



# HOUSING AS A SERVICE IN WELFARE 2.0

## SOME BACKGROUND DATA

### EUROPEAN HIGH-LEVEL ROUNDTABLE ON HOUSING

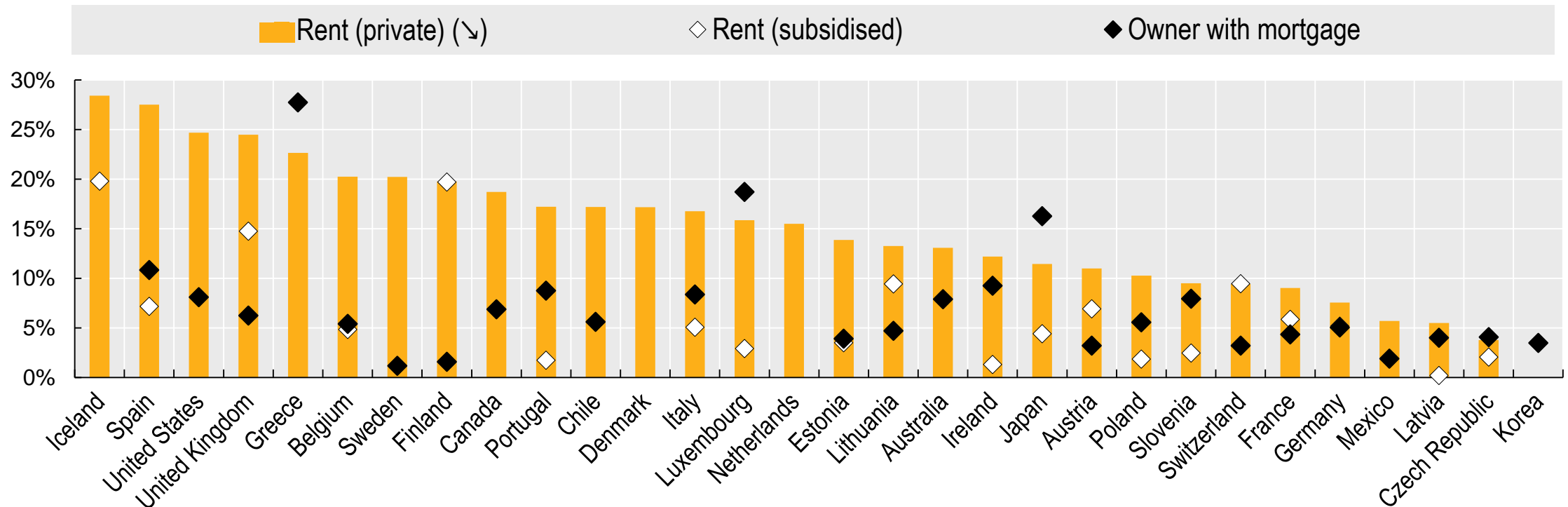
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# Renter households are more likely to be overburdened by housing costs, relative to owners with a mortgage...

Share of population spending more than 40% of disposable income on mortgage and rent, by tenure, in percent, 2016/17 or latest year



