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Policy Brief on Affordable Housing

**Building for a better tomorrow:
Policies to make housing
more affordable**

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Building for a better tomorrow:

Policies to make housing more affordable

Employment, Labour and Social Affairs Policy Briefs



Less than half of the OECD population, on average, is satisfied with the affordability of housing in the city or area where they live. Housing prices have increased over the past decades, and households are dedicating a larger share of their budget to housing costs than they used to. Low-income and other vulnerable households have long faced this challenge, while an increasing share of the middle class also face affordability issues.



Challenges differ considerably across and within countries. Affordability gaps are particularly pronounced in job-rich urban areas and among low-income households, renters in the private market, and youth. Youth, for instance, are in some countries increasingly living at home with their parents, whilst navigating a challenging labour market.



The COVID-19 pandemic has exacerbated longstanding housing challenges, whilst renewing concerns over poor housing quality and heightening housing insecurity for households hard-hit by the crisis. In many OECD countries, governments have introduced emergency support to avoid some of the worst effects of the crisis, with mortgage forbearance and eviction bans among the most common.



Governments employ a range of policy tools to make housing more affordable. Some housing support measures (such as housing allowances and – in most countries – social housing) tend to target low-income and other vulnerable households. Meanwhile, others, particularly those that aim to support prospective or existing homeowners (such as subsidies and tax relief to facilitate home ownership) are more likely to benefit median-income households, and may not always reach households in greatest need.



Renewed public and private investment in the affordable and social housing stock is needed, and can be a key lever to an inclusive economic recovery from the COVID-19 crisis. Governments should also consider improving the targeting of public support for housing, but the expected gains of such efforts should be carefully weighed against the potential trade-offs, including increased segregation and reduced social mixing. Policy measures to make the private rental market more affordable should also be a priority in many countries.



Governments must continue to navigate the challenging and uncertain road ahead. It will be crucial to address housing vulnerability in the short term, including by extending temporary relief to struggling households, provided that emergency supports are phased out as conditions allow. Yet policy makers must also anticipate potential longer-term changes to the housing market and housing demand, such as increased demand for affordable housing and housing support, as well as possible changes to demand spurred by the widespread generalisation of teleworking.

Introduction

Housing affordability can be broadly defined as the ability of households to buy or rent adequate housing, without impairing their ability to meet basic living costs. Yet the reality is more complex, both in terms of the metrics used to measure housing affordability, as well as the policies introduced to make housing more affordable. As discussed in this brief, some measures provide an indication of housing affordability among the median household, while others are better suited to assess the challenges facing specific groups, such as low-income households, youth or seniors.

This brief is organised into three parts:

- ▶ **Section 1** outlines the range of metrics to assess housing affordability and identifies key housing outcomes and drivers of an increasingly tight housing market.
- ▶ **Section 2** provides a preliminary assessment of the impacts of COVID-19 on housing affordability, as well an inventory of the different emergency housing support measures that were put in place by public authorities at the outset of the pandemic.
- ▶ **Section 3** sets out a series of recommendations for governments to make housing more affordable, including strategies to (i) increase the supply of affordable and social housing; (ii) improve targeting of public support for housing; (iii) make the private rental market more affordable; and (iv) navigate the challenging road to recovery that lies ahead.

1. Has housing become unaffordable in the OECD?

Less than half of the OECD population, on average, reports that they are satisfied with the availability of good, affordable housing in their city or the area where they live (OECD, 2020^[1]). Indeed, housing has become unaffordable for many households in the OECD area, pushing the issue to the forefront of the policy debate. Over the past two decades, as housing prices have risen in most OECD countries, households are, on average, spending a large and increasing share of their budget on housing. While households across the income distribution – particularly the middle class (OECD, 2019^[2]) – increasingly face challenges to pay for high housing costs, low-income and vulnerable households have long faced obstacles in the housing market and continue to struggle.

Prior to the COVID-19 pandemic, one-third of OECD countries recorded increasing rates of homelessness, and – although single men still tend to be overrepresented among the homeless population – in some places, more women, families, youth and seniors are experiencing homelessness. Challenges differ considerably across and within countries: affordability gaps are particularly pronounced in job-rich urban areas and among low-income households, renters in the private market, and youth.

Measuring housing affordability: A range of metrics, each with their merits and limitations

How can policy makers best assess housing affordability? There is no international consensus on how to define or measure housing affordability, and no single measure fully captures the range of concerns around the ability of households to secure decent housing in an appropriate location for an acceptable price.

Relatively straightforward measures that are based on data that are readily available in most countries, such as house-price-to-income and housing-expenditure-to-income ratio measures, provide an association of housing prices (or spending) relative to income levels. More data-intensive indicators, such as residual income measures, focus on the income households have left after paying for housing. These can be complemented by housing quality measures, which assess what households are paying *for*, as well as subjective indicators of housing affordability that can help better understand the determinants of housing satisfaction (Stephen Ezennia and Hoskara, 2019^[3]).¹ Each approach has its merits and limitations, which are summarised in Box 1.1 and Table 1.1.

Box 1.1. Measuring housing affordability: A snapshot of metrics, their merits and limits

Housing affordability can be assessed using different metrics, which come with advantages and limitations.

How much does housing cost, relative to income levels? Housing price-to-income and expenditure-to-income measures

Price-to-income ratios can provide a snapshot, at aggregate level, of how the association between prices and income varies over time and/or across markets, such as across countries. If housing (rent) prices increase faster than incomes, the price-to-income ratio would suggest that housing is becoming less affordable on average; if incomes rise faster than housing prices, the ratio would suggest that housing is becoming more affordable.

However, from a policy perspective, price-to-income ratios have their limits. Because they are calculated at the aggregate level, they say little about the distribution of housing costs and housing affordability. They do not take into account household borrowing costs to acquire housing. They do not provide information on who does and does not have access to affordable housing, or why, nor do they provide any indication of the quality of housing that households are paying for. Because these measures provide only a general indication of the extent to which housing is (un)affordable for a (median) household, they are ill suited to support policy makers in targeting housing supports to different groups.

Expenditure-to-income ratios capture *actual* spending on housing at the individual household level. This means that they can be disaggregated (across different household and tenure types, income levels and regions) to identify the particular people and places that struggle to pay for housing. A common price-to-income ratio is a 30% affordability threshold, whereby housing is considered “affordable” if households do not spend more than 30% of their gross income on housing costs. A related measure is the *housing overburden rate*, which captures the share of households spending an unacceptably large share of income on housing (e.g. above a given threshold); both Eurostat and the OECD set the overburden threshold at 40% of household disposable income (net of housing allowances).

