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Policies to promote access to good-quality affordable housing in OECD countries

Angelica Salvi del Pero,
Willem Adema,
Valeria Ferraro,
Valérie Frey

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POLICIES TO PROMOTE ACCESS TO GOOD-QUALITY AFFORDABLE HOUSING IN OECD COUNTRIES

Angelica Salvi del Pero, Willem Adema, Valeria Ferraro and Valerie Frey

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EXECUTIVE SUMMARY

Many households across OECD countries are overburdened by housing costs. On average nearly 15% of tenants and 10% of mortgage-payers spend over 40% of their disposable income on housing costs in OECD countries. The incidence of housing cost overburden is much higher among low-income households: 39% both for mortgage-payers and private sector tenants. Middle-class households are not immune: on average nearly 9% of mortgaged middle-class homeowners are overburdened by their monthly mortgage payment across OECD countries.

Access to housing and housing quality also remain pressing concerns in many OECD countries. Significant numbers of people are homeless: while statistics are difficult to compare, most OECD countries report that 1 to 8 people in every thousand lack regular access to housing. In addition, many households live in low-quality dwellings: 15% of low-income households live in overcrowded dwellings and 14% do not have access to an indoor flushing toilet. Neighbourhood crime and pollution are also problematic for many households throughout the OECD.

Access to good-quality affordable housing is important for promoting a number of social policy objectives, including poverty reduction, equality of opportunity and social inclusion. The aim of this paper is to start developing OECD data and knowledge on housing policies and the degree to which OECD countries pursue social policy objectives through housing policies. The paper also identifies possible strands of work that can be carried out by the OECD Secretariat to help member countries learn from each other's experiences.

New data collected through the OECD Questionnaire on Affordable and Social Housing show that promoting access to affordable housing is in fact an important objective of housing policy in many OECD countries. All 26 reporting OECD countries mention improving access to housing among the five most important objectives of housing policy. Among them, 18 countries explicitly refer to improving affordability of housing. OECD countries use a wide and complex set of policy instruments to implement their housing policy but not all of the instruments appear to be coherent with the goal of promoting access to affordable housing for low-income households.

One common type of policy consists of subsidies to homeowners, who receive considerable public support in many OECD countries: reported spending can amount up to 2.3% of GDP. In most reporting countries home-buyers can benefit from grants, financial assistance and public guarantees often reserved to low-income first-time buyers. Homeowners also often benefits from tax relief for the purchase of housing – notably mortgage tax relief – and favourable taxation of residential property. The latter two instruments are typically not targeted to low-income households and actually tend to favour better-off households; in addition, they distort incentives to invest in other tenures and/or assets and actually often put pressure on housing prices.

Most OECD countries also support the provision of social rental housing. Direct provision exists in many countries – mostly delivered by local authorities and funded in part by the central government – but is more and more complemented by supply-side subsidies to other providers. Non-governmental providers of social rental housing are mostly non-profit organizations or cooperatives, but in some OECD countries

providers also include for-profit landlords that provide social housing through special temporary contracts. While social rental housing is not always reserved for low-income households, these households are the majority of tenants in many countries – especially in areas affected by shortages of social rental housing. Central government support for the provision of social rental housing ranges between 0.1 and 0.6% of GDP in reporting countries but the amount of public funding has been decreasing in many countries. Providers therefore have to look for additional forms of financing. The changes in the sources of financing, coupled with the changes in the socio-economic profile and needs of tenants, mean that social housing providers and policy makers will have to understand and adapt to new incentives, objectives and client characteristics.

Housing support is increasingly delivered through income-related housing-costs subsidies, generally known as housing allowances. Reporting countries spend between 0.6 and 1.8% of GDP on housing allowances. Almost all of the reporting OECD countries use this policy instrument; in half of them, allowances are reserved for tenants – and are usually available for private and social tenants – but in the other half of the countries allowances are also granted to households who own their home. Housing allowances are usually means-tested, but eligibility conditions and the payment rate vary considerably across countries. Compared to social rental housing, this policy instrument presents some advantages, including for example more equitable access to benefit when designed as an entitlement and fewer disincentives to housing mobility. Housing allowances also have weaknesses: they may be less effective in providing access to good-quality rental housing, especially for vulnerable households, and may have perverse effects on rental prices.

As public support for housing tends to shift away from social rental housing, the private rental sector is increasingly playing an important role in ensuring access to affordable housing. There is very little data on the amount of support provided to the private rental sector through instruments other than housing allowances and on the degree to which these instruments help improve access to affordable housing for low-income and vulnerable households. Further work is needed to understand how governments can successfully and effectively support the supply of affordable rental housing through the private sector. It is also important to understand better how rent regulation, tenancy protection and other aspects of tenancy law facilitate or prevent the sector from offering good-quality affordable housing to low-income households.

The mix of housing policy effectively put in place by OECD countries can be analysed through the distribution of public spending across the various policy categories. The available OECD data are not yet robust enough to provide a comprehensive cross-country comparison and further analysis is needed to increase the coverage of data and validate its quality. However, where available, data suggest that owner-occupied housing receives significant support compared to other tenures, which is not consistent – in the few countries with available information – with the tenure neutrality of the reported housing policy objectives nor with supporting households who are most in need, as they tend to be under-represented among owner-occupants.

RESUME

De nombreux ménages dans les pays de l'OCDE voient leur budget grevé par les coûts du logement. En moyenne, près de 15 % des locataires et 10 % des propriétaires qui remboursent un prêt hypothécaire consacrent plus de 40 % de leur revenu disponible au logement dans les pays de l'OCDE. L'incidence de la surcharge financière liée au logement est beaucoup plus prononcée parmi les ménages à bas revenus : 39 % pour les acquéreurs et pour les locataires du secteur privé. Les ménages de la classe moyenne ne sont pas épargnés : dans les pays de l'OCDE, près de 9 % des acquéreurs d'un logement de la classe moyenne supportent une charge mensuelle de remboursement trop élevée.

L'accès au logement et la qualité des logements restent également des préoccupations lancinantes dans bien des pays de l'OCDE. De nombreuses personnes sont sans abris : les statistiques sont certes difficiles à comparer, mais la plupart des pays de l'OCDE signalent que 1 à 8 personnes sur mille sont privées d'un accès régulier au logement. En outre, de nombreux ménages sont mal logés : 15 % des ménages à bas revenus vivent dans des logements trop exigus et 14 % n'ont pas accès à des toilettes intérieures avec chasse d'eau. La criminalité de voisinage et la pollution sont également problématiques pour de nombreux ménages dans les pays de l'OCDE.

L'accès à un logement abordable et de qualité est important pour promouvoir un certain nombre d'objectifs de politique sociale, notamment la lutte contre la pauvreté, l'égalité des chances et l'inclusion sociale. Ce document a pour but d'engager des travaux en vue de réunir des données et des connaissances sur les politiques du logement à l'échelle de la zone OCDE et de déterminer dans quelle mesure les pays de l'OCDE utilisent les politiques du logement pour poursuivre des objectifs d'ordre social. Il identifie également des domaines dans lesquels le Secrétariat de l'OCDE pourrait agir pour aider les pays membres à tirer des enseignements de leurs expériences mutuelles.

Les nouvelles données recueillies au moyen du Questionnaire de l'OCDE sur le logement social et abordable montrent que promouvoir l'accès à un logement abordable est, de fait, un objectif important des politiques du logement dans de nombreux pays de l'OCDE. Tous les 26 pays de l'OCDE qui ont répondu mentionnent l'amélioration de l'accès au logement comme faisant partie des cinq principaux objectifs de la politique du logement. Parmi eux, 18 pays citent explicitement l'amélioration de l'accessibilité financière. Les pays de l'OCDE utilisent un large éventail d'instruments complexes pour mettre en œuvre leur politique du logement, mais tous ces instruments ne semblent pas cadrer avec l'objectif de faciliter l'accès des ménages à bas revenus à un logement abordable.

Un des leviers fréquemment employés consiste à verser des subventions aux propriétaires d'un logement qui reçoivent des aides publiques considérables dans de nombreux pays de l'OCDE : les dépenses signalées peuvent atteindre 2.3 % du PIB. Dans la plupart des pays déclarants, les propriétaires ont droit à des subventions, une aide financière et des garanties publiques souvent réservées aux primo-accédants à bas revenus. En outre, ils peuvent souvent prétendre à un allégement d'impôt pour l'achat de leur logement – notamment un dégrèvement fiscal au titre des intérêts hypothécaires – et à un régime fiscal favorable applicable au logement résidentiel. En général, ces deux derniers instruments ne ciblent pas spécifiquement les ménages à bas revenus et, de fait, tendent à favoriser les ménages plus aisés ; en outre, ils faussent les incitations à investir dans d'autres modes d'occupation et/ou actifs et exercent souvent des tensions sur les prix des logements.

La plupart des pays de l'OCDE soutiennent aussi l'offre de logement locatif social. Une aide directe existe dans de nombreux pays – elle est principalement accordée par les autorités locales et financée en partie par l'administration centrale – mais elle est de plus en plus souvent complétée par des subventions

accordées à d'autres prestataires. Les prestataires non publics de logement locatif social sont essentiellement des organisations sans but lucratif ou des coopératives, mais il s'agit également, dans certains pays de l'OCDE, de propriétaires à but lucratif qui mettent à disposition des logements sociaux en vertu de contrats temporaires spéciaux. Le logement locatif social n'est pas toujours réservé aux ménages à bas revenus, mais ces ménages constituent la majorité des locataires dans de nombreux pays – surtout dans les régions qui souffrent d'une pénurie de logement locatif social. L'aide au logement locatif social apportée par l'administration centrale oscille entre 0.1 et 0.6 % du PIB dans les pays déclarants, mais les financements publics reculent dans de nombreux pays. Par conséquent, les prestataires doivent rechercher d'autres formes de financement. L'évolution des sources de financement, conjuguée aux transformations du profil socio-économique et des besoins des locataires, obligeront les prestataires de logement social et les pouvoirs publics à comprendre les incitations, les objectifs et les caractéristiques de leurs clients et à s'y adapter.

De plus en plus, l'aide au logement prend la forme de subventions liées aux revenus visant à réduire le coût des logements, généralement appelées allocations de logement. Les pays déclarants consacrent 0.6 % à 1.8 % de leur PIB aux allocations de logement. Presque tous ont recours à cet instrument d'action ; dans la moitié d'entre eux, les allocations sont réservées aux locataires – et sont généralement disponibles aussi bien pour les locataires du secteur privé que du secteur social –, mais dans l'autre moitié, les ménages propriétaires de leur logement les perçoivent aussi. Elles sont généralement accordées sous condition de ressources, mais les critères d'éligibilité et les barèmes varient considérablement d'un pays à l'autre. Comparativement au logement locatif social, cet instrument d'action présente certains avantages, notamment un accès plus équitable aux prestations lorsqu'il s'agit d'un droit et un moindre frein à changer de logement. Les allocations présentent aussi des inconvénients : elles peuvent être moins efficaces pour garantir l'accès à un logement locatif de qualité, notamment pour les ménages vulnérables, et avoir des effets pervers sur les prix des loyers.

À l'heure où l'aide publique au logement tend à se détourner du logement locatif social, le secteur locatif privé joue un rôle de plus en plus important pour garantir l'accès à un logement abordable. On dispose de très peu de données sur le montant des aides apportées au secteur locatif privé au moyen d'instruments autres que les allocations de logement, ainsi que sur la capacité de ces instruments à améliorer l'accès à un logement abordable pour les ménages vulnérables et à bas revenus. Des travaux supplémentaires sont nécessaires pour comprendre comment les pouvoirs publics peuvent accroître de manière efficace l'offre de logements locatifs abordables par le secteur privé. Il est également important de mieux comprendre en quoi l'encadrement des loyers, la protection des locataires et d'autres aspects de la législation sur les baux d'habitation aident le secteur à offrir des logements abordables et de qualité aux ménages à bas revenus ou au contraire l'en empêchent.

Les instruments de la politique du logement qui sont effectivement mis en place par les pays de l'OCDE peuvent être analysés en fonction de la ventilation des dépenses publiques entre les différents domaines d'action. Les données de l'OCDE disponibles ne sont pas assez robustes pour pouvoir procéder à une comparaison internationale exhaustive, et une analyse plus poussée est nécessaire pour élargir la couverture des données et valider leur qualité. Toutefois, les données existantes laissent penser que les logements occupés par leurs propriétaires bénéficient d'un soutien considérable par rapport à d'autres modes d'occupation ; cette situation n'est pas compatible – dans les rares pays où des informations sont disponibles – avec la neutralité à l'égard des modes d'occupation des objectifs affichés de la politique du logement, ni avec le principe d'aider les ménages qui en ont le plus besoin, qui sont généralement sous-représentés parmi les propriétaires-occupants.

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INTRODUCTION

1. Housing is considered a basic human need, and identified as a human right or a merit good by many constitutions and international instruments, including the Universal Declaration of Human Rights (article 25(1)), the International Covenant on Economic, Social and Cultural Rights (article 25(1)), and the Charter of Fundamental Rights of the European Union (article 34(3)). Lack of access to housing and housing instability are often associated with social exclusion, risks to the health, poor educational outcomes as well as with poor access to mainstream health, social work and housing services (OECD, 2014a). The quality of housing and its surroundings are also linked to health, education and child-development outcomes and to general well-being (Newman and Holupka, 2014). Good-quality affordable housing can help the elderly remain healthy and independent, facilitating the delivery of services needed. Understanding the housing conditions of households is therefore crucial to assessing their level of well-being.

2. Housing is often the most expensive item in household budgets and many households across OECD countries feel housing costs are excessive. In European OECD countries, for example, 36% of residents report feeling "heavily burdened" by the cost of housing (EU-SILC 2012). This is a sizeable 18% increase in the share of households that feel heavily burdened since before the Great Recession in 2007. Indeed, global house prices are rebounding in the face of stagnating incomes in many OECD countries. On average across OECD countries real house prices had increased significantly compared to income between 1995 and 2007. With the start of the Great Recession, around the second quarter of 2007, real house prices dropped while income stopped increasing in many OECD countries, leading to an improvement in housing affordability. In the third quarter of 2012 real house prices started to show signs of rebounding again and in 2013 price-to-income ratios were above their long-term average in many countries (André 2010, *BIS Quarterly Review* 2014), suggesting that housing affordability might be starting to decline once again (Appendix Figure B.7). These trends hide important variations across countries. In 2013 price-to-income ratios exceeded their long-term average by over 10 % and were still rising in Australia, Austria, Canada, New Zealand, Sweden and the United Kingdom (OECD Housing Prices Database 2014[1], IMF Global Housing Watch 2014). Real house price growth after 2012-2013 was instead negative in countries such as France, Italy, Greece, Japan, the Netherlands, Norway, Portugal, Slovenia, and Spain (IMF Housing Watch 2014). Affordability is also likely to have declined more for low income households given the uneven pace of the recovery across income groups (OECD 2014a).

3. In the short term, it is difficult for families to adjust housing spending in the face of reduced or *null* earnings, as moving to cheaper accommodation takes times and involves relocation expenses. Households that are overburdened by housing costs tend to cut back on other needs, such as medical care nutrition and heating, before giving up their home. In the medium term households may trade-off costs for housing of lower quality, smaller size and/or located in poorer-quality neighbourhoods (Krieger and Higgens, 2002). The latter can lead to residential segregation, an important dimension of housing quality, because many of the areas that offer better access to education, employment and social opportunities are characterized by high housing prices and might be not be accessible to low-income households, or be accessible only at the cost of very long commutes.

4. Access to good-quality affordable housing is therefore a means to promote social policy goals that include: prevention of poverty and social exclusion, equal opportunities through better access to health, education and social capital; and inclusion in the labour market. Policies to promote access to good-

[1] The full presentation of OECD price-to-income ratios is available at the OECD "Focus on House Prices" webpage: http://www.oecd.org/eco/outlook/focusonhouseprices.htm

quality affordable housing are therefore an important instrument of social policy (van der Heijden 2013, Clapham et al. 2012) and should be evaluated against these objectives.

5. Governments intervene in housing markets for other reasons too: promoting wealth accumulation, improving urban planning, promoting job creation in the construction sector, and stabilizing the economy by reducing the risk of property bubbles and household over-indebtness (OECD, 2011). By affecting incentives to residential mobility, housing policy has important implications for labour marked mobility and the efficient allocation of resources (Caldera Sánchez and Andrews, 2011). Housing policy can also help meet environmental goals such as reductions of gas emissions and fuel consumption of buildings, which account for over 40% of the world's total final energy consumption and for 24% of world CO2 emissions (IEA, 2006a). Improving the energy efficiency of housing also helps reducing energy costs, which pose significant burdens to low-income households.

6. The deregulation of financial markets and product innovations in mortgage markets of the past decades have had significant effects on housing demand and real house prices. They lowered borrowing costs and expanded the availability of credit for housing which, in turn, has increased housing demand and real house prices in many OECD countries. At the same time land-use and planning have important implications for housing policy. On the one hand they have direct effects on spatial segregation; on the other, they can limit the responsiveness of housing supply to other housing programmes by increasing the amount of time and the number of bureaucratic steps needed to obtain building permits (OECD, 2011). Furthermore, when land-use and planning restrictions limit housing supply, land and housing prices will capture the value of housing subsidies, with perverse effects on wealth distribution.

7. In addition to pursuing a diverse set of objectives, governments use a large and complex set of instruments in their housing policy – often in response to historical circumstances (Scanlon et al. 2014). Moreover, multiple levels of government are responsible for executing, regulating and sometimes delivering these policies. This high degree of complexity might lead to contrasting objectives and goals, with loss of efficiency and potentially wider negative effects on the economy.

8. This paper identifies the main challenges faced by households in accessing good-quality affordable housing and analyses the housing policies put in place by OECD countries to understand the degree to which they share social policy objectives and pursue them through the implemented policy mix. A full analysis of the trade-offs and synergies between housing policies instruments with respect to efficiency, equity and other objectives – such as promoting employment and labour mobility – is beyond the scope of this scoping paper but should be pursued by future work.

9. The paper is organized as follows. Section 2 identifies the challenges in access to housing, housing costs and quality of housing and their linkages to the socio-economic conditions of occupants. Section 3 takes stock of the objectives of housing policy in OECD countries and the policy instruments that governments use to support access to good-quality affordable housing. Using the information collected by the Secretariat through the OECD Questionnaire on Affordable and Social Housing, Section 3 provides a preliminary analysis of the amount, composition and targeting of spending of housing policies to understand to what degree policies for affordable housing integrate social policy objectives. The paper concludes (Section 4) by outlining areas of work that can be developed by the OECD Secretariat to help countries determine effective and efficient mixes of policies to promote access to good-quality affordable housing and other social policy objectives such as poverty reduction, income redistribution, social inclusion, and improved access to economic opportunities.

1. ACCESS TO GOOD-QUALITY AFFORDABLE HOUSING IN OECD COUNTRIES[2]

Key Findings

- *Homeownership is the dominant tenure option across OECD countries. The OECD average of combined outright and mortgaged owner-occupants is 65% of households. Chile, Mexico and Eastern European OECD countries have the highest rates of homeownership.*
- *Tenures reflect socioeconomic background. In most countries, homeowners are disproportionately middle- and high-income households, whereas renters tend to have lower incomes.*
- *Nearly 39% of low-income households spend more than 40% of their household income on rent or mortgage. Middle class households are not immune to high housing costs. Indeed, nearly nine percent of mortgaged middle-class homeowners are overburdened by housing costs, on average, across the OECD.*
- *On average, 15% of households in the OECD lack living sufficient space in their homes. Overcrowding rates are generally higher among poor households and renters. Across the OECD, 14.3% of low-income households live without access to an indoor flushing toilet.*

10. Access to good-quality affordable housing is a fundamental component of quality of life. Without adequate shelter, people cannot meet their basic needs and participate adequately in society. This section measures the degree of access to good-quality affordable housing across OECD countries for various types of households, to identify groups that are most likely to need support through housing policy. Because an agreed composite indicator of access to affordable good-quality housing is not available, the section looks at access, affordability and quality separately. Section 2.1 looks at access discussing the financial and legal arrangements under which households occupy their home – known as housing tenure – and how they relate to the socio-economic characteristics of the occupants; this section also discusses homelessness, i.e. lack of regular access to housing. Section 2.2 measures housing affordability and section 2.3 housing quality, relating them to housing tenure and other socio-economic characteristics of the occupants.

1.1 Who lives where?

11. Owner-occupancy is the dominant tenure across the OECD. Based on data on the dwelling stock collected through the OECD Questionnaire on Affordable and Social Housing (QuASH),[3] 65% of dwellings are owner-occupied on average in OECD countries; 22% are rented in the private market and 8% are social rental dwellings. Among countries with available data, Germany and Sweden have the lowest owner-occupancy rates, at 40% and 42% of the dwellings respectively (Figure 1). The highest owner-occupancy rates are found in Easter European countries, largely as a result of the massive sell-off of the state-owned housing in the 1990s. The social rental housing sector is largest in the Netherlands (31%), Denmark and Austria (22%) while it basically does not exist in Chile, Mexico and Turkey. In some OECD countries, especially Nordic countries, part of the dwelling stock is owned as cooperatives, a form of tenure

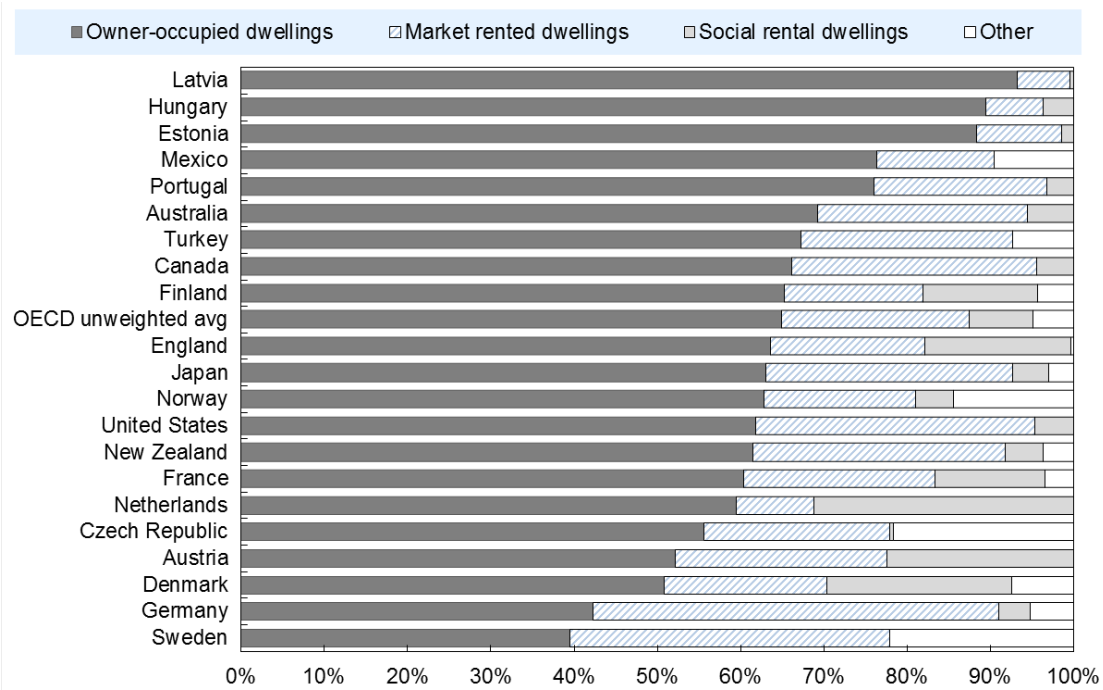
[2] The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

[3] See Box 3 for more details on QuASH.

by which multi-apartment buildings are owned in common by a homeowners' association and the individuals have the right to occupy a particular apartment.

Figure 1. Housing tenure across OECD countries

Per cent of dwelling stock, most recent year



Note: data based on OECD QuASH. Data refer to 2013 for Austria, Denmark Estonia, Finland, Latvia, New Zealand, and the United States; to 2012 for France and the Netherlands; to 2011 for Australia, Canada, the Czech Republic, England, Germany, Hungary, Norway, Portugal, Sweden and Turkey; to 2010 for Mexico and 2008 for Japan. Data not available in OECD QuASH 2014 for Chile, Ireland, Israel, Korea, Luxembourg, Poland, Spain, Switzerland.

Source: OECD calculations of the OECD Questionnaire on Affordable and Social Housing 2014.

12. Both owning and renting a home have strengths and weaknesses. Homeownership can promote wealth accumulation: a home can serve as an asset, and repayment of mortgage debt can incentivize better household spending behaviour. Homeownership is also associated with other outcomes that correlate with higher incomes, such as community engagement and better educational achievement for children (Andrews and Caldera Sánchez 2011). At the same time, homeowners are exposed to housing cost overburden and the need for considerable maintenance investments over time (Edgar et al. 2007). Renting is more often associated to higher housing insecurity and in some countries to lower housing quality; on the hand, renting is more accessible to households with limited resources and it involves lower transaction cost than selling an owned home, so it might provide a better solution for households whose housing needs are likely to change in the short-term as, for example, youths or young families.

13. Variations in the tenure composition across countries likely reflect the prioritization of subsidized rentals or homeownerships in housing policy, as well as resident preferences. It can also follow from differences in the demographic composition of the population, as senior citizens are more likely to own their homes. Population ageing is estimated to have boosted the incidence of owner-occupied housing to 0.75 to 1.0% from 1995 to 2005 across OECD countries (Andrews and Caldera Sanchez 2011; OECD 2013).

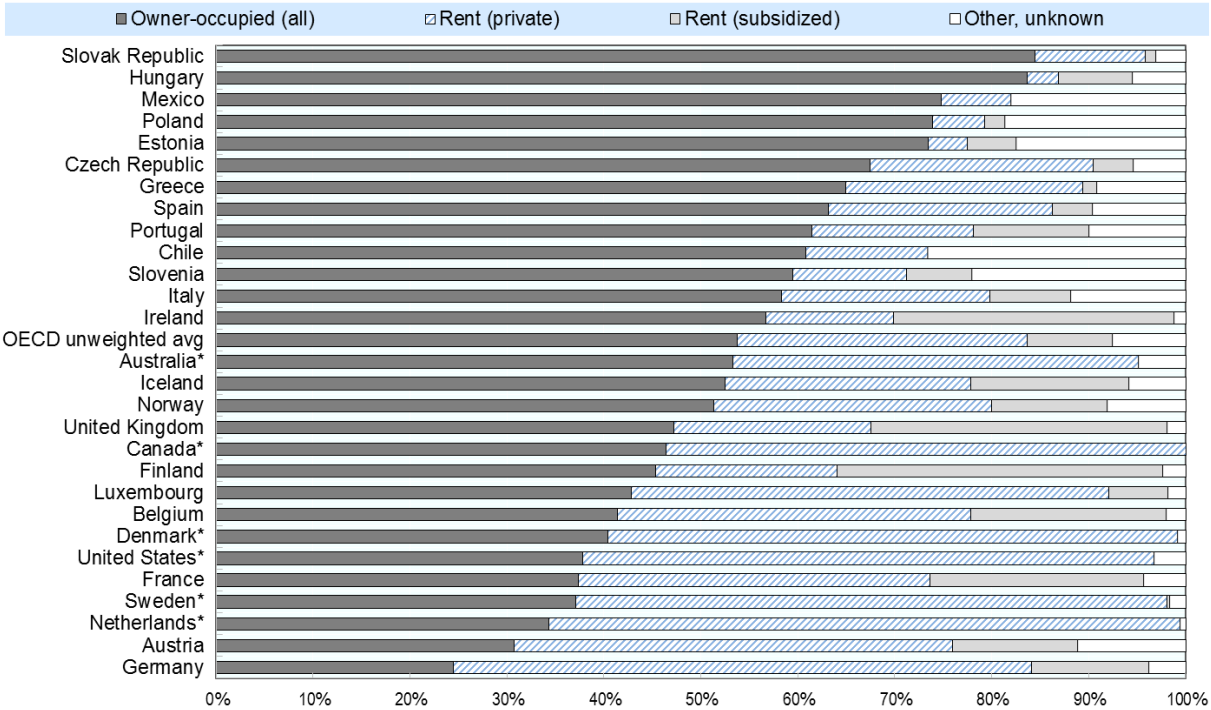
1.1.1 Housing tenure, income and household composition

14. Different groups access homeownership at different rates. As shown by the following analysis, across OECD countries low-income households, sole parents, and youths are less likely to own their homes – and more likely to rent – than the rest of the population.

15. In most OECD countries low-income households are more likely than middle- and high-income households to live in rented dwellings and less likely to live in owner-occupied dwellings. Household survey data show that, on average in the OECD, 54% of households in the bottom quintile of the income distribution are owner-occupants, 30% live in private market rentals and 9% in social rental housing. Owner-occupation tends to be the most common among low-income households in countries where owner-occupation is also the most common tenure among the overall population (Figure 2).

