.A1.1). In addition, the composition of the immigrant population also varies across regions (e.g. regarding duration of residence, educational attainments, age, and category of immigration), which might also lead to

Figure 3.1. **Distribution of the population by population density and place of birth, 2013**
Percentage of the working age population who live in densely populated or intermediate density areas



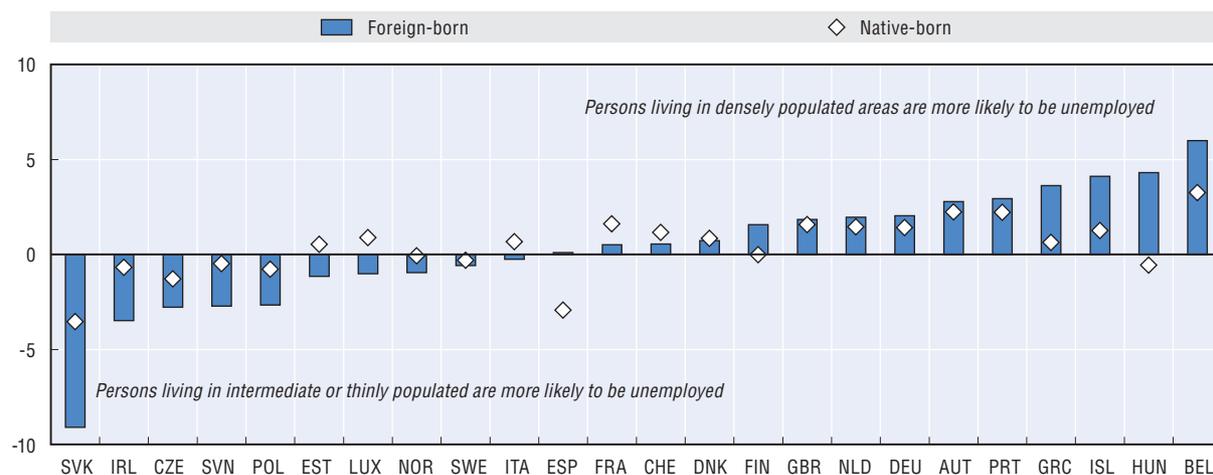
Notes: The Figure shows the percentage of population who live in densely and intermediate density areas, as defined by Eurostat. This percentage together would be a good approximation to the 'urban population'. The rest of the population live in thinly populated areas, which would correspond to "rural population". The data for Canada, the United States, Israel and Australia is not directly comparable with the data for the European countries.

Source: Authors calculations based on: European countries: Labour Force Survey; United States: Current Population Survey – Annual Social and Economic Supplement; Australia: Census; Canada: National Household Survey; Israel: Labour Force Survey.

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Figure 3.2. **Difference between the unemployment rates of persons living in densely-populated areas and the persons living in intermediate or thinly-populated areas**

Percentage points difference by place of birth, persons aged 15-64, 2013, selected European OECD countries



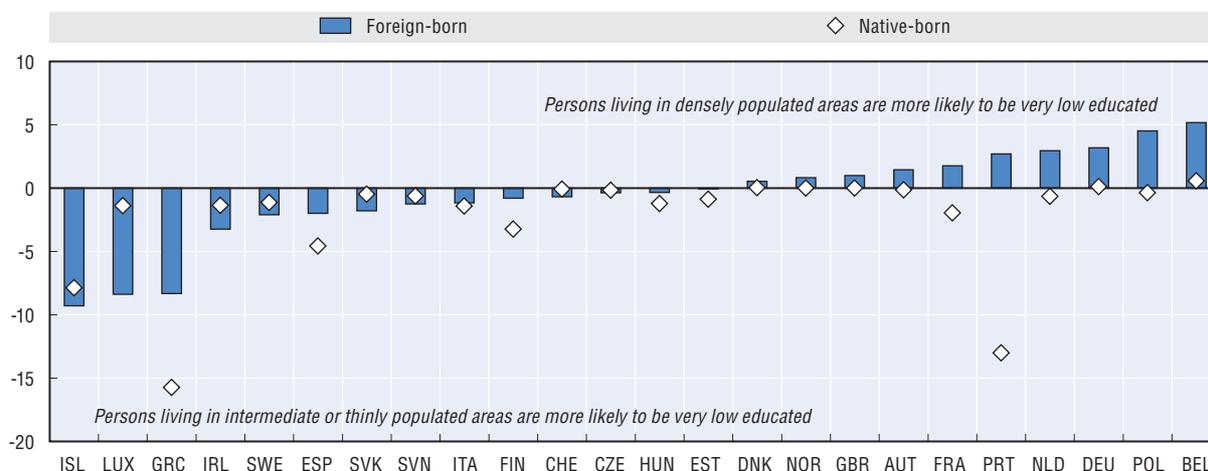
Source: Labour Force Surveys (Eurostat), 2013.

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different effects in different regions. For example, in all of the above-mentioned countries with significantly higher unemployment among immigrants in urban areas, as well as in France, very low-educated immigrants are also disproportionately often found in such areas (Figure 3.3).

Figure 3.3. Difference in the share of very-low educated among persons living in densely populated areas and among persons living in intermediate or thinly populated areas

Percentage points difference by place of birth, persons aged 25-64, 2013, selected European OECD countries



Note: Very low-educated refers to levels 0 and 1 in the International Standard Classification of Education (ISCED).

Source: Labour Force Surveys (Eurostat), 2013.

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Against this backdrop, looking at the national or average economic and labour market impact of migration conceals a diversity of outcomes. This holds especially if effects are non-linear – that is, if the impact increases disproportionately with the size of the immigrant population or if there are threshold effects. In this case, there may be a strong impact in a few areas with a very large immigrant concentration. Indeed, in contrast to most empirical studies, anecdotal evidence and qualitative studies often focus on such areas rather than the national average. The public opinion on the impact of migration might thus be influenced by such particular cases.

Immigration can affect many different aspects of the structure and daily life of a city or a region, both directly and indirectly. For example, an influx of migrants changes the effective labour supply in the local labour market and as a result, it has a direct effect on economic activity, local wages, employment and local demand for goods and services. Moreover, the bottom-line impact of immigration at the local level depends on possible subsequent adjustments like residential mobility (that is, outmigration by others), occupational and task mobility (that is, locals change occupations and tasks) and reallocation of resources that might follow from immigration.

In order to estimate the impact of migrants on a municipality or region, one needs to distinguish between general impacts that are associated with the migration-induced change in the size of the population and “migrant-specific” impacts (see for a discussion Tsang and Rohm, 2011). In general, like every other additional citizen moving to a municipality, additional migrants increase the local demand for jobs, housing, goods and services and have therefore an impact on their provision. However, since migrants tend to differ in their characteristics and labour market outcomes, behaviours and preferences from the native-born population, there is likely to be a migrant-specific impact. Furthermore, migrants also have specific needs, e.g. in regard to integration measures such as language training which have an impact on the local infrastructure and budget.

This chapter provides an overview of the issues and a discussion of the main findings from the literature on the local impact of migration. It starts with the labour market, followed by the impact on housing, local public infrastructure, and on the local budget.² Besides these economic aspects, immigration entails a wider societal impact, for example on the cultural life and the diversity of certain local amenities, such as restaurants. These issues are beyond the scope of this chapter.³

Main findings

- In all OECD countries, immigrants are overrepresented in urban areas, often because of network effects and the perceived more easily available housing and larger number of job opportunities. At the same time, in many European countries with large immigrant populations such as Austria, Belgium, France, Germany, the Netherlands and the United Kingdom, unemployment – both of immigrants and of the native-born – is higher in urban areas. In these countries, very low-educated immigrants are also overrepresented in urban areas.
- Although it is difficult to generalise across domains (labour market, education, housing, etc.), overall the local impact of immigration tends to vary with the socio-economic characteristics of immigrants and how these compare with the native-born. It also differs among local native-born residents with different characteristics, and a negative impact – if any – is predominantly on those with similar characteristics. Immigrants can also have different needs and preferences regarding public services than the native-born, which results in effects on the different markets and public infrastructure which differ from that of native-born with otherwise similar characteristics.
- The majority of empirical studies on the labour market impact of migration look at the aggregate or average local impact, rather than on concrete case studies. Most of these studies find no effect of immigration on local wages nor on employment, while a minority find a small effect, either negative or positive. This is due to a number of reasons. First, migrants' skills often complement those of the native-born. Second, some native-born residents move up the occupational ladder in response to new foreign-born arrivals. Third, some previous residents move to other areas in reaction to new inflows. Fourth, any local impact is likely to be diluted by adjustment processes, for example changes in the industrial composition and production technologies as well as capital flows.
- However, the absence of large aggregate or average effects does rule out threshold effects or other non-linearities. Indeed, the few available case studies suggest that there can be a substantive impact on the local labour market in cases of very high inflows.
- Immigrants are less likely to own their homes than the native-born. The few studies show that the sign and the magnitude of the impact on the local housing market varie greatly. It depends on a number of factors including housing/rent and construction regulations, whether immigrants are predominantly high- or low-earners, and on the mobility response by previous residents. In contrast to public opinion, which often expresses concern over competition for social housing, immigrants are underrepresented in the social housing sector in most countries.
- An important component of the local infrastructure are health services. The available evidence suggests that immigrants tend to consume less such services than the native-born. At the same time, they are important providers of health services, since they tend to be overrepresented among health care professionals.

- Immigrants tend to use public transportation more often than the native-born.
- Large inflows of immigrants can put pressure on local infrastructure, which is often not able to adapt quickly and thus lead to congestion effects. However, while immigration can exacerbate structural problems, notably in the local housing and education infrastructure, it is generally not the source of these.
- In the school system, children of immigrants, especially recent arrivals, often require higher per-capita expenditure, notably because of language training support. Evidence suggests that a large concentration of children of immigrants with low-educated parents can lead to negative peer effects in classrooms. However, it is not the concentration of immigrants itself which is the issue, but the concentration of low-educated parents and its interaction with their immigrant status.
- In contrast to what is generally observed at the national level, the fiscal impact of migration in local areas with high immigration tends to be negative, at least initially, largely because a disproportionate share of the services with a higher take-up by immigrants tends to be provided by subnational governments.

Labour market impact of immigration

Similarly to nation-wide impact analysis, for the analysis of the local impact of migration it is helpful to distinguish between the short and long-run effects. In the short run, the immediate impact of immigration would be expected to manifest itself at the narrowly-defined local labour market, like the district or the neighbourhood. However, immigration to a specific neighbourhood can generate commuting or other adjustments in the local labour market and thus make it difficult to measure any meaningful impact at the very local level. Nevertheless, the local labour market effects could still persist in the long run if there are obstacles that hinder spatial adjustment within commuting distance. There is an extensive literature that investigates the spatial segregation of vacancies and low-skill workers within cities, mainly as a result of extensive suburbanisation and poor intra-city transport connections which increase the cost of commuting (for an overview on the United States see Gobillon et al., 2007).

Looking at larger geographical entities like metropolitan areas or regions that might more adequately reflect local labour markets (OECD, 2000), the observable result induced by immigration would be the outcome of the adjustments that take place within that geographical entity. In the short run, inward immigration would generate an increase in the labour supply and trigger labour market adjustment processes that would depend on the local mix of skills and industries.

An extensive literature attempts to estimate the impact of migration on the labour market and results differ depending on the approach, the country and the geographical scale used. Most of the studies find no discernible effects on the wages and employment on average, and if there is any negative impact, this concentrates on low-skill workers, or past migrants. The geographical scale of the research should in principle affect the findings on the estimation of the relevant impact (see Box 3.1 for an overview of the concepts used in the empirical literature). As mentioned, adjustments like residential mobility, changes in the industrial composition and production technologies as well as capital flows could dilute any long-term impact of immigration on the local labour market (Borjas et al., 1997; Card, 2001). According to this reasoning, the smaller the geographical extent of the locality, the smaller the impact that is anticipated on average, since the spatial adjustments that take place would be stronger.

Box 3.1. Labour market data by spatial scale

Empirical research on the labour market impact of migration has examined various spatial scales. Most of the available evidence comes from the United States, where the spatial analysis has examined larger regional entities, like states or regions (Borjas et al., 1997; Borjas, 2003) or finer ones like metropolitan areas or cities (Borjas et al., 1997; Card, 2001; Card, 2009). For Europe, studies have looked to enlarged counties for Germany (Pischke and Velling, 1997), regions for the United Kingdom (Dustmann et al., 2013) or counties and municipalities for the Netherlands, Norway and the United Kingdom (Zorlu and Hartog, 2005). Longi et al. (2010b) argue that US studies tend to estimate smaller impacts of immigration compared to the European ones, due to the greater degree of openness and flexibility of the US local economies. Most of these geographical units are standard administrative entities, whose boundaries have been determined by historical or political reasons. Although there are still good reasons to use them, as policy decisions are taken at this level and statistical data are available, the urban labour market might have shifted beyond its initial boundaries. The advantage of using functional definitions of cities, like the Metropolitan Statistical Areas for the United States (Card, 2009) or the travel-to-work-areas in the United Kingdom (Nathan, 2011), is that they better approximate the local labour market, which might extend beyond the official boundaries.