Nevertheless, the choice of the threshold – for instance, whether 30% of gross income is “acceptable” and 40% is a “burden” – is arbitrary. Moreover, such thresholds are not consistently meaningful across the income distribution: for a low-income household, spending even 10% or 20% of their household income on housing costs may leave little money left for other key consumption items, as discussed below. Further, like price-to-income ratios, expenditure-to-income ratios do not provide an indication of housing quality.

How much money is left *after* housing costs? Residual income measures

Residual income measures focus on the level of income a household has left *after* paying for housing costs, based on the rationale that what really matters to households is not what share of income is spent on housing, but rather whether they have sufficient income left for non-housing expenses after paying for housing. The *shelter poverty indicator* (Stone, 2006^[4]; Stone, Burke and Ralston, 2011^[5]), for instance, measures whether a household’s after-housing-cost disposable income is sufficient to cover a minimum basket of non-housing expenses. Canada, for instance, has adopted a measure of shelter poverty called the Housing Hardship Measure, which assesses how much a household has available to afford such goods and services after paying for shelter. Residual income measures are particularly useful to identify households that are struggling to get by.

However, they also suffer from arbitrariness, because there is no straightforward way to quantify the minimum income that households would need for non-housing expenses (Gabriel et al., 2005^[6]; Stephen Ezennia and Hoskara, 2019^[3]). Such measures also say little about housing quality, and, from a practical point of view, can require extensive additional data collection (Gabriel et al., 2005^[6]; Stephen Ezennia and Hoskara, 2019^[3]). Most critically, however, from a policy perspective, there is a risk that residual income measures can misdiagnose general *cost-of-living* problems as *cost-of-housing* problems. While it is difficult to argue against the principle that a household's after-housing-cost income should cover at least a basket of essential expenses, it is possible that an inability to afford these other essentials may be driven as much or more by the cost of other essentials themselves than by the cost of housing.

What are households paying for? Housing quality indicators

Housing quality indicators help to assess what households are *paying for*, in terms of housing quality and standards. Housing quality can be measured in different ways. The *overcrowding rate*, for instance, aims to capture whether dwellings provide a given household with sufficient space, measured as the number of rooms per household member, taking into account different factors of household composition.¹ *Housing deprivation rates* measure maintenance deficiencies (such as a leaking roof, damp walls, floors or foundation, or rot in window frames and floor) and the absence of other essentials, such as sanitary facilities. In most countries, housing quality measures are most pertinent in the lower end of the income distribution, given that poorer households are more likely to live in lower quality housing, relative to their higher-income peers.

While housing quality measures are an important complement to other affordability measures, there are cross-country and cross-cultural differences in terms of the characteristics that are most relevant to assess housing quality. In addition, there are potential trade-offs between social and environmental objectives when interpreting indicators relating to dwelling size, given the detrimental environmental impacts of sprawling urban development. From a practical point of view, metrics relating to the technical quality of dwellings require up-to-date data on dwelling characteristics, which may not be readily available in all countries.

Do people think affordable housing is out of reach? Subjective measures of housing affordability

Subjective measures of housing affordability can complement other housing indicators, and can help better understand the determinants of housing satisfaction. For instance, satisfaction with the availability of good, affordable housing can be relatively high in countries in which households, on average, tend to spend a larger share of their income on housing (this is the case, for instance, in some Nordic countries; see OECD (2020^[11])). These results appear to suggest that people are willing to spend more on good quality housing (and other public services) if they are offered high-quality accommodation. Subjective indicators can also point to differences in experiences across groups (such as different ages, income levels, or other characteristics).

However, because quality and affordability standards are by their nature subjective, perceptions and expectations can differ widely across individuals, countries and cultures, complicating cross-country comparison. Satisfaction levels may also depend on country-specific factors, such as the overall economic environment and/or the level of social protection policies – which, from a policy perspective, are not directly related to housing policy (OECD, 2019^[7]).

Note: 1. The definition of overcrowding is based on Eurostat (2018^[8]) and further explained in indicator HC2.1 in OECD (2020^[11]).
Source: Adapted from (OECD, 2020^[9]).

Table 1.1. Selection of affordability measures in OECD and EU countries

Common metrics to assess housing affordability

Type of measure	Example of indicators	Advantages	Limitations	OECD data and examples
Price-to-income ratios	<ul style="list-style-type: none"> ▶ House-price-to-income ratio ▶ Rent-price-to-income ratio 	<ul style="list-style-type: none"> ▶ Relatively straightforward, intuitive ▶ Relies on data that are generally readily available in most countries ▶ Shows, at aggregate level, how the association between prices and income varies over time and/or across markets, such as across countries 	<ul style="list-style-type: none"> ▶ Does not provide any indication of the distribution of housing costs and housing affordability (e.g. who has/does not have access to affordable housing) ▶ Does not provide any indication of housing quality ▶ Does not take into account borrowing costs 	OECD Affordable Housing Database , Indicator HM1.2
Housing expenditure-to-income ratios	<ul style="list-style-type: none"> ▶ Housing cost burden ▶ Housing cost overburden rate (e.g. share of households spending over 40% of disposable income on housing costs) 	<ul style="list-style-type: none"> ▶ Relatively straightforward, intuitive ▶ Relies on data that are generally readily available in most countries ▶ Can be disaggregated to measure actual housing spending at household level 	<ul style="list-style-type: none"> ▶ “Overburden” threshold is set at an arbitrary level that remains fixed, regardless of household characteristics or their position in the income distribution ▶ Does not provide any indication of housing quality 	OECD Affordable Housing Database , Indicators HC1.1 and HC1.2
Residual income measures	<ul style="list-style-type: none"> ▶ Shelter poverty ▶ Housing-induced poverty 	<ul style="list-style-type: none"> ▶ Captures the level of income a household has left after paying for housing costs, to assess the extent to which households have sufficient income left for non-housing expenses after paying for housing ▶ Can be useful to measure affordability gaps among vulnerable low- and middle-income households 	<ul style="list-style-type: none"> ▶ Can require extensive additional data collection on the cost of the minimum basket of non-housing expenses ▶ Arbitrariness with respect to what constitutes the minimum income a household needs for non-housing expenses ▶ Does not provide any indication of housing quality (e.g. what households are paying for) ▶ Can misdiagnose general cost-of-living problems as cost-of-housing problems 	See OECD (2020 ^[9])
Housing quality measures	<ul style="list-style-type: none"> ▶ Rooms per person ▶ Overcrowding rate ▶ Housing deprivation rate 	<ul style="list-style-type: none"> ▶ Overcrowding can be assessed based on a very simple (or more complex) definition ▶ Provides insights into a key dimension of housing affordability, e.g. what households are paying for 	<ul style="list-style-type: none"> ▶ Potential trade-offs between social and environmental objectives when interpreting indicators relating to dwelling size ▶ Cross-country/cultural differences in what characteristics are most relevant to assess housing quality ▶ Some quality metrics require up-to-date data on technical characteristics of dwellings, which may not be readily available 	OECD Affordable Housing Database , Indicators HC2.1, HC2.2 and HC2.3
Subjective indicators of housing affordability	<ul style="list-style-type: none"> ▶ Satisfaction with the availability of good, affordable housing ▶ Housing as a key short-term concern 	<ul style="list-style-type: none"> ▶ Can complement other measures of housing outcomes and can help better understand the determinants of housing satisfaction 	<ul style="list-style-type: none"> ▶ Perceptions and expectations about what constitutes good-quality affordable housing differ across individuals, countries and cultures, and may also depend on socio-demographic characteristics ▶ Satisfaction levels may depend on country-specific factors, including the overall economic environment, and/or the level of social protection policies 	OECD Affordable Housing Database , Indicator HC1.4