Figure 2. Housing tenure distribution for low-income households across OECD countries

Per cent of households in bottom quintile of income distribution, 2010



** Data does not capture subsidized housing properly in these countries*

Source: OECD calculations based on the following household surveys: HILDA (2012); CASEN (2011); and EU-SILC (2012). For a discussion of limitations of subsidized rental data see Box 1.

16. It is important to keep in mind that Figure 2 refers to the tenure distribution of households (rather than the tenure distribution of dwellings) and the country coverage is different than in Figure 1. The tenure categories are also slightly different; in particular the survey data used in Figure 2 do not estimate social rental housing bur rather subsidized housing, which includes all accommodations rented at a reduced rate, i.e. employer-subsidized housing and accommodations where rent is fixed by law (Box 1). Consequently, for many European countries, the share of households in the subsidized rental category presented in Figure 2 is larger than the actual share of households living in social rental housing. The share of owner-occupied dwellings is comparable between Figure 1 and 2.

17. Being more likely to be poor, sole-parent families are also more likely to live in rental properties – both subsidized and private – than their two-parent peers. On average across the OECD, 32% of sole-parent households live in private rental dwellings, compared to 13.1% of two-parent households renting on the private market. Across the OECD, 11.8% of sole-parent households live in subsidized housing, compared to 4.1% of two-parent households (Appendix Figure A.1).

18. Senior citizens, on the other hand, are the most likely to own their homes outright: across the OECD, nearly 70% of senior-only households[4] own their homes outright. In the Netherlands, Sweden, Denmark, Iceland, the United States, and Norway, over a quarter of seniors continue to pay mortgages on their homes (Appendix Figure A.1).

19. Youths – defined as 15 to 29-year-olds – are unlikely to be living on their own or with other youths only. Around 13% of youths live by themselves or with similarly-aged peers. Youths living away from their parents are likely to rent, and they rent subsidized housing at a higher rate than the general population (in part because they may benefit from housing programs specifically targeted at students).

Box 1. Social housing is difficult to compare across national surveys

This paper uses two sources of data to estimate housing tenure in OECD countries. The tenure composition of the overall population is measured based on data collected from governments in the OECD Questionnaire on Affordable and Social Housing (QuASH) and refers to the tenure distribution of the dwelling stock (Figure 1). The prevalence of various tenure types across population and income groups (as in Figure 2) is instead measured through six household surveys covering 28 countries: Australia's Household, Income, and Labour Dynamics Survey (HILDA); Canada's Survey of Labour and Income Dynamics (SLID); Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN); the EU Survey of Income and Living Conditions (SILC); Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH); and the United States' American Community Survey (ACS). These surveys question civilian, non-institutionalized populations. Household survey data for Japan, Korea, Israel, Turkey, New Zealand, and Switzerland could be included in later versions of the survey analysis, pending resources and data. Housing variables have been standardized across the available surveys to enable international comparisons.

The household surveys clearly distinguish between outright owner-occupants, owner-occupants paying a mortgage, and renters across countries. They are instead less clear when disaggregating renters into private market and subsidized categories. The category "subsidized rental" should include all accommodations that are rented at a reduced rate (i.e., a price lower than the market rate). This includes not only social rental housing, but also employer-subsidized housing and accommodations where rent is fixed by law. Consequently, for many European countries, the share of households in the subsidized rental category in EU-SILC is larger than the actual share of households living in social rental housing. Unfortunately, the bias in estimating the size of the social rental market is not unidirectional. That is, the survey data estimates are not always larger than a country's actual social rental market. In the Netherlands and Denmark, where EU-SILC finds it difficult to meaningfully distinguish between market-rate and social rental accommodations, all renters are placed in the market rate category. Additionally, the Australian, Canadian, and American surveys used here do not ask whether rent is subsidized. All respondents paying any level of rent in these countries are included in their survey's "market plus subsidized" rental category. In Sweden, although subsidized housing is a survey response option, very few respondents select this option. The Chilean and Mexican household surveys do not ask about subsidized rentals because subsidized rental housing is uncommon in these countries. In sum, although the survey analysis can accurately estimate the size of owner-occupied versus rental markets, the survey data inaccurately estimate the use of private and publicly-subsidized rentals.

In addition to the subsidized tenure question, EU-SILC respondents can identify whether they receive public, means-tested housing allowances to help them meet the cost of housing. Allowances are however distributed across all tenure types – including mortgage-payers, private and social renters. Housing allowance information is not collected in the non-EU surveys.

[4] Senior-only households are defined as households where all household members are aged 65 and over (OECD, 2013).

1.1.2 Lack of access to housing: homelessness in OECD countries

20. When considering access to different types of housing tenure across the OECD, it is important to recognize that some individuals and families do not have regular access to housing and many people in OECD countries are homeless.

21. It is difficult to compare rates of homelessness across countries because national definitions vary and homeless populations are difficult to monitor.[5] Comparisons are complicated by the fact that countries collect their estimates using different sources (e.g., national surveys, city surveys, and/or administrative data) and at different times of the year. Table 2 presents estimates of homelessness, as well as the relevant definition, based on the data provided in OECD QuASH.[6]

22. In every reporting country, the homeless population makes up less than 1% of the total population. Although this is a small share of the population, these figures still represent a significant number of people. Among the higher reported figures, Canada estimates that it has a homeless population of 150 000, Germany a population of 284 000 and the United States a population of almost 634 000. The United Kingdom estimates a homeless population of over 53 000 for England. The highest reported number of homeless compared to the total population rate is in the Czech Republic, where 1.2% of the population is reported to be homeless, followed by New Zealand with 0.8%. However, this result is partially definition-driven because, like others, these two countries have a relatively inclusive definition of homelessness.

23. Homeless individuals are often considered either *chronically* homeless or *transitionally* homeless (Busch-Geertsema *et al*, 2010). A minority of the homeless population is chronically homeless: they sleep rough for an extended time period, they tend to have complex needs and conditions (such as mental and physical illness), and they typically lack access to mainstream social services. Chronically homeless individuals often require intensive and integrated social services for treatment, such as a combination of case management, medical treatment, and housing. Approaches and good practices to address chronic homelessness are developed in the OECD work on Integrated Service Delivery (OECD 2014).

24. A larger share of the homeless population is transitionally homeless. Transitional homelessness tends to be associated with the loss of a home due to unemployment, unaffordable housing, and relationship breakdown. These individuals and families are perhaps better targeted by social policies for affordable housing, both in terms of treatment (e.g., housing these households) and prevention (e.g., financial support for housing before households lose their homes).

25. There may be overlap between the transitionally homeless and those households living in subpar living conditions. For instance, some countries count as homeless those individuals or families living temporarily in conventional housing with other households. One example is a family, upon the loss of their home, moving in with extended family or friends. This transitionally homeless but "housed" family may be counted as both homeless and overcrowded.

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5 The European Federation of National Organisations Working with the Homeless (FEANTSA) has developed a typology to define data collection on homelessness called ETHOS: the European Typology of Homelessness and Housing Exclusion. ETHOS expands upon what might be perceived as a "typical" definition of homelessness – rough sleeping without a roof – and instead includes people living in highly insecure housing, poor physical housing conditions, and without private space for relationships. Despite this attempt at a common standard, national data collection strategies and estimates vary significantly.

6 A more comprehensive review of homelessness – including homelessness estimates from government sources and secondary literature – can be found in the OECD report "Integrating Social Services for Vulnerable Groups: Bridging Sectors for Better Service Delivery" (OECD 2015).

Table 1. Size and definition of the homeless population in selected OECD countries

Country	Share of total population	Definition includes *more than* people living rough, living in emergency accommodation, and living in accommodation for homeless?	Year
Australia	*0.471%*	*Yes: Includes people living in non-conventional dwellings, conventional housing with other households, and boarding houses (due to lack of suitable alternatives), as well as severely crowded dwellings.*	*2011*
Canada	*0.435%*	*No*	*2011*
Chile	*0.071%*	*No*	*2011*
Czech Republic	*1.237%*	*Yes: Includes people living in institutions, non-conventional dwellings, and conventional housing with other households (due to lack of suitable alternatives).*	*2013*
Denmark	*0.095%*	*Yes: Includes people living in non-conventional dwellings and conventional housing with other households (due to lack of suitable alternatives).*	*2011*
Estonia	*0.179%*	*Yes. Includes people living in institutions, non-conventional dwellings, and conventional housing with other households (due to lack of suitable alternatives).*	*2013*
Finland	*0.138%*	*Yes. Includes people living in non-conventional dwellings, and conventional housing with other households (due to lack of suitable alternatives).*	*2013*
France	*0.222%*	*No*	*2013*
Germany	*0.347%*	*n.a.*	*2013*
Hungary	*0.108%*	*Yes: Includes people living in non-conventional dwellings and conventional housing with other households (due to lack of suitable alternatives).*	*2012*
Ireland	*0.083%*	*No*	*2011*
Japan	*0.006%*	*No: Definition also excludes people living in emergency accommodation and accommodation for the homeless.*	*2013*
Luxembourg	*0.151%*	*Yes: Includes people living in institutions, non-conventional dwellings, and conventional housing with other households (due to lack of suitable alternatives).*	*2006*
Mexico	*0.036%*	*Yes: Includes people living in non-conventional dwellings and conventional housing with other households (due to lack of suitable alternatives). May include people in institutions.*	*2010*
Norway	*0.125%*	*Yes: Includes people living in non-conventional dwellings and conventional housing with other households (due to lack of suitable alternatives). May include people in institutions.*	*2012*
New Zealand	*0.813%*	*Yes: Includes people living in non-conventional dwellings and conventional housing with other households (due to lack of suitable alternatives).*	*2006*
Poland	*0.080%*	*Yes: Includes people living in non-conventional dwellings (due to lack of suitable alternatives).*	*2013*
Portugal	*0.020%*	*No*	*2011*
Sweden	*0.357%*	*Yes: Includes people living in institutions, and non-conventional dwellings.*	*2013*
United States	*0.200%*	*Yes: Includes people living in non-conventional dwellings and conventional housing with other households (due to lack of suitable alternatives).*	*2013*

Note: Every country in this chart counts people living rough, in emergency accommodation, and in accommodation for the homeless in their homelessness estimates (with the exception of Japan, which only counts people living rough).

Source: OECD Questionnaire on Affordable and Social Housing; see Box 3 for QuASH details and coverage.

1.2 Is housing affordable in OECD countries?

26. Across all housing tenures, many households and especially low-income households are faced with very high housing costs relative to their income – as discussed in this section.

27. Indicators of housing affordability usually focus on the ratio between housing costs and household income (AHURI, 2005). One useful and common measure of housing affordability is the housing cost overburden, which measures the proportion of households who spend more than a given share of household income on housing costs. Figure 3 illustrates the proportion of households who spend more than 40% of their income on housing costs, based on household survey data. Housing costs are here defined as rent or mortgage payments, depending on the household's tenure', while household income refers to household disposable income.[7] This is just one possible measure of housing affordability; other measures and details are discussed in Box 2.

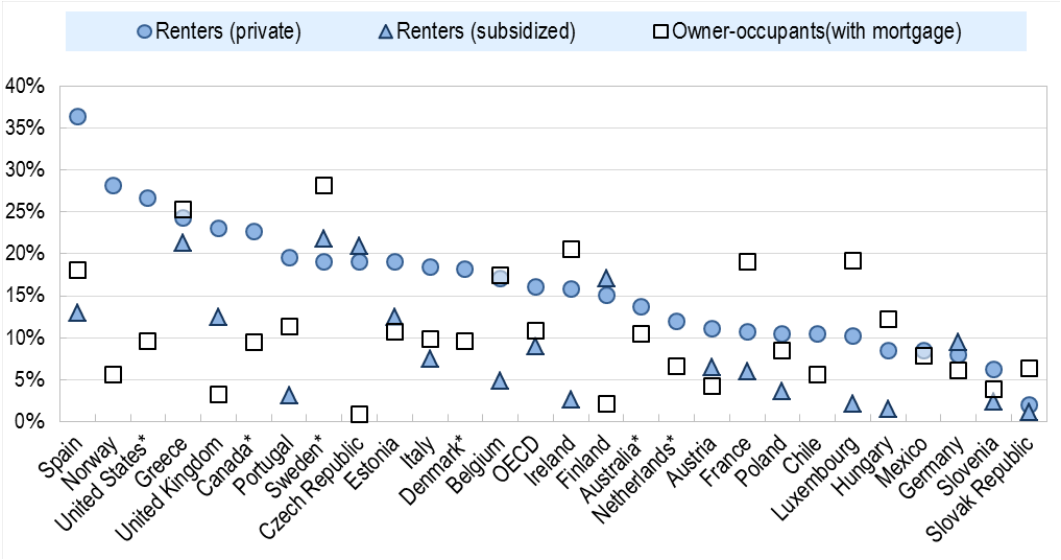
28. On average across the OECD 11% of owner-occupants are overburdened by mortgage costs (Figure 3). By contrast, 9% of tenants in subsidized-rent dwellings are overburdened by rents. The incidence of overburden is highest on average in the private rental sector, where 16% of households spend more than 40% of disposable income to pay rent. But in Sweden, Ireland, France, Luxembourg Greece, Hungary and the Slovak Republic the incidence of overburden is higher among mortgaged owner-occupants than among private sector tenants. While in the last three countries this result might be driven by a relatively high share of owner-occupation among low-income households (see Figure 2), this is not the case in the rest of the countries and more analysis should be carried out to understand the reasons behind the high overburden rates among owner-occupants in these countries.

29. Private rental market affordability is lowest in Spain, Norway and the United States where more than a quarter of private market tenants are overburdened by rent costs (Figure 3). Affordability of owner-occupied housing is instead lowest in Sweden and Greece where more than a quarter of owner-occupants are overburdened by mortgaged costs. In a number of countries a considerable share of tenants with subsidized rents are also overburdened by rental costs; as pointed out in Box 1, these tenants are not necessarily living in social rental housing.

[7] In Chile, Mexico, and the United States gross income is used due to data limitations. Note that outright owner-occupants are not included in this part of the analysis because they have non-mortgage costs associated with living in their homes.

Figure 3. Incidence of housing cost overburden, by tenure

Percentage of households spending over 40% of disposable income on mortgage or rent, most recent year



*Notes: Disposable income is used all countries except Chile, Mexico and the United States where gross income is used due to data limitations. * Data does not capture subsidized housing properly in these countries.*

Source: OECD calculations based on the following household surveys: HILDA 2012; SLID 2010; CASEN 2011; EU-SILC 2010-2012; ENIGH 2012; and ACS 2012. All European countries' estimates are derived from SILC 2012, with the exception of Belgium (2011) and Ireland (2010).

30. The cross-country comparability of the data presented may be limited by differences in the repayment structure of mortgages across countries. The mortgage amount due each month varies based on a number of factors: the age of the mortgage, its repayment structure, the proportion of principal repayment to interest payment, the size of the initial down payment, and so forth. Furthermore, this analysis only captures a snapshot of mortgages in the most recent year, and these costs may change for households over time. Rent payments should instead by fairly comparable cross-nationally.

Box 2. Defining and assessing housing cost burdens

Housing cost burdens are estimated using the following housing cost ratio:

$$\frac{\textit{annual equivalized household housing cost}}{\textit{annual equivalized disposable household income}}$$

Housing cost is calculated in this paper as rent, mortgage, or "total housing cost". Total housing costs are available in the EU-SILC surveys and include mortgage principal payments, mortgage interest payments or rent (gross of housing benefits), structural insurance, mandatory services and charges (e.g. sewage and refuse removal), regular maintenance and repairs, taxes, and the cost of utilities (e.g. water, electricity, gas, and heating). For renters these costs are counted if paid by the tenant.

The denominator -- disposable income – is household income, after taxes and deductions. Household income includes income from work, social benefits, investments, and other household income. Disposable income is available in all of the surveys used except CASEN (Chile), ENIGH (Mexico), and the ACS (United States). For these countries gross income is used. Gross income is the sum of all income – including wages, social benefits, and investment income – prior to paying taxes. Using gross income may understate the median housing cost burdens for middle- and upper-class households, as these individuals pay progressive taxes that should reduce their income. However, for low-income families – the primary focus of overburden analysis – using gross income as the denominator should not greatly affect the results, as they pay little in taxes. Housing costs and income are standardized to account for

household size.

The housing cost overburden rate is the proportion of households for whom the above housing cost ratio is above a given threshold. Note that households with negative or zero income are counted as overburdened, even if in principle the housing cost ratio cannot be computed.

How comparable are rent prices and mortgages across countries?

Rental payments are a fairly comparable cross-national housing cost. Every survey used in this analysis asks tenants to report their monthly rent payment. All reported monthly rent payments were standardized to represent a year's worth of rent and account for household size. In EU-SILC, countries are instructed to include a tenant's payment to a landlord (as well as any housing benefits paid directly to the owner or through the household). Note that housing allowances are included both in the numerator (rental costs) and in the denominator (income) in EU-SILC. When reporting rent, households report the total amount that is being paid to the landlord, including the transfer of a housing allowance. EU-SILC includes parking garage rental fees but excludes additional costs related to the dwelling (e.g., utilities, repairs, maintenance, and services). In the included Australian, Canadian, Chilean, Mexican, and United States' surveys, respondents were simply asked to list their current or usual rent payment. All of the surveys used here ask respondents about their monthly mortgage payments. For EU-SILC countries, respondents are asked to report their mortgage principal and interest separately. In this analysis, annual mortgage payments for SILC are constructed by adding the mortgage principal repayment variable to the mortgage interest variable. (Validity of this variable for SILC, then, depends on how accurately people report their separate principal and interest payments.) In Australia, Canada, Chile, Mexico, and the United States, respondents are asked for their current or usual mortgage payment. These payments can be – but are not necessarily – inclusive of principal and interest.

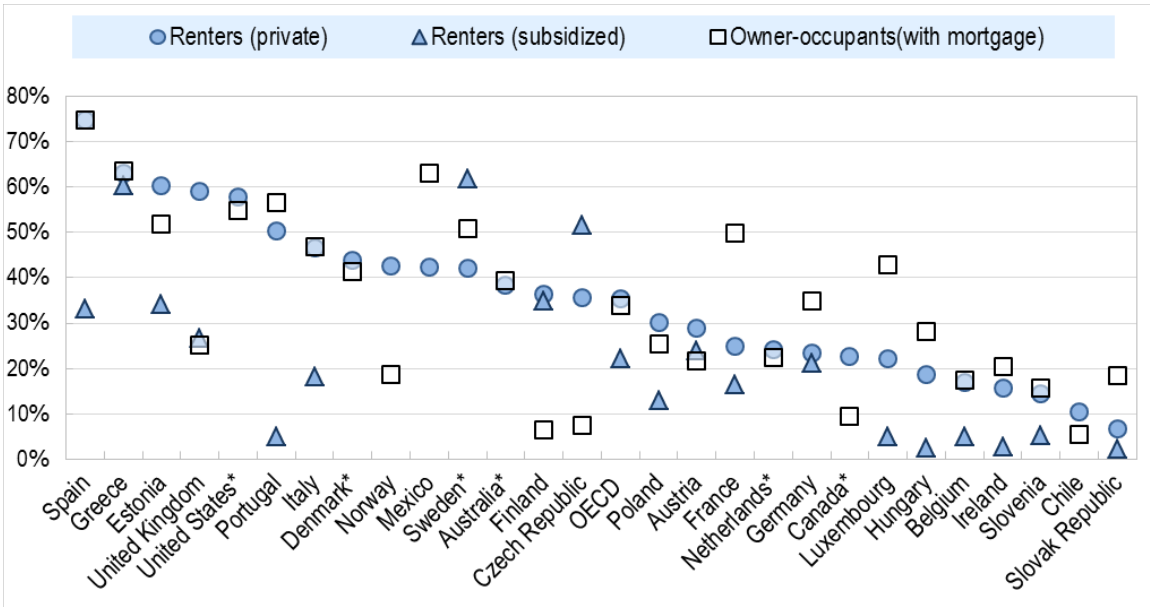
31. The 40% threshold used to define housing cost overburden in this analysis is commonly applied in European countries (CECODHAS 2012, Statistics Iceland 2014). Australia and the United States instead use a 30% threshold (U.S. Department of Housing and Urban Development 2014; AIHW 2013). Australia refers to housing overburden as "housing stress" and it also uses a 50% housing cost-to-income ratio to define a subset of stressed households that are "severely stressed" (AIHW 2013). To test the robustness of the overburden rates, the 30% threshold has been applied to the above OECD data. When housing cost overurden is defined as spending more than 30% of disposable income on housing costs, the incidence of overburden increases dramatically for mortgaged owner-occupants in some countries – e.g. Belgium and Ireland – and for tenants in other countries, e.g. in Finland (Appendix Figure B.2).

32. Low-income households are considerably more likely to be overburdened by housing costs than the overall population. On average 39% of low-income households in OECD countries spend more than 40% of their disposable income on their mortgage or rent in the private market sector (Figure 4). The average overburden rate for low-income households in subsidized rental housing is about 23% across OECD countries. Overburden rates are especially high – and likely driven by low disposable income – among low-income households in Spain and Greece where they are above 60% for both renters and owner-occupants. By contrast, overburden rates for low-income households are lowest across tenancies in Eastern European countries.

33. High mortgage overburden rates for low-income households are in part driven by higher financing costs: low-income households may have less money for a down payment, and thus pay relatively high monthly amounts; in addition they may be charged high interest rates due to lower credit worthiness.

Figure 4. Incidence of housing cost overburden among low-income households across tenures

Percentage of households in bottom quintile of income distribution spending over 40% of disposable income on mortgage or rent, most recent year



*Notes: Disposable income is used all countries except Chile, Mexico, and the United States where gross income is used due to data limitations. . * Data does not capture subsidized housing properly in these countries.*

Source: OECD calculations based on the following household surveys: HILDA 2012; SLID 2010; CASEN 2011; EU-SILC 2010-2012; ENIGH 2012; and ACS 2012. All European countries' estimates are derived from SILC 2012, with the exception of Belgium (2011) and Ireland (2010).

34. Housing can be unaffordable for middle-income households as well. Even households in the third quintile of the income distribution, face a fairly high risk of housing cost overburden. On average in OECD countries 9% of tenant households in the third income quintile are overburdened by housing costs. In some countries, overburden rates are high for third-quintile mortgage payers too: overburden rates for this group are above 20% in Sweden, Ireland and Greece.

35. Rents and mortgages do not capture the entire cost of housing. Housing costs also include insurance, mandatory services and charges (e.g. sewage and refuse removal), regular maintenance and repairs, taxes, and the cost of utilities (water, electricity, gas, and heating). Information on the aggregate value of these additional housing costs is available for OECD European countries and shows that households face significant housing costs in addition to their regular rent or mortgage payments.

36. When total housing costs are considered, the incidence of overburden among the overall population rises to 25% for owner-occupants with a mortgage, 20% for tenants with a subsidized rent and 31% for private market tenants. Compared to the baseline overburden rates presented in Figure 3, the incidence of overburden in OECD European countries increases by 12 percentage points for private sector tenants and by 14 percentage points for mortgaged owner occupants. Large increases are observed in Hungary and Denmark, Germany and the Slovak Republic suggesting that utility bills, housing taxes and other services are considerable for households (Appendix Figure B.6).

37. Outright owner-occupants also face costs associated with their paid homes: property taxes, insurance, repairs, and so forth. Across countries, outright owner-occupants pay the lowest total housing costs as a share of income but total housing costs can comprise a high share of income for outright owner-

occupants too: on average 6% of outright owner-occupants in OECD countries are overburdened by housing costs.

1.3 Housing quality across OECD countries

38. Housing should offer not only a place to sleep and rest, but it should also be a place where people feel safe, have privacy and personal space, and can raise a family. The vast majority of households in the OECD – 87% on average – are satisfied with their housing (OECD Better Life Index, 2014) but, aside from measuring satisfaction with their homes, it is crucial to assess the adequacy of people's living conditions (OECD Better Life Index, 2014). Many households in OECD countries are still faced with poor housing quality along three important dimensions: *i*) living space available to the household; *ii*) the adequacy of sanitary conditions; and *iii*) neighbourhood quality.

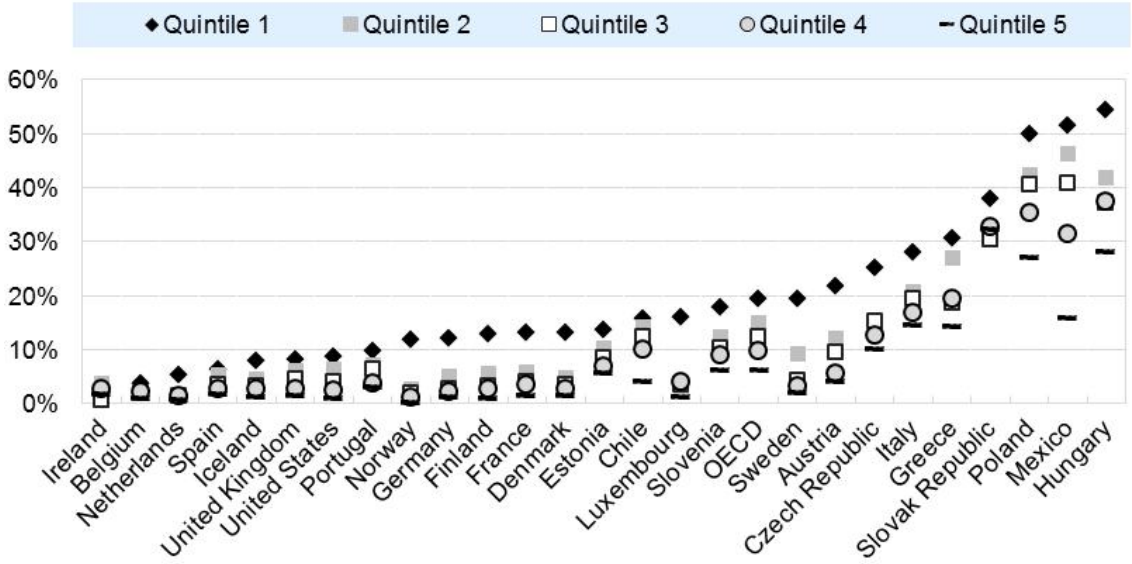
39. The living space available to the household is a key dimension to be considered when assessing housing quality (CECODHAS, 2011). Evidence shows that living in an overcrowded dwelling can affect the physical and mental health of household members as well as children's social and emotional development (UK ODPM, 2004). Moreover, living in an overcrowded space corresponds with a higher likelihood of child maltreatment and accidents in the home (UK ODPM, 2004).

40. In this analysis, a dwelling is defined as overcrowded if it has an insufficient number of rooms relative to the households' composition. More specifically, a dwelling is defined as overcrowded if there is not at least one room for the household, one room per couple in the household, one room per each person aged 18 or more, one room per pair of people of the same gender aged under 18, one room per child aged between 12 and 17 with no siblings of the same gender and one room per pair of children aged under 12.

41. Household survey data show that, on average, 15% of households in the OECD lack adequate living space (Figure 5). The percentage of households living in an overcrowded dwelling is above the OECD average in Chile (where 16% of the population lives in an overcrowded dwelling), the Czech Republic (19%), Italy and Greece (24%). The highest incidence of overcrowding in the OECD is found in Mexico (44%), Hungary (45%) and Poland (45%). Overcrowding is more common among poorer households and in rental dwellings than in owner-occupied ones. There are instead no substantial differences in overcrowding rates between the private and subsidized renters (Appendix Figure C.1).

Figure 5. Incidence of overcrowding rates across income quintiles

Percentage of households living in overcrowded dwellings by income quintile, most recent year



Source: OECD calculations based on the following household surveys: Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2011; the EU Survey of Income and Living Conditions (SILC) 2010-2012; Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 2012; and the United States' American Community Survey (ACS) 2012. All European countries' estimates are derived from SILC 2012, with the exceptions of Belgium (2011) and Ireland (2010).

42. Sanitation generally refers to the provision of sanitary facilities and services such as access to flushing latrines, garbage collection and wastewater disposal (WHO, 2014). This analysis measures access to adequate basic sanitary facilities as a percentage of households having a flushing latrine in their homes (World Bank, 2014).