Labour market services in many OECD countries have defined functional economic regions that correspond to labour markets regions which differ from administrative boundaries, for example the French *Bassin Emploi* or the German *Arbeitsagenturbezirke* and the UK Travel-to-work-Areas. The OECD, in collaboration with Eurostat, constructed a new methodology for identifying cities, in the form of Functional Urban Areas, that is comparable across all its member states and is based on population density and commuting flows (OECD, 2012).

The empirical evidence regarding the impact of immigration on mobility of previous residents in the local community is mixed. Card (2001) does not find evidence that immigration in US cities has a significant effect on residential mobility of native-born workers. At the same time, he finds a small impact on employers' mobility. Pischke and Velling (1997) also find no significant relationship between immigration and subsequent mobility of natives for 167 German regions. Similarly, Lemos and Portes (2008) find no systematic pattern of native outflow when analysing the impact of immigration on UK regions, counties and districts. In contrast, Hatton and Tani (2005) find that immigration is correlated with higher internal mobility of native-born for 11 British regions. However, results are significant only for the southern regions where the share of immigrants is comparatively high. Ortega and Verdugo (2015) also find evidence of a strong mobility pattern in France, using administrative data covering three decades. Their results show that mobility is higher for blue collar workers in immigrant-intensive industries. Mocetti and Porello (2010) use data from Italy and find heterogeneous effects: immigration increases the inflow of the young and high-skilled natives to the area, and decreases the inflows of the lower-skilled. This suggests that internal migration of the native-born is an important adjustment mechanism that furthermore diffuses local labour market effects. It highlights that beyond the local effect, one has to take into consideration the general equilibrium effects, as migration to one locality may affect the population in other localities as well.

Borjas' (2006) analysis for the United States suggests that internal migration of the native-born attenuates the measured impact of immigration on wages in a local labour market by 40 to 60%. Indeed, studies with narrower geographical definitions tend to estimate a smaller magnitude for the impact of migration (Longhi et al., 2010a). However, while there seems to be an impact on wages, the geographical size of the labour market does not seem to affect the findings on the employment impact of migration.

The “spatial approach” that looks at cities or regions in estimating the impact of immigration has been debated extensively, as it can potentially underestimate the true impact at the national level if native workers relocate to other cities or regions (see Box 3.2). Borjas (2003) proposes a national approach where the analysis looks at the impact of immigration at different skill groups. His findings suggest that immigration has a greater downward impact on wages than the one estimated with the spatial approach, with the elasticity in the range of 0.3-0.4. However, this approach has been criticised as it assumes that employers consider natives and migrants as perfect substitutes, although this might not be the case even when natives and migrants have similar education and experience. By relaxing this assumption, many studies find substantially lower estimates for the negative effect on wages of the low-skilled, while there is a positive effect on the wages of the high-skilled (Ottaviano and Peri, 2012 for the United States; Manacorda et al., 2012 for the United Kingdom).

Box 3.2. **Estimating the impact of migration on the labour market: the role of infra-national data**

It is difficult to estimate the true relationship between migration and local labour market outcomes, since not only migration affects the local labour market but the reverse is also true, since local labour market conditions affect the scale and type of migration. If immigrants select to settle disproportionately in cities or regions that are booming and have higher employment rate and wages, then any adverse effects of migration might be underestimated in the empirical analysis. In order to address this issue and find estimates closer to the true impact of immigration, the literature has employed two main approaches. The standard approach has been to use historical patterns of migration that are less influenced by current local labour market conditions. Since migrants tend to follow, at least to a significant degree, past patterns of migration when they settle locally, researchers consider the historical geographical distribution of migrants in order to predict current migratory influxes (Altonji and Card, 1991; Card, 2009; Nathan, 2011). Dustmann et al. (2005) use long time lags of the migration shares across 17 UK regions and find no impact of immigration on wages or employment of the natives. For the US Metropolitan Statistical Areas, Card (2001) finds evidence of small adverse employment effects to the low-skilled natives from immigration. Nathan (2011) applies a similar approach for 79 primary urban travel-to-work areas in the United Kingdom and finds a positive effect on wages, particularly of the high-skilled natives, and a negative effect on employment of the low-skilled natives.

This approach has been criticised since previous waves of migrant flows might have been based on anticipation of future local economic conditions. In order to address these concerns, alternative instruments have been used to predict geographical patterns of migration, like ports and land borders as plausible entry points in a country (Ottaviano and Peri, 2006; Bellini et al., 2013). Ottaviano and Peri (2006) use the distance of US cities from Miami, New York and Los Angeles, in order to predict their share of immigrants. “They find that the share of foreign-born in employment is positively related with the average prevailing wages in the city.

The alternative approach that the literature has used is to examine natural experiments that have drastically increased the migration flow into an area. This literature is much more limited and, because of the specific local contacts, difficult to generalize. Card (1990) examined the influx of 125 000 Cuban migrants in Miami after a change of policy in Cuba in 1980. The so-called “Mariel boatlift” increased the

Box 3.2. Estimating the impact of migration on the labour market: the role of infra-national data (cont.)

migrant population of Miami by 7%, but Card (1990) found no significant impact on native labour market outcomes, even for the low-skilled or earlier waves of Cubans. Besides examining natives' outward mobility as a plausible explanation, subsequent research has suggested that this puzzling outcome might be due to adoption of labour-intensive production technologies by local employers that made use of the increased supply of cheap labour (Lewis, 2004). Other natural experiments that have been studied are the repatriation of the Algerian *pieds noirs* to France in 1962 (Hunt, 1992) or the *retornados* from Angola and Mozambique to Portugal (Carrington and di Lima, 1996), as well as immigration from former Yugoslavia to Western Europe in the 1990s following the conflicts during the separation of the country (Angrist and Kugler, 2003). A recent study by Balkan and Tumen (2015) looked at the impact of displaced Syrians in Turkey's border regions with Syria on prices and labour market outcomes. They find that while prices fell significantly in sectors that (informally) employ Syrian refugees, wages and employment of natives were not negatively affected.

The papers discussed above measure local effects for different educational and occupational levels by comparing the evolution of wages in an area that received high numbers of migrants to the evolution of wages in other areas with less immigration. However, such measures can be biased for a number of reasons.

First, the mentioned possibility that immigration causes the outflow of natives to other areas, but also the inflow of natives to this area from other regions, can be changing the composition of the local population. Consider the following example: as a response to high immigration, within each education category, high-wage natives move to other areas, whereas the low-wage natives stay. The average wage of natives will be perceived to have fallen, because the composition of the population is now different. Even if stayers enjoy a modest rise in their wages, the observed average wage of natives is lower. One would thus wrongly conclude that migration caused wages to fall, while in fact wages have increased. Ortega and Verdugo (2015) tackle this issue by looking at whether migration caused an outflow of natives, and if so, whether predominantly high- or low educated natives changed location. They indeed find strong evidence that low-educated natives are more likely to leave the area as a response to increased immigration than those with higher education. Thus, simply comparing pre- and post-immigration wages without accounting for the mobility of natives and their wage structure is likely to produce misleading results about the impact of immigrants on local wages.

Second, natives' response to migration can be to move up the task or occupation ladder. For example, a native carpenter could hire an immigrant carpenter to take over his and her manual tasks and then spend more time on sales, marketing or business development. Evidence of such upward task mobility among natives has been found in Switzerland (Beerli and Peri, 2015), the United States (Peri and Sparber, 2009), in Denmark (Foged and Peri, 2015) and more generally in Europe (D'Amuri and Peri, 2014). These studies find that low-skilled natives move from manually-intensive occupations to more communication-intensive occupations, where they have a comparative advantage vis-a-vis immigrants. Thus, simply comparing wages within each occupation is also prone to a downward bias, as those natives who did not move up to a different occupation might have been the ones with lower wages to begin with.

Third, if an area's wages change greatly compared to other areas in the country, there are general equilibrium effects that will push them towards the level of the rest of the country. Localised shocks can have an impact on the rest of the economy through changes in employment, wages and local prices (Moretti, 2011). For example, if natives leave as a reaction to local labour market shocks, it might equalize wages across locations. Immigration will then not have a local but a national impact, as discussed in Borjas (2006). Furthermore, even in the absence of labour mobility, if there is capital or product mobility, non-immigration areas will be affected, thus dampening the initial local area effect. Given that within a country, labour, product and capital are considered relatively mobile, the general equilibrium response is plausible. This response implies that the local effect is dissipated nation-wide, thus limiting the scope for measuring it at the local level.

* The hypothesis is that the foreign-born share is exogenous since it is based on the predetermined physical distance of the cities, rather than the current economic situation.

Several studies have attempted to combine an analysis of the impact on the various skill groups with a regional approach (Card, 2009; Dustmann et al., 2013; Ortega and Verdugo, 2014). Typically, this literature does not look specifically at the local impact but uses the variation across regions to identify average effects. Often, rather than focusing on skill groups for such analysis, occupational groups have been used. Studies for UK regions tend to find a small downward impact of immigration on wages in elementary service occupations (Nickell and Salehen, 2009; Gordon and Kaplanis, 2014). The advantage of using occupational groups rather than educational groups is that this way captures more accurately where the migrant workers are actually placed in the local labour market and what jobs they do that might not correspond to their formal qualifications.⁴ Therefore, a comparison of the migrants with natives who hold similar formal qualification levels could be problematic, since migrants might not compete with them but with natives with lower qualifications, at least initially. Dustmann et al. (2013) argue that the initial skills downgrading of migrant workers might blur the estimates of the impact of migration found in previous studies. In their analysis for 17 UK regions, they take into account that migrants and natives might not compete within the same skill group and find that immigration has a negative effect for those natives with low wages and a slight positive effect for those natives with high wages. Overall, there is a small positive impact on the average native wage.

Table 3.1 summarises the results of the literature on the labour market impact of immigration. The first panel looks at the impact on natives' wages from 1 percentage point rise in the immigrant share of the labour force, while the second panel at the impact on employment or unemployment rates of natives. The results vary substantially from study to study, depending on country-specific characteristics, the geographical definitions used and the reference period of the study. Overall, the estimated impact tends to be insignificant, while some studies find small effects (both negative and positive, depending on the study). The magnitude tends to be larger if estimated at the national level and is more pronounced on the low-skilled end, whereas the high-skilled sometimes tend to benefit. Given the variation in results, research that uses meta-analysis has tried to make findings comparable in a consistent way. Longhi et al. (2005) reviewed 18 comparable empirical studies and found that with a 1 percentage point increase of the proportion of immigrants in the workforce, local wages fall just 0.12%. Since migrants often only constitute a relatively small part of the population, this would imply an almost negligible fall in the wages. A recent meta-analysis by Kerr and Kerr (2011) updates the list of papers estimating the effect of immigration on wages. Results from more recent papers are very similar to Longhi et al. (2005). Of the 28 countries and studies reviewed, 13 find no significant effect, 7 find a small positive effect (0.01% is the highest positive impact found) and 8 find a small negative effect. A similar meta-analysis for employment has shown that a 1 percentage point increase in the share of immigrants has an almost negligible impact on the native employment, reducing it by 0.024% (Longhi et al., 2006). Overall, only about half of studies found a downward effect on wages or employment that is statistically significant at the 10% level (Longhi et al., 2010b).

It is clear that is difficult to make comparisons across countries and studies, but a comparison is more meaningful for the studies that use similar methodologies for different spatial scales. Borjas (1997) finds that the effects are smaller in magnitude for cities, possibly due to the mentioned mobility response of natives, and get stronger for states and regions.

As mentioned, an important shortcoming of most studies is that they predominantly look at average effects, and only few studies compare the effects across regions. However, it is possible that the effects are non-linear – that is, the impact increases disproportionately with the size of the immigrant population. In this case, there may be a strong impact in a few areas with a very large immigrant concentration.