Source: Draws on multiple sources: (Rosenfeld, 2017^[10]); (OECD, 2020^[11]); OECD QuASH 2019; national statistical office websites; relevant national housing ministry/department/agency websites.

The use of multiple measures of housing quality and affordability can help policy makers assess how challenges may differ across household types and regions, and identify the dimensions of affordability that are most relevant in their country context. For example, disaggregating household expenditure on housing by tenure type, by region and across the income distribution can help to identify the people and places that struggle most, which can improve the targeting of public policies.

Further, some housing affordability metrics are more or less meaningful, depending on the country context. For instance, indicators that compare housing costs to income levels are not especially revelatory in countries with a very large share of outright homeowners (such as Eastern European and Baltic countries), because on average households do not spend much on housing. However, housing quality indicators can reveal a different sort of affordability challenge, suggesting that many outright-owner households live in dwellings of poor quality because they cannot afford regular maintenance or improvements to their dwellings, and/or because they cannot afford to move to a higher quality home.

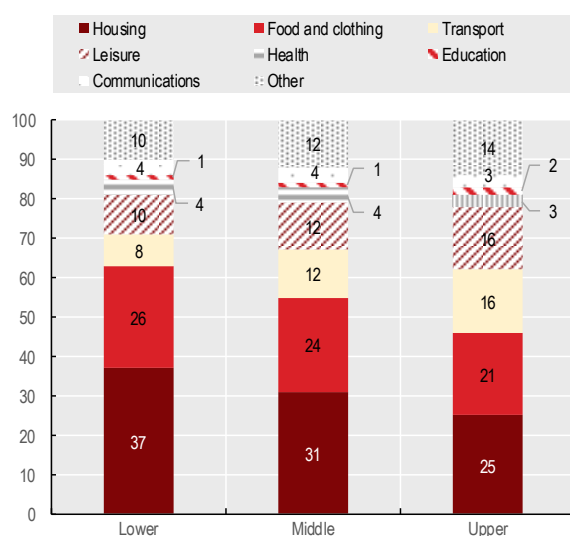
Housing costs are high and – for many households – growing

Housing is the biggest spending item in household budgets

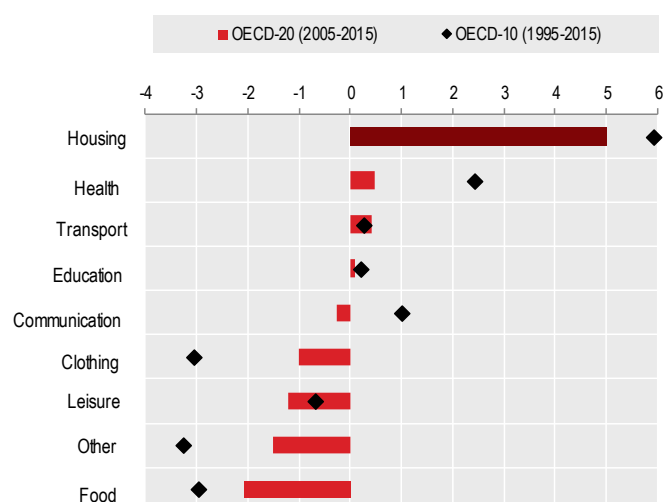
Housing is, on average, the biggest expenditure of households in the OECD, and its share in household spending has risen over time. Housing represents the single-largest budget item in household spending across all income groups, ahead of food and clothing, transport, leisure, health and education (Figure 1.1, Panel A). Moreover, households are spending more on housing than they used to. On average across 20 OECD countries the share of housing spending in household budgets rose by nearly 5 percentage points between 2005 and 2015 (Figure 1.1, Panel B). The share of household spending also increased for other key consumption items, such as transport, health care and education, over this period but to a much lesser extent. Going back even further in time (1995-2015), albeit for a smaller subset of countries, consumption estimates suggest that the share of household spending on housing has increased even further (OECD, 2020_[11]).

Figure 1.1. Housing is the biggest household spending item, and its share has grown

Panel A. Household budget share by consumption item, by income class, OECD average, 2016 or latest year available



Panel B. Percentage point change in shares by item of household budgets for all income groups, OECD average, 1995-2015 and 2005-15



Note: Panel A: “Lower” refers to the bottom income quintile; “upper” refers to the top quintile. Panel B: OECD-20 unweighted average refers to Austria, Belgium, the Czech Republic, Finland, Germany, Greece, Hungary, Ireland, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and Turkey. OECD-10 unweighted average refers to Austria, Belgium, Finland, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal and Sweden. See (OECD, 2019_[2]) for household consumption data details.

Source: OECD (2019_[2]).

Housing costs have steadily increased, especially for renters

One driver of increased household spending on housing is a rise in housing costs over the past two decades, especially for renters. On average, real house prices increased in 31 OECD countries between 2005 and 2019, with Colombia, Canada, Sweden and Israel recording the largest increases (over 80%) (Figure 1.2, Panel A). Just seven OECD countries recorded a drop in real house prices over this period, most significantly in Greece, Italy and Spain, relating to the housing bubble of the Global Financial Crisis. Meanwhile, rents increased in all

but two OECD countries, more than doubling in Turkey, Lithuania, Iceland and Estonia (Figure 1.2, Panel B). High and rising rents make it harder for tenants to save for a down payment to purchase a home and make them more vulnerable in the event of economic shocks, such as that caused by the COVID-19 pandemic.

Quality gaps exacerbate the housing affordability challenge, especially among low-income households

Across the OECD, many low-income households face both housing affordability and quality gaps. A large share of households in the bottom quintile of the income distribution are “overburdened” by housing costs, in that they spend more than 40% of their disposable income on rent or mortgage payments (Figure 1.3, Panel A). The challenge is greater for renters in nearly all countries: on average, around a third of low-income tenants in the private rental market are overburdened by housing costs, compared to around one-quarter of low-income homeowners with a mortgage (OECD, 2020_[1]). Further, since 1995, households in the bottom of the income distribution have experienced the most significant rise in spending on housing on average across countries, relative to middle- and high-income households (OECD, 2020_[11]). Rising rents and a high housing cost overburden can cause households to fall behind on their monthly rental payment and face eviction (discussed further below).