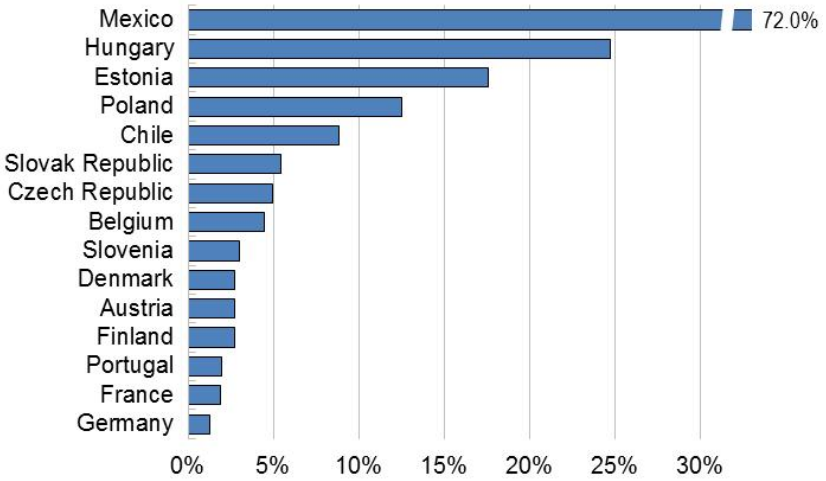
43. In OECD countries, lack of access to basic sanitary facilities is concentrated among low-income households. On average in the OECD 14% of low-income households – i.e. households whose income is below 50% of the country's median income – live without access to an indoor flushing toilet (Figure 6). The figures are highest in Poland, Estonia and Hungary (12.5%, 17.6% and 24.7% respectively). Comparability of overcrowding measures is complicated by differences in population density at the local level, which affect the ability of families to access larger dwellings leading to different social norms.

44. While much lower, the proportion of low-income households lacking basic sanitary facilities is also not negligible in Germany (1%), France (2%), and Portugal (2%). Less than 0.5% of low-income households lack access to flushing toilets in northern European countries (Iceland, Norway, Sweden and the Netherlands), southern European countries (Greece, Italy, Spain), the United States, the United Kingdom, Ireland and Luxembourg (and therefore not presented in Figure 6).

45. Neighbourhood quality – measured by safety, levels of noise, and pollution – is also a crucial dimension of housing quality. Data for OECD European countries show that 17% of households feel that neighbourhood noise is an issue in their neighbourhood; neighbourhood pollution and crime are reported as issues by 13% and 12% of households respectively.

Figure 6. Lack of basic sanitary facilities among low-income households, select OECD countries

Percentage of low-income households living in dwellings without access to indoor flushing toilet, most recent year



Note: Low income households are households with equivalized disposable income below 50% of the median country income. Iceland, Ireland, Greece, Luxembourg, Italy, Norway, the Netherlands, Spain, Sweden, the United States, the United Kingdom are excluded from this chart because their share of low-income households without access to indoor flushing toilets is below 0.5%.

Source: OECD calculations based on the following household surveys: Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2011; the EU Survey of Income and Living Conditions (SILC) 2010-2012; Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 2012. All European countries' estimates are derived from SILC 2012, with the exception of Belgium (2011).

1.4 Conclusions

46. This section has shown that access to housing remains a concern for many low-income and vulnerable households in many OECD countries. Most OECD countries report that 1 to 8 people in every thousand are homeless; while statistics are difficult to compare, this amounts to considerable numbers of people without regular access to housing.

47. Among households that do have access to housing, most own the home where they live. Across OECD countries, 67% of dwellings are owner-occupied, 23% are rented on the private market and 9% are social rental dwellings. The quality of housing is often poor among low-income households: 15% of them live in overcrowded conditions and 14% of them do not have access to an indoor private toilet.

48. Housing is overly expensive for many households. Across OECD countries, almost 1 in 4 low-income households are overburdened by mortgage or by rental costs in the private rental market, i.e. these expenses absorb more than 40% of their disposable income. In the social rental sector overburden rates are lower but still significant among low-income households, at 23% on average across OECD countries.

49. There is therefore a clear case for policies that support access to good-quality affordable housing, especially for low-income and vulnerable households. Section 3 reviews these policies.

2. POLICIES TO SUPPORT ACCESS TO AFFORDABLE AND SOCIAL HOUSING

Key Findings

- *Increasing access to affordable housing is an important reported objective of housing policy in OECD countries. Housing policy in OECD countries comprises a wide and complex mix of programmes.*
- *Access to owner-occupied housing receives considerable public support in many countries, in some cases through measures that are regressive and create distortions.*
- *Most OECD countries also provide support for the provision of social rental housing. Direct provision still exists in many countries but support is decreasing and shifting to other types of providers. Changes in the sources of financing of social rental housing providers, coupled with changes in the socio-economic profile of their tenants, pose new challenges to social housing providers and policy makers.*
- *Housing support is also delivered through housing allowances, with significant cross-country variation in terms of eligibility conditions and payment rates. This policy instrument presents a number of advantages for delivering housing support to low-income households but also has weaknesses compared to social rental housing– especially in providing support to vulnerable households.*
- *The private rental sector plays an important role in ensuring access to affordable housing but information is lacking on its degree of targeting to low-income households.*
- *Data are not yet robust enough to assess the spending mix of housing policy across OECD countries but available data show that owner-occupied housing receives significant support compared to other tenures, and especially the social rental sector. There seems to be therefore room for policy improvement, as privileging support to owner-occupied housing is generally not consistent with tenure-neutrality goals nor with supporting households who are most in need.*

50. As shown so far, many households – and especially low-income and vulnerable households – struggle with their housing costs and are often faced with poor housing conditions. Support for access to affordable good-quality housing has therefore an important role to play in reducing poverty, reducing inequalities and promoting well-being and social inclusion.

51. The purpose of the section is to scope the existing housing policies in OECD countries, their main characteristics, and the degree to which they pursue social policy objectives by supporting access to good-quality affordable housing. Section 3.1 examines whether promoting access to good-quality affordable housing is an explicit objective of housing policies in OECD countries. Section 3.2 takes stock of the set of housing policy instruments used by OECD countries and sections 3.3 through 3.6 review these instruments to discuss whether their characteristics appear to be individually coherent with promoting access to affordable housing and other social policy objectives. Common implementation issues are also discussed. Section 3.7 presents a first attempt at assessing the housing policy mix in OECD countries, highlighting that more work is needed to validate the comparability of data.

2.1 Housing affordability is a shared objective of housing policy in OECD countries

52. As discussed in the introduction of this paper, increasing access to good-quality is an important instrument of social policy objectives such as prevention of poverty and social exclusion; equal opportunities through better access to health, education and social capital; and inclusion in the labour

market. However it is important to determine to which extent these objectives are in fact shared by housing policies, given the fact that countries intervene in housing market also for reasons not linked to social policy (see Section 1).

53. Information collected through the OECD QuASH shows that promoting access to good-quality affordable housing is indeed an important objective of housing policy. Box 3 provides details on the OECD QuASH. All 26 OECD countries reporting information on their housing policy objectives in OECD QuASH mention supporting access to housing among the five most important objectives; 18 reporting countries explicitly refer to improving affordability and another refer to improving access for vulnerable people (without explicitly citing affordability). In its formulation, the objective to improve access to affordable housing is targeted to low-income and vulnerable households in the majority of countries. By this standard, housing policy does take social policy objectives into account. In addition, 4 countries mention social integration among their housing policy objectives.

Box 3. The OECD Questionnaire on Affordable and Social Housing: Objectives, structure, coverage

The 2014 OECD Questionnaire on Affordable and Social Housing (QuASH) collects qualitative and quantitative information on policies to promote affordable and social housing in OECD countries. It takes stock of the main housing policy tools and their main characteristics (such as spending, recipiency, eligibility and benefit amounts). The questionnaire does not aim to cover all aspects of housing market and policy. In particular it does not address institutional care of children, elderly and persons with disabilities or policies to prevent and reduce homelessness which are (in part) addressed in the 2015 OECD Report on Integrating Social Services for Vulnerable Groups (OECD 2015). Basic information is however collected on the number of homeless. While critical to understand housing supply constraints, the questionnaire at this stage does also not address urban development and land-use policies, due to the number of administrative levels involved and the complexity of the topic.

The questionnaire is structured in three main parts

- *Main objectives of housing policy and the main obstacles faced by countries.*
- *Basic information on housing stock, estimated housing demand and the number of homeless*
- *Basic information on the main housing policy instruments to improve access to affordable and social housing. The main categories of instruments identified are :*
  - *Grants and financial assistance for access to homeownership (one-off grants, subsidized mortgages, down payment assistance or mortgage guarantees to home buyers).*
  - *Tax relief for access to homeownership (tax relief to home buyers for the purchase of their main residence; e.g. mortgage tax relief or tax relief for legal fees, disbursements and land transfer taxes).*
  - *Relief for distressed mortgages (subsidies and measures to avoid foreclosure on residential dwellings owned by households in financial distress).*
  - *Subsidies for housing regeneration and energy efficiency (tax deductions, tax credits or grants to home owners and home buyers to regenerate their dwellings or improve their energy efficiency).*
  - *Rent-to-buy schemes (measures allowing tenants to buy a share of a residential dwelling and pay rent on the remaining share).*
  - *Social rental housing (direct provision of social rental housing and/or subsidies for non-governmental social rental housing providers).*
  - *Housing allowances and housing vouchers (non-earmarked and earmarked cash transfers to households directed at supporting rental and other housing costs).*
  - *Tax relief on paid rent for tenants.*
  - *Tenancy law (rent controls, rent duration, contract termination, etc).*
  - *Rent guarantees (publicly provided guarantees or deposits on rents).*
  - *Construction subsidies for owner-occupied, private rental and social rental housing (grants, tax relief or subsidized land to finance the development of affordable owner-occupied or rental housing).*

– *Taxation of residential housing (owner-occupied, private rental, social rental).*

The questionnaire was developed by the Social Policy Division of the OECD in consultation with member countries and other participants to the OECD Expert Meeting on Social Policies for Housing, held on the 3rd of February 2014 in Paris. The questionnaire draws heavily on the 2010 OECD Questionnaire on Housing and on the work conducted by other OECD directorates, including the Economics Department, Public Governance and Territorial Developmentand the Statistics Directorate.

The QuASH was administered to all OECD members and Latvia, which is in the process of joining the OECD. As of November 2015, there were 29 reporting countries: Australia, Austria, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Israel, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The information on Israel could only be partially included. Not all countries answered all the sections of the survey, as a consequence country coverage changes across policy programmes.

54. In many countries housing policy objectives are reportedly tenure-neutral but there are a number of countries that have tenure-specific objectives. Poland, Switzerland and Turkey mention promoting homeownership; Germany, Norway, Portugal, Spain and the United States aim to promote the private rental market while the Czech Republic, Germany, Norway, New Zealand, Portugal and Turkey aim to promote social rental housing.

55. In addition to improving access to affordable housing, the objectives listed by reporting countries include promoting environmental sustainability, urban planning and renovation, as well as promoting a competitive and responsive housing market and/or construction sector. Some countries also report more specific objectives for some parts of the housing sector. Objectives for the social rental sector, for example, include reducing its construction and running costs (Denmark); improving its regulation (the Czech Republic); or enabling a more diverse range of providers (New Zealand).

Box 4. Extreme housing deprivation in urban slums

One of the objectives of housing policy in Chile is reducing the number of slums; 9% of the urban population in Chile is estimated to live in slums. The phenomenon is significant in other OECD and key partner countries as well: around 30% of the urban population lives in slums in in India and Brazil, 23% in Indonesia and South Africa and 19% in Mexico (see UN Millennium Development Goals Database, 2014). Due to rapid urbanization in developing countries, the number of slum dwellers is projected to grow in the coming years (UN-Habitat, 2014) and eradication of urban slums by 2020 has been included by the United Nations among the targets of the UN Millennium Development Goals (Target 11 of Goal 7).

Slums are a manifestation of urban poverty and inequality and are generally caused by rapid rural-to-urban migration and poor planning. Slum dwellers are a heterogeneous population, and not only the very poor live in slum communities (UN-Habitat, 2003). Even though slum areas can differ substantially cross-nationally in size and other characteristics, extreme housing deprivation is a common trait. Lack of access to drinking water and sanitary facilities are the main issues faced by slum households: in India 43.3% of slum households lack access to drinking water in their homes, 19% lack bath or shower facilities and 34% lack any type of latrine in their dwellings (Census of India, 2013). The numbers are relatively less dramatic in Brazil: 3.3% of people in Brazilian favelas lack access to tap water and 12.3% lack an indoor flushing latrine in their homes (IBGE, 2010). In fact, UN-Habitat (2006) defines slums as "conglomerates" of households living in urban areas and lacking one or more of the following conditions: i) access to improved water; ii) access to improved sanitation facilities; iii) sufficient living space; iv) durable housing of a permanent nature that protects against extreme climate conditions; v) security of tenure.

During the 1970s and 1980s, slum areas were generally neglected by public policy, as their informal nature made them ineligible for urban planning (Marx et al., 2013). Forced evictions were largely deployed to address the issue of growth of slum areas (UN-Habitat, 2003). Evictions have also been frequent in recent years in several Brazilian municipalities in order to reduce the size of favelas, leading to great concerns for the respect of human rights (UNHR, 2014). However, examples of recent policies coming from a few developing countries show that the approach is progressively shifting towards slum upgrading, resettlement of slum dwellers and integrated approaches aimed at

reducing urban poverty. Slum upgrading, namely the regularization of tenancy rights and the provision of adequate infrastructure, has been recently recognized as the best practice in dealing with the issue of urban slums, as it minimizes the disturbance to the economic and social life of the community while making a significant improvement to the quality of life of the urban poor (UN-Habitat, 2003). The Basic Services to the Urban Poor (BSUP) program, for example, was approved by the Indian government in 2005 and aims at tackling inadequate housing and lack of basic services through a slum upgrading approach. Similarly, the recent Rajiv Awas Yojana (RAY) program (2013-2022) aims at combating expansion of slum areas by providing slum dwellers with adequate shelter. In Mexico, the Habitat program (approved in 2003) uses an integrated approach that encourages investments in infrastructure while funding the delivery of social services and community development activities (IDB, 2014).

2.2 Affordable housing policies: a complex mix of tools

56. The OECD QuASH surveyed a wide set of housing policy programmes including grants, financial assistance and tax relief to support access to homeownership, tax relief for residential housing, relief for distressed mortgages to household in financial distress, rent-to-buy schemes, grants and tax concessions to developers to support the supply of affordable housing, social rental housing, housing allowances, tenancy law and other forms of support for tenants (Box 1). Land use policies and planning can also be considered part of housing policies and they are critical to understanding constraints to access to affordable housing (Andrews Caldera Johansson, 2011). However they are beyond the scope of this paper and, as explained in Box 1, they have not been surveyed in the OECD QuASH (2014).

57. These programmes vary along multiple dimensions: their objectives; the tenure they target; and the modality of delivery. This complexity makes the classification of policy programmes difficult; nevertheless a classification is necessary to collect and monitor information. One useful and common classification divides subsidies into supply-side and demand-side. Supply-side subsidies are directed at producers of housing and can consist of direct government grants or subsidies, as well as land and tax concessions for provision of housing or urban renewal. Demand-side subsidies are instead directed at consumers; common forms of demand-side housing subsidies include housing allowances, upfront grants for home-buyers, financial assistance such as subsidized interest-rate loans or mortgage guarantees and of course mortgage and property tax relief (Clapham et al., 2012). Another possible classification characterizes support into explicit and implicit; as an example, grants are a form of explicit support whereas provision of land at discounted prices and tax relief are forms of implicit support (Clapham et al., 2012). Housing policies can also be classified by tenure and in fact country programmes are often linked to a specific tenure type.

58. This paper uses a classification based on tenure complemented with a demand vs. supply side classification. This offers a first workable solution to capture a wide range of instruments, but - as any other classification – it has weaknesses and will not fully capture the system of housing support provided by all surveyed countries. For example, countries often use the same instrument to support the construction of owner-occupied dwellings among individual households (which amounts to a demand-side subsidy), real estate developers and social housing providers (which amounts to a supply-side subsidy).

59. Table 2 presents the policy instruments surveyed in OECD QuASH and their mapping into the identified policy categories.

Table 2. Housing policy programmes surveyed in OECD QuASH 2014

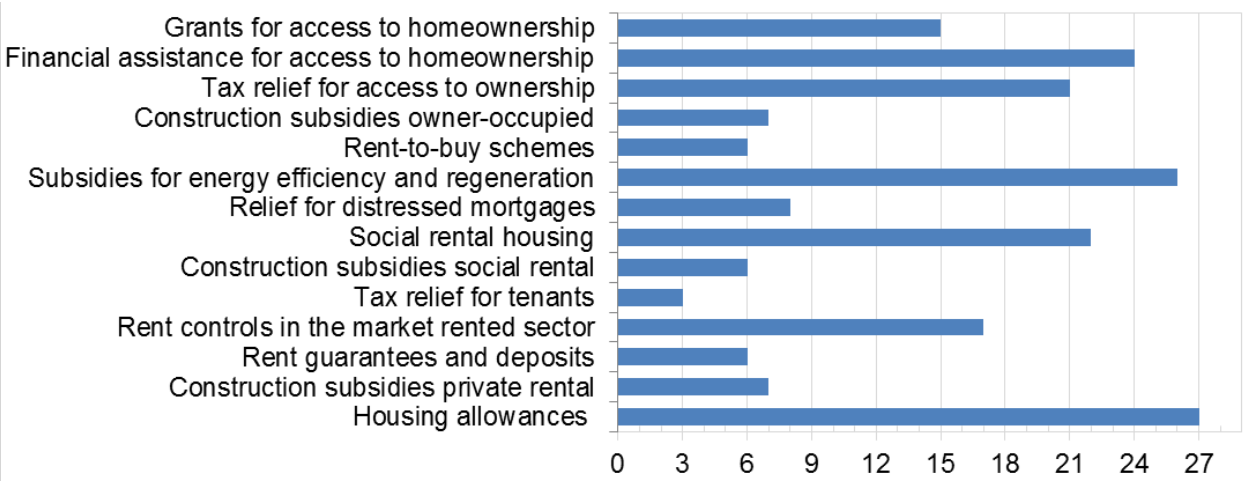
Category	Policy Instrument (OECD QuASH 2014)
Homeownership subsidies	*Grants for access to homeownership*
	Financial assistance for access homeownership
	Tax relief for access to homeownership
	Construction subsidies for owner-occupied housing
	Rent-to-buy schemes
	Relief for distressed mortgages
	Subsidies for energy efficiency and housing regeneration
	Taxation of residential housing
Housing allowances	*Housing allowances in cash and vouchers*
Social rental housing	*Social rental housing*
	Taxation of social rental housing
	Construction subsidies for social housing
Rental support and regulation	*Construction subsidies for rental housing*
	Taxation of rental housing
	Tax relief on paid rent for tenants
	Rent controls in the market rented sector
	Rent guarantees
	Tenancy law

60. The majority of the 29 reporting countries[8] in 2013 use at least 6 of out of the 13 policy instruments surveyed in OECD QuASH (Figure 7). All reporting OECD countries support access to homeownership, either through grants, financial assistance for loans or tax relief for the purchase of a home. Rent-to-buy schemes and construction subsidies for owner-occupied housing are less common: each is used in about one third of the reporting countries. Except Korea and Turkey, all reporting countries also provide housing allowances, i.e. cash transfers to households directed at supporting housing costs. In addition, 22 reporting countries support the provision of social rental housing, either through the direct provision of housing or through subsidies to providers. Around one third of the reporting countries also use construction subsidies to promote the production of rental housing. Rent controls are used in over half of the reporting countries, but other forms of support for private rental housing, such as provision of guarantees and rent tax relief for tenants, are currently used by just over one fifth of the reporting countries.

[8] Information on the provision of most policy instruments in QuASH is missing for Israel and the country has not been included in this analysis. The data provided and the information available in the OECD Benefit and Wages (www.oecd.org/els/social/workincentives) show that the country provides some form of support for homeownership and rental assistance.

Figure 7. Countries use a wide range of housing policy instruments

Number of reporting countries adopting each policy type



Note: information on Israel is not included in the figure because of the large number of policy categories missing.

Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.

61. Due to data limitations, the monetary value of support provided through rent controls and tax relief for residential housing is not quantified in OECD QuASH and is therefore not included in the spending figures. It is important to stress that this is a first attempt at producing comparable data on the instruments and amount of support towards affordable and social housing in OECD countries. In particular, not all reporting countries provided information on all surveyed instruments and information on spending, recipiency and eligibility is often missing. As a consequence, the number of reporting countries changes across policy types. Furthermore, taxation of residential, rental and social rental housing is excluded from this analysis because of limitations in the reported data.[9] Overall, more work is needed to improve coverage and validate the quality of the data.

62. The next sections provide more information on these policy instruments, on their coherence with social policy objectives and on the amount of resources invested in them.

2.3 Support to homeownership

63. Owner-occupied housing is the dominant tenure across OECD countries (see Figure 1) and it received public support in all of the countries surveyed in OECD QuASH. The collected data show that multiple policy instruments are typically used to this end and generally include both demand-side and supply-side subsidies. Demand-side subsidies for access to homeownership include grants, financial assistance and tax relief for access to homeownership, rent-to-buy schemes, and relief for distressed mortgages. Supply-side subsidies for access to homeownership consist of grants, tax relief and financial assistance to developers who build dwellings intended for owner-occupancy.

64. Public support for homeownership is usually rationalized with the perceived economic and social benefits associated with homeownership and housing stability: better educational achievements for children, community engagement, and positive externalities for the surrounding communities (Glaser

[9] While countries provided information on whether dwellings occupied under these tenures are submitted to property taxes, the information provided did not allow to determine whether any of these tenures benefits from tax breaks compared to the others.

2011). These benefits could however be linked to socio-demographic characteristics of the buyer such as age, income, education, labour-market position, ethnicity and immigrant status (Kurz & Blossfeld 2004; Murie, 1983; Horsewood & Neuteboom, 2006; Masnick, 2004) rather than to owner-occupancy per se (Engelhardt, et al. 2010, Holupka and Newman 2012).

65. Some countries also see homeownership as an instrument of wealth accumulation over the life-course and a source of income in old age through the use of reverse mortgages (OECD 2013). Homeownership can also provide an edge against rent increases and help the elderly stay in their home. However, the wealth accumulation argument only really holds if housing prices increase in the long-term, as learnt during the Great Recession. Furthermore, owning a house does not always mean that seniors need less resources because ownership involves maintenance costs, which can be significant. In fact there is no clear evidence that seniors are more likely to be homeowners in countries with less generous pension systems, indicating that factors other than retirement considerations are more decisive in homeownership in OECD countries (OECD 2013). On the other hand, homeownership subsidies can create distortions by diverting households from other forms wealth-building investments and other forms of tenure.

66. The financial case for homeownership does not always fit for low-income families (Norris and Winston, 2011). High mortgage loan-to-value ratios and lower inflation, coupled with stagnating incomes and high unemployment expose mortgaged homeowners to high risk, especially low-income households who have little savings to fall back on. There also other risks associated with homeownership for low-income families. Purchases may take place in areas with stagnant or declining home values or in distressed neighbourhoods (see Box 5) and their financing is more likely to be subprime, with potentially high interest rates and fees.

Box 5. Residential segregation and housing policy

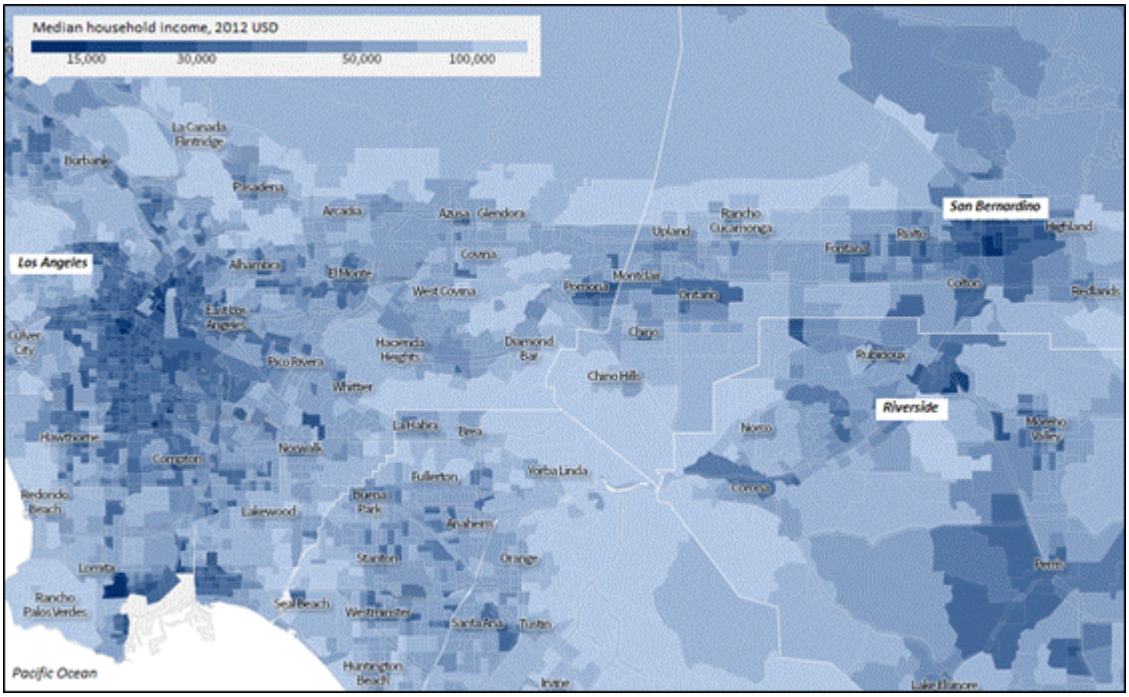
Residential segregation reflects and contributes to socioeconomic and racial inequalities. Poor people living in areas with highly concentrated poverty experience inadequate schools, limited job prospects, and disadvantaged peer groups, all of which contribute to social exclusion. Residential segregation was encouraged (and sometimes enforced) by governments worldwide throughout much of history, in order to restrict the movement of various religious, ethnic, and socioeconomic groups (Nightingale 2012). Throughout the 20th century, government-sanctioned segregation gradually lessened across OECD countries. However, de facto segregation took its place, and concentrated poverty persists today. Although people have earned the legal right to live where they want, segregation has continued through discrimination (e.g., in the private housing market), historical housing policies (e.g., governments' placement of social housing in undesirable locations), and economic factors (e.g., the affordability of quality housing) (Turner et al. 2008).

Since the mid-20th century, socioeconomic segregation has largely been an urban phenomenon. In the United States, federal mortgage support enabled white middle-class families to buy single-family homes in the suburbs at the end of World War II. Urban public housing and discriminatory housing practices kept many African-Americans and foreign migrants in poor city centers. As urban areas have become more popular, more expensive, and space-constrained (Gyourko et al. 2006), poverty has shifted to a new home in the United States: the suburbs. Suburban poverty has grown at a faster rate than urban poverty since 2000, and today more poor people live in suburbs than in urban or rural areas (Kneebone 2014). Households face new challenges when they move to the suburbs: a potentially longer and more expensive commute, less public transportation, limited local jobs, and fewer public support resources.

A closer look at Los Angeles illustrates how poverty has settled in the suburbs. The region known as the "Inland Empire" is about an hour's drive east of Los Angeles, in the Riverside, San Bernardino, and Ontario metropolitan areas (Figure 8). Since the year 2000, the low-income population in the Riverside metropolitan suburbs increased by 49.5 %. The share of the population living in concentrated poverty – census areas where over one-fifth of the population lives in poverty – rose by 11 percentage points (Kneebone 2014). In many census tracts of San Bernardino and Riverside counties, median rental costs equal half of household income. These impoverished areas are also disproportionately populated by foreign migrants, revealing another layer of segregation by language and ethnicity.

Figure 8. Mapping socioeconomic segregation in Los Angeles, California

Median household income (2012 USD)



Source: OECD calculations of American Community Survey (2008-2012)

Concentrated poverty outside urban borders is not a new phenomenon worldwide. For instance, on the eastern periphery of Paris – the so-called "red belt" of the city – social housing projects were built post-war in order to settle workers near industry and address high housing prices in central Paris (Stovall 1990). These eastern cités are now economically and ethnically segregated from central Paris: the peripheral suburbs are characterized by poverty, a high share of public housing, and low education levels. Labourers and the unemployed are overrepresented among households in this region (Clerval et Delage 2014), and many of the residents are Algerian, Moroccan, and sub-Saharan African immigrants or descendants. The French government has labelled 731 of these neighborhoods zones urbaines sensibles ("sensitive urban zones"), which makes them a high-priority target for policy intervention. Simultaneously, within Paris's city limits, "fragile middle class" households are increasingly priced out of the city (Observatoire Parisien de l'Insertion et de la Lutte contra l'Exclusion 2012) and their incomes barely enable them to live within the city borders, with little margin for income loss.

National and local policies to decrease the level of spatial segregation have been developed in many countries. An affirmative approach has been commonly used in the United States, Europe (Clapham, 2012) and Chile where tenure diversification, sometimes combined with demolition programmes, have been part of wider urban renewal policies that also integrated economic and social elements (Scanlon et al. 2014). The effectiveness and the unintended consequences of these programmes, as well as their integration with social elements, are important for social policy makers and should be further explored.