Table 3.1. **Overview of studies on the labour market impact of migration using national and sub-national data**

A. Impact on wages of native-born					
Country	Reference Period	Author(s)	Year of publication	Spatial level	Impact of a 1 percentage point increase in the immigrant share of the labour force
Australia	1982-96	Addison and Worswick	2002	States (6)	No significant impact
Austria	1988-91	Winter-Ebmer and Zweimüller	1996	Regions (93)	+2.1% to +3.7% (for young native blue collar workers)
France	1962, 1968	Hunt	1992	National; Major Regions (9); Regions (21)	No significant impact
France	1976-2007	Ortega and Verdugo	2015	Commuting zones (297 <i>zones d'emploi</i>)	-0.36% (for low-educated natives in non-tradable sectors)
Israel	1990-1994	Friedberg	2001	National	No significant impact
Italy	1986-95	Gavosto et al.	1999	Regions (20)	+0.1%
Netherlands	1997-98	Zorlu and Hartog	2005	Municipalities (548)	-0.4% to +0.6%
Norway	1989, 1996	Zorlu and Hartog	2005	Counties (19)	+0.2% to +0.9%
Portugal	1974-76	Carrington and de Lima	1996	Districts (18)	No significant impact
Spain	1989-92	Dolado et al.	1996	Provinces (50)	+0.03% to +0.05%
Spain	1991-2002	Carrasco et al.	2008	National; Regions (17)	No significant impact
Switzerland	1999-2007	Beerli and Peri	2015	Regions	No significant impact
United Kingdom	1992-2000	Dustmann et al.	2005	Regions (17)	No significant impact
United Kingdom	1997-98	Zorlu and Hartog	2005	Counties (66)	No significant impact
United Kingdom	1997-2005	Dustmann et al.	2013	Regions (17)	-0.5% in 1st wage decile. +0.6% for wages at the median. +0.4% in 9th wage decile.
United States	1979-85	Card	1990	City (Miami)	No significant impact
United States	1960-90	Borjas et al.	1997	Cities (Metropolitan Statistical Areas)	No significant impact
United States	1989	Card	2001	Cities (175 largest Metropolitan Statistical Areas)	-0.04% to 0.6%
United States	1960-2000	Borjas	2003	National	-0.4% to -0.3%
United States	1990-2006	Ottaviano and Peri	2012	National	+0.6% to +1.7% (for low educated natives)
United States	1972-1983	Peri and Yasenov	2015	City (Miami)	No effect
United States	1960-2000	Peri and Sparber	2009	States	+0.03%
Western Germany	1996-2001	Glitz	2012	Labour market regions (112)	No significant impact
Meta-analysis (multiple studies)					
18 studies for various OECD countries		Longhi et al.	2005	Various	No significant impact
22 studies for various OECD countries		Kerr and Kerr	2011	Various	9 studies: no significant impact; 6 studies: positive impact, but less than 0.1%; 7 studies: negative impact, near zero.

Table 3.1. **Overview of studies on the labour market impact of migration using national and sub-national data (cont.)**

B. Impact on employment and unemployment					
Country	Reference Period	Author(s)	Year of publication	Spatial level	Impact of a 1 percentage point increase in the immigrant share of the labour force
Australia	1982-96	Addison and Worswick	2002	States (6)	U: no significant impact
France	1962	Hunt	1992	Regions (21)	U: +0.2%
France	1976-2007	Ortega and Verdugo	2015	Commuting zones (297 <i>zones d'emploi</i>)	E: no significant impact (of low-educated immigrants on native blue-collar workers)
Portugal	1974-76	Carrington and de Lima	1996	National	U: +0.24% E: no significant impact
Spain	1989-92	Dolado et al.	1996	Provinces (50)	E: no effect for low skilled, positive effect (0.05%) on total employment
Spain	1991 and 2001	Carrasco et al.	2008	Regions (17)	E: no effect
United Kingdom	1983-2000	Dustmann et al.	2005	Regions (17)	U: no significant impact
United States	1989	Card	1990	City (Miami)	U: no significant impact
United States	1972-79	Peri and Yasenov	2015	City (Miami)	E: no effect U: no effect
United States	1970-80	Altonji and Card	1991	Metropolitan Statistical Areas	E and U: no significant effect, at all skill levels
United States	1985-90	Card	2001	Cities (175 largest Metropolitan Statistical Areas)	E: -0.05% to -0.1%
Western Germany	1985-89	Pischke and Velling	1997	Regions (167 labour market regions)	E and U: no significant impact
Western Germany	1996-2001	Glitz	2012	Labor market regions (112)	E: -0.13% to -0.35%
various EU countries	1983-99	Angrist and Kugler	2003	National	E: -0.07% to -0.02%
Meta-analysis (multiple studies)					
9 studies for various OECD countries		Longhi et al.	2006	Various	E: -0.024% (unweighted mean) range: -0.39% to 6.2%

Note: W = wages, E = Employment rate, U = Unemployment rate.

Source: See References at the end.

This is an underexplored issue on which further research is needed. Indeed, the few studies that have looked into this issue suggest that for areas that have experienced large influxes of immigrants, the impact can indeed be quite substantive. For example, estimates by Card (2001) suggest that, in cities like Los Angeles and Miami that saw large increases in their immigrant flows during 1985-90 of mainly low-skilled migrants, the wages were reduced by up to 3% for low-skilled occupations. Ottaviano and Peri (2006), in contrast, find that the increase in the share of the foreign-born by 25 percentage points in Los Angeles during 1970-90 has been associated with an increase in average wages of the natives by 14.5%.

There are fewer studies examining the effect of migration on employment or unemployment rates. The majority of studies tend to find no or only a small negative impact on the employment rate. Again, although the average effect is often small, when one looks at the cities or regions that accounted for the bulk of the immigrant inflow, the estimated impact has been often larger. For example, Hunt (1992) argues that the estimated impact from 1 percentage point increase in the proportion of French repatriates raised unemployment on average by 0.2 percentage points. Hence, in departments such as Var, where the share of repatriates increased by 7 percentage points between 1962 and 1968, unemployment increased by up to 1.4 percentage points.

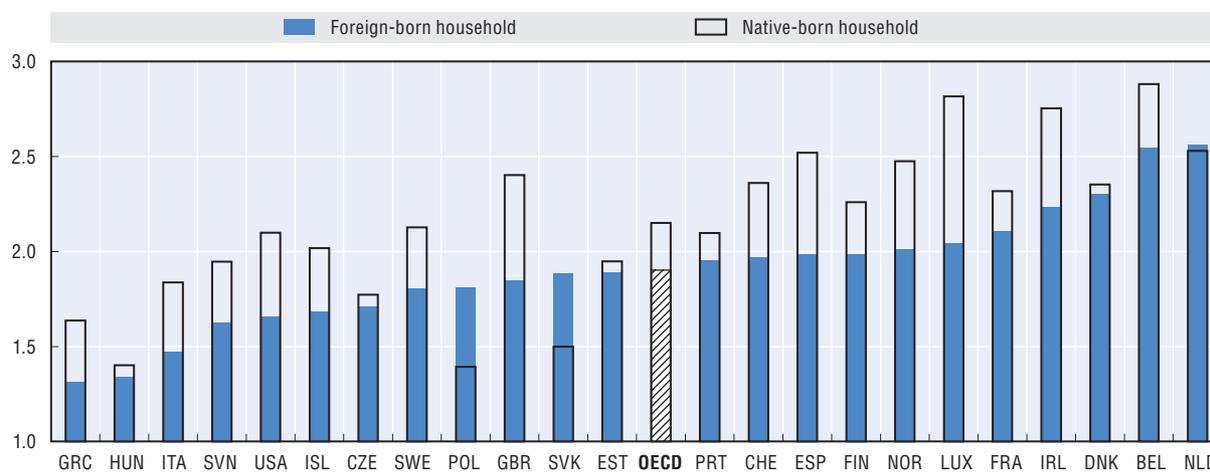
The impact of migration on housing

Overview

Even though the majority of studies on the local impact of migration focus on the labour market, its impact on housing is an important issue as well, not least because housing costs account for a significant proportion of many households' budgets. Furthermore, many native-born see immigrants as direct competitors when it comes to the availability of affordable housing in their cities. For instance, a YouGov poll from June 2013 has shown that the British perceived migration to be the biggest cause of housing shortages. The impact of migration on the availability of affordable housing in the United Kingdom was perceived to be greater than the impact of the economic downturn or other factors such as the lack of available social housing or the lack of government investment into new homes (Duffy and Frere-Smith, 2014). On the other hand, immigrant workers are overrepresented in the construction sector in most countries (OECD, 2009) and thus also contribute to the construction of new housing. Furthermore, data have shown that in the large majority of countries, immigrants occupy on average fewer rooms per person than the native-born (Figure 3.4). The difference is particularly large in countries such as Ireland, Luxemburg, Spain, and the United Kingdom, where persons in native-born households occupy at least half a room more than persons in immigrant households. The only countries where persons in immigrant households have more rooms at their disposal than persons in native-born household are Poland and the Slovak Republic, which have small immigrant populations (OECD and European Union, 2015).

Thus far, most studies on this topic have looked into the impact of migration on rents and housing prices. The first part of this section will deal with these two points. Another important issue is the impact on social housing and possible competition with native-born, which is covered in the second part. With the current large inflows of asylum seekers into many European OECD countries, the issue accommodation of asylum seekers and the incurring costs for the host municipalities are of specific importance and will be dealt with

Figure 3.4. **Average number of rooms per occupant by immigration status of the household, selected OECD countries, 2013**



Notes: "immigrant household" refers to households where all heads of household are foreign-born. Children are considered as half a person. Rooms considered include only bedrooms and living-rooms. The OECD average is the average of all countries presented in the chart.

Source: European countries: Survey on Income and Living Conditions 2013 (Eurostat); United States: American Community Survey 2013.

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in the third part of this section. There are also several other issues related to housing such as the segregation and housing quality. While clearly linked with housing, these issues are mainly related to the question of how well migrants are integrated in their host country's society and are therefore beyond the scope of this paper.

As has been the case for the labour market, when looking at the impact of immigration on housing it is important to account for the fact that the concentration of immigrants varies strongly from city to city and even between neighbourhoods of the same city. Again similar to the labour market impact, higher levels of immigration might trigger outward-migration of natives to other neighbourhoods or municipalities, which also impacts on housing demand and prices at the local scale (see Sá, 2014). Furthermore, it is generally the local authorities who are responsible for the provision of social housing and the accommodation of refugees and asylum seekers. For all these reasons, outcomes at the local level might differ significantly from the aggregated national outcomes.

The bulk of literature comes from long-standing migration countries and settlement countries like the United States, Canada, New Zealand, the United Kingdom and (to a lesser extent) Germany and Switzerland. Most of the studies only cover one country (or even only one city) at the time; there has been no comprehensive international comparative study to date.

Impact on housing demand, housing prices and rents

Migration affects housing demand, since newly arrived immigrants require accommodation and emigrants leave vacancies. In combination with an upward-sloping housing supply, this increase of demand will lead to an increase in house prices and rents and the construction of new housing units in the long run. In places where the housing supply is price-inelastic, an increase in migration is expected to translate into larger increases in the housing prices than in places where the housing supply can more easily expand. However, as just mentioned, in the longer run, immigration might also cause some outward-migration by previous residents, which can at least partially offset the initial increase in population size caused by migration, and thus dampen the impact on the housing market (Sá, 2014).

More generally, there are significant differences in the impact of migration on both house prices and rents between the short- and the long-term. Since housing supply tends to be rather inelastic in the short term, the impact of migration appears to be larger in the short term (Saiz, 2003a), while studies which focus on the long-term impact tend to find a smaller impact (Stillman and Maré, 2008; Akbari and Aydede, 2012; Greulich et al., 2004).

Housing prices are not only affected by changes in the population, but also by other factors such as interest rates and the economic situation of the local area. This economic situation itself affects migration (and vice versa), which makes it difficult to establish causality between these variables. For example, newly-arrived labour migrants tend to locate in regions with good economic prospects and thus with likely rising housing prices for the near future. In contrast, the inflow of immigrants might also influence the economic expectations of natives which can in turn affect their housing decisions (Fry, 2014). Furthermore, if immigration causes outward-migration of previous residents, this will change the composition of the local population. If the inward migrants have other preferences and or financial means than the out-movers, this can affect housing demand via an income effect (Sá, 2014).

In order to capture the effect of migration on house prices (and rents), most studies use an empirical model similar to the one used by Saiz (2003b, 2007) which considers initial city characteristics, changes in city attributes and national trends and economic variables (see Box 3.3). Furthermore, many studies discussed in this section make use of an instrumental variable approach to address the issue that migration itself might be endogenous to the evolution of housing prices, for example if migrants prefer to settle in areas with lower house price inflation. However, the studies differ significantly in the level of geographic disaggregation used and range from the regional to the neighbourhood level.

Box 3.3. A model of the impact of migration on housing prices

The first systematic studies looking at the influence of immigration on housing values and rents in an analytical way using an empirical model were by Saiz (2003b, 2007). His empirical model was subsequently adapted by many other studies. The model takes the following form for a number of cities (subscript k) and years (subscript t):

$$\Delta \ln(r_{kt}) = \beta \cdot \frac{\text{immigrants}_{kt-1}}{\text{population}_{kt-2}} + \alpha \cdot X_k + \Pi \cdot W_{kt-1} + \mu \cdot \Delta Z_{kt-1} + \Lambda_t + \Delta \varepsilon_{kt}$$

The dependent variable is the annual change in the log of rents. By taking differences in the rent series, the model eliminates the impact of city-specific characteristics that account for rent levels and might be correlated with immigrant settlement pattern. The main independent variable is the annual inflow of immigrants, divided by the initial population (that is, prior to the inflow). β has an intuitive interpretation as the percentage point change in rents if there is an immigrant inflow equal to 1% of the city's original population. X_k stands for a vector of initial city attributes such as the crime rate, local amenities and other factors such as the initial share of population with a bachelor's degree. W_{kt-1} stands for lagged city characteristics such as the local unemployment rate and ΔZ_{kt-1} stands for changes in city attributes like changes in local income. Finally, Λ_t are year dummies which capture national trends in inflation and other national economic variables.