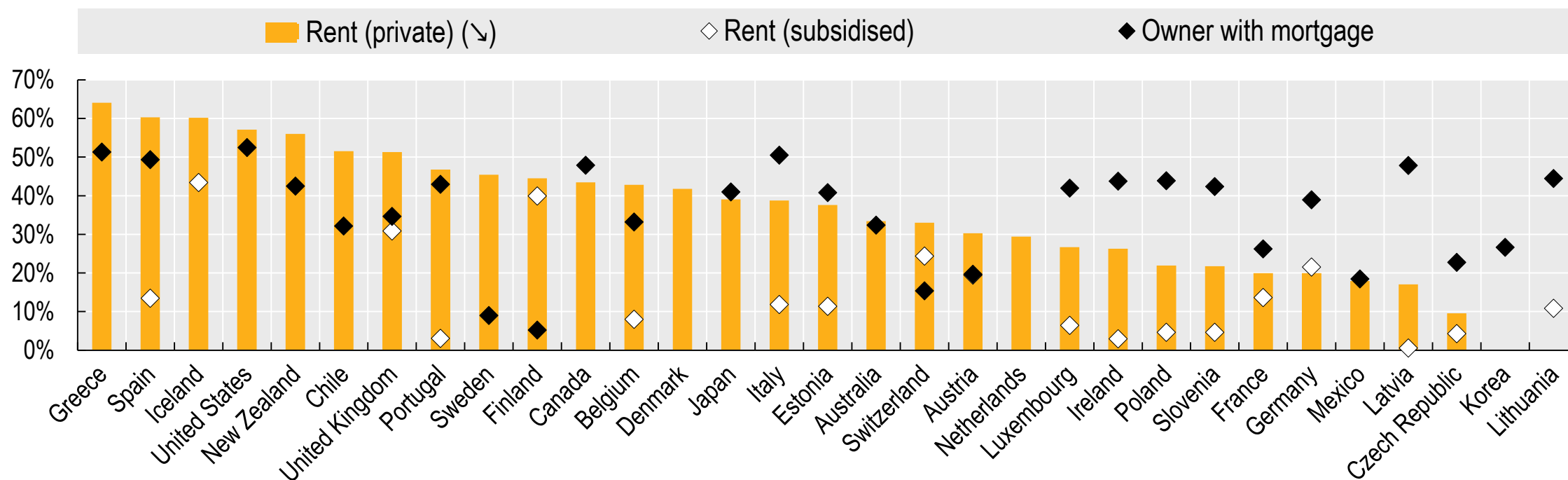
Note: 1. No information for Turkey due to data limitations. In Chile, Mexico, Korea and the United States gross income instead of disposable income is used due to data limitations. No data on mortgage principal repayments available for Denmark due to data limitations. 2. Results only shown if category composed of at least 30 observations. 3. Data for Japan only available on the respondent level due to data limitations.

Source: Preliminary Data from the OECD Affordable Housing Database, [www.oecd.org/social/affordable-housing-database.htm](http://www.oecd.org/social/affordable-housing-database.htm). OECD calculations based on European Survey on Income and Living Conditions (EU SILC) 2016, except Iceland, Ireland, Italy, Luxembourg and Switzerland (2015) and Germany; the Household, Income and Labour Dynamics Survey (HILDA) for Australia (2015); the Survey of Labour and Income Dynamics (SLID) for Canada (2011); Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2015); the German Socioeconomic Panel (GSOEP) for Germany (2016); the Korean Housing Survey (2016); Japan Household Panel Study (JHPS) for Japan (2016); Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2016); Household Expenditure Survey (HES, Stats NZ) for New Zealand (2017); American Community Survey (ACS) for the United States (2015).



# ...and the housing cost overburden is even greater for low-income households.

Share of population **in the bottom quintile of the income distribution** spending more than 40% of disposable income on mortgage and rent, by tenure, in percent, 2016/17 or latest year