67. Finally, non-targeted demand-side subsidies for homeownership have perverse distribution outcomes as they tend to favour homeownership for high-income households compared to households with lower income and net worth. Furthermore, in the presence of supply rigidities, subsidies for homeownership (both demand and supply side) may put further pressure on the market in periods of increasing housing prices and thus reduce access to homeownership for first-time buyers (OECD, 2011). Additional distortions are linked to transaction costs being higher for owner-occupants than renters, which discourages residential mobility.

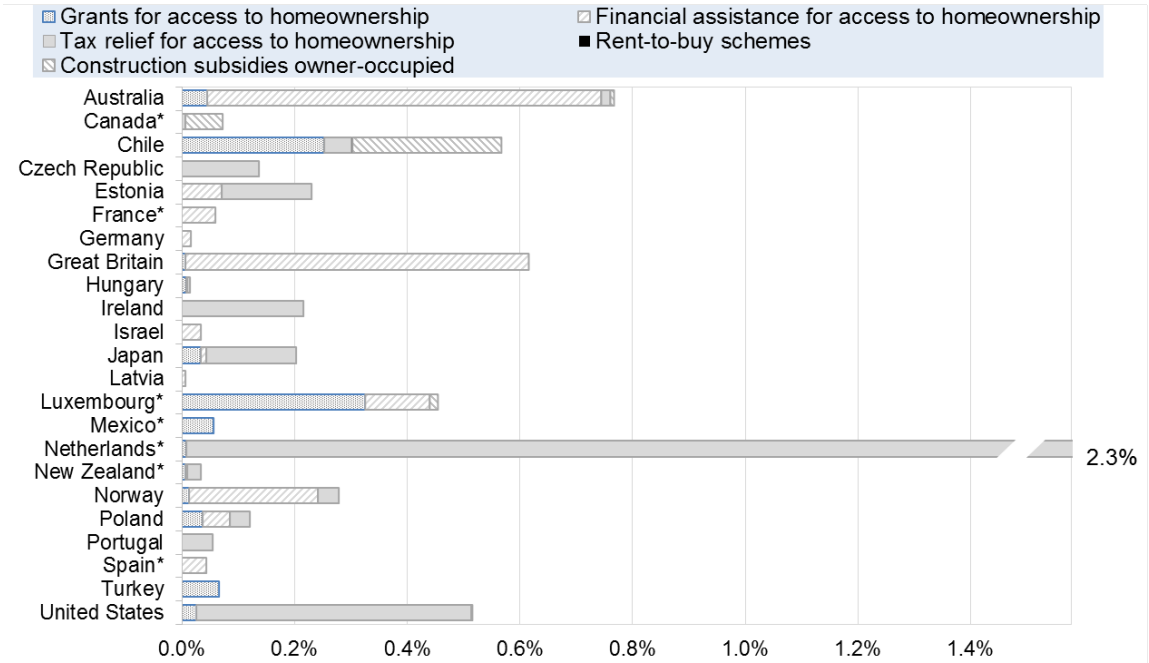
2.3.1 Grants and financial assistance for home-buyers

68. Grants and financial assistance to access homeownership are used by a larger number of OECD countries (OECD QuASH 2014). Grants to support access to homeownership consisted of one-off transfers to households for the purchase of a house whereas financial assistance to home-buyers consisted of subsidized mortgages, down-payment assistance or mortgage guarantees provided by the government.

69. OECD QuASH data show that both grants and financial assistance were often reserved for first-time home buyers and might or might not be complemented by mortgages provided by banks and by equity from the beneficiary. Grants were relatively important policy instruments in Chile and Luxemburg, which spend roughly 0.3% of GDP on these grants. Financial assistance is especially prominent in Norway (0.2% of GDP), in Australia (at least 0.7% of GDP) and in the United Kingdom (0.6% of GDP). Rent-to-buy schemes tend to be much smaller, at least in countries for which data has been provided. Australia and Chile both spend less than 0.003% of GDP for these programmes (Figure 9).

Figure 9. Public spending to support access to homeownership

Central government spending as % of GDP, 2012-2013



*Note: * indicates that spending is missing for one of the five policy instruments and the reported amount is therefore a lower-bound estimate. Specifically, the spending data is missing for: Mexico and the Netherlands on financial assistance; Luxembourg and Spain on tax relief; Canada and France on rent-to-buy schemes; New Zealand on construction subsidies. Data for Austria, Denmark, Finland, Korea, Sweden, and Switzerland are not included as information on spending for two or more policy instruments is missing.*

Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.

70. Overall, there is considerable variation across OECD countries in the mix of subsidies to support access to homeownership (Figure 9). In Chile, Luxemburg, Spain and Turkey a significant share of support to homeownership was provided through grants for first-home owners. Financial assistance accounted for the largest amount of support to access to homeownership in Australia and the United Kingdom. Tax relief for access to homeownership also accounted of a significant share of homeownership support in a number of countries, especially where it was designed as non-means-tested mortgage tax relief - a regressive and distorting measure. This measure alone costed 0.36% of GDP on average in OECD countries, 0.5% of GDP in the United States and a staggering 2.3% of GDP in the Netherlands – well above the amount spent by the country on targeted housing allowances and social housing put together.

71. It is important to keep in mind that a number of countries report having certain programs in place but information on the amount of spending is missing. As a consequence, the reported numbers are a lower-bound estimate and errors are likely to be larger in countries who do not report spending on tax relief for mortgages (see note to Figure 9).

Box 6. Housing subsidies for vulnerable households in Chile

Despite significant improvements over time, many people in Chile lack access to good-quality housing. In 2009, the government estimated about 400 000 dwellings were sub-standard either because of poor construction material, lack of basic facilities or high overcrowding (OECD, 2012). This corresponds to about 9% of the total housing stock reported for 2011 (QuASH 2014). The reduction of the housing deficit among low-income households is an important objective of housing policy in Chile and has been pursued through a number of programmes in the past three decades.

During the 1990s these programmes mainly consisted of direct provision of housings, but around the year 2002 housing support for low-income households shifted to demand-side earmarked subsidies. The main current programme to support access to housing for low-income households is the Nuevo Fondo Solidario de Eleción de Vivienda (D.S.49), a grant provided to low-income households living in a condition of housing deprivation. The grant can be used to build new dwellings or buy existing ones – but is predominantly used for greenfield projects. The value of the subsidized dwellings is capped and a relatively small equity contribution (about 4% of the average wage) is required from recipients; the recipient cannot use additional loans to finance the dwelling.

D.S.49 was introduced in 2012 and can be considered an evolution of previous programmes. The main objectives of the changes implemented in 2012 were improving the subsidy's targeting; improving the quality of the dwellings and their location; providing applicants with more choice in the application process; and, rewarding additional savings improving the subsidy's targeting (MINVU, 2011). The changes introduced by D.S. 49 summarized in this box are the object of an ongoing review by the OECD Secretariat.

D.S.49 has strengthened the targeting of the programme by giving more weight to housing conditions and household characteristics in the eligibility rules and by reducing the importance of the vulnerability score resulting from Ficha de Proteccion Social (FPS). The FPS scores are self-reported and are thought to be a not very reliable measure of the household's income and situation. While D.S. 49 allows and rewards a greater equity contribution from the recipients, the share of the dwelling financed by the grant is still very large: a simulation shows that the subsidy for an eligible family of four can cover over 95% of the cost of a 55 square-meter-dwelling in a greenfield project in the Santiago metropolitan area. This may lead to perverse effects, such as households never actually moving into the subsidized dwelling.

Additional technical requirements have been introduced in D.S.49 to improve the quality of the buildings, the public space around them and their access to public services and transportation. Access to housing located in better areas should also be helped by changes in the calculation of the benefit and by greater incentives to densification projects or the purchase existing dwellings. D.S.49 also gives greater importance to social services provided to households to help them become familiar with the tasks and responsibilities related to owning a house.

Another change introduced by D.S.49 concerns the mode of application and the role of the coordinating entities (EGIS). These entities were first introduced with the shift to demand-side support around the year 2002; the EGIS prepared the construction projects, found the land, organized eligible families and submitted the funding application to the ministry. Over time, they acquired considerable market power; there were also reports of families not being attended, incomplete projects and misappropriation of the equity contribution of the eligible families. The 2011 reforms changed radically the application process to address some of these issues, basically splitting the households' application from the application of development projects and allowing household to apply without a project.

While many of the principles that guided the reform seem to go in the right direction, the implementation of these changes has not yielded all the expected results. The reforms took place at a time when a mining boom and the reconstruction in the aftermath of the tsunami were absorbing much of the construction capacity. The improved technical standards – not complemented by matching increases in the subsidy levels – also eroded margins for the construction industry which is not catering to this sector. As a result, many households who are eligible for the subsidy cannot find constructors to develop their dwellings. Further adjustments may be needed in the level of subsidies and in strengthening the technical support provided to households who need to find a developer. This case study highlights the importance of taking into consideration the trends and incentives of the wider housing market when implementing policies to support affordable housing.

Source: Salvi Del Pero, A. (2016) "Housing Policy in Chile. Case Study on Two Housing Programmes for Low Income Households" OECD Social, Employment and Migration Working Papers.

2.3.2 Other forms of support for home owners

72. In many OECD countries owner-occupied housing also benefits from favourable tax treatment both in terms of tax relief to support access to homeownership and taxation of residential property.

73. Tax relief for *access* to homeownership mainly consists of two instruments: tax exemptions for costs associated with the purchase of a home (e.g. legal fees, disbursements and land transfer taxes), and mortgage tax deductions. In 2013, the former were often reserved for first-home buyers and were usually either means tested – as in Austria and New Zealand – or capped in terms of the dwelling's price, as in Australia (OECD QuASH). Tax deductions for mortgage payments[10] were rarely means-tested, although they were generally but not always capped; furthermore these deductions were not always restricted to first-time home buyers. In 2013, Austria, Chile, the Czech Republic, Denmark, Japan, and the Netherlands all granted these deductions and only Austria, Chile and Japan applied some degree of means-testing. In Norway, interest deductions were granted for mortgage payments but so were deductions for other forms of debt. This was meant to ensure symmetrical treatment of income and expenses. Ireland discontinued tax deductions for mortgage payments for new buyers in 2013 and will phase them out for existing mortgages by end 2017.

74. Residential property receives preferential tax treatment compared to other assets. Support provided to homeowners in OECD countries through tax relief for residential housing was not quantified in OECD QuASH, but the literature shows that taxes on residential property are often limited and the valuation of the property value is also generally much lower than market value (OECD, 2011). A more equal tax treatment of residential property can be achieved by taxing housing investments as part of income tax, i.e. by taxing imputed net rental income (OECD, 2011), but only 4 countries do so out of the 17 that report on taxation of imputed rent (Denmark, the Netherlands, Switzerland and Turkey).

75. In 26 out of the 29 reporting countries, subsidies are also available to home owners to improve the *energy efficiency standards* of the housing stock, which is believed to have a strong potential for reducing emissions and energy costs, especially for low-income households. Household data shows that, for example, the median household in the poorest income quintiles spends 3.5% of their disposable income for utilities in Australia and 11% in the United States. In addition to support the improvement of energy efficiency, governments also support the renovation of the housing stock to help make it more accessible and suitable to the needs of the population, and in particular to the needs of the elderly and the disabled.

76. Support towards housing energy efficiency and renovation is provided under three main types of programmes: i) programmes for improvements to low-quality dwellings, such as those implemented in Chile and New Zealand; ii) grants provided to support the retrofitting of dwellings to the needs of ageing or disabled households, as for example in Ireland; and, iii) grants or tax deductions to improve the energy efficiency of the dwelling stock, (e.g. in Denmark and Germany). While the first type is usually targeted implicitly or explicitly to low income households, the second and the third are usually not. In a few reporting countries these subsidies account for a large share of spending to support homeownership and receive relatively large support, as for example in Poland (0.8% of GDP) and Luxemburg (0.5% of GDP).

77. In the wake of the Great Recession, mortgage over-indebtedness rose in many OECD countries and many governments have put in place support to avoid foreclosure. The average residential debt to GDP ratio for European Union countries increased from 32% in 1997 to 52% in 2010. In 2012, the highest residential debt-to-GDP ratios were in the Netherlands (108%), Denmark (101%) and the United Kingdom (81%), suggesting high rates of indebtedness for these countries' homeowners (European Mortgage Federation 2012). In the United States the estimated residential debt to GDP ratio was 69% in 2012

[10] These tax deductions are generally granted for interest payments. Only Belgium also grants tax relief for capital repayments, albeit with a cap.

(Federal Reserve 2013). A fair number of households report being in arrears on their rent or mortgage; i.e., they have missed one or more required payment. On average, 4% of Europeans report being behind on mortgage or rent payments, and the proportion increases to 9% among low-income households (CECODHAS 2012).

78. Nine out of 24 reporting countries have *introduced programs to avoid foreclosure* on residential dwellings owned by households in financial distress. These programs are directed at home owners in negative equity and/or unemployed/low-income homeowners experiencing financial distress and difficulties in paying their mortgage.

2.4 Social rental housing: forms of provision and level of support

79. Social housing refers to different forms of support across OECD countries, with significant variations in terms of tenure, size, and providers. In terms of tenure, social housing consists of rental housing in most OECD countries but in Chile, Mexico, Spain and Turkey it predominantly consists of low-cost housing provided for owner-occupancy. For the purposes of this study, social rental housing refers to residential rental accommodation provided at sub-market prices and allocated according to specific rules rather than according to market mechanisms (Fitzpatrick and Pawson 2013; Scanlon and Whitehead, 2004; Pittini and Laino 2012).

80. The social rental sector is smallest in Eastern European countries (Latvia, Estonia, and Hungary), Switzerland and Portugal, where it accounts for less than 4 % of the total dwelling stock (see Figure 1 in section 2). The sector is also relatively small (between 4% and 6% of the stock) in Anglophone countries (Australia, New Zealand and the United States), Germany, Japan and Norway. The United Kingdom, the Czech Republic and Finland have an intermediate-sized social rental housing sector, while the sector is relatively large in Denmark, Austria, and the Netherlands. There is no social rental housing in Chile, Spain and Turkey and in Mexico social rental housing is only offered to armed-force personnel. In Sweden officially there is no ‘social housing’; nevertheless the rental housing owned by municipal housing companies has a general interest objective and tends to provide housing to households that are less well-off than households in other forms of tenure (Pittini and Laino 2012).

81. Differences in the size of the social rental sector are rooted in the diversity of history and social welfare systems across OECD countries. Social housing started in many countries as housing construction to meet housing demand from rapidly growing populations. In many European countries, for example, housing initiatives before the twentieth century were not led by the public sector but came from company owners or philanthropist and were not always meant for the poor; in many cases housing was provided to workers moving to urban areas. Housing conditions in the estates created through these initiatives were often poor and many European governments started intervening to regulate housing standards and provide housing themselves. The intervention of the public sector in the provision of social housing, however, only took a substantial dimension in the post-war period when countries faced the severe supply shortages caused by destruction and lack of investment during the war. The types of subsidies used to deliver housing and the extent to which social housing was seen as a form of welfare support varied considerably across countries (Scanlon et. al, 2014) and have in part shaped the approaches to provision of social housing. During the 1980s and 1990s, most countries had overcome the most severe shortages in the number of dwellings; many countries started a phase of privatisation of the sector which entrenched the distinction between countries where housing support was meant of low-income households and countries where it was meant for wider groups of the population. The Great Recession and the austerity imposed by it might imply that governments might have limited freedom to pursue the policies that they might have choosen in other circumstances (Scanlon et. al, 2014).

82. A variety of providers are involved in social rental housing. In many countries the social rental housing sector developed in the form of direct public provision, with an emphasis on state-supported housing construction, to accommodate rapidly growing urban populations. Many countries, except perhaps Denmark and France, have been moving away from public ownership (Scanlon et al., 2014), with a greater role for non-profit providers funded in part by the central government and sometimes by the local administration (Pittini and Laino, 2012; Braga and Palvarini, 2013). In some countries for-profit investors have also become involved in the sector. In Germany, for example, the social rental sector mainly consists of privately owned dwellings that receive a temporary subsidy (typically for 10-15 years); for the duration of the subsidy, the allocation and rent setting of the dwelling are part of the contract between the landlord and the local government (de Boer and Bitetti, 2014).

83. The increased reliance of social rental housing on non-profit and for-profit providers has translated into adhering more closely to efficiency principles in the management of social rental housing or even adding market-oriented activities to the core social housing provision (Haffner et al., 2009), as in the United Kingdom and the Netherlands (seeBox 7). In a review of management of social rental housing in Europe, Czischke (2009) reports that some providers, for example in Germany, have expanded their activities to a broader range of social services, such as community development, employment generation, training, youth projects, etc. In fact, thanks to their established relationship with tenants, some social housing providers can be well placed to deliver these additional services (Francavilla et. al., 2010).

Box 7. Commercialization of the social housing sector in the Netherlands

The Netherland has a long history of subsidised housing provided by non-governmental housing associations, facilitated by the introduction of the Housing Act in 1901 (de Jong, 2013). In particular after World War II, the housing associations played a key role in addressing the serious capacity shortages. At its peak in the early 1990s social housing in the Netherlands covered 44% of the Housing stock (Boelhouwer and Priemus, 2013). With time capacity shortages have decreased reducing the need for public sector intervention. In addition, public budget concerns and the belief that market provision could generate efficiency gains started a series of housing- policy reforms during the early 1990s (see Boelhouwers and van der Heyden, 1995).

The reform has entailed a shift in the policy focus towards stimulating private homeownership and replacing subsidies to social housing providers with demand-side subsidies. At the same time the housing associations that operate social housing have become independent organisations that – conditional on prior approval by public authorities– can take on commercial private activities so they can raise private capital complementary to public funding. These reforms enhanced the independence of social housing associations in the Netherlands: they no longer have to submit project/investment related to social housing for approval by public authorities in advance (Algemene Rekenkamer, 2014). As a result of these reforms the share of the social housing has reduced to around one-third of the existing stock.

The Dutch social housing system provides rent subsidies to those living in regulated-rent dwellings, i.e. dwellings with rents up to EUR 699 per month in 2014 (Rijksoverheid, 2014). Subsidised housing is targeted at about 43% of the population. IHAs provide 90% of new rentals to such households. In addition to housing allowances to social housing tenants, there is an important three-tier guarantee system through which the State limits financial risk exposure for IHAs. First, the Central Fund for Social housing (Centraal Fonds voor Volkshuisvesting CFV), an independent public body that supervises the financial operation of IHAs and can if necessary impose a levy on IHAs to prop up the financial position of an IHA in financial trouble. Second, IHAs have contributed to reserves of the Social Housing Guarantee Fund (a non-profit organisation) worth EUR 472 million in 2013 which under certain conditions can be extended through additional contributions amongst solvable IHAs worth by reserves worth EUR 3.2 billion in 2013 (WSW, 2014). Third, the national government and municipalities provide interest-free loans for 50% each if the first two tiers are exhausted (Lawson 2013). The second and third tiers of this guarantee system have never been used. The system covers EUR 86.2 billion of loans by IHAs (WSW, 2014) and as such helps IHAs to borrow relatively cheaply at capital markets. The annual worth of reduced interest payments is estimated to around 0.5 to 1 percentage points (Conijn, 2011, p. 28) or around EUR 450 to 900 million in 2013.

Much of the funds borrowed at reduced rate are not used to finance subsidised housing but commercial activities of IHAs, which gives IHAs an unfair advantage over private commercial property developers. Complaints by private

developers and intervention by the European Commission regarding this form of "State Aid", led to reform in 2011 by which IHAs have to operate separate accounts for commercial (non-DAEB) and non-commercial properties (DAEB) which include the provision of rental dwellings (and associated activities) up to the legal threshold. By the end of 2012, IHAs in the Netherlands held EUR 215 billion in non-commercial assets of which 39% financed with outside capital, and EUR 14.4 billion commercial assets of which only 5.5% was financed with loans at market rates, the remaining EUR 13 billion was financed at reduced rates which has to be re-financed increasing risk exposure for IHAs (Algemene Rekenkamer, 2014).

Commercialization of IHAs in the Netherlands expanded their remit and ambition, increased their risk exposure, and is to a large degree responsible for the recent decline in their fortunes. Since the early 2000s operating costs of IHAs increased annually by 6-7% (de Jong, 2013), and consolidated losses of IHAs over the 2007-2012 period amounted to EUR 1.2 billion (Algemene Rekenkamer, 2014). Certainly, over this period the housing market was depressed but IHA losses were also due to investments in complex financial instruments and other commercial activities with which they had no particular experience: almost 20% of IHAs speculated in financial derivatives and one IHA so generated a loss of 2bn and had to be bailed out by public funds and other IHAs. There are also ongoing investigations in fraud and there are obvious moral hazard issues with paying chief executives commercial sector salaries while operations and risks are financially backed-up by tax-payer money.

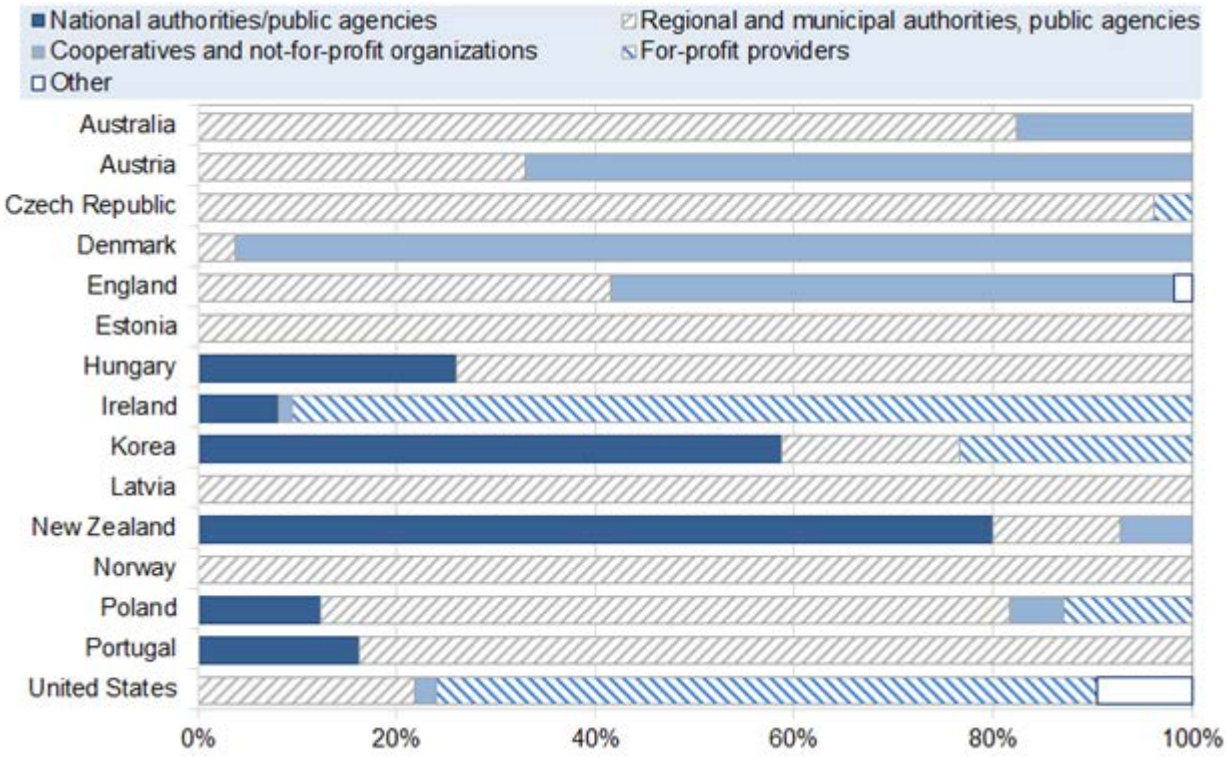
The financial mishaps of IHAs led to the establishment of a parliamentary inquiry into the IHAs discussed in Parliament in October 2014. The key conclusions of the Inquiry committee (Tweede Kamer der Staten-Generaal, 2014) highlight the simultaneous occurrence of : i) Failing IHA managers and supervisors, and operational and/or financial mismanagement: a surprisingly large number of cases of self-enrichment, and at the very least the lack of moral compass in remuneration with excessive wage payments to senior managers; ii) Failing public supervision: the public supervisor of financial affairs (CFV) had no good view of the financial risks taken by the sector, while the operational supervision by the Ministry was also inadequate (see the report by the Audit Office – Algemene Rekenkamer); and iii) Failing politicians and policymakers: there was a lack of political guidance and supervision sometimes driven by a dogmatic belief in self-regulatory capacity of the sector. During the 1993-2013 period, there was an inconsistent and changing policy environment: there were 12 different ministers and deputy-ministers were responsible for housing policy and the Housing Act was amended 78 times on 59 occasions

A key recommendation of the parliamentary committee is a return to basics by the IHAs, and a phase out of involvement in commercial activities. The Central government should provide the housing sector framework, but otherwise the position of local governments and tenants should be strengthened, it is suggested to limit the size of IHAs to weaken their bargaining position). The supervisory role of the Government should be strengthened with respect to the loans the WSW covers and the creation of an independent supervisory housing authority; the Ministry had already announced changes in its supervisory structure and tighter rules for engagement by IHAs in new commercial activities. Notwithstanding recent criticism, the social housing sector has achieved many things, not least the provision of a comprehensive system of affordable housing of good quality, including associated services, which has sustained housing investment also during the crisis - IHAs covered around 60% of the production of new housing (Boelhouwers and Priemus, 2013) - and also played a key role in urban renewal initiatives in deprived areas.

84. The share of social rental housing stock owned by public authorities is nevertheless still significant in many countries (Figure 10). Based on OECD QuASH data, in most OECD countries the majority of the social rental stock is managed by public authorities, often local ones. However, public provision of housing does not always correspond to social housing; in Sweden and the Czech Republic, for example, municipal dwellings are (mostly) provided at market prices (Pittini and Laino, 2012). In Austria, on the other hand, even if local authorities still own and manage a large share of social rental housing stock, public support for the construction of new social rental dwellings has moved to non-profit providers (Pittini and Laino 2012).

Figure 10. Providers of social rental housing in selected OECD countries

Percentage of social rental dwellings by type of provider, 2013



Note: The data refer to 2011 in Australia, Austria, Czech Republic, Hungary, New Zealand, Norway, Poland, Portugal, and England.

Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.

2.4.1 Level of support for social rental housing

85. Figure 11 summarizes the amount of central government support for social rental housing as a share of GDP in 2013, as reported in OECD QuASH. The amounts typically include direct provision of social rental housing and subsidies to non-government social rental housing providers. Support for the direct provision of social rental housing typically consists of transfers to the local authorities that own the stock. Support to non-government providers, instead, usually consists of supply-side subsidies in the form of grants, public loans from special public credit institutions, interest-rate subsidies, and government-backed guarantees. In addition, social housing providers – both governmental and not – can benefit from additional support from local authorities and from a number of implicit subsidies;[11] these have been not reported in OECD QuASH and are therefore not included in Figure 10. Lastly, housing allowances granted to social housing tenants are also part of the public support provided for this form of tenure but they are not added to the amounts illustrated in Figure 11 because they cannot be disaggregated from the total amount of provided allowances reported in section 3.5.

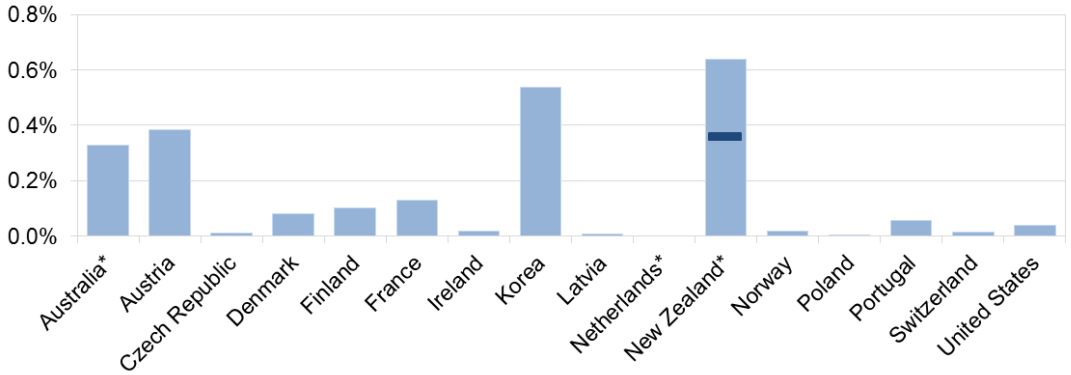
86. National level public support to social rental housing is relatively high, between 0.3 and 0.6 % of GDP, in Australia, Austria and Korea. In the rest of reporting countries, the level of support is below 0.1% of GDP. At 0.6% of GDP, New Zealand has the highest reported support for social rental housing among

[11] Implicit subsidies typically comprise tax exemptions on property, land and VAT on the cost of construction; provision of land below market-price and through the planning system, whereby authorities ask private developers to allocate a proportion of the dwellings as affordable units (that are then sold to housing associations).

reporting countries for which data is available; however, the reported amount includes rent subsidies paid to public social housing providers to cover the difference between the rent paid by the tenant and the market rental value of the property. In other countries the rent difference is generally covered by housing allowances paid to tenants, which – as mentioned – are instead generally included in the spending for housing allowances in other countries. Support for social rental housing in New Zealand, excluding rent subsidies to providers, amounts to 0.36% of GDP (Figure 11). Low levels of support do not necessarily mean that the social rental sector is small; as in the Netherlands, this can be the result of recent cuts in support or reliance on other forms of support, including housing allowances.