Studies that looked at the effect of migration on housing prices find on average that for each one percentage point increase in the immigrant share in the population, house prices increase between 0% in Canada (Akbari et al., 2012) to 1.6% in Spain and 2.7% in Switzerland. The largest positive impact of migration on housing prices was found at the regional level in Switzerland and Spain.⁵ Degen and Fischer (2010) conducted a study for 85 Swiss districts and found that from 2001 to 2006, a one percentage point increase of immigrants in a given district is associated with a 2.7% increase in prices for single-family homes. The overall immigration effect for single-family houses captured therefore almost two-thirds of the total house price increase in this time period. Gonzales and Ortega (2013) found a slightly smaller effect of immigration on housing prices in Spanish provinces. The average Spanish province received between 1998 and 2008 an immigrant inflow equal to 17% of its initial working-age population. They find that a 1 percentage point increase in the share of immigrants raises housing prices by 1 to 1.6% in the following year and increases the number of dwellings by 0.8 to 1%.

Smaller positive effects were found in studies for Canada and New Zealand, which all used census data for their calculations. Akbari and Aydede (2012), looking at Canadian census divisions⁶ for the years 1996 to 2006, found that recently-arrived migrants had no impact on housing prices and that only immigrants who had been in the country for more than ten years have had a significant, but very small impact. They suggest that out-migration of natives or the increased supply of housing might explain these small effects. A study by Stillman and Maré (2008), which looked at the house prices at regional level in New Zealand, found that in general a 1% increase in a region's population was associated with a 0.2 to 0.5% increase in local housing prices. In their study, immigration had no impact on housing prices on a local level, although there appears to be a correlation on the national level. In contrast, New Zealanders returning to the country increase housing prices. A 1 percentage point increase of returning nationals is associated with a 6% to 9% increase in local housing prices.⁷

In contrast to the studies discussed above which look at larger areas, available studies for the municipality and neighbourhood level show different outcomes in regard to the impact of migration on house prices, in both magnitude and sign. Table 3.2 summarises the results. A study carried out by Sá (2014), using data for 2004 to 2010 disaggregated by local authority, found that migration to the United Kingdom had in fact a negative effect on housing prices. An increase in the immigrant share of the local population by 1 percentage point reduced house prices by 1.7%. This effect was mainly driven by areas with a high concentration of low-educated immigrants and out-migration of natives with higher wages.

Table 3.2. **Empirical studies on the impact of immigration on housing prices**

Spatial level	Country	Author	Year of publication	Impact of a 1 percentage point increase in the immigrant share in the population
National	New Zealand	Coleman and Landon-Lane	2007	+8 to 12%
National	New Zealand	McDonald	2013	+8%
Regional	Canada	Latif	2015	+0.14 to +0.17%
Regional	Canada	Akbari and Aydede	2012	+0.10 to +0.12% (impact only significant for immigrants who settled at least 10 years earlier)
Regional	New Zealand	Stillman and Maré	2008	No significant impact
Regional	Spain	Gonzales and Ortega	2009	+1 to +1.6%
Regional	Switzerland	Degen and Fischer	2010	+2.7%
Local	United Kingdom	Sá	2014	-1.7%
Neighbourhood	United States	Saiz and Wachter	2006	-0.16%

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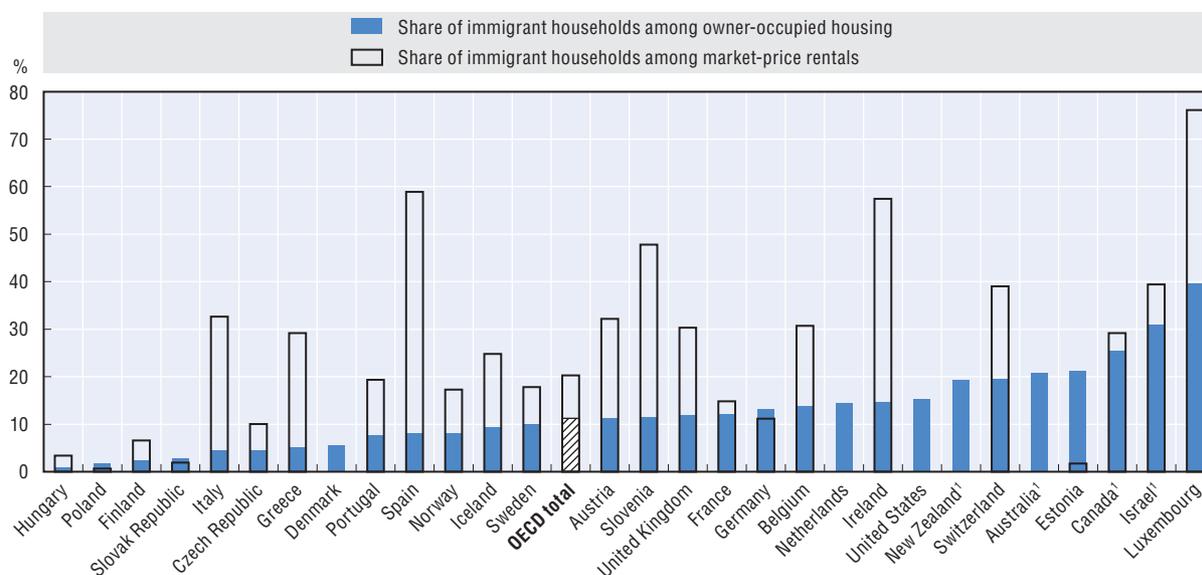
As for the United States, Saiz and Wachter (2011) look at different neighbourhoods in metropolitan areas and find that between 1980 and 2000, housing values have grown more slowly in neighbourhoods with increasing immigrant density. Like Sá (2014), Saiz and Wachter (2011) relate this outcome to the phenomenon of “native flight” where natives move out of neighbourhoods in which the shares of low-educated, non-white immigrants increase. The same results were found by Saiz (2011), who examined the impact of Hispanic immigration into US cities. While he found that on a metropolitan area level, a rise in the Hispanic population led to an increase in house prices, the opposite holds on the

neighbourhood level. Neighbourhoods with increasing Hispanic share experienced comparatively slower house price appreciations. He argues that this is due to the forming of enclaves that other residents consider to be less attractive places to live.

Figure 3.5 shows the share of foreign-born household among owner-occupied and rented dwellings at market rate in OECD countries. On average, foreign-born households account for about 10% of the owner-occupied housing and for about 20% of rentals at market price. Indeed, in the large majority of OECD countries, immigrants are less likely to be home owners than natives. Figure 3.6 shows that on average in the OECD, 46% of immigrants are home owners, compared with 67% of natives. In most countries, adjusting for immigrants' age and income reduces the gap, but in the large majority of OECD countries, differences in home ownership remain.

Figure 3.5. **Share of immigrant households among all owner-occupied and rented dwellings, 2012**

As a percentage of all dwellings



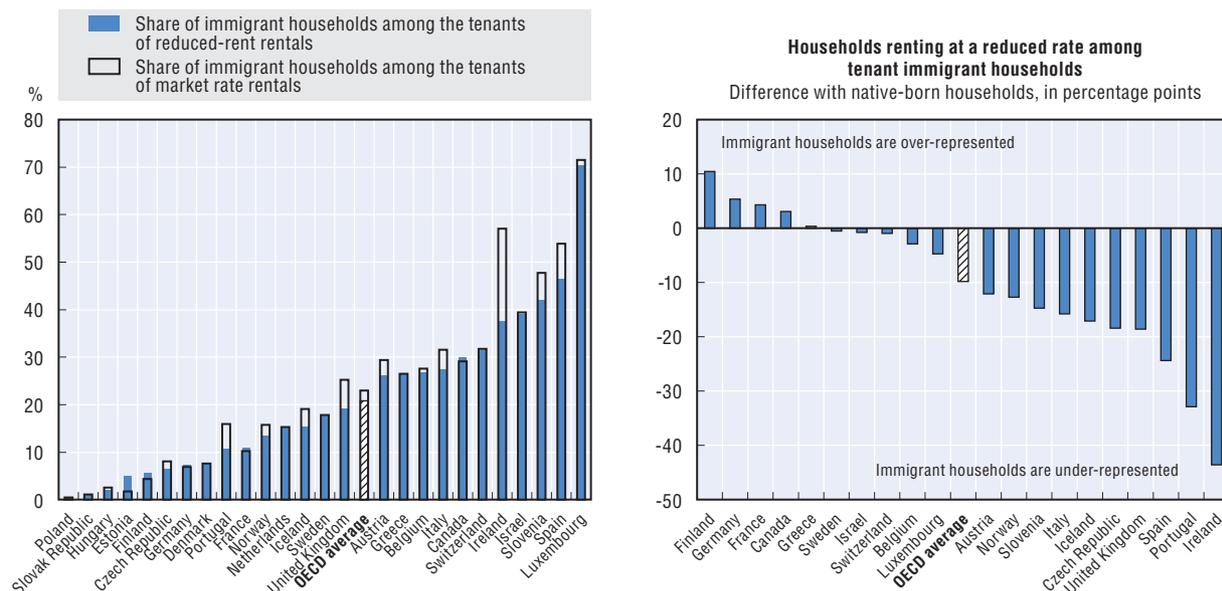
Notes: "immigrant household" refers to households where at least one of the heads of household is foreign-born.

1. For these countries "immigrant households" refers to households where all heads are foreign-born.

Source: European countries: Statistics on Income and Living Conditions (Eurostat) 2012; Australia: Census on Population and Housing 2011; Canada: National Household Survey 2011; Israel: Household Expenditure Survey 2012; New Zealand: Household Economic Survey 2013; United States: American Community Survey 2012.

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In many countries, renting markets are regulated. This might distort the effects of migration on rent levels and makes it difficult to estimate the real impact of migration. For example, Switzerland applies a system of so-called cost rents (*Kostenmiete*). Landlords can only raise rents for existing tenancy agreements if their maintenance costs are increasing, but not in response to increased demand. This can lead to lock-in effects, little turn-over and high competition for the small share of vacant apartments with the result of disproportionately high rents for new tenants. Therefore, in Switzerland, migration is likely to increase rental prices since competition only takes place for a small share of new or vacant apartments while tenants with an existing rent agreement still benefit from their "old" low rents (Schellenbauer, 2011).⁸

Figure 3.6. **Immigrant households renting at a reduced-rate rent, 2012**

Note: "Immigrant household" refers to households where all heads of household are foreign-born.

Source: OECD and European Union (2015); European countries: Statistics on Income and Living Conditions (Eurostat) 2012; Canada: National Household Survey 2011; Israel: Household Expenditure Survey 2012.

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There are a number of studies which looked at the impact of migration on rents in the United States. One of the first studies was conducted by Saiz (2003a), who focused on the short-term effects of the mentioned Mariel boatlift on rents in Miami between 1987 and 1981, which increased the renter population by 9%. He found that rental prices increased by 8 to 11% during this period. In 1983, the differential increase was still 7%. Units that were occupied by poor Hispanic renters in 1979 experienced the highest rent hikes, while units in the highest quartile of the Miami rent distribution were not affected. Greulich et al. (2004) found that monthly housing expenses were higher in metropolitan areas with larger immigrant populations. In addition, native-born households in areas with large immigrant populations also consumed fewer rooms and were more likely to reside in crowded apartments than natives residing in areas with smaller immigrant populations. However, the effects on both rent and overcrowding were comparable for both native households in direct competition with immigrants (due to similar housing patterns) and native households that were less likely to compete with migrants in the housing market. These findings thus indicate that immigration had only a small impact on the housing outcomes of the native-born (Greulich et al., 2004).

At the national level, studies suggest that immigration tends to be associated with an increase in housing prices, whereas the few studies on the local level show that the sign of the impact on the local housing prices varies.

Impact on social housing

In most countries, the housing market is not only composed of rented or owner-occupied property. Another distinct part of the housing market is social housing, which captures all kind of tenancies which are owned and supplied or subsidised by the state, the

municipalities or independent organisations, such as housing associations (Andrews et al., 2011). In general, it refers to housing that is rented at below-market rates and/or allocated by some administrative procedure instead of market mechanisms.

Across OECD countries, the structure of social housing systems varies highly. The governance of social housing is usually shared between the national and sub-national levels. In general, national governments are responsible for the overall policies and the budget, while the local governments are responsible for the programme implementation and housing allocation. In regard to migrants, the access to the public housing system differs from country to country and sometimes even within countries, since it is often the municipal level which is responsible for the allocation of social housing.