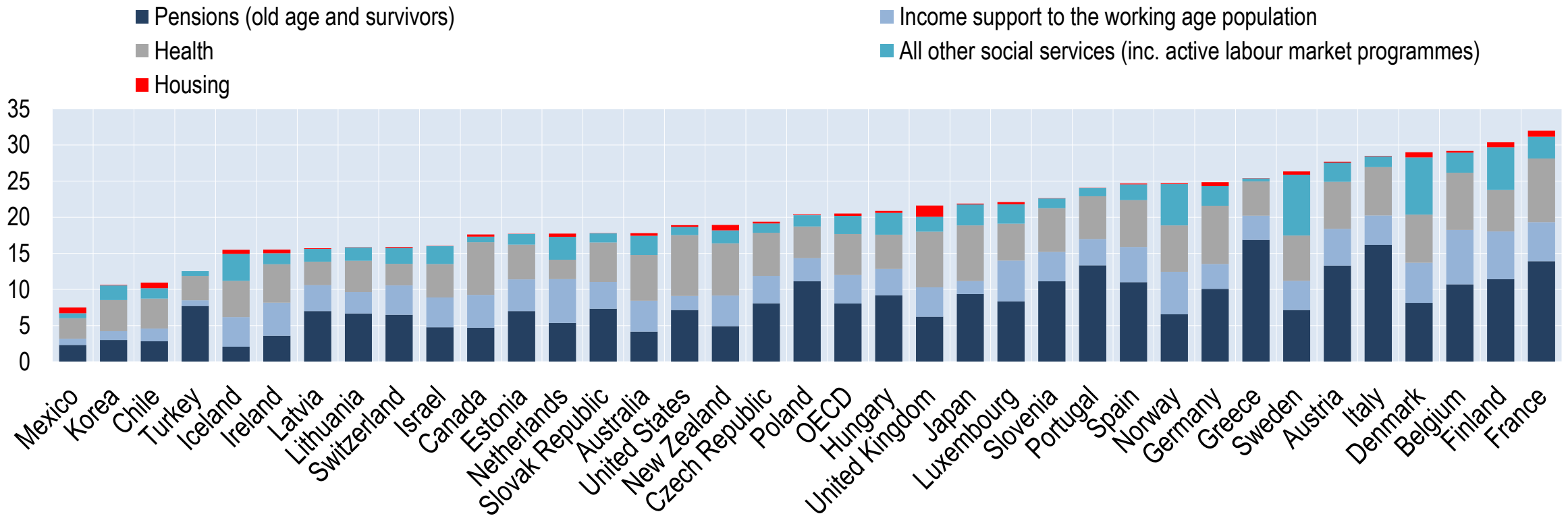
Note: 1. The bottom quintile refers to the lowest 20% of the income distribution. No information for Turkey due to data limitations. In Chile, Mexico, Korea and the United States gross income instead of disposable income is used due to data limitations. No data on mortgage principal repayments available for Denmark due to data limitations. 2. Results only shown if category composed of at least 30 observations. 3. Data for Japan only available on the respondent level due to data limitations.

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# Social spending data suggests that housing represents only a small share of public expenditure...