Figure 11. Support for social rental housing in selected OECD countries

Central government spending as % of GDP, 2012-2013



*Note: * Data on part of the available support - usually construction subsidies for social rental housing providers - is missing. The provided figures therefore underestimate total national public support for the sector. Spending in Austria refers to the subsidy system of the provinces (Wohnbauförderung) The horizontal bar – indicates the spending in New Zealand when excluding rent subsidies paid to social housing providers*

Note: Only central government support is included in these figures. National level data on support for social rental housing provided by the central government is missing for Canada, Estonia, Germany, Japan, Luxembourg, and the United Kingdom.

Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.

2.4.2 Sources of financing for social rental housing providers

87. In addition to public subsidies in the forms just discussed, the sources of financing for social rental providers include rental income, debt finance and equity contributions. Rental income consists of the rents paid by social tenants which are, as discussed, often subsidized by housing allowances. Various rules are used in OECD countries to set rent levels in social rental housing. Rents are based on tenants' income in Australia, Ireland, Japan, Luxemburg and New Zealand; they are set based on dwelling costs in Austria, Denmark, Finland and Switzerland; and, they are set based on the dwelling characteristics such as size and location in the Netherlands and Estonia (OECD QuASH). The more social housing providers have to rely on rental income, the lower the level of support will be for tenants.

88. Different and often competing considerations drive the rules for rent setting. On the one hand, rent levels need to ensure that social rental housing is affordable for tenants. On the other hand, rents should ensure the financial sustainability of the sector and the efficient management of the stock, avoiding incentives to overconsumption and making sure that rents reflect, at least in part, the characteristics of dwelling. Scanlon et al. (2014) consider that rents plus subsidies appear sufficient to ensure adequate revenues to providers in some countries (e.g. England, the Netherlands and Sweden) while in other countries they are too low and do not ensure sufficient revenues to providers to maintain the stock (e.g. the Czech Republic, Hungary and Ireland).

89. In most OECD countries, social housing providers have to complement public funding and rental income with debt finance and equity contributions. A common approach for raising debt among social housing providers is to pool financing through special circuits, as do the Housing Bank in Norway and the Caisse d'Epargne in France (Cecodhas 2009). In some countries social rental housing providers raise funds directly on financial markets using the value of the housing stock – sometimes transferred by local housing authorities – as collateral to borrow (e.g. Finland, the Netherlands, and United Kingdom). The ability of social rental housing providers to raise debt depends crucially on the reliability of rental income and on the legal ownership of the social housing stock– if stock that cannot be dismissed, it generally cannot be used as collateral to raise debt. Government guarantees also reduce the cost of financing for social housing providers.

90. Equity capital can be sold to finance the construction of new social rental dwellings. The main source of equity for social housing providers is the existing dwelling stock, complemented by land and other assets. In some cases, social housing providers also raise equity from their tenants; in Austria, for example, tenants have to make a deposit upon entering the social dwelling; when tenants move out, they get back the initial sum minus depreciation. Low-income households are eligible for public loans towards this contribution (Cecodhas, 2013). The ability to use this form of financing is contingent on the social housing sector being open to a relatively wide range of income groups.

2.4.3 Who are the recipients of social rental housing?

91. Social rental housing differs significantly in the degree of targeting of population groups across countries. In some countries the sector is open to a wider range of income groups and social rental dwellings are regarded as similar to other tenancies (Scanlon et al, 2014). In other countries social rental housing is much more targeted and meant to provide only for households who are not able to afford housing on the market. Income ceilings matched with household composition are the most common criteria used to define eligibility to social rental housing, but the housing conditions of applicants are also taken into account in some countries.

92. For example, in Denmark and Sweden, all households are eligible for social rental housing. In the Netherlands and Austria formal income eligibility thresholds exist but they are quite high: roughly 80% of households are eligible for social rental housing in Austria and 40% in the Netherlands. The maximum eligible income is set just above the average wage in Ireland for single-income households and at 80% of the average wage in the United States and in New South Wales, Australia. Canada, France, Japan, New Zealand, Portugal and England can also be considered relatively targeted systems even though the size of the social rental sector is still relatively large in France and England (sources: QuASH; Scanlon et al, 2014; http://www.housingpathways.nsw.gov.au/).

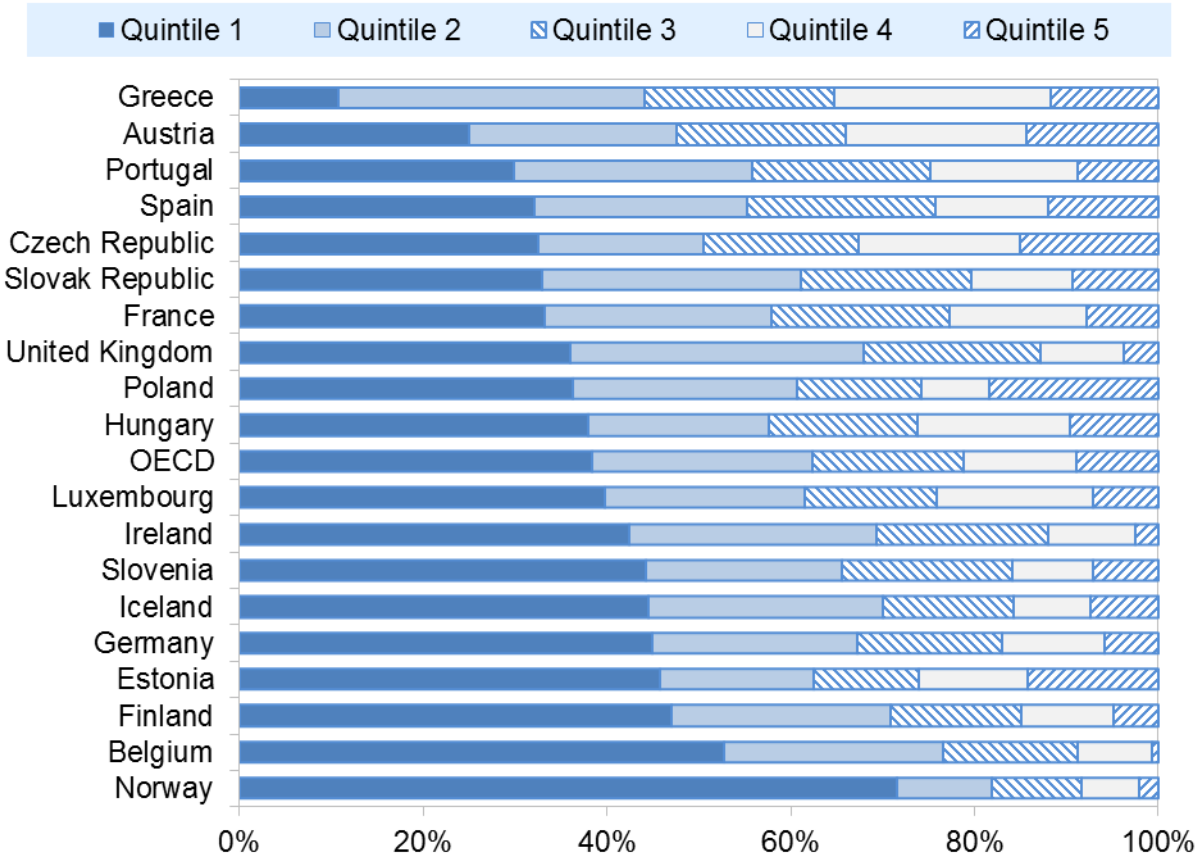
93. Shortfalls in supply of social rental housing in many countries mean that not all eligible households actually access the services and waiting lists are maintained. In Australia, for example, there were over 200 000 households on waiting lists for social rental housing (Australian Institute of Health and Welfare, 2013) and some of the households in greatest need had been on the waiting list for over 2 years. In 2012, 1.2 million applicants were registered on waiting lists for social housing in France and 630 000 in Italy. In Ireland the number of social housing applicants on waiting lists increased by 75% between 2008 and 2012 (Braga and Palvarini, 2013). Even in countries with no targeting in social rental housing, like Denmark, households who are housing-deprived or are unemployed can be given priority in the waiting lists.

94. Regardless of the degree of formal targeting, lower income households are more likely to live in social rental housing than in other tenures. Household survey data reveal that households from the first two quintiles of the income distribution account 62% of social housing tenants on average in OECD countries; only in Greece, Austria and the Czech Republic more than half of social housing tenants belong

to the three top quintiles of the income distribution (Figure 12). A high share of unemployed, elderly, single parents and ethnic minorities among social housing tenants deeply affects the strategies of social rental housing providers, raising management issues that range from the types of dwellings that are needed to the required range of services for the tenants.

Figure 12. Income distribution of social rental housing tenants in selected OECD countries

Percentage of households in social rental housing by income quintile, 2012



Source: OECD calculations based on the following household surveys: EU Survey of Income and Living Conditions (SILC) 2010-2012.

95. The presence of households in the highest quintiles of the income distribution among social housing tenants in countries with targeted access reflects the fact that eligibility criteria are generally only applied at the time of entry and tenants are usually not asked to move to another form of tenure if their income conditions improve. Rent is not even always increased to reflect these changes. In Australia, about 6% of social rental housing tenants ended their tenancy and over 1 in 3 public housing tenants had been in the same tenancy for more than ten years (Australian Institute of Health and Welfare, 2013). In Denmark, tenancies can even be passed on to children and tenants have the right to exchange social rental dwellings with other tenants.

96. As long as social rental housing is targeted towards the most disadvantaged households, and the social housing stock is limited, there is a need to encourage tenants whose circumstances have improved to move to other forms of tenure, especially if they are better off than the households on the social housing waiting lists.

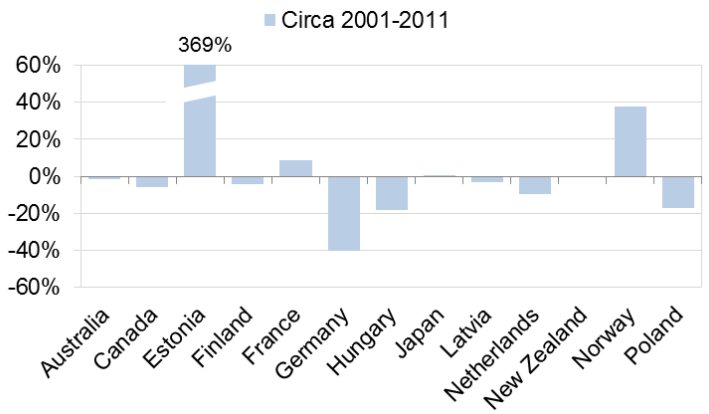
97. Some countries have introduced fixed-term tenancies in social rental housing. New Zealand, for example, is piloting fixed-term tenancy in public housing. Tenants are being reviewed between 2014 and 2015, starting with tenants who pay rents near market levels; tenants who are found to be no longer eligible for social rental housing and able to move will be helped to find an alternative solution. In England social rental housing providers can choose to offer fixed-term tenancies, with a minimum duration of 5 years. The government of New South Wales in Australia introduced fixed-term tenancies in 2006; the minimum duration varies between 2 and 10 years, depending on the applicant's circumstances. Meanwhile the United Kingdom has reduced housing benefits for households who occupy homes that are large compared to the number of occupants (the so called "bedroom tax"), which might also lead some social tenants to leave the sector.

98. The *de facto* targeting of social rental housing – by which low-income households are already the majority of social tenants even in countries where eligibility is not or only loosely targeted – might mean that there is limited scope for encouraging better-off tenants to move to other forms of tenure. Fitzpatrick and Pawson (2011), for example, report that the majority of reviews conducted in New South Wales in March 2011 resulted in renewal of the lease. Furthermore, the arguments in favour of increased equity in access to social rental housing need to be weighed against the possible disadvantage of removing security of tenure in social housing. There is potential harm arising from diminished social diversity as increased turnover and economically active households being progressively excluded from social rental housing, and the potential disincentive effects for economic advancement. If social rental housing is spatially concentrated, there is a tension between the goals of equity in access and the goal of promoting 'mixed' communities. The costs and bureaucratic burdens associated with periodic reviews of tenancies may also prove to be substantial. The benefits from a stable tenure in terms of health and well-being of the tenants should also be taken into account (Fitzpatrick and Pawson, 2011).

99. This increase in the *de facto* targeting of social rental housing is in part the result a decrease or stagnation in the stock of social rental housing (Figure 13) coupled with demographic trends – such as ageing, nuclear families and divorce rates – that are likely to increase housing demand even if when total population does not grow. In addition, the economic crisis of the past few years is bound to increase the number of households who qualify for social rental housing (as well as for other forms of support). Only few countries show an increase in the stock of social rental housing over between 2001 and 2011, including Estonia that did multiply its stock by almost 5 times but starting from a limited stock of around 1,600 dwellings.

Figure 13. Change in stock of social rental housing in selected OECD countries

Change in the number of social rental housing dwellings



Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.

100. At the same time, experts consider that the decline in the total stock of social housing has slowed down considerably after 2007. While investment is still decreasing in many countries, so is the sale of the stock; in most countries commentators expect the role of social housing to remain significant (Scanlon et al 2014). Countries like Denmark and France have actually responded to the crisis by investing in social housing.

101. While shortages of affordable housing supply are widely discussed in many OECD countries, comparable empirical evidence is hard to come by. In part this linked to the inherent difficulties involved in estimating demand for affordable dwellings. Some estimates of shortages and projections are available at the local level. In England, for example, the number of households in need of social housing was estimated at about 5 700 in 2011 and projected to grow to about 6 300 households in 2021 (Holmans, 2013). These projections are based on demographic trends and projections on gains, losses and vacancies in the housing stock, and thus only provide a starting point for understanding future investment requirements (Holmans, 2013). In New York City in 2011 the supply of affordable rental dwellings was estimated at about 425 000 compared to 979 142 extremely and very low income households in the city (New York City Housing, 2014). Some countries, as Sweden, experience excess supply of affordable or municipal housing in areas where housing demand is low and severe shortages in urban centres.

102. There might also be mismatches in terms of the type of dwellings demanded and supplied. Population ageing and the reduction in the average household size means that demand is shifting towards smaller dwellings and that part of the existing stock is becoming oversized on average. Furthermore, the characteristics of part of the dwelling stock also need to be adapted to the needs of elderly households, for example in terms of accessibility, to enable their independence and wellbeing.

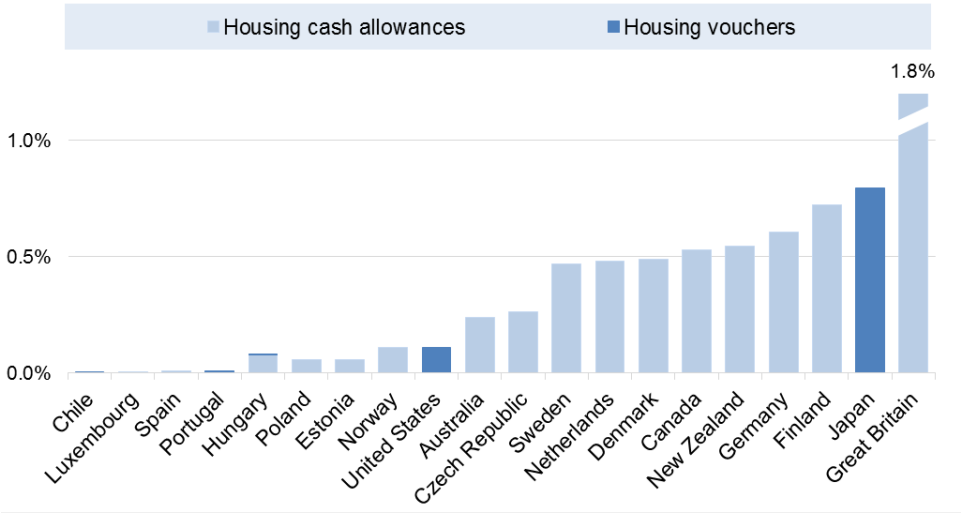
2.5 Housing allowances

103. Housing allowances are income-related housing cost subsidies, generally given to low income households. They are generally designed as entitlement programmes, thus applicants who meet the eligibility criteria generally receive the assistance. All of the countries surveyed in OECD QuASH provide this type of benefit (Figure 7). In a minority of countries – Chile, Japan and the United States – the benefits are earmarked to cover housing costs and paid directly to the landlord. In Chile and United States these benefits are called vouchers and are not an entitlement, so recipiency is contingent on availability of funding and priority criteria are used to prioritize among eligible households.

104. At 1.8% of GDP, the United Kingdom spends the largest share of GDP on housing allowances, followed by Japan and Finland. Canada, New Zealand and Germany are also above the 0.5% threshold. Spending in Chile is low because this policy was just introduced in 2014 as a pilot program (Figure 14). A pilot housing voucher scheme for low-income households is being introduced in Mexico as well (QuASH, 2014).

Figure 14. Public spending for housing allowances

Central government spending as % of GDP, 2012-2013



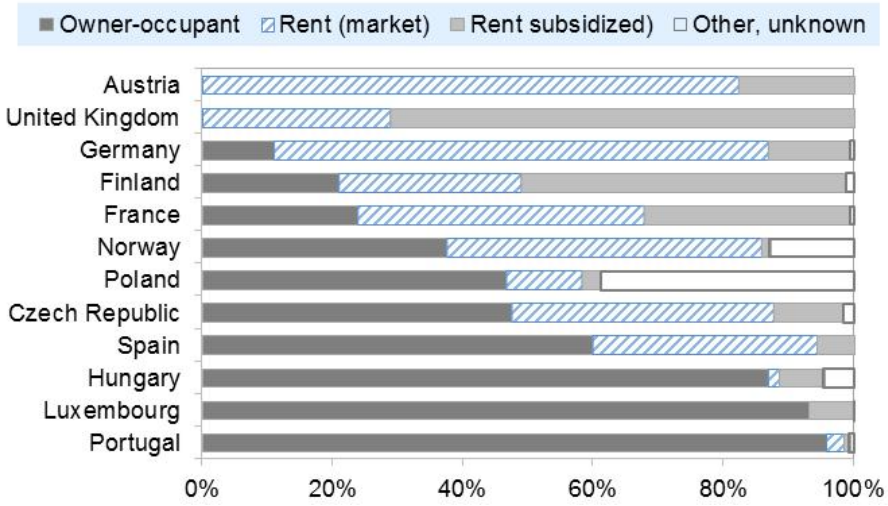
Notes: information on the amount of spending on housing allowances is missing for Austria, Israel and Ireland. Information on the amount of spending in Switzerland has not been included because restricted to the city of Basel.

Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.

105. The distribution of recipients of housing allowances across various tenures changes considerably across OECD countries. Household survey data show that social tenants account for between 1% of recipients (in Norway and Portugal), 30% in the United Kingdom and 50% in Finland (Figure 15). The proportion of recipients among home-owners is lowest in Germany (11%) and rises to over 90% in Luxembourg and Portugal.

Figure 15. Distribution of housing allowance recipients across tenures

Percentage of housing allowance recipients, 2012



Source: OECD calculations based on EU Survey of Income and Living Conditions (SILC) 2012

106. The main characteristics of housing allowances in reporting OECD countries are summarized in Table 3. Eligibility to housing allowances in most countries is based on the household's income, the amount of rent paid and the composition of the household. These criteria are then also used to determine the amount of support. The amount of support provided to *tenants* usually takes into account both rental costs and other housing costs too in countries where allowances are open to home owners, whereas the amount of support is only based on rental costs in countries where the housing allowances are restricted to tenants. In Australia, Denmark and the Netherlands between 15 and 23% of the households receive a housing allowance. Coverage is lowest in the United States (1%) and Chile, where the programme was launched in 2014 and is still a pilot (see Box 8).

Table 3. Characteristics of housing allowances

Country	Cash transfer (CT) / Voucher (V)	Available to: private tenants (PT) / social tenants (ST) / owner-occupants (HO)	Entitlement (E) / subject to resources availability (AV)	Eligibility based on: income (I), household composition (HC), rent (R)	Coverage
Australia	*CT*	*PT*	*E*	*I + HC + R*	*18%*
Chile	*V*	*PT*	*AV*	*I + HC + R*	*0.1%*
Czech Republic	*CT*	*PT + HO + ST*	*E*	*I + HC + R*	*4%*
Denmark	*CT*	*PT+ST*	*E*	*none*	*23%*
Germany	*CT*	*PT + ST + HO*	*E*	*I + HC + R*	*12%*
Netherlands	*CT*	*PT+ ST + HO*	*E*	*I + R*	*15%*
Norway	*CT*	*PT+HO + ST*	*E*	*I + R*	*5%*
New Zealand (1)	*CT*	*PT+HO*	*E*	*I + HC*	*12%*
United States	*V*	*PT + ST*	*AV*	*I*	*1%*

(1) Disaster relief programs not included; m: missing information.
Notes: Coverage is defined here as the number recipient households or income units as a percentage of the total number of households in the country. The number of recipients for the Czech Republic does not include recipients of the "Supplement of housing" because they are generally recipients of the housing allowance included in the table.

Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.

107. The income distribution of housing allowance recipients among countries surveyed in the OECD QuASH provides a measure of targeting for the programmes for the few reporting countries (Figure 16-Panel A). Norway shows the strongest degree of targeting: all households are in the lowest quartile of the income distribution. In Australia, by contrast, 37% of the recipient households are in the top two quintiles of the income distribution and 22% in the lowest. The average amount of support, expressed as a percentage of the average wage in the country in 2012, is presented in Figure 16-Panel B. Chile provides the most generous average amount of benefit at around 10% of the average wage, but coverage is very low.

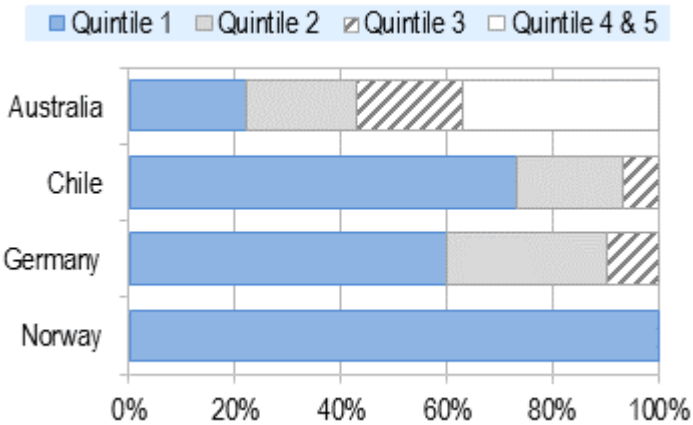
108. There are often limits on eligible rents and/or dwelling size in relation to household size, to ensure that the subsidy does not support overconsumption. The subsidy may cover the entire gap between the actual rent and the assessed ability to pay (e.g. the Czech Republic expects households to spend 30-35% of their income on housing cost) but more often there are rent ceilings or minimum payment requirements. These means that subsidies can fall short of actual rent, especially in high rent areas.

109. Compared to social rental housing, housing allowances can have fewer distortion effects on residential and labour mobility and do not engender the spatial mismatch problems from which social housing suffers. They can also improve equity in access to the subsidy for eligible households, if designed as entitlements, as they are more easily withdrawn from households above eligibility limits without necessarily imposing relocation to the receiving household.

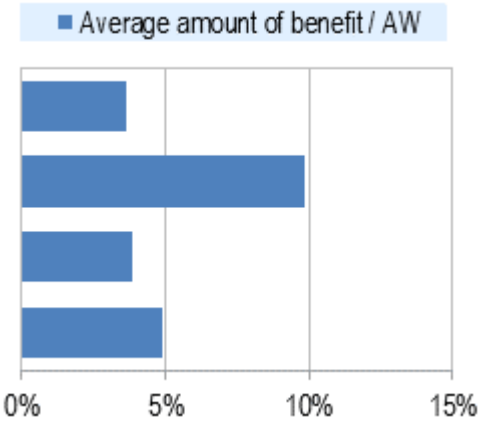
110. On the other hand, housing allowances have limitations in addressing dimensions of housing problems not related to housing affordability. For example they might not improve access to housing for vulnerable households who are able to find private rental contracts on account of their unstable revenues or complex social needs; non-earmarked allowances might also be used for purposes other than paying for housing. Housing allowances do not guarantee quality standards and security of tenure *per se*, although these objectives can pursued through tenancy law (see section 2.6). In some countries, new forms of agreements between and landlords are used to help improve private rental access and affordability for low-income households, such as the "*contratti convenzionati*" in Italy. Through these instruments rents are set below-market levels and the duration of contract is longer than what mandated by law for private rental contracts, in exchange for rental income tax relief. Social Rental Agencies (SRAs) also take on this role in some countries; SRAs are non-profit organizations that act as intermediaries between private landlords and vulnerable tenants providing guarantees to the landlords (typically rent payments, management and administrative tasks, and physical quality of the dwelling) and support services to tenants.

Figure 16. Recipients of housing allowances across income quintiles

Panel A: Percentage of recipients by quintile of income distribution, 2013



Panel B: Average amount of support as proportion of average wage, 2012



Source: OECD Questionnaire on Affordable and Social Housing 2014 for recipients' income distribution and average amount of benefit; OECD Benefits and Wages country chapter 2012 for average wage. See Box 3 for QuASH details and coverage.

111. Housing allowances are not always effective in addressing housing affordability as they might be captured by rental prices. Evidence shows that landlords capture a sizeable share of public housing allowances by raising rents in Finland (Kangasharuju 2010, Viren 2011), France (Fack 2005, LaFerrère and Le Blanc 2004), the United Kingdom (Gibbons and Manning 2006), and the United States (Susin 2002). The capture is estimated to be around 16% in the United States (Susin 2002), but much larger in the United Kingdom and in France, where it is estimated at 50% and 78% respectively (Gibbons and Manning, 2006; Fack, 2006).

112. There are at least four mechanisms through which allowances may drive up rents. First, the allowances may increase housing demand (and thus prices) in a market with limited supply. This occurred when students became eligible to access housing allowances in France in the early 1990s (Fack 2006).

Second, tenants who receive housing allowances – particularly in countries where the housing allowance is not income-based – may choose to consume more housing, i.e. live in more expensive, larger, and higher-quality homes (Turner and Elsinga 2005, Kangasharju 2010). In markets where rents are freely set between the landlord and the tenant, landlords can raise rent prices when they know that tenants have housing allowances (Kangasharju 2010). The landlord and the tenant might also decide to settle for a higher rent and share the maximum rent subsidy (Laferrère and Le Blanc 2004). Finally, general rents can also increase when landlords know that a significant share of their target population has access to housing allowances (Viren 2013).

Box 8. Housing allowances in Chile

A small share of households live in rented housing in Chile (16%) compared to other OECD countries (20% including the social rental sector). The rental sector caters more to high income households than to low-income ones – 20% of fifth quintile households rent compared to 13% of first quintile households – contrary to what happens in most OECD countries, where 9% of fifth quintile households vs. 30% of first quintile households rent. This is probably in part the result of Chile's housing policy in the past decades, which has supported access to homeownership among low and middle-income households but has provided no support to the rental sector. A stronger access to rental housing for lower and middle income households could help improve residential mobility and help reduce residential segregation.

A diagnostic conducted by the ministry of housing shows that 61% of the younger families (aged 18 to 29) who received a homeownership grant perceived the obtained subsidized house as temporary solution and expected to move within 3 years, often because they expected to have more children thus outgrowing the limited size of the dwelling obtained through the homeownership subsidy. However, recipients of homeownership grants are constrained in their residential mobility not least because the subsidized dwellings cannot be sold for 5 years.

In response to these concerns, Chile has introduced at the end of 2013 a pilot rental subsidy programme. The subsidy is designed as a rental voucher targeted at young families, i.e. people aged 18 to 30 living in households of at least 2 individuals. Eligibility is based on income, household composition and current housing conditions and targets households from the 2nd to the 6th decile of the income distribution. Quality standards are also imposed on the rented dwelling. The voucher provides a flat payment directly to the landlord of around USD 135 per month; the rent is capped at around USD 400 per month. As the other housing subsidies in Chile, the voucher is not an entitlement and is subject to funding constraints.