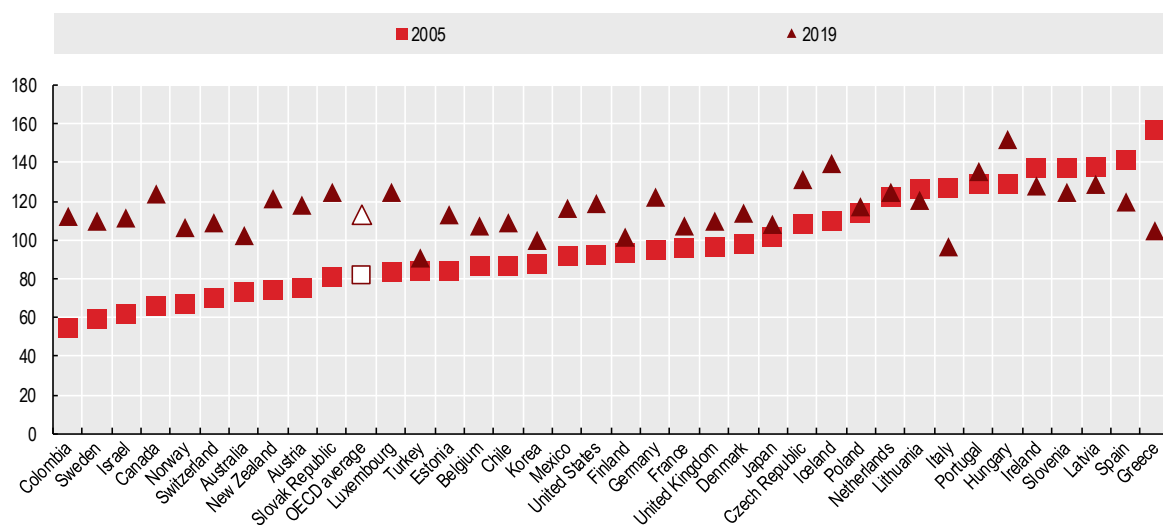
At the same time, low-income households are also more likely to live in poor quality dwellings. They may not be able to afford regular maintenance or improvements to their dwellings, while at the same time facing barriers to move to better-quality housing. In nearly all countries, households in the bottom quintile have a higher rate of overcrowding than those in the middle- or top-income quintile (Figure 1.3, Panel B).

Youth struggle to access quality, affordable housing of their own

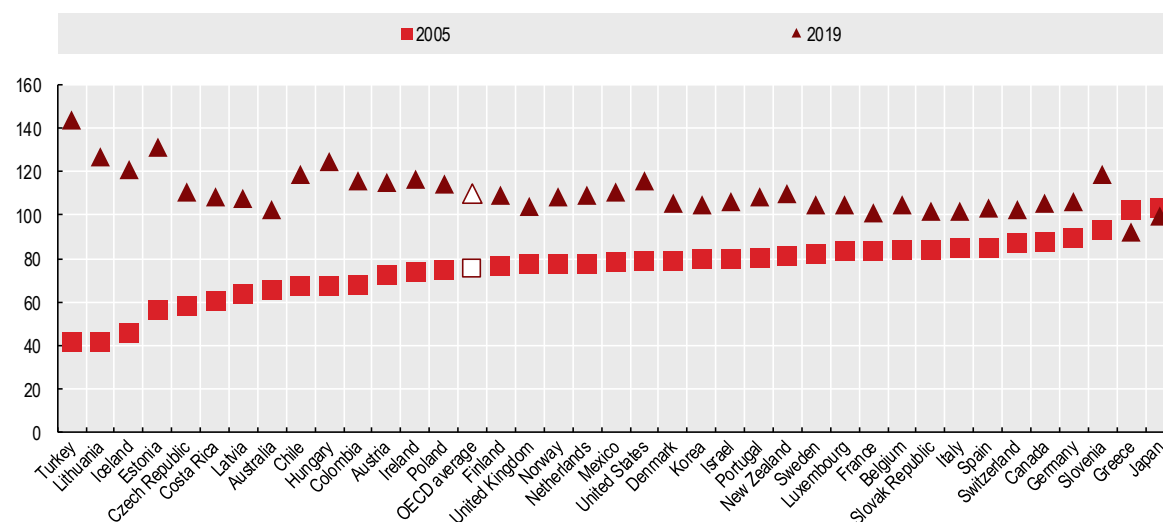
Accessing decent, affordable housing has become harder for young adults in recent years. Frequently, today’s youth have access to fewer quality, affordable housing opportunities than previous generations, and in many countries they increasingly struggle to become homeowners, which limits their ability to build wealth. Low-income youth face even bigger hurdles than their higher-income peers in securing good quality housing, because they are not able to rely on family resources for support (Box 1.2).