## Public social expenditure by broad social policy area, in percentage of GDP, 2015/2017 or latest year available



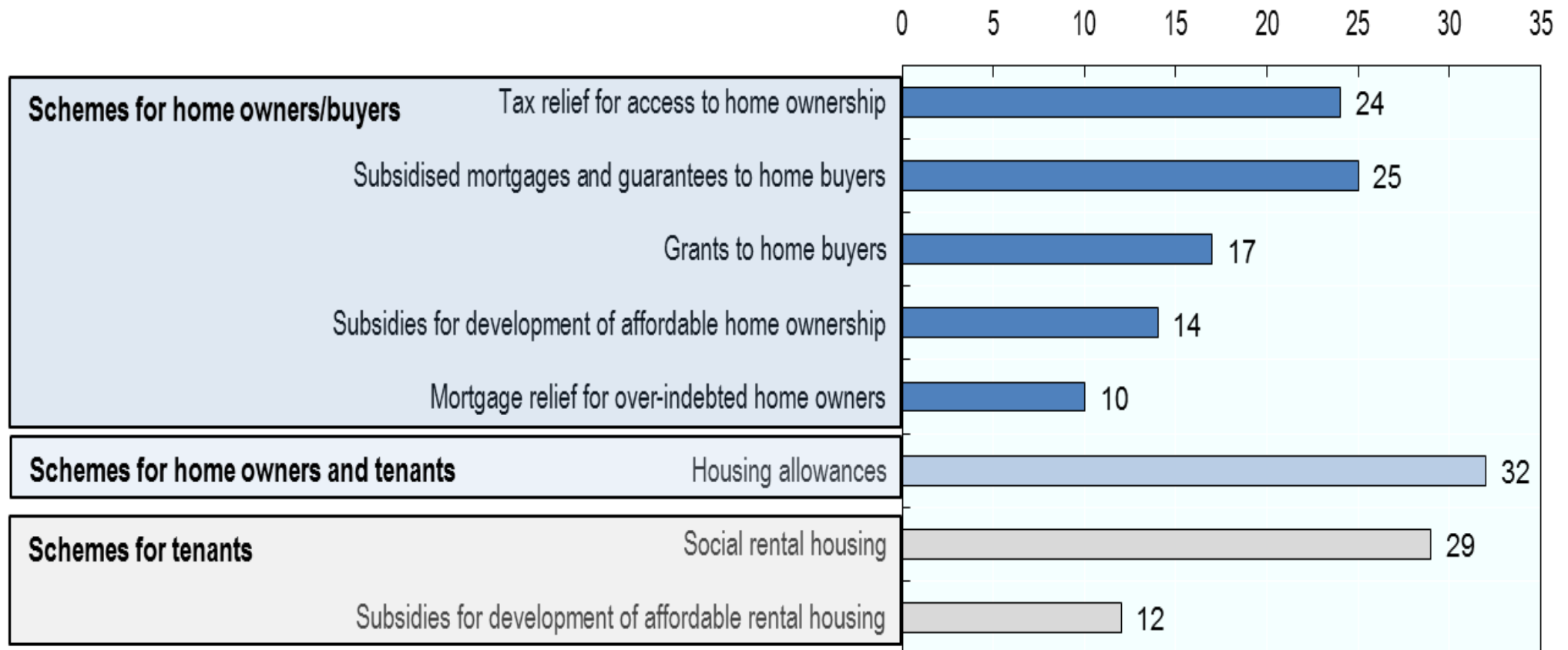
Notes: Housing include rent subsidies and other benefits to the individual to help with housing cost (such as for example direct public subsidies to tenants 'earmarked' for support with the cost of housing). Other forms of housing support such as mortgage relief, capital subsidies towards construction and implicit subsidies towards accommodation costs housing are not included. Income support to the working-age population refers to spending on the following SOCX cash categories: Incapacity benefits, Family cash benefits, Unemployment and other social policy areas categories. Other social services refer to services for the elderly, survivors, disabled, families, active labour market programmes and other social services. Data for Chile, Israel and Korea refer to 2017, Australia, Mexico, New Zealand, the United States and Turkey to 2016, Poland to 2014, otherwise they refer to 2015.

Source: OECD (2019), Social Expenditure (SOCX) via [www.oecd.org/social/expenditure.htm](http://www.oecd.org/social/expenditure.htm). For detail on the underlying methodology regarding the detailed social expenditure programme data, see the manual to the OECD Social Expenditure database (SOCX).



...of course, governments have many (more) tools at their disposal to intervene in the housing market.

### Overview of housing policy instruments: number of reporting countries adopting each policy type





**Preliminary + partial estimates:** public spending on housing can be significant + tends to (overwhelmingly) support homeowners