Many aspects of the design of the subsidy reflects the notion of a temporary support to help younger households with housing cost while delaying their application to a homeownership grant to the moment when they can consider the latter a medium-term solution. The subsidy is granted for up to 5 years, and is reduced to around USD 112 per month after three years – probably to find a more permanent housing solution. Households who have obtained the rental subsidy are allowed to apply for a homeownership grant and are actually granted premium points. While this is consistent with the declared goals of the subsidy, consideration might be given to extending rental support to households who are not able to more vulnerable households.

Other interesting aspects of the subsidy include its high portability, achieved by making the payments through a national bank rather than through local offices of the ministry. The subsidy also allows for some payment flexibility to avoid evictions in the face of temporary income loss: a tenant who is late with up to three months of payments can pay them later without losing the subsidy. If the tenant does not pay for more than three months, the subsidy is withdrawn. While a rent guarantee is provided through a savings deposit made by the tenant, the end of the subsidy does result in the termination of contract.

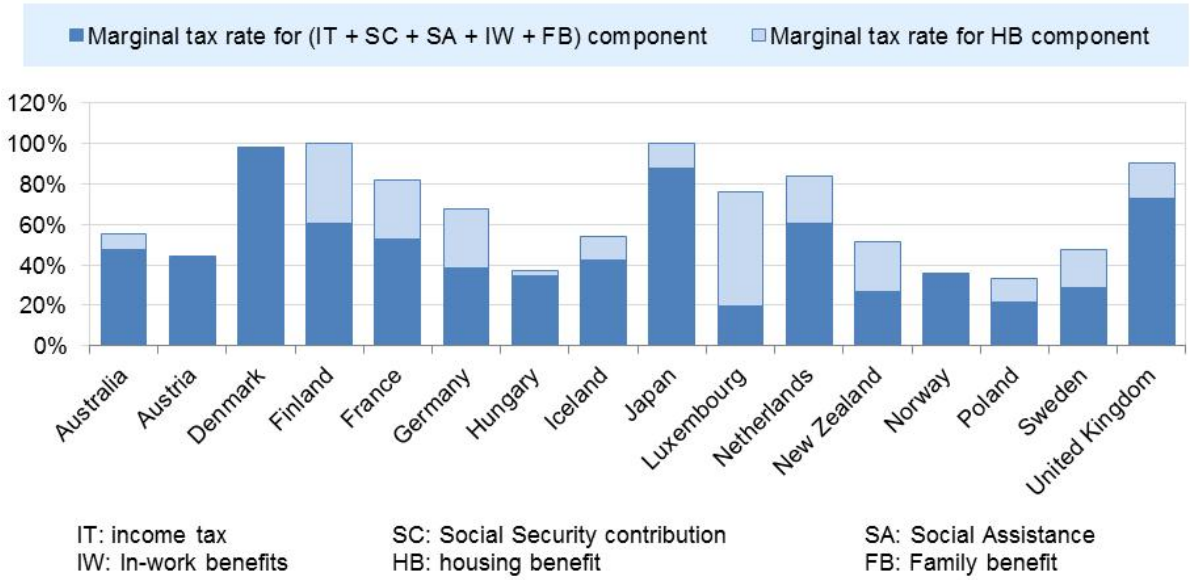
Two calls have been made for the subsidy so far; the number of application was greater than the number of available subsidies but a significant number of applications were not eligible and finally most of the eligible applicants obtained the subsidy. Issues with eligibility often concerned the identified dwelling, which did not satisfy all the required standards. The total supply of good-quality rental dwellings within the permitted rent brackets might be a constrained. Further support to promote the supply of affordable rental dwellings could be considered.

Source: Salvi Del Pero, A. (2016) "Housing Policy in Chile. Case Study on Two Housing Programmes for Low Income Households" OECD Social, Employment and Migration Working Papers.

113. The phasing out of housing allowances, and its interaction with taxes, can also act as a benefit trap as it often imposes a considerable tax on increasing working hours or moving into higher-paid employment (OECD 2005). Figure 17 uses the OECD Tax-Benefit model to show the effect of housing benefit withdrawal for a couple-family with one earner and two dependent children whose earnings increase from 65 to 70% of the average worker earnings. The reduction in housing benefits is estimated to tax away more than half of the wage increase in Israel and Luxemburg and more than one fourth in Finland, Germany New Zealand. Social housing tenants can also be discouraged from increasing their working hours if their rent are set based on the tenants' income.

Figure 17. How much of a wage increase is taxed away by cuts in housing benefits?

Decomposition of the marginal effective tax rate for a wage increase from 65 to 70% of the AW - couple family with one earner and 2 dependent children



Note: The chart only includes countries where housing allowances are provided. In Denmark, the value of the housing allowance does not change with the indicated salary increase, implying a MTER HB equal to 0. In Israel, the housing allowance is withdrawn with the indicated salary increase. Housing benefits are computed on the assumption that rent equals 20% of the AW gross earnings.

Source: OECD Tax-Benefits model, 2013.

114. The Family Self-Sufficiency (FSS) program in the United States tries to neutralized the potential disincentives to increase working hours by offering incentives to work and build savings among recipients of housing vouchers through an escrow account that grows as participants' earnings increase; the tools is complemented by case management to help participants set goals and access services to overcome barriers to work. Further analysis of similar initiatives might help governments learn from the experience of other countries.

2.6 Provision of affordable housing through the private rental market

115. The private rental sector plays an important role in the housing market, by improving access to housing for households whose housing needs are likely to change in the short-term, either because of professional needs or because their households composition is changing. The private rental market also plays an increasingly important role in the provision of affordable housing; this is likely to continue as housing support shifts from social rental housing to housing allowances. Policies to support housing affordability through the private rental market are therefore becoming more prominent.

116. Public support towards the private rental sector is delivered through demand-side and supply-side subsidies in many countries. Demand side subsidies mainly consist of housing allowances for low-income households but in a few countries also include tax relief on paid rent for tenants (e.g. Hungary, Ireland and Italy). Supply-side subsidies typically include a favourable tax treatment of rental income for landlords as well as various subsidies to developers and investors who purchase/build dwellings to be rented at below-market prices.

117. In Germany landlords are eligible for mortgage interest tax relief and negative gearing, i.e. they can offset losses from their rental property against other sources of income (de Boer and Bitetti, 2014). The Australian tax system also provides negative gearing to landlords who borrowed money to purchase the rental dwelling and whose income is less than the mortgage payment. Similar instruments are used, for example, also in France and the United States (Scanlon and Kochlan, 2011). The ability of this instrument to increase supply of affordable rental housing needs to be better understood and assessed against their cost.

118. To help low-income households find accommodation in the private rental sector, some countries have also introduced publicly provided guarantees or deposits on rents (e.g. Australia, Denmark, japan, Norway, the "garantie universelle des loyers" in France).

119. In addition to public support towards the sector, the protection of tenancy and the rules for rent setting are crucial for enabling the delivery of affordable housing through the private rental sector. Among the 20 reporting countries that provided information, 14 report applying rent controls – mostly regulating rent increases. Tenancy law and quality standards regulations are important to ensure access to good-quality housing through the private rental sector. Both tenancy protection and rent setting, in essence, need to strike a balance between the interest of the landlords and the interest of the tenants (Andrews et al. 2011). On the one hand, tenancy protection should not discourage the supply of rental housing. On the other hand, rental should offer housing security to tenants who are compliant.

120. Further knowledge should be developed on how to best deal with eviction warrants among households in financial hardship. Evictions matter for policy makers because they cause financial hardship and potentially homelessness; in addition evictions may affect a tenant's ability to lease a new dwelling, can cause depression and job loss, and decrease children's emotional well-being and performance in school (Hartman and Robinson 2003). National-level estimates of evictions in OECD countries show that eviction rates are high among tenants due to financial hardship. In 2012 an estimated 67,790 eviction warrants were issued in Italy; 89% of the cases were due to tenants' inability to pay (ANCE, 2013). According to the Spanish government, eviction warrants in Spain reached 75,735 in 2012 (on average 517 evictions per day) as a consequence of the income loss due to the financial crisis.

121. Unfortunately, the information on programmes to support private rentals collected through OECD QuASH often does not include spending and forgone tax revenue and is therefore not sufficient to determine the amount of public support directed to this tenure type. More evidence on the design and implementation of these instruments needs to be collected.

2.7 Policy and spending mix

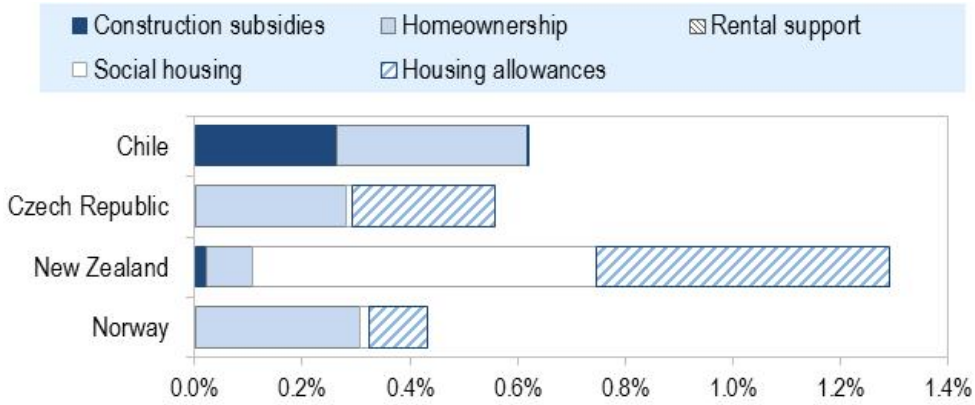
122. The analysis of the distribution of public spending across the various policy categories presented here can provide an understanding of the policy mix effectively put into place by OECD countries. Unfortunately this is very difficult because spending information on individual instruments is often missing, and the set of instruments for which information is missing changes from country to country. As a result, there is only a very limited set of countries for which it is possible to compute the total amount of

spending on a common set of instruments: Chile, the Czech Republic, Norway and New Zealand. Even for these countries more work is needed to validate the comparability of data.

123. Figure 18 provides information on the overall spending on housing policies – as surveyed in the QuASH – for these countries. Spending on housing support, amounts to 0.4% of GDP in the Czech Republic, 0.6% in Chile, 0.4% in Norway and 1.3% in New Zealand. It is worth keeping in mind that construction subsidies in Chile are entirely directed at owner-occupied dwellings.

Figure 18. Housing policy spending as percentage of GDP in selected OECD countries

Central government spending as % of GDP, 2012-2013



Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.

124. While the data provided in Figure 18 cannot be considered representative of OECD countries, they show that there is considerable diversity in the composition of housing spending across countries. Homeownership receives significant support in three out of four countries, especially considering that, with the exception of New Zealand, constructions subsidies are entirely directed at this tenure and that spending is likely to be under-estimated because it does not include forgone revenue for preferential tax treatment of residential property. Housing allowances – which can be granted to both tenants and home owners in the Czech Republic, Norway and New Zealand – account for a significant share of housing support in most countries while support for tenants other than rent allowances is more rarely used and receives much less funding. Apart from New Zealand, the countries represented in Figure 18 provide very little or no support for social housing but in this respect they are not representative of the situation across OECD countries.

125. Support for the private rental sector in these countries appears to be limited. Private sector tenants receive support through housing allowances in all four countries – albeit very little in Chile – but private sector tenants account for about 30% of housing allowances recipients in the Czech Republic and 45% in Norway (see Figure 15; no information is available for New Zealand). Norway also provides public guarantees for private sector tenants and New Zealand directs part of the reported developer subsidies to the private rental sector but data on the amount of spending relative to these policies is not available.

126. Overall, the spending mix in these countries is not tenure neutral. This is not fully consistent with their reported objectives of housing policy which do not express specific support for any tenure and, in the case of the Czech Republic, actually focus on social rental housing. A spending mix that favours homeownership is also often not consistent with supporting households who are most in need, as they are generally under-represented among owner-occupants.

127. With further analysis and information the review of the housing policy spending mix can be extended to other countries, providing important information on its relationship with housing policy objectives and its neutrality towards various tenures.

2.8 Conclusions

128. This section has shown that in most OECD countries housing policy does share social policy objectives and OECD countries use a complex mix of policies to support this goal. A first set of programmes aims at supporting homeownership. All reporting countries provide public support for this form of tenure. This support – which can be substantial and amounts up to 2.3% of GDP – is not always means-tested, especially when provided as tax relief for the purchase of a home or as favourable taxation of residential property. Grants, financial assistance and public guarantees to home-buyers are instead generally reserved for lower-income households. Besides being unequitable, non means-tested homeownership support distorts incentives to invest in other tenures and/or assets and actually often put pressure on housing prices.

129. Social rental housing is provided in most but not all OECD countries; it is the form of tenure with the greatest incidence of low-income and vulnerable households, even in countries where it is open to a wide range of population groups. This is in part the result of supply shortages and limited funding. Central government spending for the provision of social rental housing varies between 0.1 and 0.6% of GDP in reporting countries. Public authorities – mostly local ones – are still involved in the provision of social rental housing in many OECD countries, but non-profit providers are also involved in most countries and for-profit providers exist in a few countries.

130. Housing allowances are also used in reporting countries to promote housing affordability. Central government spending for this form of support amounts to between 0.6 and 1.8% of GDP in reporting countries. Eligibility conditions and payment rates vary, but these allowances are mostly reserved for lower income and vulnerable households. In all reporting countries housing allowances are granted to private market tenants but they are often also granted to social housing tenants and owner-occupants. Provision of affordable private rental housing can be supported through additional instruments such as supply-side grants, rental guarantees, tax relief to tenants for rental costs and tax relief to landlords for rental income. However, little data are available on the design of these instruments and on the level of public support provided. It will be important for governments to understand how access to good-quality affordable housing can be supported through this sector.

131. Data are not yet robust enough to provide a comprehensive cross-country analysis of the distribution of public spending across various housing policy categories. Further work is needed to increase the coverage of spending data and validate its quality. Nevertheless, the data available for a minority of countries suggest that the spending mix tends to favour homeownership, which is often not consistent with tenure-neutrality goals nor with supporting households who are most in need, as they are under-represented among owner-occupants.

132. Section 3 outlines a number of possible areas of work that can be developed to improve the availability of monitoring indicators, better understand the prevailing obstacles to access to good-quality affordable housing, and provide policy recommendations.

3. POSSIBLE AREAS OF FUTURE WORK

Based on the concise review empirical evidence provided in this scoping paper, the following possible strands of analysis are proposed for future work affordable and social housing:

A. Establish a set of standard indicators of access to good-quality affordable housing

133. Building on the review provided in this scoping paper, the OECD Secretariat can identify and start building a set of indicators on the key dimensions of access to affordable housing and policies to promote it, with the goal of assisting member countries in monitoring and assessing their housing policies. This work could lead to the publication of an on-line database on Affordable and Social Housing, with support from the European Union and other interested members.

134. The database could include information on: tenure structure; housing affordability (for example housing expenditure as share of income and housing costs overburden rates); housing quality (for example overcrowding, availability of basic facilities, severe housing deprivation); household demographic characteristics and trends; and indicators on social policies for housing (for example, spending on various housing policy instruments and eligibility rules).

135. The development of indicators, especially those relating to policies, would build on the data collected through the OECD QuASH and other existing sources of data and could involve additional rounds of the OECD QuASH to fill in the information and extend coverage in terms of countries and years.

B. Develop additional knowledge on housing conditions and policies to improve access to good-quality affordable housing

136. The review presented in this paper has raised a number of topics that should be explored further to understand obstacles to the provision of good-quality affordable housing and enable the Secretariat to develop action-oriented policy recommendations.

- *Housing policy objectives and characteristics*. Extending the information on spending, recipiency and characteristics of housing policy programmes. This will also allow to extend the analysis of the housing policy spending mix to more countries and compare the spending mix with reported policy objectives can help countries improve the evaluation of their housing policies. Future work should also further explore the trade-offs and synergies associated between housing policy instruments with respect to efficiency, equity and other objectives – such as promoting employment and labour mobility.

- *Develop linkages between social policy and housing policy*. Further analysis can be developed to understand how well housing policy serves social policy goals such as poverty reduction, income redistribution and social integration. The integration of housing policy with the broader social support system also needs to be studied further, assessing to what degree access to housing support is made conditional on access to other forms of social support and, conversely, how well housing wealth and social housing benefits are accounted for in means-testing for eligibility for other forms of social support.

- *Changing environment of social housing and their implications*. The sources of funding, the profile of tenants and the objectives of social rental housing are changing in many countries, and pose new challenges to providers as well as to governments who have to support and supervise

them. Possible research questions include: What are the most common mixes of sources of financing for social housing providers? How does the increased reliance on private debt affect the provision of social rental housing? How can providers become more efficient while providing suitable accommodation for low-income and vulnerable tenants?

- *Fixed-term tenure in social rental housing*. As long as social rental housing is targeted towards the most disadvantaged, there might be a case for encouraging tenants whose circumstances have improved to move to other forms of tenure. A review of the experience of countries that have introduced fixed-terms tenancies can help understand question such as: What criteria have been and should be followed by social housing providers in setting and reviewing fixed-term tenancies? What housing solutions do former social housing tenants move to? Are these housing solutions adequate and sustainable for them? Have the implemented reform met their goals?

- *Social Rental Agencies: a new form of social housing provision*. In some countries Social Rental Agencies act as intermediaries between private landlords and low-income and vulnerable tenants, enabling the provision of social housing through the private rental sector. What good practices exist in the sector and how can governments support their role?

- *Addressing transitional homelessness through housing policy.* Complementing the OECD report Integrating Social Services for Vulnerable Groups (OECD, 2015), further analysis could be developed to understand the role of housing policy in addressing and preventing transitional homelessness in OECD countries.

- *Extend and complete the review of rules of access and allocation of the main form of means-tested housing support.* With more analysis and information, the review of rules for access, allocation and computation of benefits can be extended to help better understand the main barriers to the effective delivery of such support.

- *Providing affordable housing through private rental markets*. Many countries are looking at the private rental market to provide solutions for access to good-quality affordable housing. Possible research questions include: what instruments do governments use to support the provision of affordable housing while ensuring affordability and good-quality for tenants? Do rent controls and other aspects of tenancy law strike a balance between landlords' and tenants' interests?

- *Housing quality and spatial segregation*: How do support programs for various tenures ensure good-quality housing and avoid spatial segregation? National and local policies to decrease the level of spatial segregation have been developed in many countries. The effectiveness and the unintended consequences of these programmes, as well as their integration with social elements, are important for social policy makers and should be further explored.

- *Demand and supply of affordable and social rental housing*. More data and knowledge are needed to estimate the affordable housing deficit and enable better policy planning.

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APPENDIX A. HOUSING TENURE

Table A.1 Income composition of owner, renter, and other tenure categories

	Quintile 1 (Low income)	2	3	4	Quintile 5 (High income)
Australia*					
Owners (all)	16.2%	17.3%	20.0%	22.1%	24.3%
Rent (private)	29.2%	25.7%	19.0%	15.7%	10.4%
Other, unknown	18.2%	22.1%	24.8%	16.9%	18.1%
Austria					
Owners (all)	10.7%	16.0%	21.4%	24.6%	27.2%
Rent (private)	34.6%	26.4%	17.3%	12.2%	9.5%
Rent (subsidized)	24.5%	23.5%	19.6%	18.4%	13.9%
Other, unknown	38.1%	24.1%	19.2%	12.1%	6.6%
Belgium					
Owners (all)	11.5%	17.6%	22.2%	23.8%	24.9%
Rent (private)	38.8%	26.3%	15.3%	10.6%	9.0%
Rent (subsidized)	50.8%	25.9%	13.5%	6.5%	3.3%
Other, unknown	28.5%	23.4%	8.2%	28.6%	11.3%
Canada*					
Owners (all)	12.4%	18.4%	21.2%	23.4%	24.6%
Rent (private)	42.3%	24.7%	16.5%	10.1%	6.3%
Other, unknown	100.0%	0.0%	0.0%	0.0%	0.0%
Chile					
Owners (all)	18.2%	19.4%	19.9%	20.8%	21.7%
Rent (private)	15.6%	19.3%	19.7%	20.4%	25.0%
Other, unknown	31.2%	23.1%	20.7%	16.3%	8.6%
Czech Republic					
Owners (all)	16.8%	19.9%	20.5%	20.9%	21.9%
Rent (private)	34.9%	19.2%	17.5%	17.0%	11.4%
Rent (subsidized)	22.5%	19.7%	22.1%	15.9%	19.8%
Other, unknown	39.2%	27.1%	15.6%	11.6%	6.6%
Denmark*					
Owners (all)	12.6%	15.0%	21.2%	24.5%	26.7%
Rent (private)	33.2%	29.2%	17.7%	12.0%	7.9%
Other, unknown	44.8%	9.8%	28.2%	7.9%	9.3%
Estonia					
Owners (all)	17.9%	18.9%	20.9%	20.9%	21.4%
Rent (private)	26.4%	24.7%	11.1%	13.0%	24.8%
Rent (subsidized)	32.3%	20.5%	13.6%	19.6%	13.9%
Other, unknown	30.1%	26.3%	17.9%	15.5%	10.3%
Finland					
Owners (all)	12.3%	18.5%	21.5%	23.1%	24.7%
Rent (private)	35.7%	25.4%	16.5%	14.0%	8.3%
Rent (subsidized)	45.5%	24.4%	15.3%	9.6%	5.2%
Other, unknown	54.4%	10.9%	15.0%	11.2%	8.5%
France					
Owners (all)	11.7%	16.8%	21.2%	23.9%	26.4%
Rent (private)	37.3%	25.4%	17.3%	12.3%	7.7%
Rent (subsidized)	32.3%	26.5%	18.6%	13.5%	9.1%
Other, unknown	27.4%	23.8%	18.6%	16.8%	13.4%

	Quintile 1 (Low income)	2	3	4	Quintile 5 (High income)
Germany					
Owners (all)	9.2%	17.6%	21.1%	24.2%	27.9%
Rent (private)	30.9%	22.4%	19.0%	16.0%	11.7%
Rent (subsidized)	44.5%	21.8%	17.8%	9.8%	6.0%
Other, unknown	28.1%	30.1%	18.2%	13.1%	10.5%
Greece					
Owners (all)	17.1%	19.3%	20.7%	20.9%	22.0%
Rent (private)	27.0%	22.4%	17.8%	18.7%	14.2%
Rent (subsidized)	35.3%	24.1%	14.6%	11.3%	14.7%
Other, unknown	36.5%	21.3%	18.5%	12.6%	11.0%
Hungary					
Owners (all)	18.5%	19.8%	20.3%	20.6%	20.8%
Rent (private)	22.6%	22.8%	23.0%	15.4%	16.2%
Rent (subsidized)	44.9%	22.3%	16.4%	10.5%	5.9%
Other, unknown	33.2%	20.0%	14.6%	15.5%	16.7%
Iceland					
Owners (all)	13.6%	18.0%	21.4%	23.1%	23.9%
Rent (private)	39.1%	27.1%	16.0%	10.8%	6.8%
Rent (subsidized)	42.2%	27.3%	16.1%	7.7%	6.2%
Other, unknown	56.9%	22.1%	7.6%	4.0%	6.8%
Ireland					
Owners (all)	15.5%	16.6%	20.3%	22.5%	25.1%
Rent (private)	22.3%	32.6%	19.7%	16.5%	8.8%
Rent (subsidized)	42.3%	26.9%	18.8%	9.5%	2.5%
Other, unknown	19.6%	23.9%	17.8%	34.5%	4.1%
Italy					
Owners (all)	15.7%	18.5%	19.9%	22.2%	23.6%
Rent (private)	32.4%	24.5%	19.9%	13.6%	9.6%
Rent (subsidized)	34.2%	22.6%	22.2%	14.9%	6.1%
Other, unknown	30.7%	24.9%	19.6%	12.8%	12.1%
Luxembourg					
Owners (all)	12.1%	18.8%	23.4%	22.3%	23.5%
Rent (private)	40.1%	22.5%	11.4%	14.6%	11.4%
Rent (subsidized)	42.7%	28.0%	11.6%	7.8%	9.9%
Other, unknown	20.7%	22.6%	16.9%	23.0%	16.7%
Mexico					
Owners (all)	21.1%	18.2%	18.9%	20.2%	21.6%
Rent (private)	10.9%	19.8%	24.3%	22.5%	22.5%
Other, unknown	22.6%	28.4%	21.2%	16.8%	10.9%
Netherlands					
Owners (all)	10.2%	16.1%	22.1%	24.8%	26.7%
Rent (private)	40.8%	28.0%	15.5%	9.8%	5.9%
Other, unknown	21.9%	14.3%	20.6%	24.4%	18.8%
Norway					
Owners (all)	12.3%	20.5%	21.6%	22.4%	23.1%
Rent (private)	64.3%	14.4%	11.6%	7.0%	2.7%
Rent (subsidized)	52.6%	23.0%	14.1%	6.3%	4.0%
Other, unknown	50.3%	17.5%	10.2%	12.6%	9.3%
Poland					
Owners (all)	18.0%	19.4%	20.4%	20.8%	21.5%
Rent (private)	27.1%	24.2%	18.6%	12.9%	17.2%

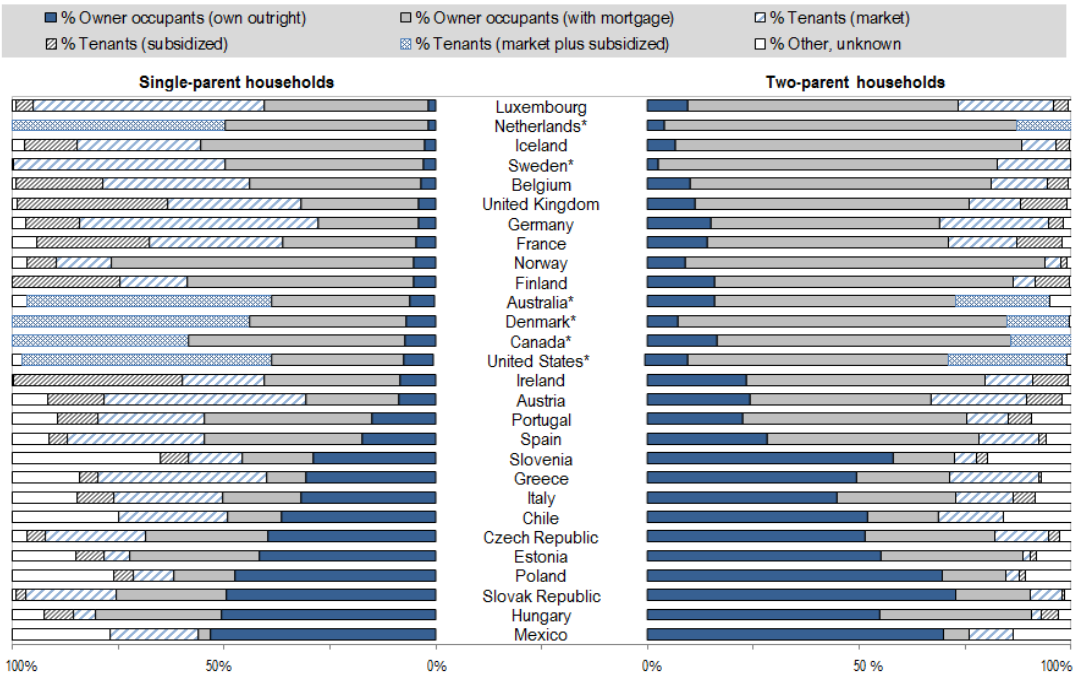
	Quintile 1 (Low income)	2	3	4	Quintile 5 (High income)
Rent (subsidized)	26.1%	25.3%	19.7%	17.8%	11.2%
Other, unknown	30.9%	22.4%	17.7%	17.2%	11.8%
Portugal					
Owners (all)	16.5%	18.5%	20.1%	21.4%	23.4%
Rent (private)	30.4%	21.5%	18.6%	18.9%	10.7%
Rent (subsidized)	34.8%	23.6%	20.0%	13.3%	8.2%
Other, unknown	26.0%	29.0%	21.0%	14.2%	9.8%
Slovak Republic					
Owners (all)	18.7%	19.8%	20.4%	20.5%	20.6%
Rent (private)	29.1%	21.8%	16.8%	17.3%	15.1%
Rent (subsidized)	51.0%	16.5%	12.5%	7.8%	12.2%
Other, unknown	45.4%	24.6%	15.8%	3.8%	10.3%
Slovenia					
Owners (all)	15.6%	19.0%	20.1%	21.9%	23.3%
Rent (private)	42.8%	25.1%	16.6%	10.2%	5.3%
Rent (subsidized)	45.1%	22.3%	19.0%	9.1%	4.6%
Other, unknown	28.8%	22.7%	20.8%	16.0%	11.7%
Spain					
Owners (all)	16.0%	19.3%	20.5%	21.6%	22.7%
Rent (private)	36.3%	23.6%	16.2%	13.1%	10.8%
Rent (subsidized)	34.2%	23.7%	19.3%	16.7%	6.1%
Other, unknown	32.7%	20.4%	22.1%	15.5%	9.3%
Sweden*					
Owners (all)	10.6%	17.7%	21.8%	24.0%	25.9%
Rent (private)	41.3%	25.7%	15.9%	10.7%	6.5%
Rent (subsidized)	35.3%	24.8%	28.3%	0.0%	11.6%
Other, unknown	55.5%	7.0%	13.0%	17.9%	6.6%
United Kingdom					
Owners (all)	14.2%	15.9%	20.1%	24.0%	25.7%
Rent (private)	25.5%	25.2%	18.8%	15.6%	14.8%
Rent (subsidized)	37.3%	31.7%	20.4%	8.1%	2.4%
Other, unknown	35.5%	15.7%	22.8%	15.6%	10.3%
United States					
Owners (all)	9.7%	15.4%	18.9%	21.3%	23.0%
Rent (private)	30.0%	19.2%	12.5%	8.0%	4.8%
Other, unknown	31.7%	19.1%	12.8%	7.5%	4.7%