Figure 1.2. House prices have increased over time in most OECD countries

A. Real house price index, 2005 and 2019, 2015=100



B. Rent price index, 2005 and 2019, 2015=100

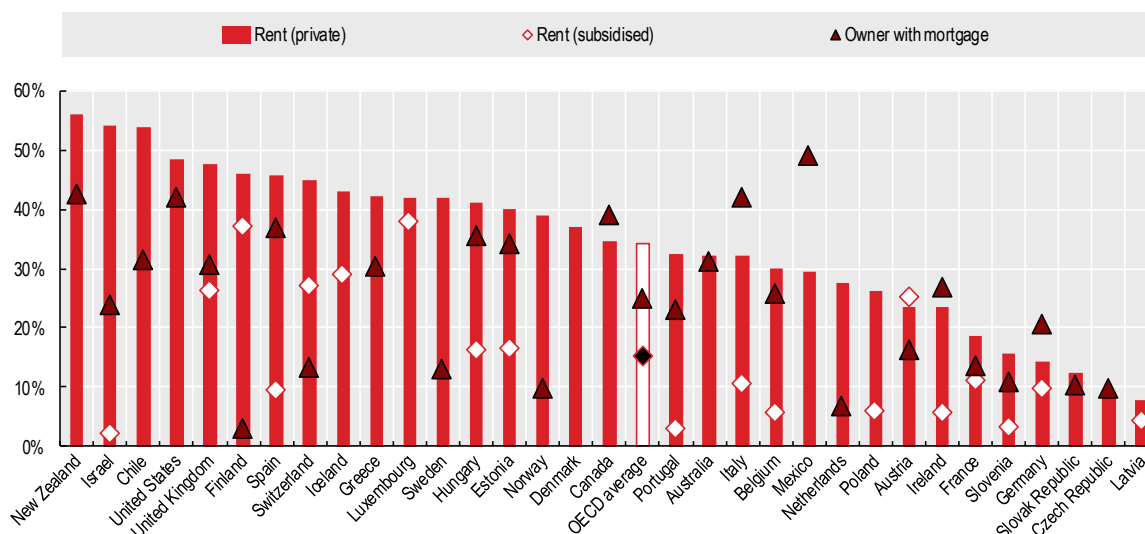


Note: House price indices, also called Residential Property Prices Indices (RPPIs), are index numbers measuring the rate at which the prices of all residential properties (flats, detached houses, terraced houses, etc.) purchased by households are changing over time. Both new and existing dwellings are covered if available, independently of their final use and their previous owners. Only market prices are considered. They include the price of the land on which residential buildings are located (see (OECD et al., 2013^[12])). For Panel A, 2005 data were not available in several countries; as such, data for the nearest available year were used: Latvia and Lithuania (2006), Luxembourg (2007), the Czech Republic (2008), Poland (2010) and Hungary (2007). 2019 data were not available in several countries; as such, data for 2018 were used: Chile, Colombia and New Zealand. Real house price data for Costa Rica were not available.

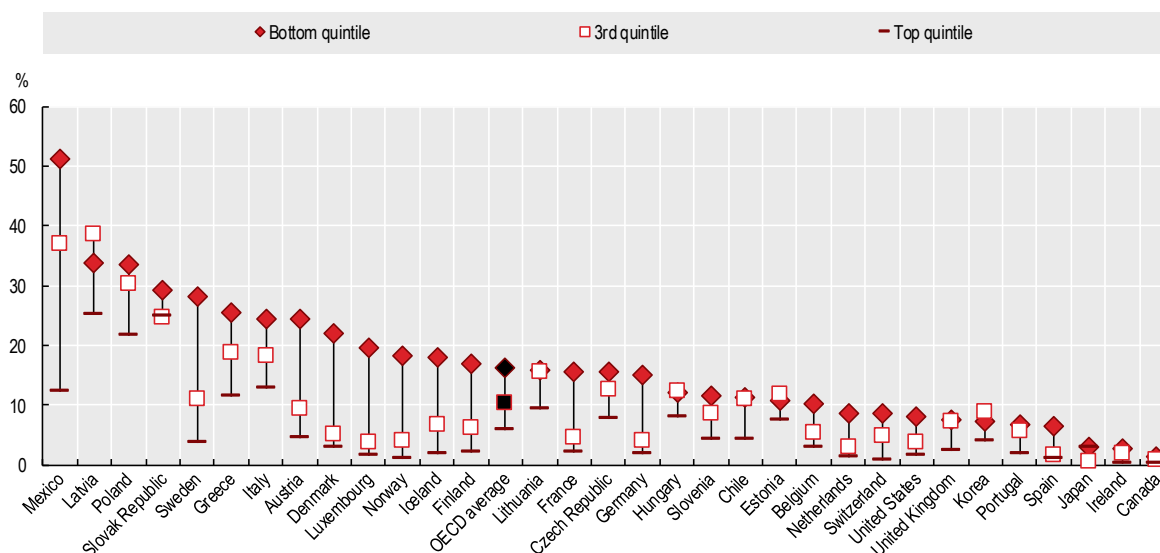
Source: OECD Affordable Housing Database (<http://oe.cd/ahd>), indicator HM1.2. Calculations based on OECD Housing prices (indicator), <https://dx.doi.org/10.1787/63008438-en>.

Figure 1.3. Low-income households face a dual housing affordability and quality challenge

Panel A. 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, 2019 or latest year available



Panel B. Share of overcrowded households, by quintiles of the income distribution, in percent, 2019 or latest year available



Note: [Panel A] 1. 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 are available for Denmark due to data limitations. 2. Results only shown if category composed of at least 100 observations. [Panel B] 3. For Chile, Mexico, Denmark, the Netherlands and the United States no information on subsidised tenants due to data limitations. See section "Data and comparability issues" of Indicator [HC2.1](#) on limits to comparability across countries due to the definition of rooms. 4. Low-income households are households in the bottom quintile of the (net) income distribution. In Chile, Mexico, Korea and the United States gross income is used due to data limitations. 5. Data for Japan only available on the respondent level due to data limitations. Results, therefore, refer to the population, rather than to households. 6. Data for Canada are adjusted by Statistics Canada based on the assumption of the presence of a kitchen in dwellings where it is expected. Income quintiles for Canada are based on adjusted after-tax household income.

Source: OECD Affordable Housing Database (<https://oe.cd/ahd>), indicators HC1.2 and HC2.1. Preliminary OECD calculations based on European Union Statistics on Income and Living Conditions (EU SILC) survey 2019 (version of 2020-11) except for: [Panel A] Iceland, Ireland, Italy and the United Kingdom (2018); the Household, Income and Labour Dynamics Survey (HILDA) for Australia (2017); the Canada Income Survey (CIS) for Canada (2016); Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2017); calculations from the Bank of Israel for Israel (2017); Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2014); Household Expenditure Survey (HES, Stats NZ) for New Zealand (2017); American Community Survey (ACS) for the United States (2016); and [Panel B]: Iceland, Ireland, and Italy (2018), and the United Kingdom (2016); calculations from Statistics Canada based on the 2016 Canada Census of Population for Canada; Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2013); the German Socioeconomic Panel (GSOEP) for Germany (2014); the Korean Housing Survey (2017); the Japan Household Panel Study (JHPS) for Japan (2016); Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2016); and the American Community Survey (ACS) for the United States (2016).