The share of social housing among tenancies differs significantly, both across and within countries. In many countries, there seems to be a positive correlation between the size of the city and the proportion of social housing (see Fougère et al., 2011 for France). Overall, social housing in OECD countries is typically concentrated in older industrialised cities and within these, in the periphery – reflecting the availability of low-cost land (Andrews et al., 2011). This concentration of social housing in specific areas and neighbourhoods in combination with targeted needs-based allocation systems can lead to spatial segregation, which is often mentioned as an issue when it comes to migrants and social housing.

In contrast to housing prices and rents, there is only little literature so far which deals with the implications of immigration on social housing. The few available studies focus on different aspects of social housing and therefore do not allow for direct cross-country comparisons as it is the case for house prices and rents. That notwithstanding, the available literature provides some important insights regarding the relations between immigration, public housing and public opinion.

Social housing is a particularly important issue because it is an area where immigrants and natives tend to be in more direct and visible competition than in other areas. In the short-run, social housing supply is inelastic and one more migrant household living in social housing translates into one less native household. Therefore, the consumption of social housing by migrants tends to be more visible for the public than the consumption of other welfare benefits (Battiston et al., 2014). This is even more the case, since unlike for housing supply allocated by the market, more demand for social housing does not necessarily translate into more supply even in the long term. The amount of available social housing is not set by the market but by political decisions of the national or local governments. In addition, even in cities with a large supply of social housing, natives might see new immigrants as rivals for social housing if most units are already occupied and there is little turn-over. Hence, the demand will concentrate on a small share of the social housing stock (which is already a small section of the total housing sector) and – at least in the short term – queues will build up. The competition for social housing becomes even more an issue in times of recession, when many OECD countries experience social housing shortages in general. Furthermore, in many countries immigrants are overrepresented in the lowest decile of the household income distribution and social housing allocation is needs-based in most countries.

The direct rivalry about access to social housing and its inelasticity in regard to higher demand might have important implications for the public opinion about migration. In the United Kingdom, migrants are seen as one of the main reasons for social housing shortages (Duffy and Frere-Smith, 2014). Furthermore, native-born even feel discriminated against

when it comes to the allocation of social housing. According to a Citizenship Survey, more than 20% of white Britons stated that they were treated worse than people of other races by social landlords. This perception to be discriminated against was significantly less in regard to the education and health systems and vis-à-vis private landlords (Battiston et al., 2014).

Such sentiments have contributed to policies which aimed at making the access to social housing more difficult for immigrants in the United Kingdom. In 2013, the government passed a statutory guidance on social housing allocations for local authorities, which was meant to “address concerns that the system favours households who have little connection to the local area over local people” (Department for Communities and Local Government, 2013). The guidance recommends a residency requirement of at least two years. Austria made social housing available to foreigners only in 2006 to comply with EU legislation.

The share of reduced-rent rentals inhabited by migrants varies greatly across countries and reflects to a large degree the population share of immigrants: while in Luxembourg, 61% of all reduced-rent rentals are occupied by immigrant households, it is less than 5% in countries such as Hungary, Portugal or the Czech Republic. On average, the share is slightly higher than the population share of immigrants. However, considering that immigrants are more likely to be tenants, they are on average actually underrepresented in social housing on average in the OECD (Figure 3.6). In the OECD, on average 13% of rentals rent at reduced rates are inhabited by migrant households, while it is 18% of all market-price rentals (OECD and European Union, 2015). For example, and in stark contrast to the mentioned public perception in the United Kingdom, already prior to the 2013 guidance immigrant tenants were almost 20 percentage points less likely than their native-born peers to live in subsidized housing.⁹

Only a handful of OECD countries, namely Finland, France, Germany and Canada, have an overrepresentation of immigrants among reduced-rate rentals. What is more, when considering the fact that immigrants tend to be concentrated in cities with a higher incidence of social housing, this overrepresentation is greatly diminished or disappears. For France, Fougère et al. (2011) looked at the housing of immigrants at the municipal level and found that in large cities, the probability of immigrants living in social housing was actually lower than that of the native-born.

The recent strong increase in asylum applications in many countries poses a number of challenges for the receiving countries and municipalities, especially in regards to housing (Box 3.4). Most asylum seekers arrive in their host countries only with little means of their own and are in many countries accommodated by the state (or rather the municipalities) in specific facilities until their asylum cases are decided.

The impact of migration on public infrastructure

An inflow of migrants to a region does not only affect house prices, rents and the consumption of social housing, but also the general public infrastructure and public services such as the education and health systems, and public transport. Like any other additional person moving into a municipality, immigrants increase the local demand for public services and have therefore an impact on their provision. However, as already mentioned, if migrants differ in their behaviour and preferences from the native-born population, there might also be a migrant-specific impact on the consumption of the different public goods.

Box 3.4. Specific issues related to the housing of asylum seekers

In most European countries, asylum seekers are accommodated in public reception centres until their cases are decided.* In other countries, such as the United States and Australia, asylum seekers are supposed to find housing independently after they are released from the initial detention centres.

As for countries which accommodate asylum seekers in reception centres, larger inflows have resource implications since governments have to provide more accommodation capacities. Yet, there are differences regarding responsibilities for the financing of these capacities. While in countries such as Belgium, France, Greece, Sweden or the United Kingdom, it is the central government's task to provide the financial means, in other countries such as Austria or Italy, the financial burden is shared between the national level and regional (in the case of Austria) or local authorities (in the case of Italy). In Germany, the costs are shared between the federal, regional and the local level. The federal states receive a fixed amount of money per month from the central government for each asylum seeker they receive. The states forward this money to the local authorities either in the form of an annual lump sum per asylum seeker or via a case-by-case reimbursement scheme. Where the lump-sum payment does not cover the full expenses for accommodation, subsistence and integration, local authorities are expected to cover the rest from their own budget. Financially speaking, the housing of asylum seekers thus affects municipalities in different OECD countries with reception centres to a varying degree.

Several OECD countries seek to distribute – or disperse – asylum seekers in locations evenly across the country to ensure an equal distribution of the costs of hosting asylum seekers (Annex Table 3.A1.1). In practice, however, even in countries with dispersal policies, asylum seekers are not equally distributed. This holds especially in countries that maintain collective reception centres, as not all municipalities have such reception centres.

Due to a lack of capacities in reception centres, many municipalities faced with a strong increase in asylum figures use hotels, schools, military barracks or even tents as emergency accommodations (EMN, 2014). The result is often overcrowding or otherwise inadequate housing conditions.

* For a detailed discussion, see EMN (2014).

Across OECD countries, arrangements vary with regard to local responsibilities for the provision and financing of public services. For example in the education system, in some countries like the United States, schools are administrated by local school boards and jointly financed by the local, state and federal level.¹⁰ Schools in the United Kingdom are administrated by the local government authorities, but financed through grants by the central government. In Germany on the other hand, both the funding and organisation of schooling is a regional (*Länder*) responsibility. However, even if municipalities are not responsible themselves for the provision and financing of a specific public good, increasing numbers of immigrants still have a local impact, especially where there is competition in consumption and where the supply is fixed or inelastic in the short term. In most cases, it takes some time (and money) for services to expand to cope with higher demand.

There are several studies which analyse the impact of migrants on infrastructure at both the local and the aggregated national level. In addition, the bulk of the literature on the impact of migration on the public infrastructure to date has been qualitative or anecdotal. The scarce empirical literature mainly relates to the United States, Canada and the United Kingdom.

Impact on the school system

Immigrant students do not only add to the number of pupils in the classroom, but may also need additional help, such as intensive language training or – in the case of refugee children – psychological support. Particularly when there is a sudden inflow of newly-arrived children, as recently experienced by several European OECD countries in the context of the refugee crisis, classrooms can become overcrowded. What is more, integrating these children is often more resource-intensive, particularly in the early phase after arrival in the new host country. Additional funding is thus often needed to successfully integrate immigrant children into schools. However, funds are not always available or are only adapted infrequently, which complicates the organisation of integration measures and adds to the cost for the local public purse (see below). In many countries, funding is based on a school census and determined at the beginning of the school year. Thus, there is often no additional budget for immigrant students who arrived during the year (George et al., 2011).

Moreover, there have been concerns that the presence of children of immigrants can negatively affect the educational outcomes of their native-born peers, particularly if the former have language difficulties and/or low-educated immigrant parents. In classrooms with many immigrant students teachers may be overburdened, not adequately prepared or spend considerably more time on immigrant students – potentially at the expense of native-born pupils. Additionally, in most OECD countries, on average immigrant students perform worse than their native-born peers (OECD and European Union, 2015). This gap often decreases considerably when controlling for socio-economic background, yet in many OECD countries differences remain. Evidence also shows that immigrant students who arrive at a later age often face more difficulties in school than those who immigrated as young children (OECD, 2012).

Lastly, the literature has been discussing whether higher immigration increases ‘white flight’ – a phenomenon where more affluent, white or non-immigrant parents move away from disadvantaged neighbourhoods and enrol their children elsewhere, thereby increasing residential and school segregation along class and ethnic lines.¹¹

However, the impact of immigrant students on the quality of the education and schooling system, especially on the local and neighbourhood level, is far from clear. As immigrant families often settle in disadvantaged neighbourhoods, the schools that immigrant students attend often already have a considerable share of disadvantaged native-born students, including native-born students with immigrant parents. Therefore, this sorting almost automatically leads to a negative correlation between the share of immigrant students in a school and the test scores of native-born students (see Brunello and Rocco, 2011). To disentangle such effects, studies estimating the impact of immigrant students on their peers therefore need to take students’ socio-economic background into account.

Several studies have looked at the impact of immigrant students on the school performance of native-born students in different OECD countries. Gould et al. (2009) have examined the impact of the large inflow of Jewish immigrants from the former Soviet Union on the performance of native Israeli students. To avoid selection bias, they exploit the random allocation of students to the 5th grade and additionally control for the share of immigrants in the 4th and 5th grade. Findings suggest that the presence of immigrants reduces the chances of native-born students to pass the high school-leaving exam, which

is the prerequisite for enrolling in university. Similar results were found by Jensen and Rasmussen (2011) who study immigrant peer effects in Denmark. Even after controlling for potential parental sorting across neighbourhoods by using an instrumental variable approach, immigrant concentration seems to remain important in determining mathematics test scores of both native-born and immigrant students.

In contrast, Ohinata and van Ours (2011) do not find strong evidence for the Netherlands that the presence of children of immigrants in the classroom negatively impacts on the educational outcomes of children of native-born. Immigrant children, however, are found to experience negative language spill-over effects from a high share of immigrant children in their class, yet no such effects are found for maths or science skills. Similar results are found by Schneeweis (2013), who studies the impact of immigrant concentration in primary schools on educational outcomes of native and immigrant students in a major Austrian city. She finds that spill-over effects are particularly strong among students from the same area of origin, indicating that peer groups in schools form along ethnic and linguistic lines. Lastly, a study from the United Kingdom, having controlled for some basic characteristic of the native-born students, does not find any correlation between the share of immigrant students and the performance of their native-born peers (Geay et al., 2012). Qualitative research from the United Kingdom even suggests that immigration might have positive impacts on the educational achievements of native-born students (Poppleton et al., 2013). Teachers who were interviewed for the study stated that support measures for immigrant students also benefitted their native-born peers. Furthermore, immigrant children were often viewed as attentive and eager to learn – attitudes that might have a positive effect on the overall learning climate.

Although the evidence on the impact of immigrant students on native-born learners is mixed, it nevertheless demonstrates that it is not the concentration of immigrant students *per se*, but rather its combination with the concentration of socio-economic disadvantage of all students that matters. Lemaître (2012) finds that in many OECD countries going to a disadvantaged school, i.e. a school with high shares of students with low-educated parents, has a larger effect on education outcomes than parental country of origin or predominantly speaking a foreign language at home. Instead, attending a disadvantaged school has a strong adverse impact on reading performance regardless of the students' country of birth. Similar to the findings for Austria (Schneeweis, 2013) and the Netherlands (Ohinata and van Ours, 2011), the penalty for going to a disadvantaged school is even higher for children of immigrants than for the native-born.

Lastly, the literature has investigated whether a large influx of immigrant students can trigger native-born parents to send their children to schools where shares of immigrant students are smaller, thereby increasing the concentration of disadvantage in certain schools. This question was first studied by Betts and Fairlie (2003) using census data from 132 metropolitan areas in the United States. They found a significant positive link between immigration and private school enrolment for secondary schools, but not for primary schools. For every four immigrant students entering public high school, one native student is estimated to switch to a private school. The majority of students changing schools if found to be white. Furthermore, native parents seem to respond mainly to the presence of immigrant children who speak a language other than English at home. Dottori and Shen (2009) find that wealthier locals in the United States are more likely to enrol their children in private schools when the share of low-skilled immigrants is large. Similar results were found for Denmark (Gerdes, 2010). Native Danes seem to be more likely to enrol their

children in private schools when the share of children with immigrant background becomes larger in their municipalities. However, while this effect is significant in small and medium-sized municipalities, it appears to be absent in larger towns. The authors argue that this might be due to more pronounced residential segregation in larger towns. Hence, parents can move to a different school district in the same municipality where the neighbourhood composition is different and enrol their child in another public school, rather than opting for private education.