** Data does not capture subsidized housing properly in these countries.*

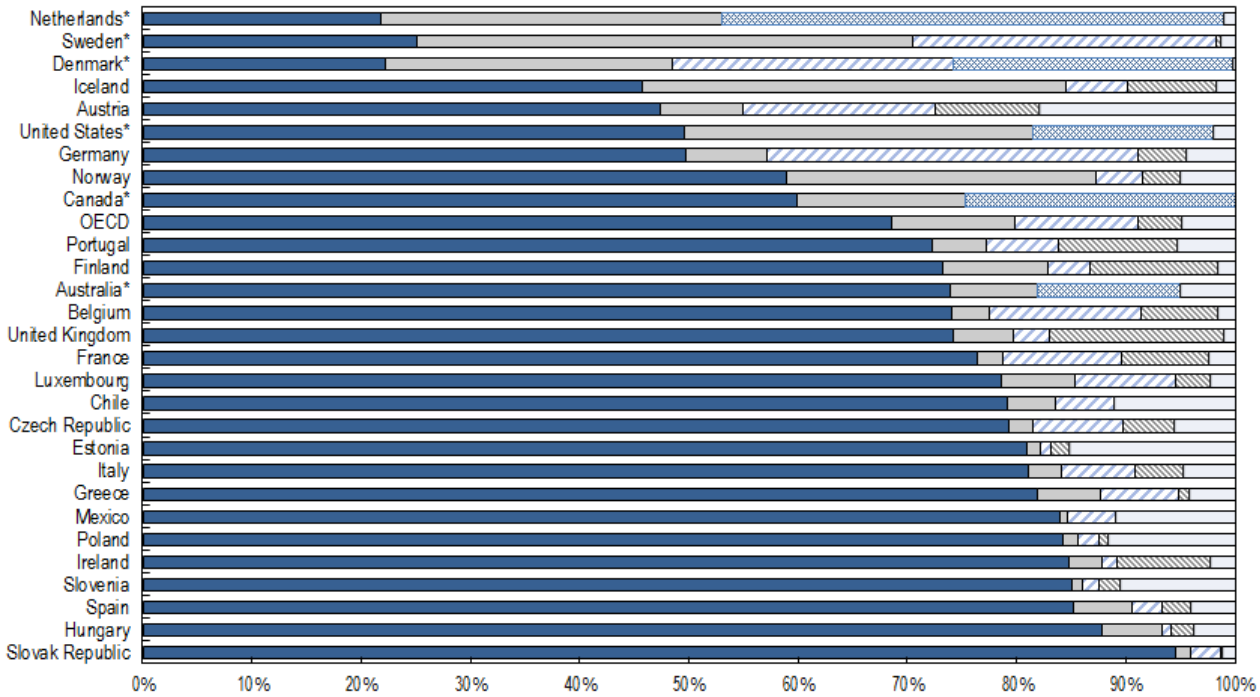
Source: OECD calculations based on the following household surveys: Australia's Household, Income, and Labour Dynamics Survey (HILDA) 2012; Canada's Survey of Labour and Income Dynamics (SLID) 2010; Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2011; the EU Survey of Income and Living Conditions (SILC) 2010-2012; Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 2012; and the United States' American Community Survey (ACS) 2012. All European countries' estimates are derived from SILC 2012, with the exceptions of Belgium (2011) and Ireland (2010).

Figure A.1 Tenure composition by household type

Panel A: Per cent of single-parent and two-parent households by tenure type, most recent year



Panel B: Per cent of senior households by tenure type, most recent year



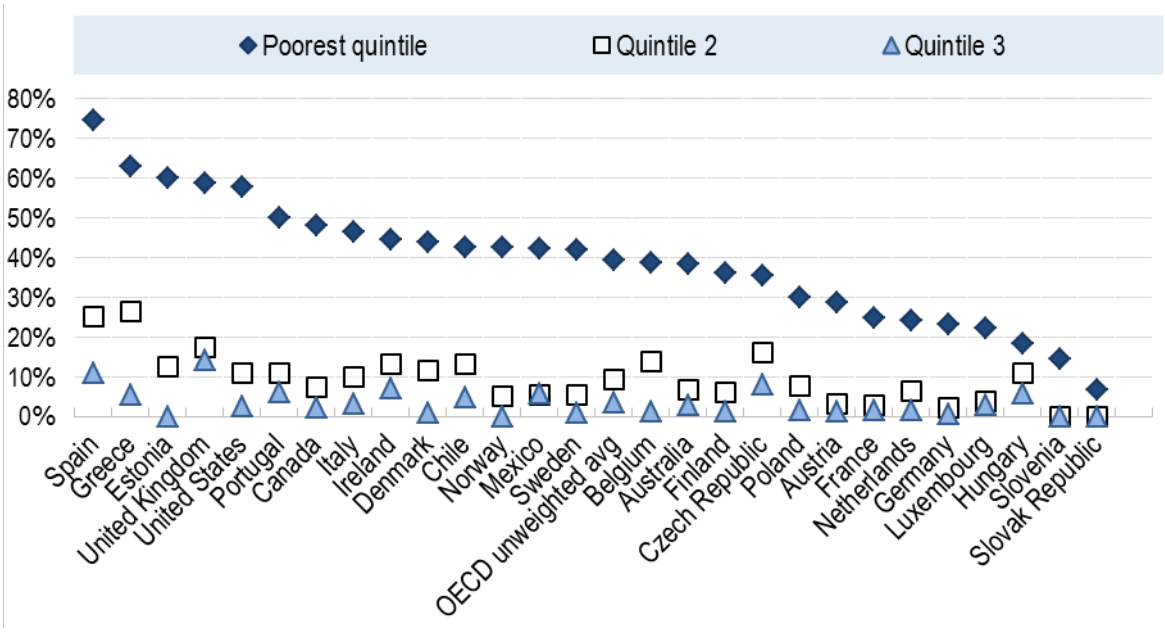
** Data does not capture subsidized housing properly in these countries*

Source: OECD calculations based on the following household surveys: Australia's Household, Income, and Labour Dynamics Survey (HILDA) 2012; Canada's Survey of Labour and Income Dynamics (SLID) 2010; Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2011; the EU Survey of Income and Living Conditions (SILC) 2010-2012; Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 2012; and the United States' American Community Survey (ACS) 2012. All European countries' estimates are derived from SILC 2012, with the exceptions of Belgium (2011) and Ireland (2010).

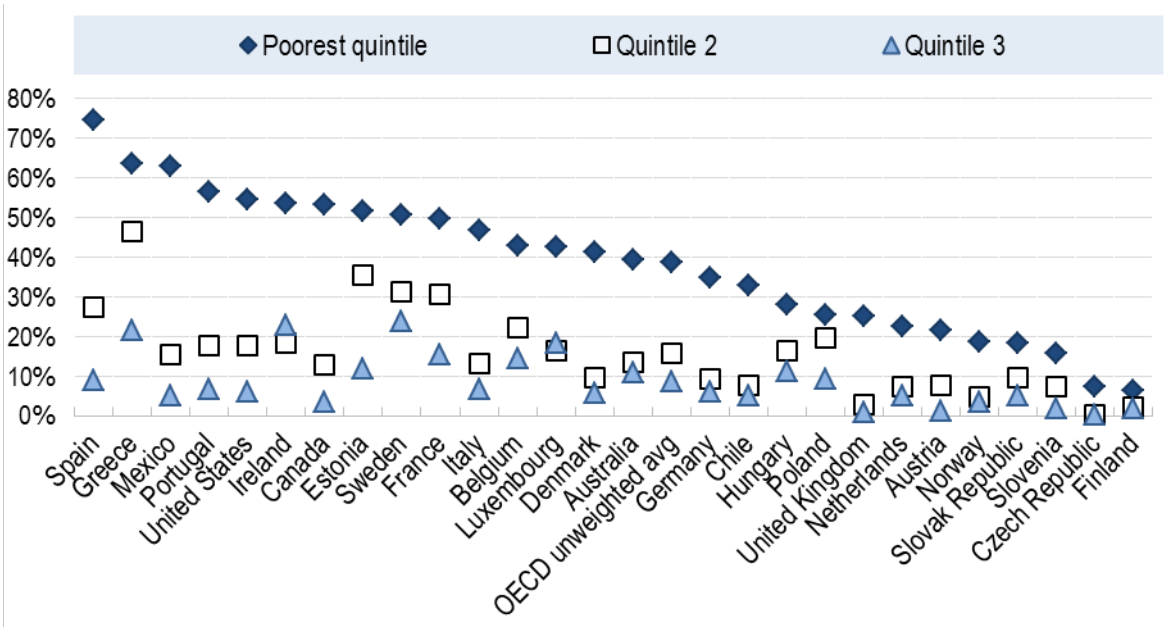
APPENDIX B. HOUSING COSTS

Figure B.1 Rates of overburden across tenure types and income quintiles

Panel A: Percentage of private market tenant households spending over 40% of their disposable income on rent, by income quintile – most recent year



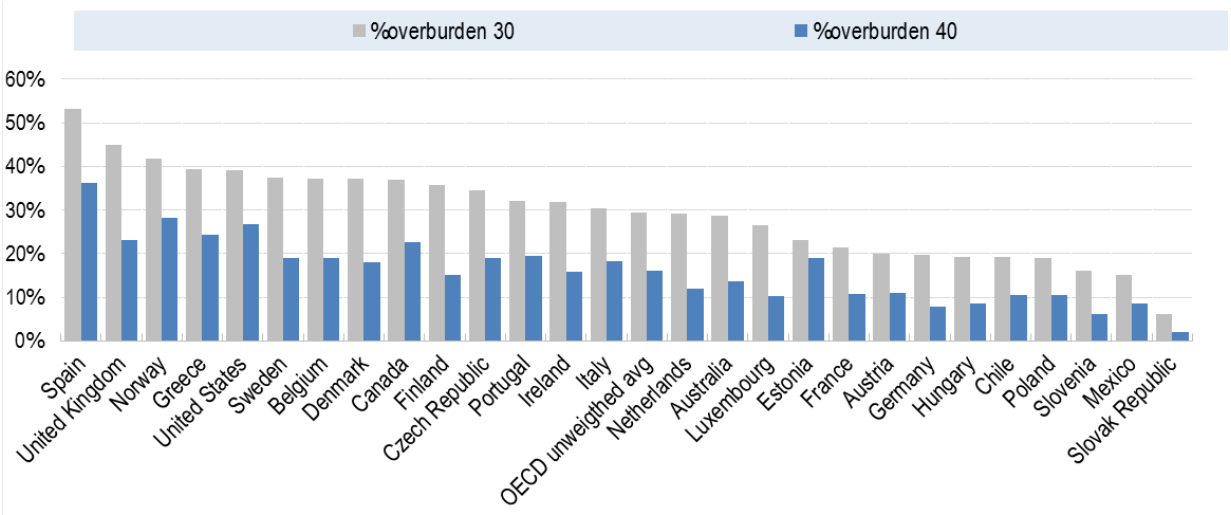
Panel B: Percentage of mortgaged-owner households spending over 40% of their disposable income on mortgage, by income quintile – most recent year



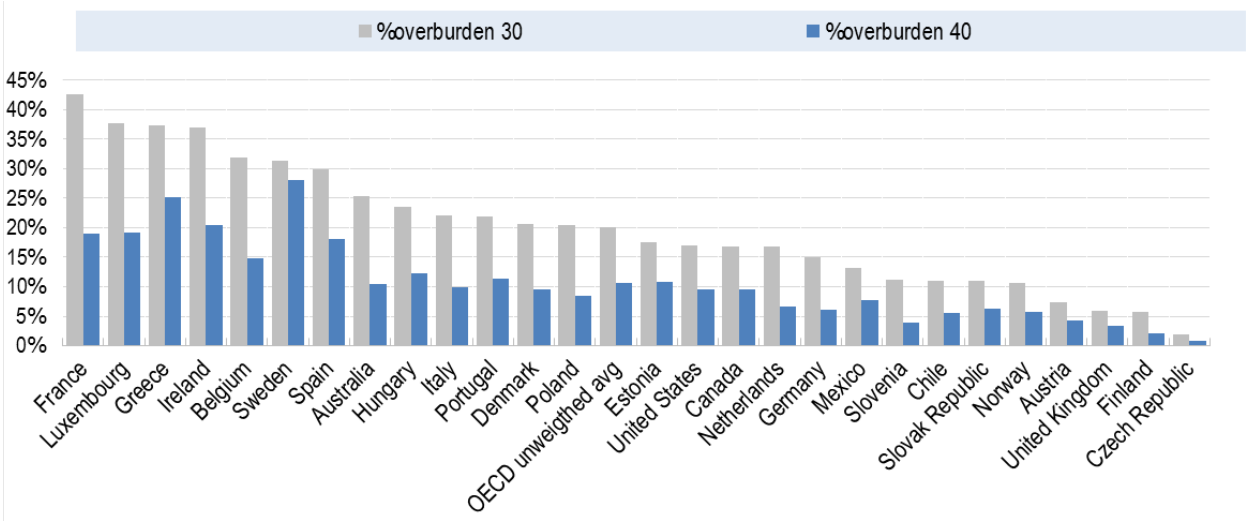
Notes: Disposable income is the denominator in all countries except Chile, Mexico, and the United States, where gross income is used.
Source: OECD calculations based on the following household surveys: HILDA 2012; SLID 2010; CASEN 2011; EU-SILC 2010-2012; ENIGH 2012; and ACS 2012. All European estimates are derived from SILC 2012, with the exception of Belgium (2011) and Ireland (2010).

Figure B.2 Overburden rates: comparing the 30% and 40% threshold

Panel A: Percentage of renting households who are overburdened according to the 30% and 40% rent-to-income threshold – most recent year



Panel B: Percentage of owner-occupant households who are overburdened according to the 30% and 40% mortgage-to-income threshold – most recent year

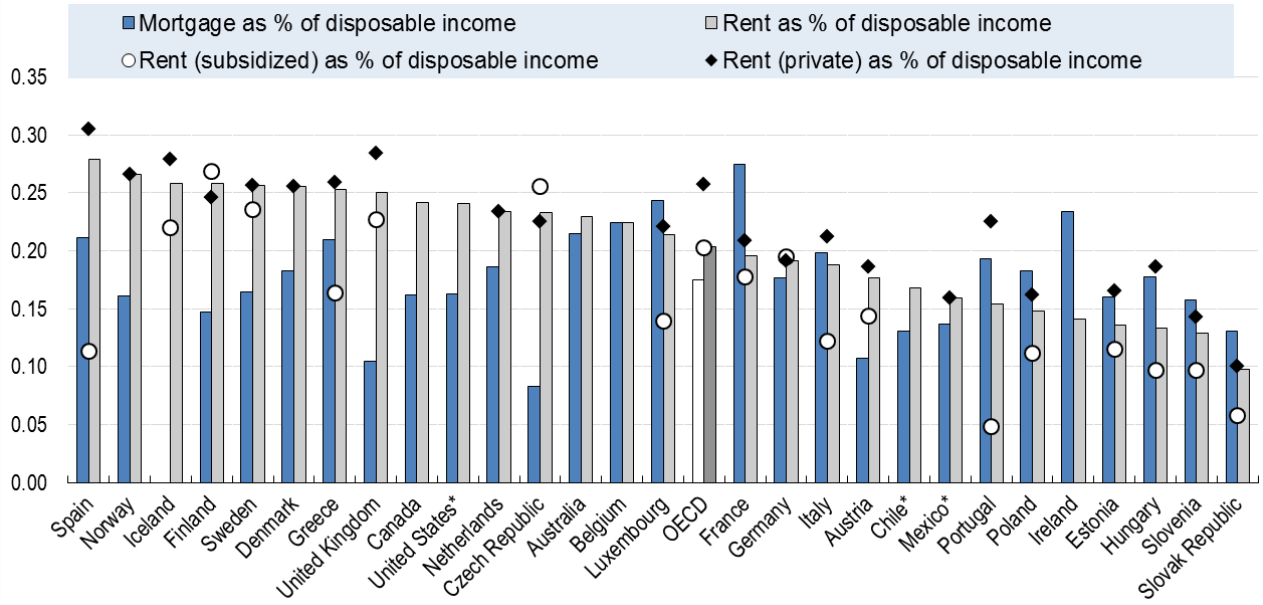


*Notes: *Disposable income is used in all countries except Chile, Mexico, and the United States where gross income is used due to data limitations.*

Source: OECD calculations based on the following household surveys: Australia's Household, Income, and Labour Dynamics Survey (HILDA) 2012; Canada's Survey of Labour and Income Dynamics (SLID) 2010; Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2011; the EU Survey of Income and Living Conditions (SILC) 2010-2012; Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 2012; and the United States' American Community Survey (ACS) 2012. All European countries' estimates are derived from SILC 2012, with the exceptions of Belgium (2011) and Ireland (2010).

Figure B.3 Median share of disposable income spent on housing

Median rent-to-income and mortgage-to-income ratios – most recent year

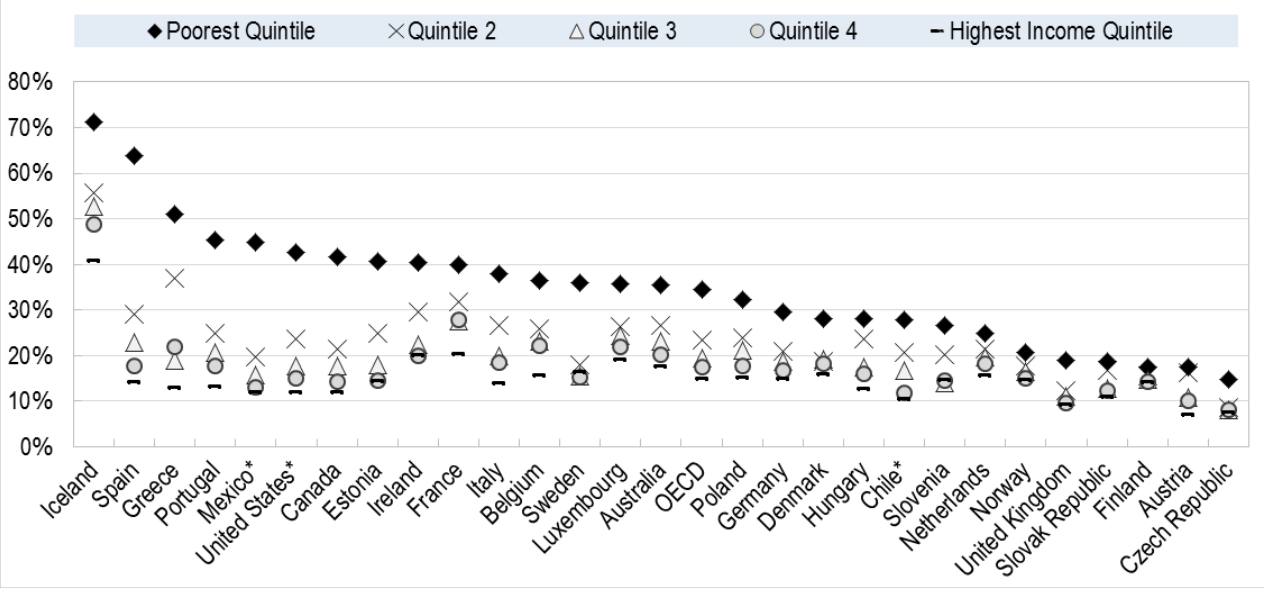


*Notes: *Disposable income is used all countries except Chile, Mexico, and the United States, where gross income is used due to data limitations.*

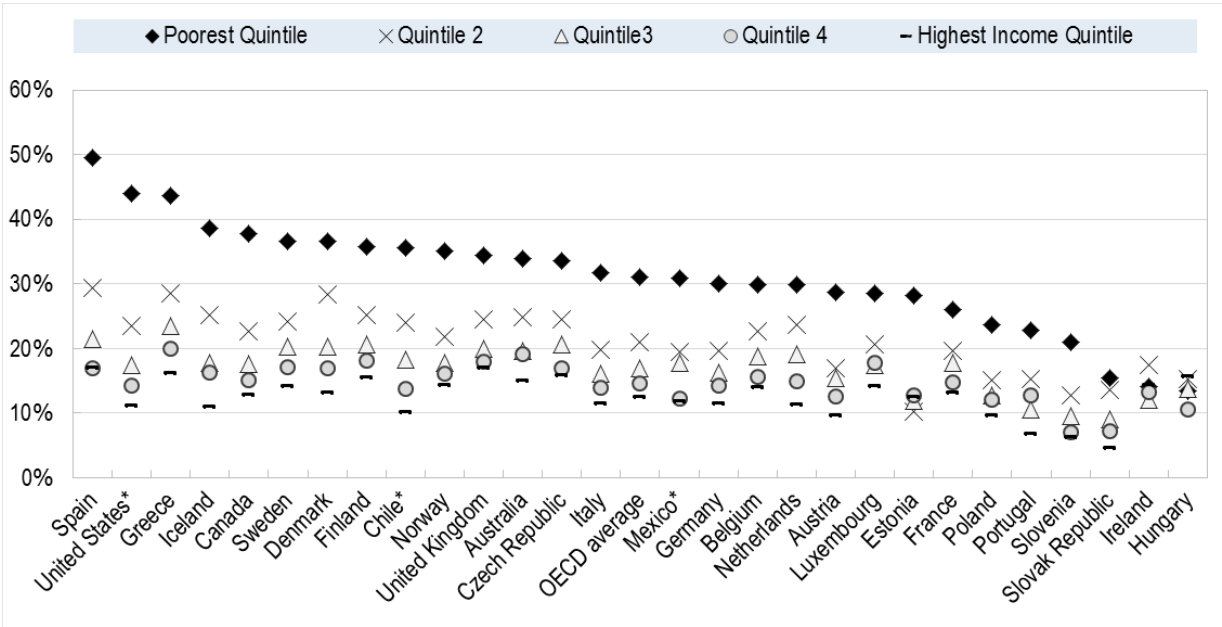
Source: OECD calculations based on the following household surveys: HILDA 2012; SLID 2010; CASEN 2011; EU-SILC 2010-2012; ENIGH 2012; and ACS 2012. All European countries' estimates are derived from SILC 2012, with the exception of Belgium (2011) and Ireland (2010)

Figure B.4 Median share of disposable income spent on housing costs across income quintiles

Panel A: Median mortgage-to-income ratios, by income quintiles – most recent year



Panel A: Median rent-to-income ratios, by income quintiles – most recent year

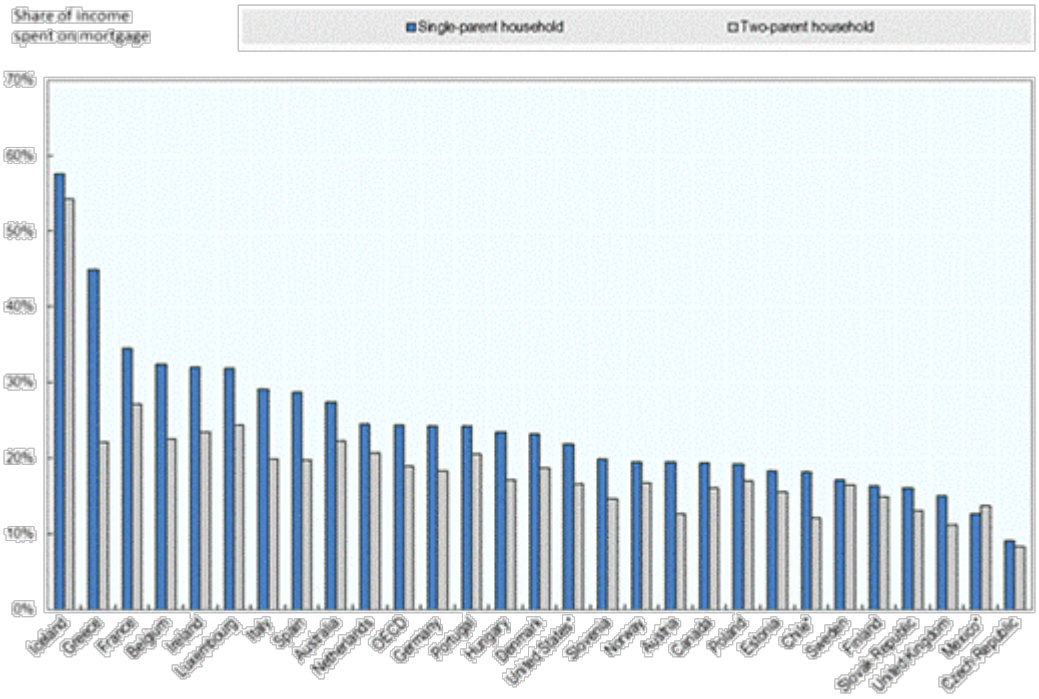


*Note: *Disposable income is used in all countries except Chile, Mexico, and the United States where gross income is used due to data limitations.*

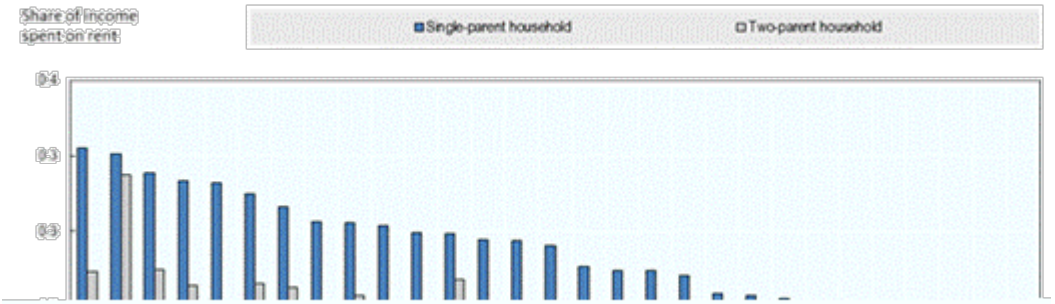
Source: OECD calculations based on the following household surveys: Australia's Household, Income, and Labour Dynamics Survey (HILDA) 2012; Canada's Survey of Labour and Income Dynamics (SLID) 2010; Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2011; the EU Survey of Income and Living Conditions (SILC) 2010-2012; Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 2012; and the United States' American Community Survey (ACS) 2012. All European countries' estimates are derived from SILC 2012, with the exceptions of Belgium (2011) and Ireland (2010).