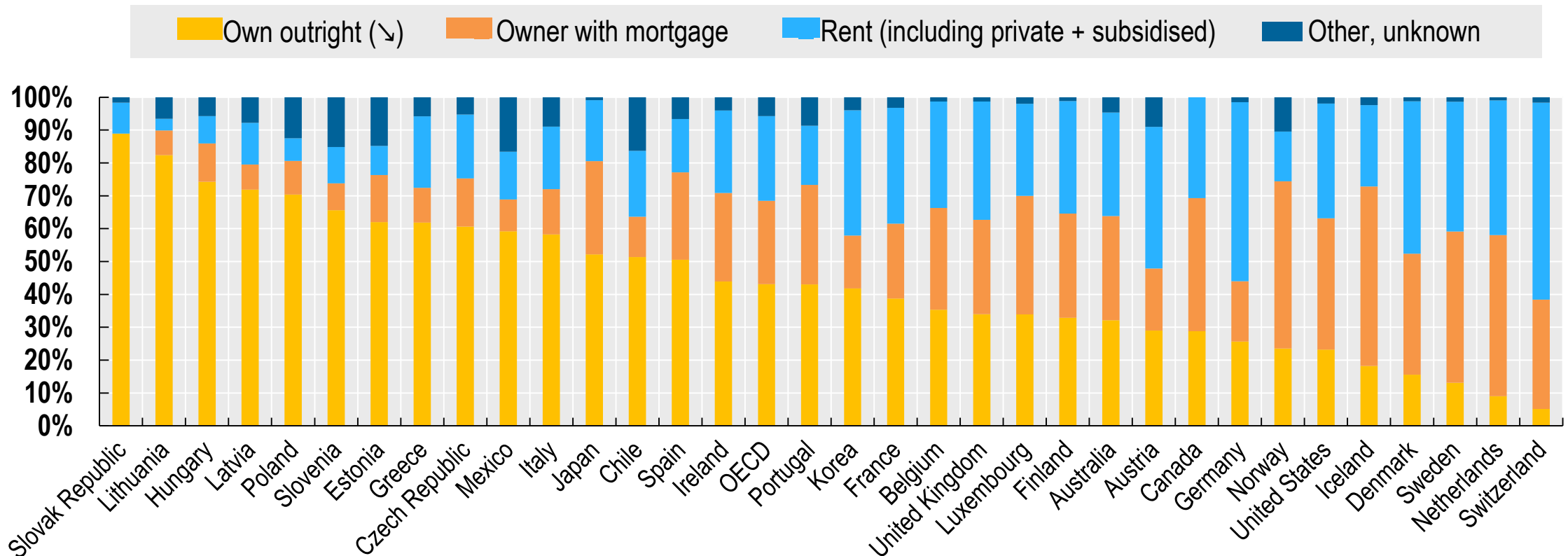
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- ⇒ Public spending on housing is **difficult to compile and compare** across countries (and even harder in federal countries).
- ⇒ In reality, **governments spend more on housing** than what we see in the social spending data.
  - ⇒ E.g. preliminary estimates of **2.9% of GDP in Finland**; **2.5% of GDP in Norway**; and **1.7% of GDP in the Netherlands**.
- ⇒ In most OECD countries, the majority of reported housing spending is directed to **support homeowners**.
  - ⇒ **Tax relief for homeownership** represents between 60-70% of reported public spending on housing in Norway and Luxembourg.
- ⇒ **Social housing** represents an important share of housing spending in some OECD countries.



No surprise, then, that across the OECD, owning a home is much more common than renting.

## Share of households in different tenure types, in percent (2016 or latest year available)



Source: Preliminary Data from the OECD Affordable Housing Database, [www.oecd.org/social/affordable-housing-database.htm](http://www.oecd.org/social/affordable-housing-database.htm). OECD calculations based on EU SILC 2016, except Iceland, Ireland, Italy, Luxembourg & Switzerland (2015); HILDA for Australia (2015); SLID for Canada (2011).



# Thank you and further reading!



## OECD Affordable Housing Database

<http://www.oecd.org/social/affordable-housing-database.htm>

**“Changes in the regulation and control of mortgage markets and access to owner-occupation among younger households”**,

Whitehead and Williams, 2017, OECD Publishing

<http://dx.doi.org/10.1787/e16ab00e-en>.

**“Policies to promote access to good-quality affordable housing in OECD countries”**, Salvi del Pero, Adema, Ferraro and Frey,

2016, OECD. <http://dx.doi.org/10.1787/5jm3p5gl4djd-en>.

## OECD Dataset Analytical House prices indicators

[https://stats.oecd.org/Index.aspx?DataSetCode=HOUSE\\_PRICES](https://stats.oecd.org/Index.aspx?DataSetCode=HOUSE_PRICES)

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