Health care system

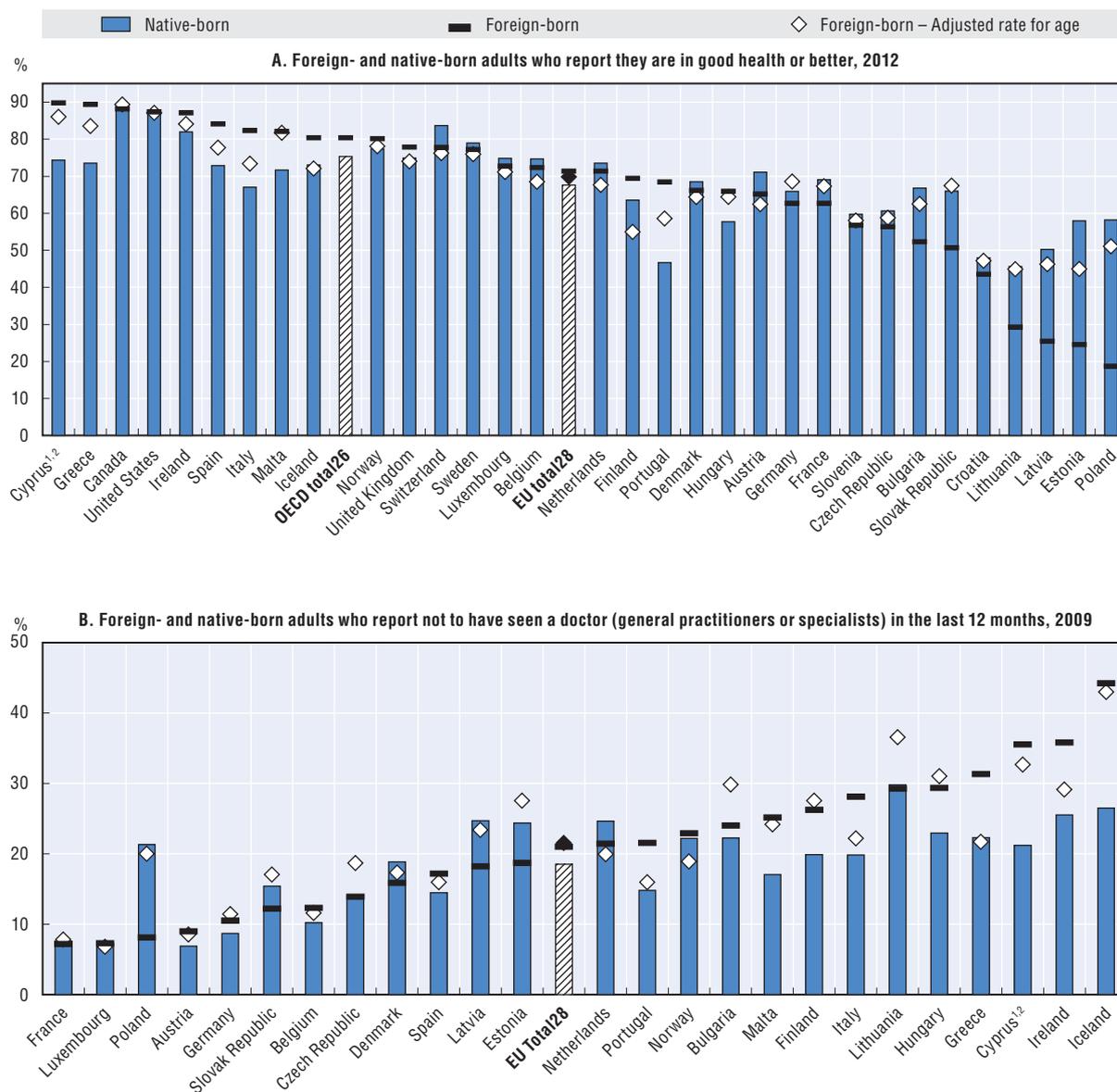
The bulk of the literature on migrants and health services has focussed on migrants' access to health care. There has been little study on the impact of migration on the (local) health care system, even though the access of migrants to the health care system is of course an important determinant of this impact. The few available studies on the impact are from the United Kingdom. As for social housing and education, there is the public perception in some countries that immigrants are taking advantage of the public health systems of the host country and are detracting the quality and efficiency of the health system as a whole. For example, in the United Kingdom media and the National Health Service were discussing "health tourism" of foreign nationals and its effects on public health services for the last years, with resulting provisions in the 2014 Immigration Act which aim at limiting the free access to health care for people who have stayed in the country for less than five years.

On average across OECD countries, immigrants actually more often report to be in good health or better than native-born do (OECD and European Union, 2015). This reflects the so-called "healthy-migrant-effect", which researchers found in several North-American and Western European countries. In addition, in most countries, the migrant population is younger than the native-born population.

In most countries, migrants do not only more often report to be in better health than native-born, they also report more often not having seen a doctor in the last 12 months (Figure 3.7). This finding is also supported by various country-specific studies. As for the United Kingdom, migrants tend to have lower rates of general practitioner (GP) registration than native-born (George et al., 2011; Hargreaves et al., 2006). In Germany, immigrants tend to visit GPs less often than the native-born. Furthermore, there are less likely to use medical preventive care and ambulant care services. On the other hand, in both countries, immigrants are more likely to come to rescue centres and emergency services. This different use of services might be related to communication and language problems and information deficits (Kohls, 2011). Furthermore, some migrant groups, notably labour migrants and students, often return to their home countries for medical treatment, which contributes to lower GP registration rates and GP visits (George et al., 2011).

However, even if these results suggest that immigrants pose a smaller per-capita burden on public health systems than the native-born, there are also some migrant-specific issues which might impose additional costs on the local health care system. In Germany, migrants are more affected by work-related accidents and inability to work than native-born, especially immigrants from Turkey (Kohls, 2011), possibly because of their high concentration in occupations with a higher accident hazard. Furthermore, several qualitative studies stated that according to local stakeholders, language interpretation and translation impose additional costs when providing health care to migrants (Scullion and Morris, 2009; Poppleton et al., 2013), although the magnitude of these additional costs is not clear.¹² There is also evidence that the health care of asylum seekers and refugees

Figure 3.7. Migrants' health status



1. Note 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".
2. 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 Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

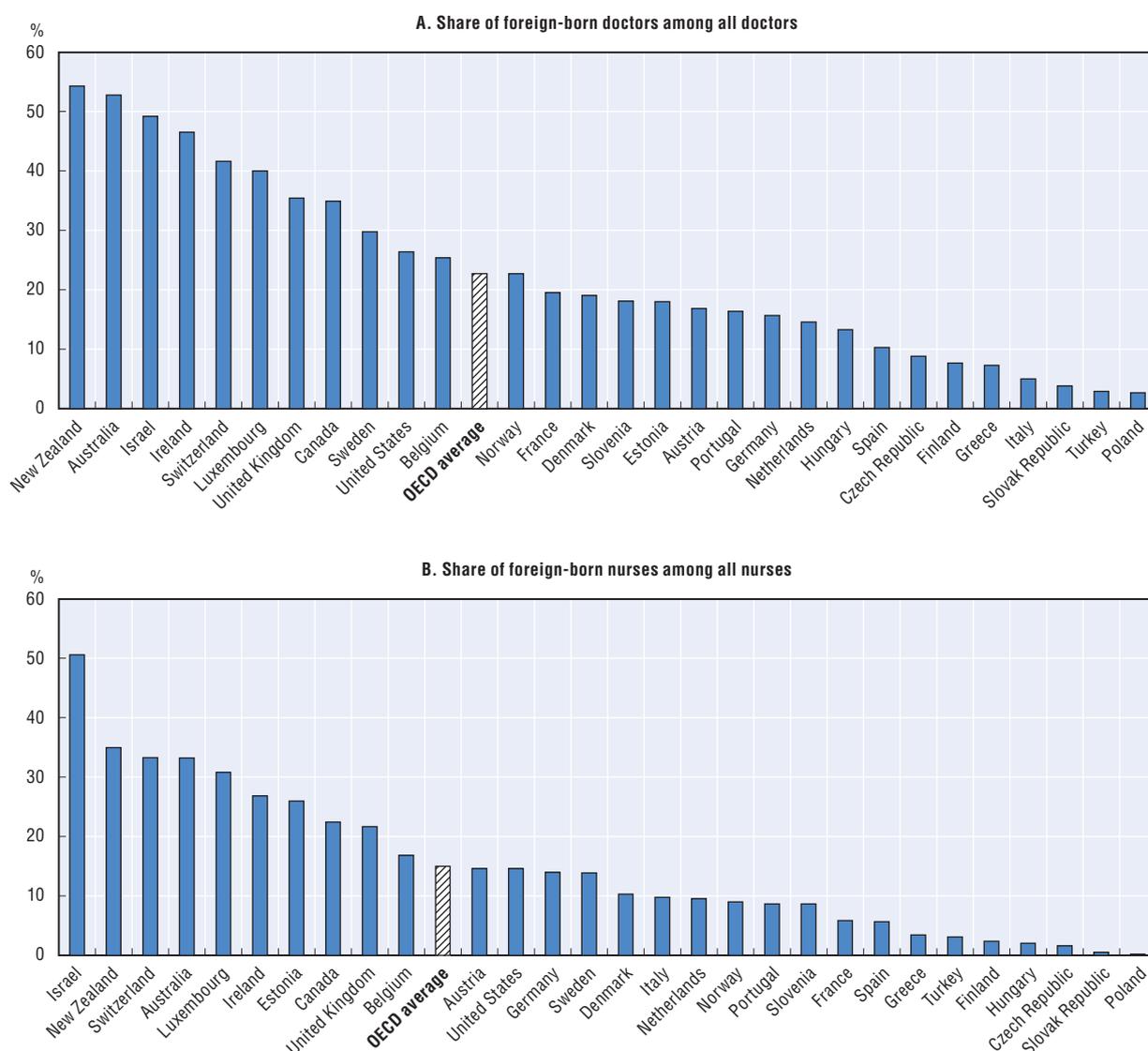
Source: Panel A: European Union Statistics on Income and Living Conditions (EU-SILC) 2012. US National Health Interview Survey (NHIS) 2012. Canadian Community Health Survey (CCHS) 2011-12. Panel B: European Union Statistics on Income and Living Conditions ad hoc module (EU-SILC) 2009.

StatLink  <http://dx.doi.org/10.1787/888933395613>

might pose additional costs on the health care systems of the receiving countries, since some of them have complex health issues related to their journey, family separation and traumas faced prior to their arrival (OECD, 2016).

In any case, any negative direct impact via use of services must be weighed against the fact that the local public health system also benefits from migration since a number of doctors and nurses are actually migrants themselves. In 2008, 35% of the doctors in the United Kingdom were foreign-born, and in New Zealand, Australia, Israel and Switzerland, the share was even higher. For nurses, the share was smaller but still significant with on average 14% of nurses being foreign-born across OECD countries (Figure 3.8), which is a much higher share than among the total population which is about 10%. Therefore, the health care systems of many OECD countries actually rely heavily on the inflow of migrants (see Mercay, Dumont and Lafortune, 2015 for an in-depth discussion).

Figure 3.8. **Share of foreign-born health professionals, 2010 and 2011**



Source: Mercay, Dumont and Lafortune (2015).

StatLink  <http://dx.doi.org/10.1787/888933395629>

Transportation

The transportation choices of immigrants and the impact of migration on both public transportation and road-use have been relatively well studied, especially in the United States. Most studies find a higher rate of public transport utilisation among immigrants than among natives, meaning that immigrants are more likely to take the bus, the train or the subway.¹³ Blumenberg and Evans (2010) find that migrants in California use public transport twice as often as native-born commuters and comprise therefore almost 50% of all commuters using public transportation in the state. Heisz and Schellenberg (2004), who look at Census Metropolitan Areas (CMA) in Canada, find similar results. These findings hold even after controlling for demographic characteristics, income, commute distance and distance from the city centre. Therefore, the higher likelihood of migrants to use public transportation cannot solely be explained by their concentration in metropolitan areas with higher public transportation provision or by possible lower incomes, which might prevent them from buying a car. However, as migrants reside longer in the host country, differences in transportation choices start to diminish, suggesting a transport assimilation of migrants with time (Tsang and Rohr, 2011).