Figure B.5 Median share of disposable income spent on housing costs across household types

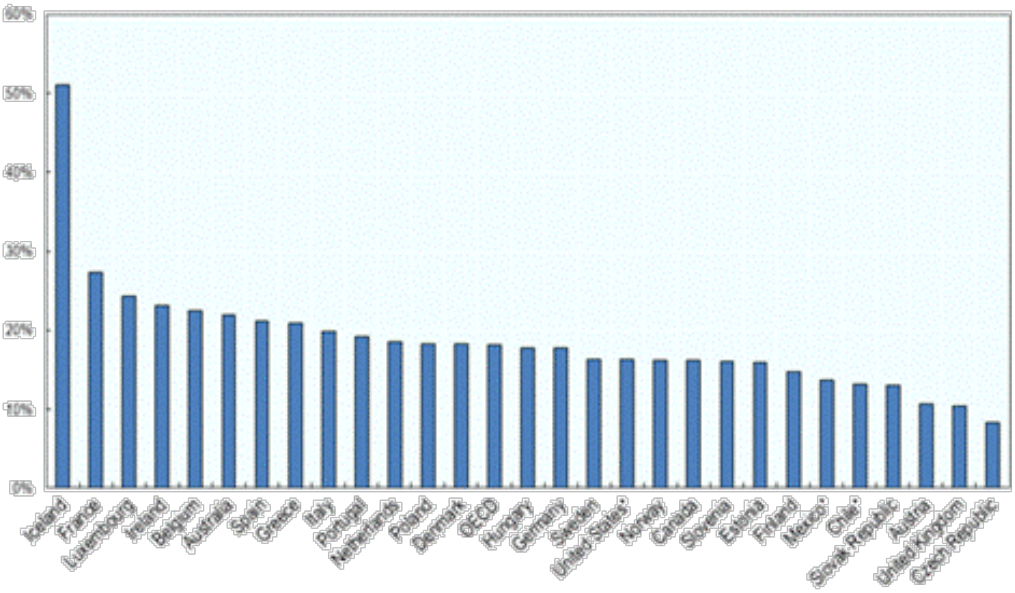
Panel A: Median mortgage-to-income ratios for sole-parent and two-parent households– most recent year



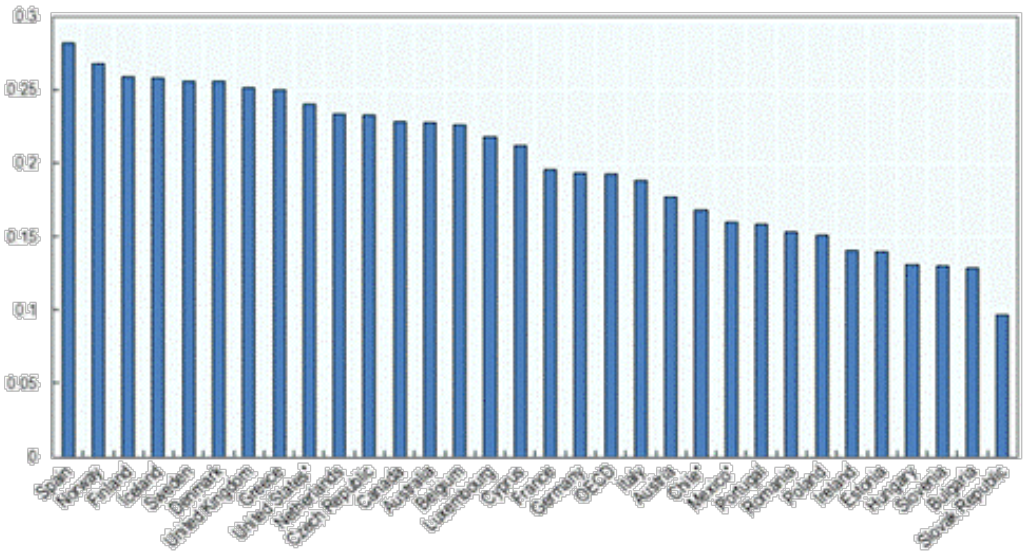
Panel B: Median rent-to-income ratios for sole-parent and two-parent households– most recent year



Panel C: Median mortgage-to-income ratios for senior households– most recent year



Panel D: Median rent-to-income ratios for senior households– most recent year

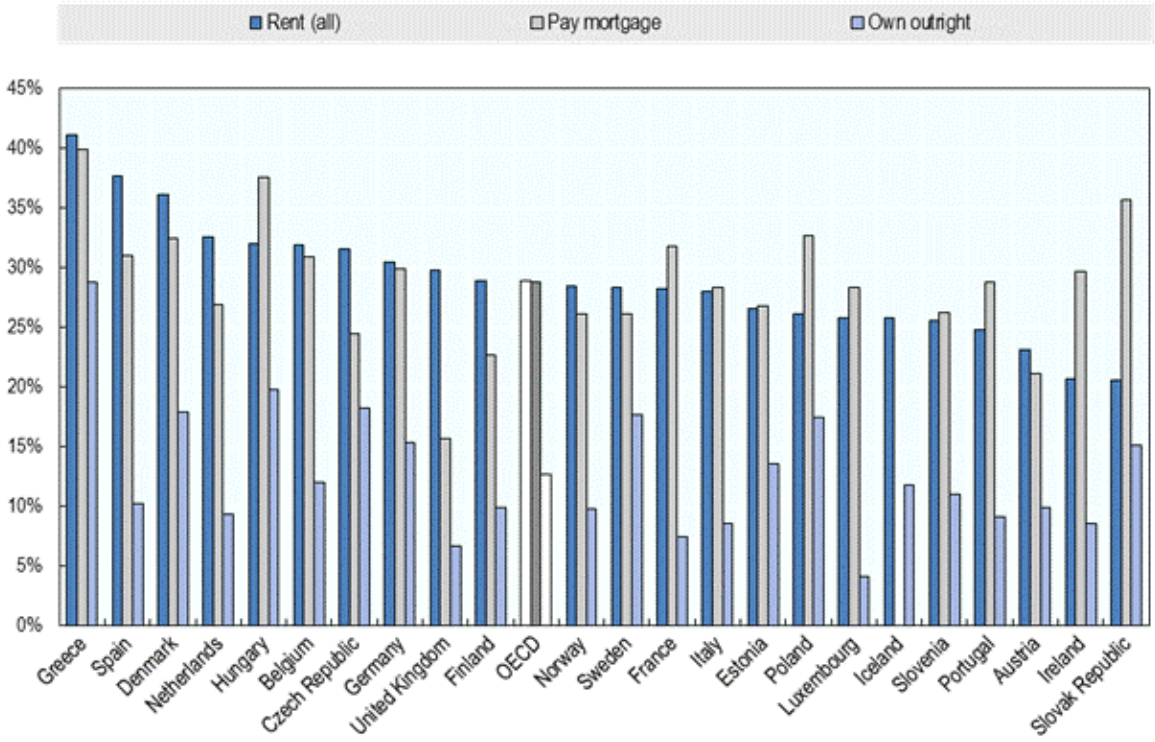


*Note: *Disposable income is used in all countries except Chile, Mexico, and the United States where gross income is used due to data limitations.*

Source: OECD calculations based on the following household surveys: HILDA 2012; SLID 2010; CASEN 2011; EU-SILC 2010-2012; ENIGH 2012; and ACS 2012. All European countries' estimates are derived from SILC 2012, with the exception of Belgium (2011) and Ireland (2010).

Figure B.6 Total housing costs as a share of disposable income across tenure types

Median "total housing cost"-to-income ratios– most recent year

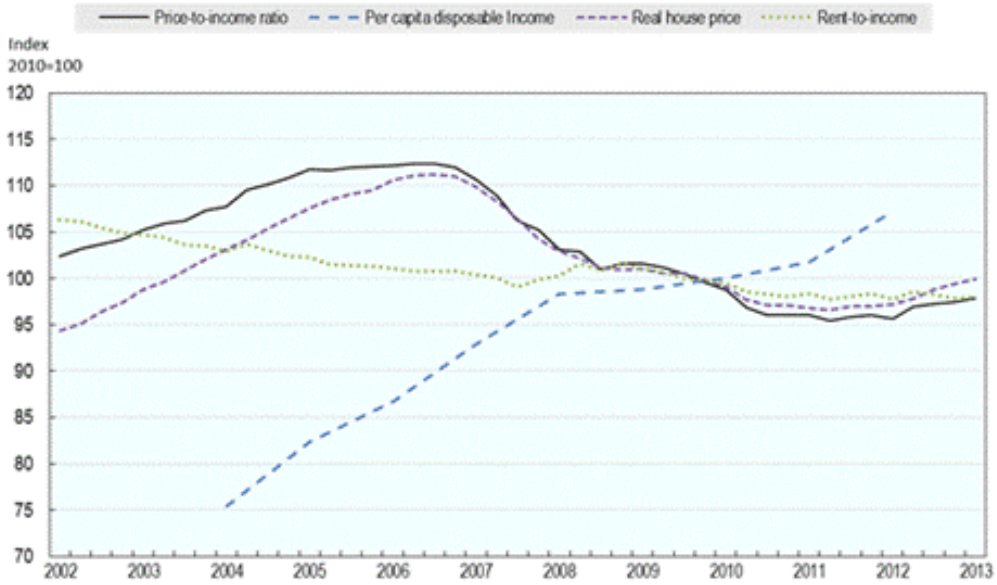


*Note: *Disposable income is used in all countries except Chile, Mexico, and the United States where gross income is used due to data limitations.*

Source: OECD calculations based on the following household surveys: HILDA 2012; SLID 2010; CASEN 2011; EU-SILC 2010-2012; ENIGH 2012; and ACS 2012. All European countries' estimates are derived from SILC 2012, with the exception of Belgium (2011) and Ireland (2010).

Figure B.7 Trends in average OECD price-to-income ratio, per capita disposable income, and real house prices

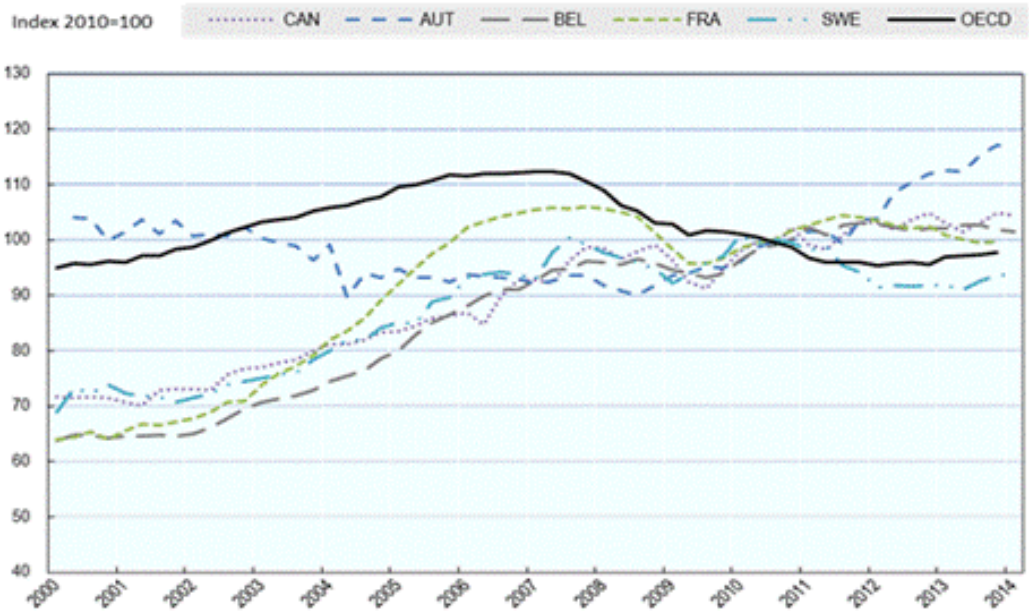
Nominal values deflated by the consumer price index, select countries, 2002-2013



Source: OECD calculations of national housing data in OECD Housing Prices Database and income data in the OECD Income Distribution and Poverty Database.

Figure B.8 Trends in price-to-income ratios, select countries

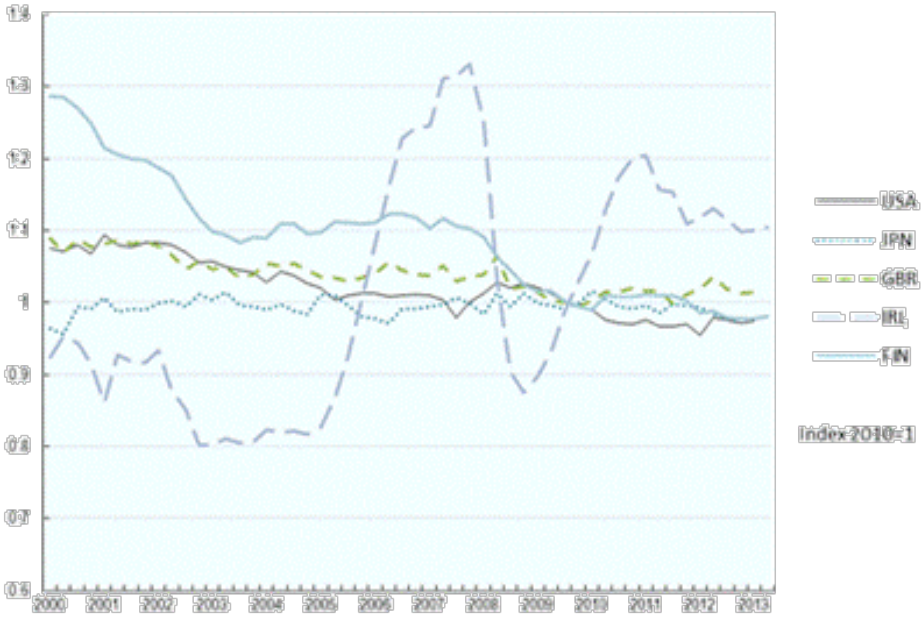
Nominal values deflated by the consumer price index, 2002-2014



Source: OECD calculations of national housing data in OECD Housing Prices Database

Figure B.9 Trends in rent-to-income ratios in countries with weak rent control regulations

Nominal values deflated by the consumer price index, select countries, 2000-2013

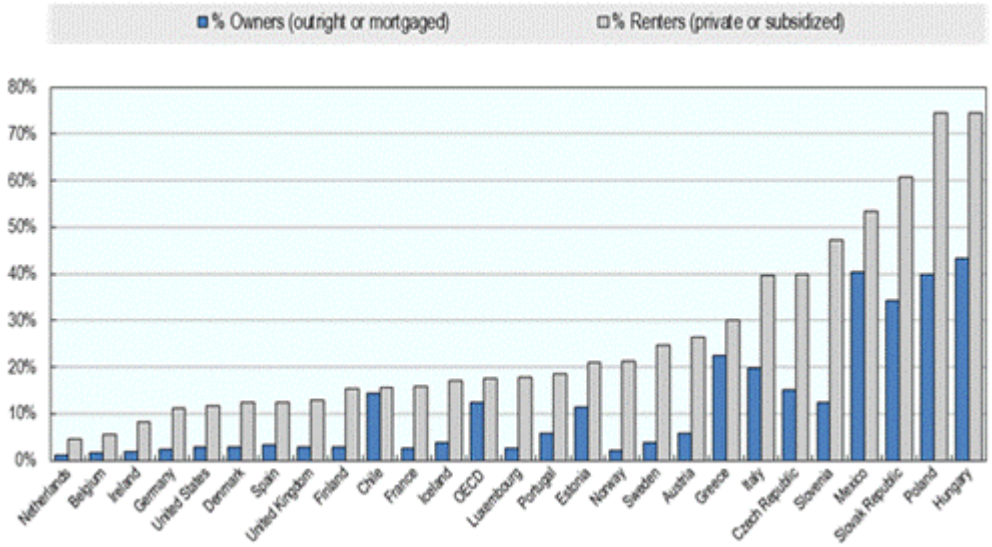


Source: OECD calculations of national housing data in OECD Housing Prices Database.

APPENDIX C. HOUSING QUALITY

Figure C.1 Incidence of overcrowding across tenure types

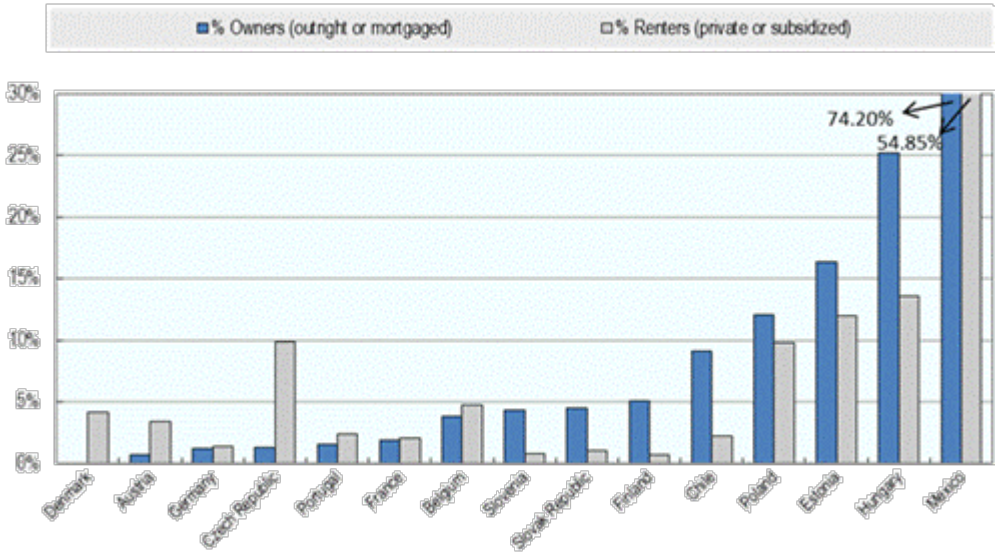
Percentage of households living in overcrowded dwellings by tenure type – most recent year



Source: OECD calculations based on the following household surveys: Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2011; the EU Survey of Income and Living Conditions (SILC) 2010-2012; Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 2012; and the United States' American Community Survey (ACS) 2012. All European countries' estimates are derived from SILC 2012, with the exceptions of Belgium (2011) and Ireland (2010).

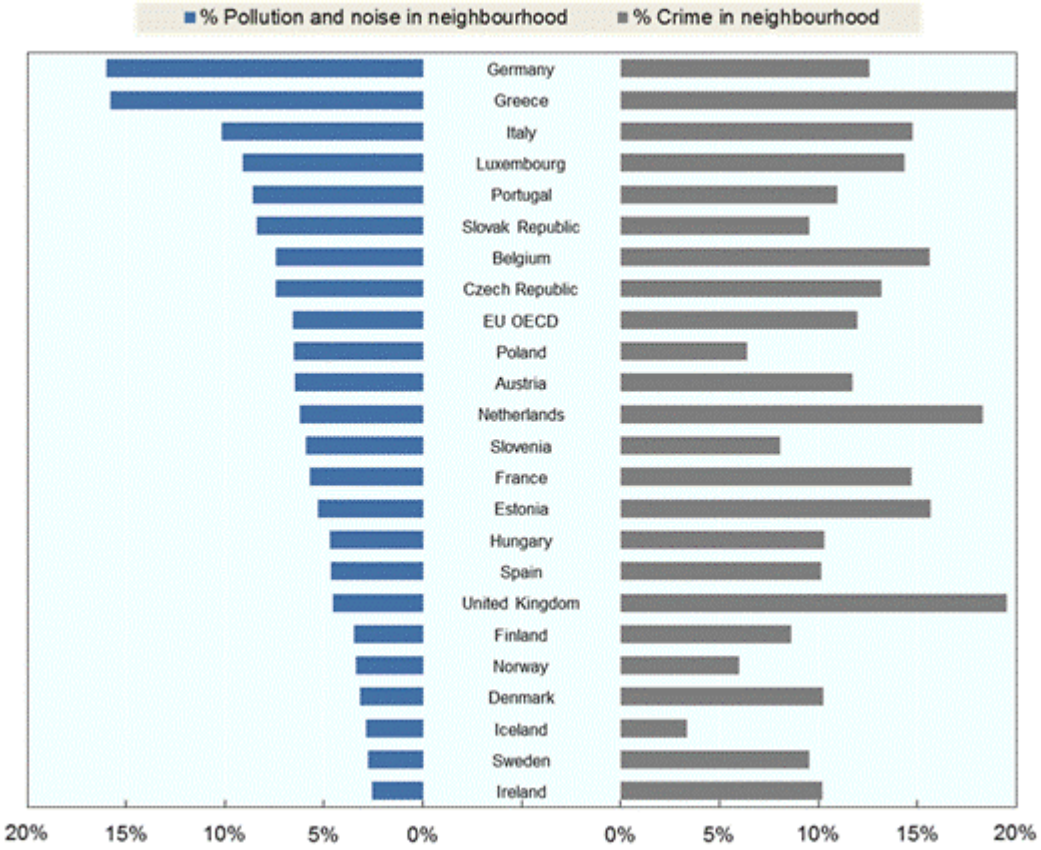
Figure C.2 Incidence of lack of basic sanitary facilities among low-income households across tenure types

Percentage of low-income households living in dwellings without access to indoor flushing toilet by tenure type – most recent year



Source: OECD calculations based on the following household surveys: Australia's Household, Income, and Labour Dynamics Survey (HILDA) 2012; Chile's Encuesta de Caracterización Socioeconómica Nacional (CASEN) 2011; the EU Survey of Income and Living Conditions (SILC) 2010-2012; Mexico's Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 2012. All European countries' estimates are derived from SILC 2012.

Figure C.3 Percentage of households reporting neighbourhood noise, pollution and crime in European OECD countries



Source: OECD calculations based on the following household surveys: SILC 2012, with the exceptions of Belgium (SILC 2011) and Ireland (SILC 2010).

APPENDIX D. AFFORDABLE AND SOCIAL HOUSING POLICIES

Table D.1 Reported housing policy objectives

	Most important	Second	Third	Fourth	Fifth
AUS	*The objective is that all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation.*				
AUT	*Affordability of housing for big parts of population.*	*Reducing energy consumption in new construction and stock.*	*Sustain housing construction on a high level close to demand.*	*Strategic development of cities and villages.*	*Housing for elderly.*
CAN	*Help Canadians in need access affordable, sound and suitable housing.*	*Help Aboriginal Canadians to improve their living conditions.*	*Provide mortgage loan insurance products and tools to Canadians and contribute to the stability of the housing market*	*Ensure an adequate supply of funds for mortgage lending through mortgage securitization while considering the competitiveness, efficient functioning and stability of the housing finance system*	
CHE	*Functioning, balanced housing markets by means of adequate legal structures.*	*Protection of tenants from abusive landlord demands while providing attractive conditions to rental housing investors.*	*Promotion of homeownership.*	*Decent housing at affordable conditions for financially weak households and persons with special needs.*	*Promotion of sustainable housing, including energy-efficiency and protection of the landscape (urban densification).*
CHL	*Reduce the housing deficit in the most vulnerable sectors, and support the efforts of the middle class in their housing aspirations, through the delivery of housing solutions with emphasis on Quality, Integration and Equity.*	*Location of housing with social integration criteria.*	*Improvement of deteriorated housing, for not increase the housing deficit.*	*Take care of rurality recognizing its particular features.*	*Special attention to reducing camps, and not encouraging their creation.*

CZR	*Legislative regulation of social housing.*	*Identification of target groups for social housing.*	*Financing of construction, reconstruction and operating costs of social homes/apartments.*	*Development of social policy instruments in addressing needs of affordable housing.*	*Arrangement of housing deposits.*
DEU	*Strengthening housing construction and the construction of social (rental) housing to cover the rising housing demand in the agglomerations.*	*Affordable rents/housing costs especially for households with low income.*	*Managing the demographic change especially the necessary age-based modification of the dwelling stock.*		
DNK	*Making the social housing sector more efficient and lower the price of building social housing as well as lowering the cost of running and maintaining social housing.*	*To make sure that the energy consumption of the existing building stock is lowered through increased energy efficiency*	*To increase the stability, trust and transparency of the market for owner occupied housing and co-operative housing in order to increase mobility on the housing market.*	*To increase security in housing estates.*	*To provide more transparency about the price and cost of co-operative housing.*
ESP	*Promote rental housing.*	*Promote housing rehabilitation.*	*Urban renovation.*		
EST	*Creating the suitable environment to support activation of affordable housing sector (including looking over the legislative and taxation system).*	*Working out different strategies to improve co-operation between state, local governments and private sector.*	*Taking action based on the strategies to activate the affordable housing sector.*		
FIN	*Ensuring an adequate volume of new housing; particularly in the Helsinki region and in other growth centres by ensuring an adequate supply of building plots and a smooth land use planning process*	*Affordable housing; to prevent housing costs from putting too much unnecessary strain on low-income households. Subsidies and legislation are used to increase the supply of affordable housing in the growth centres.*	*Improving the housing conditions of those in need of special support; homeless, elderly and people with intellectual and developmental disabilities. Policy measures also strive for equal distribution of social and economic welfare between residential areas.*		
FRA	*Support social rental housing*	*Support home ownership*	*Subsidies for energy efficiency and renovation*	*Support the provision of affordable housing through the private rental market*	

GBR	*missing*	*missing*	*missing*	*missing*	*missing*
HUN	*missing*	*missing*	*missing*	*missing*	*missing*
IRL	*The overall strategic objective will be to enable all households' access good quality housing appropriate to household circumstances and in their particular community of choice. In so doing, we will reduce the number of households on social housing waiting lists*	*The Homelessness Policy Statement's overall objective is to bring an end to long-term homelessness in Ireland and the need to sleep rough.*	*Building a competitive, innovative, dynamic, safe and sustainable construction sector.*		
ISR	*Promotion of availability and accessibility of affordable dwelling, for the whole population.*	*Meeting the needs of most of the people who cannot afford a dwelling, by providing a suitable and quality dwelling solution.*	*Promotion the quality of living in the current urban and rural life texture.*	*Enhancing proper regulation procedures, which apply to the construction sector and to securing the purchaser interests.*	*Increasing the effectiveness of the Ministry operating duties.*
JPN	*Provision of high-quality houses that constitute present and future housing of the people.*	*Formation of good living environment which people have pride in and attachment to.*	*Establishment of housing market which draws upon private sector's activities and effectively use of the existing housing stocks, and protection of consumer interest*	*Securing dwelling stability for low-income persons, the aged, families with a dependent child, etc.*	
KOR	*missing*	*missing*	*missing*	*missing*	*missing*
LUX	*Increase the supply/offer of social and affordable housing.*	*Mobilization of non-used constructible land.*	*Reform of the housing subsidies (more targeted/selective).*	*Reform of the main public promoter "Fonds du logement"*	
LVA	*Increase the energy efficiency of multi-apartment residential buildings.*	*Provide affordable housing for families with children.*			
MEX	*Control of urban expansion.*	*Improving the quality of rural and urban housing and its environment, while reducing the housing deficit.*	*Diversify the supply of quality housing solutions.*	*Generate optimal credit and subsidies schemes for housing solutions.*	*Strengthen inter-institutional coordination of the three levels of government.*

NDL	*Access to affordable housing.*	*Creating a robust and flexible housing market.*	*Creating a sizeable private rental market.*		
NOR	*[NO RANK IN OBJECTIVES]. Housing and buildings that meet the future needs: Better building quality and fewer construction defects; More energy effective housing and buildings; Increased accessibility and universal design in dwellings, buildings and outdoor areas.*	*[NO RANK IN OBJECTIVES]. Adequate and secure housing: Increased secure housing and establishment in owned dwellings; More suitable rental housing; Increased social housing expertise.*	*[NO RANK IN OBJECTIVES]. Simplification and innovation in the housing and construction sector: More effective and user-friendly application and construction processes; Increased knowledge and implementation of new solutions in the housing and building sector.*		
NZL	*Free up land supply for residential development. Key Barrier: local government reluctance to zone land for housing and to provide supporting infrastructure.*	*Secure large-scale mixed housing development. Key Barrier: local opposition to land-use changes and/or types of builds, lack of infrastructure to support new housing developments.*	*Remove regulatory barriers, streamline consents and reduce compliance costs. Key Barrier: community concerns about environmental protection; strong risk-averse behaviour in the construction industry.*	*Enable a more diverse range of social housing providers. Key Barrier: Many potential providers lack the capital they need to participate sustainably.*	
POL	*Increasing the number of new completed dwellings.*	*Supporting home ownership for young families with children.*	*Facilitating access to affordable dwellings for low-income households.*	*Regeneration of old housing stock including the energy efficiency.*	*Clearing of past obligations rooting in former socialist era.*
PRT	*Urban rehabilitation.*	*To direct vacant dwellings (12.6 %) to rental market through rehabilitation.*	*To support/favour/enhance a healthy and affordable rental market.*	*New Social Rental Housing Law.*	*Regeneration of social rental housing stock.*
SWE	*Increasing housing supply to a long term sustainable level with regard to demand.*	*Creating well-functioning housing and housing construction markets.*	*Streamlining public planning regulations and processes to improve the conditions of and shorten the time for housing construction.*	*Meeting the housing needs of elderly people by adaptations of existing dwellings and promotion of new forms of housing for elderly.*	*Increasing the supply of dwellings suited for students and young people.*
TUR	*Develop and disseminate social housing applications*	*Take the necessary precautions to meet a higher proportion of people's basic need for housing especially*	*Develop healthy and alternative solutions against housing problems.*	*Increase housing ownership.*	*Increase the efficiency of the long-term housing finance system for basic housing ownership*

		for the poor			
USA	*Strengthen the Nation's housing market to bolster the economy and protect consumers (equal importance)*	*Meet the need for quality, affordable rental homes (equal importance)*	*Use housing as a platform to improve quality of life (equal importance)*	*Build strong, resilient, and inclusive communities (equal importance)*	

Source: OECD Questionnaire on Affordable and Social Housing 2014; see Box 3 for QuASH details and coverage.