Box 1.2. Spotlight on youth: Young adults struggle to afford a home of their own

- ▶ On average in the OECD, young adults aged 20-29 most commonly live with their parents, though there is wide variation across countries. In Italy, the Slovak Republic and Greece, around three-quarters of youth lived with their parents in 2017, followed by Slovenia, Spain and Portugal (each around 70%). The Nordic countries are an exception, with only 10-20% of youth in Norway, Finland and Sweden living with their parents; they are more likely to be living with a partner or living alone.
- ▶ Housing concerns rank high among younger people, according to the *OECD Risks That Matter 2018 Survey*.¹ On average, around a third of respondents aged 20 to 34 reported that securing or maintaining adequate housing was among their top three short-term concerns, with the share peaking at 40% among 25 to 29 year olds (OECD, 2019_[7]).
- ▶ Home ownership is increasingly out of reach for young people in some countries. In the United Kingdom, home ownership rates among youth have dropped overall, and most significantly for those in the middle-income bracket: 65% of middle-income youth were homeowners in 1995-96, compared to just 27% two decades later (Cribb, Hood and Hoyle, 2018_[13]). There were some signs of improvement in 2018-19: young homeowners aged 25-34 year-olds increased after more than a decade of decline, and the number of first-time buyers reached a twelve-year annual high (Ministry of Housing, 2020_[14]).
- ▶ Many young households increasingly rely on financial support from their families to purchase a home. In France, nearly one-third of low-income young households were homeowners in 1973, compared to just 16% four decades later, in part because in later years they did not benefit as much as their more affluent peers from personal family financial support to buy a home (Bonnet, Garbinti and Grobon, 2019_[15]). In the United Kingdom, three times as many home buyers relied on support from inheritance in 2014-15 relative to 1994-95 (Social Mobility Commission, 2016_[16]). In Australia, around half of first-time buyers need financial support from their parents (Whitehead and Williams, 2017_[17]).
- ▶ For many youth, challenges in the housing market are compounded by those they face in the labour market. Today's youth accumulate wealth less quickly relative to their peers in the past, which may result from the rising age at labour market entry, less stable labour market prospects and slower earnings growth in the aftermath of the economic crisis (Clarke, Fernandez and Königs, Forthcoming_[18]). High house prices, high transaction costs and reduced access to mortgages also contribute to the decline in home ownership among young households (Whitehead and Williams, 2017_[17]).
- ▶ Looking ahead, the COVID-19 crisis is likely to exacerbate many of these challenges. Youth, who were hit disproportionately hard by the Global Financial crisis and are especially at risk in the economic fallout from COVID-19, are more likely to work in temporary and atypical contracts that are easier to terminate (OECD, 2016_[19]). This makes it harder to demonstrate the financial capacity to own or rent a home. Moreover, the pandemic could lead to an increase in youth homelessness, due to job losses as well as increased debt and financial strains in households with young people (Stakelum and Matthiessen, 2020_[20]).

Note: (1) The *OECD Risks That Matter Survey 2018* draws on a representative sample of 22 000 people aged 18 to 70 years old in 21 OECD countries: Austria, Belgium, Canada, Chile, Denmark, Estonia, Finland, France, Germany, Greece, Israel, Ireland, Italy, Lithuania, Mexico, the Netherlands, Norway, Poland, Portugal, Slovenia and the United States. Respondents are asked about their social and economic concerns, how well they think government responds to their needs and expectations, and what policies they would like to see in the future.

Source: (OECD, 2020_[11])

Prior to the COVID-19 crisis, many households already faced housing insecurity

Around one in ten people in the OECD report housing insecurity prior to the COVID-19 pandemic – a share that has grown over the past decade

More than one out of ten people in OECD countries report that there have been times in the past 12 months when they did not have enough money to provide adequate shelter or housing for themselves and their family, according to Gallup data (OECD, 2020_[1]). There are big cross-country differences: 40% of the population reports such housing stress in Colombia and around 30% of the population in Turkey, Costa Rica and Mexico, compared to less than 5% of the population in Sweden, Denmark, Finland, Hungary, Malta and Australia. Moreover, people have reported increasing difficulty in securing adequate housing: on average in the OECD, the share of people reporting that they struggled to pay for housing increased by three percentage points between 2010 and 2019, from around 9% to around 12% of the population (OECD, 2020_[1]).

Not surprisingly, low-income households (the poorest 20% of the population) are more likely to report housing insecurity and to fall behind on their monthly housing payments. According to Gallup data, more than half of the poorest 20% of the population in Colombia and over 40% in Turkey and Mexico reported that they struggled to provide adequate shelter for themselves and their family over the past year, along with more than one out of four low-income households in Portugal, Estonia, Lithuania and the United States. Further, Eurostat data indicate that around one in five low-income households (below 60% of the median equivalised income) in the European Union fell behind on their mortgage, rent or utility bills in 2018.

Rising housing costs can lead to evictions, but rates vary dramatically across countries

Evictions from rental dwellings are a widespread phenomenon across the OECD, though their frequency varies widely across countries. Despite considerable cross-national differences, the eviction procedure can be roughly classified into three (generally) subsequent steps: 1) initiated eviction proceeding; 2) court eviction order; and 3) actual physical eviction.²

At least 3 million formal eviction procedures were initiated in the latest available year (step 1), and more than 1.2 million households ultimately received an eviction notice ordering them to vacate their dwellings (step 2). Due to significant gaps in data coverage, these figures are likely an underestimate (OECD, 2020_[1]). The United States recorded by far the highest rate of initiated evictions, with about 6.1% of rental households facing initial eviction procedures in 2016, while in the Canadian province of Ontario the eviction process initiation rate was 4.1% in 2017. Many European countries, meanwhile, recorded far fewer initiated eviction proceedings, ranging between 1 and 2% in Belgium (Flanders and Wallonia), France, Greece and England, and less than 1% in Finland, Poland, Spain and Sweden.

The number of issued eviction orders (step 2) is generally much lower than initiated eviction proceedings. The United States recorded the highest rate of eviction orders, with 2.3% of all tenant households receiving such notices in 2016. This suggests that about 38% of all initiated eviction proceedings ultimately lead to eviction orders in the U.S., which is nonetheless much lower than the average transition rate in the OECD, where about 64% of all initiated eviction cases lead to eviction orders. Nevertheless, with the exception of Greece and Italy, with a rate of 1.2% and 1.4% of all tenants receiving eviction orders, respectively, no European country had an eviction order rate above 1%, even though Austria, France and the United Kingdom (England) were fairly close to this level. Temporary eviction bans and other emergency housing support measures were introduced in many OECD countries at the outset of the COVID-19 pandemic (Section 2), in order to help households who had been hard hit by the crisis to remain in their homes.

Homelessness has been increasing in a third of OECD countries

Homelessness, the most extreme form of housing insecurity, affects at least 1.9 million people in the OECD and, prior to the COVID crisis, had increased in a third of OECD countries in recent years (OECD, 2020_[21]). People experience homelessness in different ways – from sleeping outside or in public spaces, staying in emergency shelters or doubling up with friends and family members – circumstances that may be more or less visible to public authorities and thus accounted for in official statistics. As a result, many official statistics are likely to underestimate the extent of the problem (OECD, 2020_[21]). Some countries report an increasingly heterogeneous homeless population: while traditionally single men have been more likely to be homeless – and in most countries, they still dominate the overall share of the homeless population – the share of homeless

youth, families with children, and seniors is growing in some countries for which data are available (OECD, 2020^[21]).