In their study focussing on the United Kingdom, Tsang and Rohr (2011) tried to quantify the impact of non-EEA migrants on the transportation system by looking at the impact of migrants' car and public transportation use for society. Since migrants use more often public transportation than native-born, the overall impact of an additional migrant for society is less negative than the impact of a potential additional native-born.¹⁴ Due to lack of data, their analysis does not incorporate the negative impact of crowding on the public transportation system. However, the authors argue that migrants in the United Kingdom mostly rely on buses for transportation and that it is relatively easy to address crowding problems by providing more buses, either on existing routes or new routes, within a relatively short time frame. Therefore, increased patronage due to migration should not be a problem *per se*. Nevertheless, due to immigrant concentration in certain areas, possible effects of crowding and congestion will be more noticeable on the local than on the state level. Due to their distinct transportation choices and travel patterns, if anything, there may rather be an impact on the public transportation system than on the roads.

Overall, the impact of immigration on the local public infrastructure is more complex than the picture media reports and the public opinion may draw. As every other additional citizen arriving to a municipality, they generate more demand for public services. However, in regard to health and transport, there is evidence that migrants actually have less effect than native-born on these two services due to migrant-specific characteristics and preferences. Furthermore, immigrants help to tackle shortages for example in the public health care system. Nevertheless, there are also some migrant-specific issues resulting into higher costs for the public infrastructure system in the case of the education system and some specific health care services, which include language barriers.

Local fiscal impact of migration

In many countries, there is widespread concern in the public opinion about the negative impact of migration on public finances and the welfare system. The issue of fiscal impact of migration – both on the national and subnational level – has gained even more prominence with the global economic crisis, which has exacerbated imbalances in the government budgets of many OECD countries. Furthermore, western societies are ageing,

which puts additional pressure on public finances. Therefore, there has been a growing body of studies dealing with the fiscal impact of immigration on the host countries (for an overview see Liebig and Mo, 2013). Most of these studies show that at the national level migration has only a small impact on public finances and on average across the OECD, the impact is broadly neutral.

This being said, the fiscal impact on the local level might differ from the impact at the national/federal level. Local governments have other sources of revenues than the national level, which might be affected differently by higher inflows of immigrants than the revenues of the national level. For example, in most countries it is the national government that collects personal income taxes, while local governments collect property taxes (e.g. in some Scandinavian countries) or corporate income taxes (e.g. Germany). Both these taxes are less relevant for immigrants because they on average less often property owners and have smaller companies than native-born do if they are business owners (OECD and European Union, 2015).

Likewise, expenditures of municipalities are also different from the expenditures of the national government, even though it is difficult to make general statements that hold true for all OECD countries. As for the revenues, the expenditure structure of municipalities differs widely across countries. Measured as a percentage of GDP, local government expenditures in countries such as Greece or Mexico account for less than 5%, while local government expenditures account for around a quarter of the GDP in Sweden and Finland and even for more than one third in Denmark (OECD, 2013b). The services associated with the local level also differ widely. In some countries, municipalities provide mainly property-oriented services (e.g. garbage collection, road maintenance or water supply), in others their main responsibilities are services to people. There are particularly large differences across countries in regard to the extent of social service provision by local authorities. While in the Nordic countries and Germany, a substantial part of the local budget goes to the provision of social protection, there is little social service provision by the local level in some OECD settlement countries such as Canada and New Zealand (Shah, 2006). There is also significant variation of the provision of services by municipalities within countries. For example in Italy, welfare services tend to be more generous in the North than in the South of the country (Pellizzari, 2011). Therefore, the local fiscal impact of immigration is likely to vary substantially, both across and within countries.

Furthermore, there are some issues which make the analysis of the local fiscal impact trickier than the examination of the national impact: most existing data on local revenues and expenditures are approximate and presents a state- or country-wide average, thus hiding variation between the different municipalities. Furthermore, in many countries, local tax levels also differ across municipalities, depending on the degree to which local governments have tax autonomy and make use of it. As a result, there are only few studies that look at the fiscal impact of immigrants on the local level.

Most existing studies examine the situation in the United States (e.g. Clune, 1998; Garvey et al., 2002; Lee and Miller, 2002), with the exception being Wadensjö (2007) who looked at the fiscal impact of migrants in Denmark. A shortcoming of studies from the United States is that they tend to focus on the state level and make it therefore impossible to look solely at fiscal impact on the receiving municipalities. Most studies in the United States undertaken so far come to the conclusion that, in contrast to the federal level, immigration poses a fiscal burden on receiving municipalities. This can be mainly explained by immigrants' demographic and socioeconomic characteristics. In most

OECD countries, immigrants are on average younger than native-born. Furthermore, they tend to have higher fertility rates (OECD and European Union, 2015). As result, in the OECD, 41% of all immigrant households are families with children (either single adults or more than one adult with one child or more), while among the native-born households, only 28% are households with children. In countries such as Portugal, Spain or Ireland that experienced, prior to the global economic crisis, large inflows of immigrants, they tend to be largely overrepresented among households with children. The only countries where migrants live more often in households without children, are Central European and Baltic Countries, where the foreign-born population tends to be older than the native-born population (OECD and European Union, 2015).

Due to their specific demographic characteristics, in most countries migrants draw less on elderly care and pensions, which are often disbursed from the national public purse, but are more in need of childcare and schooling for their offspring, which are often paid out of the local budget. While immigrant have on average only a slightly higher take-up of unemployment benefits, they receive much more often social assistance, since in most countries foreign-born have lower incomes than the native-born (see Annex, Table 3.A1.2).¹⁵ This social assistance is often paid out of the local budget.

Since most of the services with a higher take up by foreign-born are provided by subnational governments, it is not surprising that the mentioned studies for the United States and Denmark show that immigrants tend to be a larger net fiscal burden for these authorities than native-born. For example, in New Jersey, the average immigrant household incurs a 37% higher state fiscal deficit than natives and a 59% greater local fiscal burden (Garvey et al., 2002).

Furthermore, in most countries, the national government also provides a range of “pure public goods” like defence, which are not affected by the presence of additional migrants. Therefore, migrants tend to be less of a burden for the national than for the local level.

In contrast, studies focusing on the national fiscal impact of immigration do not take integration costs into account, as these are often relatively small as a percentage of GDP (see Liebig and Mo, 2013). However, a large part of costs related to the integration of immigrants are borne by the local level, which may account for a significant part of the local budget in areas of high immigrant concentration. These may include language training and interpreting services due to language barriers, language classes for children and adults. The same can be said about the education system: in municipalities with high inflows of immigrants, new school buildings will have to be built and new teachers be hired. All these costs will often be borne by the local level, at least initially. In many cases, the national level will reimburse them at least to some extent through the provision of grants. However, this often occurs with a time lag, which is an issue in times of tight local budgets.

The fiscal impact of migration differs between groups of immigrants, and this holds equally for the local level. In particular, labour migrants tend to be less in need of integration measures than other groups like refugees. Specific issues arise from the presence of irregular migrants. A study by the Congressional Budget Office of the United States (CBO, 2007) examined the impact of irregular migrants on the budget. As for migrants in general, the authors find that irregular migrants are net contributors to the federal budget, but present a net burden to local and state budgets. In the case of irregular migrants, these differences between the federal and the subnational level tend to be more

significant, because irregular migrants are prohibited from many benefits that the federal government provides through social security and need-based programs such as Food Stamps, Medicare or Temporary Assistance for families in need. At the same time, local and state governments are still required to provide a range of their services to all individuals regardless of their immigration status or ability to pay.

A further issue is that grants to state and local governments are often allocated by formulas based on demographic characteristics. In most cases, these formulas do not take into account irregular migrants, since they do not appear in any population register or statistics concerning unemployment or income levels which provide the basis for the calculations. On the other hand, most services and programmes for which the grants are provided are still used by irregular migrants as well since despite their irregular status, they also use roads and public transportation, hospitals or the school system.¹⁶

Conclusion

There is a certain disconnect between the results of empirical research that studies the impact of immigration at the national level and the publicly perceived impact. Where the former generally find little impact in key areas such as the labour market, the infrastructure or the public purse – be it positive or negative – in many countries the majority of people assume a negative impact.

One possible explanation for this could be a lack of information. Another possibility is that individual perceptions are based on the local impact, especially the impact in areas with high immigrant concentration. Many studies that focus on the impact of migration at the national level exploit the variance across local units but look at the average effect rather than how it is distributed across local areas. As immigrants are indeed concentrated in specific regions and urban areas, notably the most disadvantaged areas, the local impact may actually significantly deviate from the average impact at the national level, although in most cases, the local impact still does not seem to be very large. Immigrants' socio-economic characteristics are also not evenly split across the country, and notably immigrant unemployment tends to be higher in densely-populated areas. It is also these areas with high immigrant concentration and unemployment to which media attention is disproportionately directed to, providing a biased picture of the overall situation.

That notwithstanding, there are clearly specific local challenges related to immigration. Some evidence, for example, suggests that the impact of migration on the labour market tends to grow disproportionately with the population share of immigrants although this is an underexplored area that requires more research. At the same time, there is no generalisation possible across all different domains (labour market, housing, education, transport, health care and fiscal) included in this overview. In many domains, however, perhaps unsurprisingly, the socio-economic composition of immigrants appears to be a larger determinant of the local impact than their population share. For example, immigration of high earners tends to lead to an increase of the average level of local rents, while the opposite seems to be the case when immigrants are poor.

The fact that immigrants tend to have different characteristics – and needs – from the native-born also leads to a situation in which the costs and benefits from immigration are unevenly distributed across levels of government. Services which are disproportionately consumed by immigrants tend to be provided by local governments, whereas those which immigrants consume less are often disbursed out of the national budget.

In some cases, for example in many OECD countries in secondary education, local governments are refunded for additional costs, but this refund is often only partial and with a time-lag. While a full discussion is beyond the scope of this chapter, in many countries there seems to be a need to rethink some of the refunding schemes in place, to better reflect local costs, and to improve co-ordination between levels of government. However, a full assessment of this issue requires an in-depth study that includes also the revenue side, including the local tax mix which varies between countries.

In any case, adaptations in the local infrastructure tend to take time, which can create specific challenges in the case of large and sudden inflows such as currently experienced in many local communities in Europe as a result of the refugee crisis. Large inflows have also exacerbated more longstanding structural problems in local infrastructure, such as housing and teacher shortages in Sweden for example (see OECD, 2016). Acknowledging the fact that migration is not the primary cause of such challenges is an important first step to reconcile public opinion, which is often negative, with the empirical facts, which draw a much more nuanced picture.

Notes

1. The terms “migrant”, “immigrant” and “foreign-born” are used synonymously throughout this chapter. They refer to people born abroad.
2. There are also some other aspects related to the impact of migration on the local economy such as the impact on growth, entrepreneurship and innovation. A full discussion of these is, however, beyond the scope of this review.
3. In general, the impact of immigration on the cultural life is viewed favourably by respondents in surveys (OECD and European Union, 2015).
4. Indeed, highly-educated immigrants often experience a strong discount of their foreign qualifications, at least upon arrival in the country (Damas de Matos and Liebig, 2014). Furthermore, immigrants with foreign qualifications tend to have lower skills (Bonfanti and Xenogiani, 2014).
5. Note that these studies analyse the overall effect of immigration and do not control for the composition of the immigrant flow, such as age and education.
6. Census divisions in Canada refer to a county, a *municipalité régionale de comté* or a regional district.
7. These results differ from the findings of studies at the national level in New Zealand, which found a large positive impact of migration on housing prices. Coleman and Landon-Lane (2007) found that net migration flows equal to 1% of the population are associated with an 8 to 12% increase in housing prices. The increase estimated by McDonald (2013) is somewhat smaller (8%), but still large compared to other studies. However, these papers do not look at within-country variations in migration effect.
8. Another example for the role of rent regulations which can distort the effect of migration on rent levels is Germany, where the government adopted in 2015 the so-called *Mietpreisbremse*, a system of rent control which states that the rent for new tenant cannot be more than 10% higher than the local comparative rent.
9. These findings are in line with a study by Rutter and Latorre (2009), which also finds no evidence that migrants receive preferential treatment in regard to social housing access.
10. In 2012, the federal government contributed on average 10.1% of the public elementary and secondary school funding, the state governments 45.1% and the local governments 44.8% (Source: National Center for Education Statistics).
11. The term “white” is used mainly because the bulk of the literature on this phenomenon comes from the United States.
12. In addition, research in Wales found some health professionals reporting difficulties treating migrant patients because they lacked access to their prior treatment records and immunisation history (Wales Rural Observatory, 2006).
13. However, Chatman and Klein (2011) find an opposite result for the US State of New Jersey.

14. According to the calculations of Tsang and Rohr, which set off vehicle taxes and duty on fuel with the costs associated with congestion, infrastructure damage, accidents and the negative impact on air quality, noise pollution as well as the wider impact on the environment, migrants impose a cost of GBP 2 368 per year through road used compared to GBP 2 459 per native-born. As for the use of the public transportation system (bus, rail and underground), immigrants contribute per year and per person GBP 225 through fares (minus the subsidies by the government), while native-born only contribute GBP 148 per year and per person, due to a lesser use of the public transportation system. Therefore, immigrants have on average per year a negative net impact of GBP 2 143, while the negative net impact of native-born is GBP 2 311.
15. The same holds for housing allowances.
16. However, it should be noted that the amount which state and local governments spend on services to irregular immigrants represents only a small percentage of their total spending. Even in California which has the largest population of irregular migrants, spending for these migrants represented less than 10% of total spending for those services (CBO, 2007).

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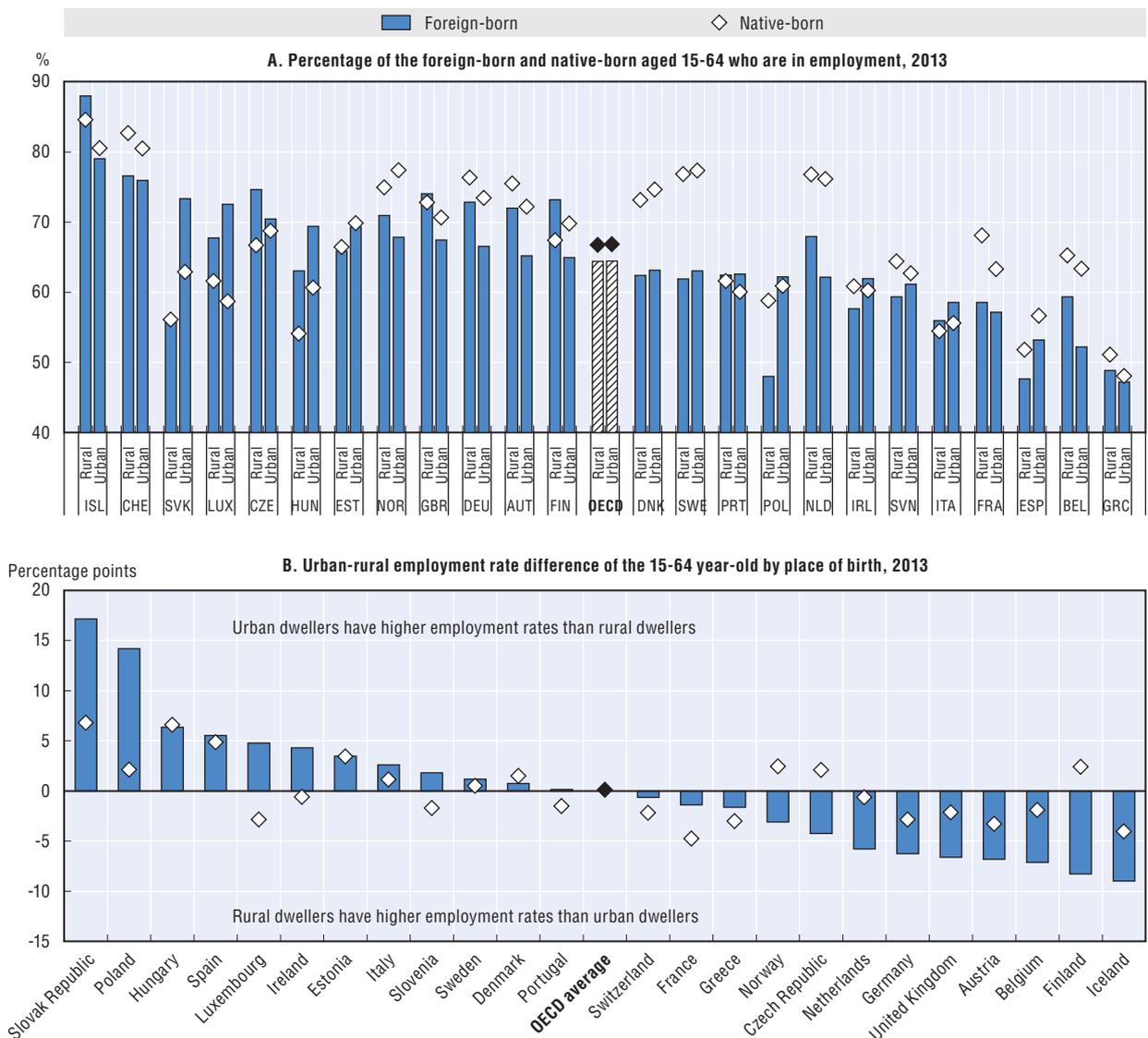
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ANNEX 3.A1

Supplementary tables and figures

Figure 3.A1.1. **Employment rates of the persons who live in urban and rural areas**



Notes: The population living in densely populated and intermediate density areas is considered 'urban'. The population living in thinly populated areas is considered "rural".
 Source: Labour Force Surveys (Eurostat).

StatLink <http://dx.doi.org/10.1787/888933395632>

Table 3.A1.1. **Share of households with children by migration status of the household, 2012**

	Immigrant (%)	Native-born (%)	Difference immigrant/native-born (percentage points)
Australia	44	44	+0.6
Austria	38	23	+14.9
Belgium	36	26	+10.4
Canada	52	39	+12.9
Croatia	30	30	+0.2
Cyprus ^{1, 2}	34	33	+0.7
Czech Republic	25	28	-3.2
Denmark	26	24	+2.4
Estonia	12	30	-17.8
Finland	39	23	+16.6
France	27	27	-0.4
Germany	19	20	-1.7
Greece	42	27	+14.3
Hungary	34	28	+6.2
Iceland	42	36	+6.6
Ireland	58	37	+20.9
Israel	25	55	-30.0
Italy	41	26	+15.8
Latvia	13	30	-17.0
Lithuania	13	29	-15.5
Luxembourg	38	24	+13.8
Malta	18	29	-10.8
Netherlands	29	26	+3.8
New Zealand	37	29	+7.7
Norway	32	27	+4.7
Poland	7	33	-25.7
Portugal	49	31	+18.1
Slovenia	25	29	-4.0
Spain	47	28	+18.8
Sweden	38	26	+12.6
Switzerland	32	23	+9.7
United Kingdom	39	27	+12.6
United States	46	30	+15.5
EU total (28)	34	26	+7.9
OECD total (29)	41	28	+12.3

Note: "Immigrant household" refers to households where all heads of household are foreign-born.

1. Note 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".

2. 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 Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: Statistics on Income and Living Conditions (Eurostat) 2012; United States: American Community Survey 2012; Australia: Census 2011; Canada: National Household Survey 2011; New Zealand: Household Economic Survey 2012; Israel: Household Expenditure Survey 2012.

StatLink  <http://dx.doi.org/10.1787/888933396381>

Table 3.A1.2. **Dispersal and housing policies for asylum seekers in OECD countries, 2015**

	Deliberate dispersal policy for asylum seekers	Dispersal criteria	Can asylum seekers stay in individually arranged housing?
Australia	No	x	Yes (in some circumstances)
Austria	Yes	<ul style="list-style-type: none"> • Size of municipality 	Yes
Belgium	Yes	<ul style="list-style-type: none"> • Family and health situation of asylum seeker • Knowledge of national languages • Number of inhabitants and share of immigrants in municipality 	Yes (but they are no longer entitled to financial assistance)
Canada
Chile	No	x	..
Czech Republic	No	x	Yes
Denmark	No	x	Yes (after 6 months)
Estonia	No	x	Yes (if they have sufficient financial means)
Finland	Yes	<ul style="list-style-type: none"> • Willingness of community to receive asylum seekers • Availability of places in the reception centres 	Yes
France	Yes	..	No
Germany	Yes	<ul style="list-style-type: none"> • Fixed quota according to tax revenue and size of population ("Königstein Key") 	Yes (only under certain conditions)
Greece	No	x	No
Hungary	Yes	<ul style="list-style-type: none"> • Family situation of asylum seeker 	Yes (if they can be accommodated by family or friends or have the necessary resources)
Ireland	Yes	<ul style="list-style-type: none"> • Asylum seeker population in centres as a percentage of the Health Service Executive (HSE) area 	Yes (but they are no longer entitled to [financial] assistance)
Italy	Yes (only for asylum seekers without financial resources, who formally request accommodation in reception facilities)	<ul style="list-style-type: none"> • Even dispersal • Availability of places • Asylum seeker profile • Integration prospects • Voluntary participation of municipalities in the call of tender (SPRAR network) 	Yes
Japan	No	x	Yes
Luxembourg	No (but attempts to avoid concentrations of asylum seekers from the same country or region of origin)	x	Yes (but only under exceptional circumstances and with the asylum seeker contributes financially)
Netherlands	No	x	No
New Zealand	No	x	Yes
Norway	Yes	<ul style="list-style-type: none"> • Available offers of suitable asylum centres through public tender 	Yes (but they are no longer entitled to cash benefits)
Poland	Yes	<ul style="list-style-type: none"> • Cost of housing (45%) • Additional local conditions (20%) • Number of inhabitants and unemployment rate in municipality (15%) • Housing supply (15%) • Distance from the Office for Foreigners (5%) • Housing supply in dispersal area • Willingness of community to host migrants • Size of municipality • Cost of living in dispersal area 	No
Portugal	Yes	<ul style="list-style-type: none"> • Concentration of foreign-born and humanitarian migrants in dispersal area • Employment prospects for individual in dispersal area • Availability of language courses 	Yes
Slovak Republic	No (not systematic)	x	Yes (but they are no longer entitled to financial assistance)
Slovenia	Yes (not systematic)	x	Yes

Table 3.A1.2. **Dispersal and housing policies for asylum seekers in OECD countries, 2015 (cont.)**

	Deliberate dispersal policy for asylum seekers	Dispersal criteria	Can asylum seekers stay in individually arranged housing?
Spain	No	x	Yes (and in exceptional cases the costs of rented accommodation may be covered)
Sweden	Yes (if asylum seekers cannot find accommodation on their own)	<ul style="list-style-type: none"> ● Negotiation between regional governments and municipalities based on a four-year prognosis drawn from national statistics and assumed recognition and refusal ratio 	Yes
Switzerland	Yes	<ul style="list-style-type: none"> ● Population in the region (even distribution between regions) ● Availability of reception facilities in the region ● Presence of family members ● Presence of ethnic communities (to avoid concentrations of nationalities) ● Individual reception needs 	Yes
Turkey	Yes	<ul style="list-style-type: none"> ● Family and health situation of asylum seeker ● Number of inhabitants and share of immigrants in municipality 	Yes
United Kingdom	Yes	<ul style="list-style-type: none"> ● Supply of housing (generally outside London) ● Cultural fit of asylum seekers ● Capacity of support services ● Local housing strategies ● Risk of increasing social tension 	Yes (but individually arranged accommodation is not paid for)
United States	No	x	Yes

.. Information not available.

x Not applicable.

Source: European Migration Network (2013), Ad hoc Query on allocation of refugees to municipalities for integration purposes and OECD (2016). Making Integration Work: Refugees and Others in Need of Protection, OECD Publishing, Paris.

Table 3.A1.3. **Take-up of social benefits by immigrant households relative to native-born households in European OECD countries, 2011-12**

	Social assistance		Unemployment benefits		Pensions		Family allowances		Housing allowances	
	Native-born (%)	Immigrant (%)	Native-born (%)	Immigrant (%)	Native-born (%)	Immigrant (%)	Native-born (%)	Immigrant (%)	Native-born (%)	Immigrant (%)
Austria	3	9	15	36	42	24	27	43	45	9
Belgium	2	13	18	24	36	18	30	38	1	1
Switzerland	21	29	4	14	37	23	28	39	1	2
Czech Republic	2	6	5	3	42	38	12	14	3	8
Denmark			25	33	28	14	23	36	21	42
Estonia	2	1	7	5	34	69	31	12	2	1
Finland	7	29	19	43	35	13	22	31	20	50
France	8	16	16	21	43	44	25	27	22	39
Germany	3	7	13	12	33	54	28	23	11	13
Greece	5	3	6	16	52	11	11	7	0	0
Hungary	6	2	10	2	46	41	30	34	7	3
Iceland	3	10	14	26	35	19	25	19	57	50
Ireland	5	6	29	41	34	9	42	65	36	31
Italy	2	2	17	36	50	11	24	32	1	4
Luxembourg	4	14	4	14	44	22	24	41	10	15
Netherlands	7	20	8	15	41	32	23	31	15	37
Norway	3	15	6	12	35	12	27	38	4	13
Poland	4	3	5		47	93	12	3	2	4
Portugal	3	3	11	12	48	22	15	22	7	6
Slovak Republic	6	2	5		44	81	42	16	0	
Slovenia	10	16	9	11	44	29	33	32	1	4
Spain	4	5	29	43	40	10	3	2	1	3
Sweden	2	13	8	18	38	24	23	30	8	22
United Kingdom	9	15	5	7	41	24	25	35	16	24
OECD Europe average	5	10	12	20	40	31	24	28	12	17

Source: Statistics on Income and Living Conditions (Eurostat) 2012, except for Germany: Statistics on Income and Living Conditions (Eurostat) 2011.

StatLink  <http://dx.doi.org/10.1787/888933396390>