The drivers of homelessness are multiple and their interaction is complex, resulting from structural factors, institutional and systemic failures (e.g. housing instability among people transitioning out of institutional settings, such as foster care, the criminal justice system, the military or hospitals and mental health facilities), individual circumstances – or a combination of these. Among the different structural factors, some research has identified a correlation between homelessness and rising housing costs; other studies have pointed to a link between homelessness levels and increasing rates of poverty and evictions.

The diverse profiles of the homeless, as well as the different drivers and experiences of homelessness, call for tailored support measures. Governments should invest in homeless prevention and provide targeted support to meet the diverse needs of people who have become homeless. Evidence suggests that “Housing First” approaches, which provide immediate, permanent housing to the homeless, along with integrated service delivery, can be highly effective solutions for the chronically homeless, while emergency support, including rapid rehousing, can help the transitionally homeless (OECD, 2020^[21]).

Multiple factors have made housing less affordable over time

In many places in the OECD and the European Union, demand for affordable housing outstrips its supply. This is due to a range of structural and policy factors:

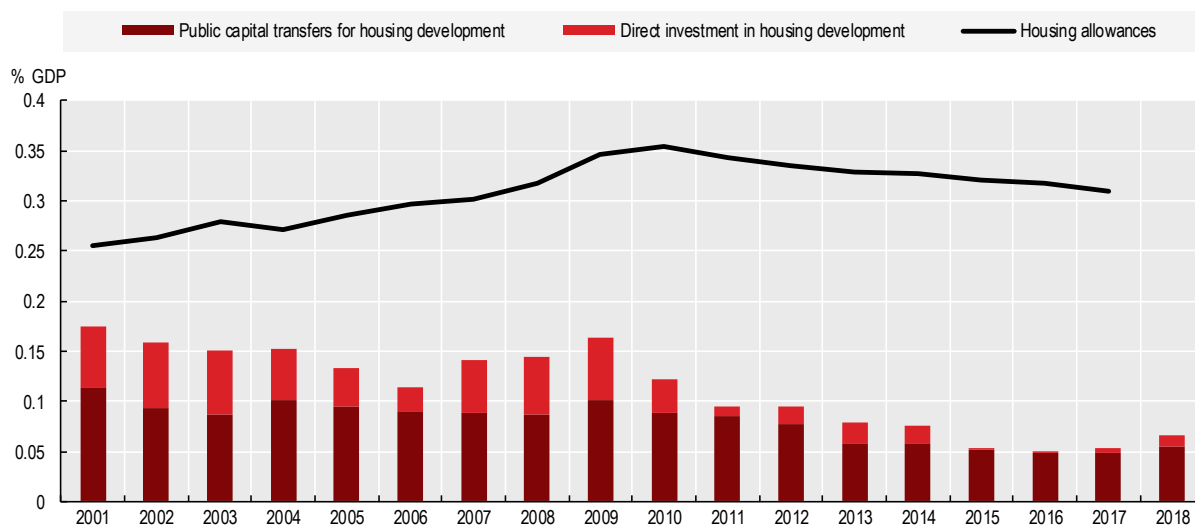
- ▶ First, on average across the OECD, public investment in housing has been declining over the past two decades, while overall investment (both public *and* private) has been uneven.
- ▶ Second, housing development is increasingly expensive; while there are differences across countries, some factors include land scarcity (especially in dynamic urban areas), overly restrictive land regulations and planning processes that make housing development more costly, as well as increasing construction costs, not least those related to energy efficiency and other environmental sustainability regulations – even if some energy savings may ultimately accrue to the homeowner in later years.
- ▶ Third, demographic changes imply both growing and evolving demand for housing, while the elasticity of housing supply – which varies widely across countries – determines the extent to which the supply can adapt to changing demand.
- ▶ Finally, low interest rates can also affect housing affordability, but the relationship is complex. On the one hand, they can make buying a home more affordable through cheaper loans. On the other hand, low interest rates can also fuel higher demand for housing and drive up housing prices, thereby reducing the overall affordability of housing.

Governments have been scaling back investment in housing development

Over the past two decades, while combined public and private housing investment has been uneven across OECD countries, public investment (public capital expenditure) in housing construction has been cut in half, on average. Government spending on capital transfers and gross capital formation for housing development declined from around 0.17% of GDP in 2001 on average across the OECD to about 0.07% of GDP in 2018. In particular, direct public investment in dwellings has plummeted since the Global Financial Crisis, amounting to less than 0.01% of GDP in 2018. The volume of capital transfers (i.e. public transfers to organisations outside government), which makes up the bulk of public investment on housing, has fallen to a lesser extent. Nevertheless, at less than 0.1% of GDP on average since the Global Financial Crisis, overall public investment in dwellings is not high. By comparison, demand-side housing assistance, measured in terms of public expenditure on housing allowances, has risen slightly over the same period, from 0.26% of GDP in 2001 to 0.31% GDP in 2017 (Figure 1.4). Meanwhile, the share of social housing has declined in most OECD countries since 2010, further reducing the affordable housing supply for low-income households (OECD, 2020^[22]).

Figure 1.4. Public investment in dwellings has fallen, as spending on housing allowances is holding up

Public capital transfers and public direct investment in housing development, and public spending on housing allowances and rent subsidies, OECD-25 average, as percentage GDP, 2001 to 2018



Note: The OECD-25 average is the unweighted average across the 25 OECD countries with capital transfer and gross capital formation data available from 2001. It excludes Australia, Canada, Chile, Iceland, Israel, Japan, Korea, Lithuania, New Zealand, Turkey and the United States. Direct investment in housing development (COFOG series P5_K2CG) refers to government gross capital formation in housing development. Public capital transfers for housing development (COFOG series D9CG) refers to indirect capital expenditure made through transfers to organisations outside of government. Housing development includes, among other things, the acquisition of land needed for the construction of dwellings, the construction or purchase and remodelling of dwelling units for the general public or for people with special needs, and grants or loans to support the expansion, improvement or maintenance of the housing stock. See the Eurostat Manual on sources and methods for the compilation of COFOG Statistics (<https://ec.europa.eu/eurostat/documents/3859598/5917333/KS-RA-11-013-EN.PDF>) for more detail. Spending on housing allowances does not include spending on mortgage relief, capital subsidies towards construction and implicit subsidies towards accommodation costs.

Source: OECD Affordable Housing Database, <https://oe.cd/ahd> - Indicator PH1.1, drawing on data from the OECD National Accounts Database, www.oecd.org/sdd/na/, and provisional data from OECD Social Expenditure Database, www.oecd.org/social/expenditure.htm.

Building homes is increasingly expensive

Building new housing is a lengthy and costly process. An inelastic housing supply, resulting from a scarcity of developable land in urban areas or regulatory policies that make it harder and more costly to build, can make housing less affordable (Bétin and Ziemann, 2019^[23]; Cavalleri, Cournède and Özsöğüt, 2019^[24]). In particular, more stringent and decentralised land-use regulations can significantly reduce housing supply and drive up housing prices when demand increases (Bétin and Ziemann, 2019^[23]; Cavalleri, Cournède and Özsöğüt, 2019^[24]).

Also, rising construction costs have contributed to declining housing affordability in many countries, in part due to increasingly stringent energy efficiency and environmental sustainability regulations (OECD, Forthcoming 2021^[25]). In the OECD-EU area, construction costs for new residential buildings increased by over 70% between 2000 and 2019, of which labour costs alone increased by more than 110% (Eurostat, 2020^[26]). Since the late 2000s, construction costs have continued to increase, but at a slower rate. In a country-wide effort to drive down construction costs, Germany, for instance, introduced a Construction Cost Reduction Commission, which resulted in over 70 recommendations for all levels of governments and the construction industry (OECD, 2020^[9]). Nevertheless, a more energy efficient building sector can ultimately generate cost savings for homeowners later on.

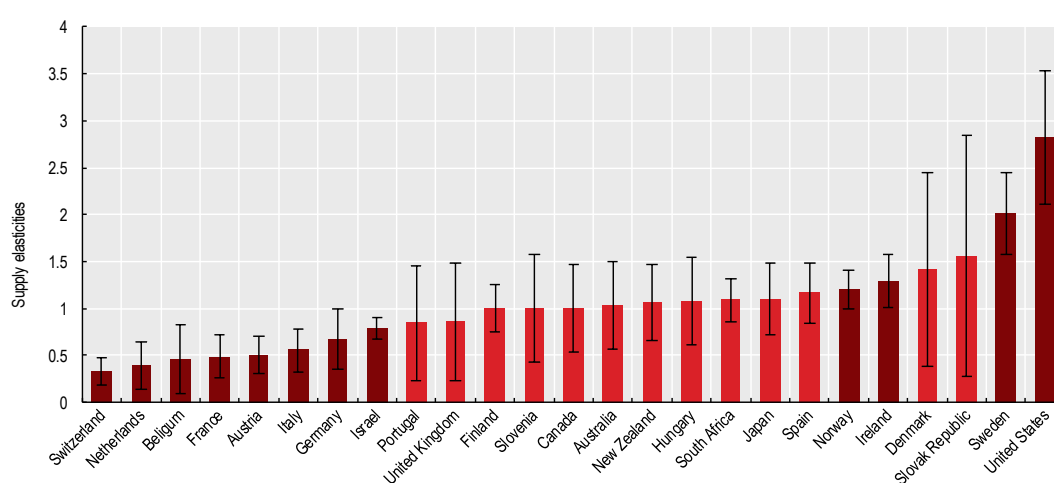
Demand for affordable housing is growing and changing, while housing markets respond differently to demand shocks

Households are changing, which in turn affects the demand for housing. People across the OECD are living longer, and as a result, the share of single elderly households is rising. In addition, marriage rates have been falling whilst divorce rates have increased (OECD Family Database). These trends have numerous implications for housing demand. An ageing population and the trend towards smaller and more numerous households put further strain on housing markets where supply does not respond flexibly to evolving demand patterns. An

ageing population also calls for housing that is more accessible and in proximity of a range of services needed by the elderly. Meanwhile, urbanisation affects the intensity and geography of housing demand, putting additional pressures on urban housing markets, where land and housing are already in scarce supply (OECD, 2019^[27]).

Housing markets respond differently to changing demand, depending to a large extent on the elasticity of housing supply. A more elastic housing supply enables a faster supply response to changes in demand; a higher supply elasticity is thus an indicator of greater economic efficiency, and also prevents increases in housing prices (Cavalleri, Cournède and Özsögüt, 2019^[24]). Recent OECD research finds that housing supply elasticities vary widely across OECD countries (Figure 1.5), meaning that the housing supply responds differently to demand shocks across countries. Housing supply elasticities are highest in Ireland, Norway, Sweden and the United States (these countries are, on average, able to respond to changing demand), while at the other end of the spectrum, housing supply elasticities are lowest in Austria, Belgium, France, Germany, Israel, Italy, the Netherlands and Switzerland (Cavalleri, Cournède and Özsögüt, 2019^[24]).

Figure 1.5. Estimated housing supply elasticities by country



Note: The figure shows estimates of the long run supply elasticity by country using the CCE MG approach in an unbalanced panel dataset of 25 countries from 1980Q1 to 2017Q4, at 95% confidence intervals. Bars indicate the point estimate and the vertical lines show the corresponding confidence interval. Light red bars indicate coefficients that are statistically equal to one; dark red bars indicate coefficients that are either greater than, or less than, one.

Source: (Cavalleri, Cournède and Özsögüt, 2019^[24]).

Differences in the estimated supply elasticities can be explained by several factors. First, there are geographical constraints that limit the developable land for housing, which can be further constrained by rigid land use regulations – yet both factors are difficult to measure at national level. Second, rigid controls on rent prices can also create a disincentive to build rental housing in the long run (Cavalleri, Cournède and Özsögüt, 2019^[24]). In countries with low supply elasticities, house prices tend to rise more when demand increases, just as higher levels of tax relief for homeowners become capitalised in home prices.

2. How might the COVID-19 pandemic affect housing affordability? Preliminary evidence of housing outcomes from the pandemic

The COVID-19 pandemic did not create the housing crisis. It did, however, renew concerns over persistent housing affordability and quality gaps among households, and will likely continue to affect housing affordability and vulnerability over the medium to long term. Several housing-related dimensions made some households more vulnerable during the pandemic, from both a health and economic perspective. Evidence of the impacts of the COVID-19 pandemic on housing outcomes are still preliminary and geographically incomplete. It is, moreover, hard to compare outcomes across countries, as governments have tracked different housing indicators since the onset of the crisis. A selection of preliminary findings is summarised here.

The pandemic renewed concerns around longstanding gaps in housing quality and access to services

At the outset of the COVID-19 crisis, housing quality gaps gained increased attention, given that many people were spending much more time at home. In particular, the pandemic renewed concerns among policy makers around overcrowded housing conditions, which make it more difficult to effectively self-isolate and puts people at greater risk of contracting and spreading infectious diseases (OECD, 2020^[28]). Preliminary evidence from France and the United Kingdom suggest that overcrowded living conditions and high-density living environments were associated with higher infection rates of COVID-19. In France, people living in an overcrowded or small dwelling (e.g. less than 18m² per person for those sharing a dwelling) were twice as likely to contract the virus. Similarly, people living in a very dense urban area (e.g. at least 1 500 inhabitants per km² in a city of at least 50 000 inhabitants) were twice as likely to test positive for COVID-19 (Inserm, 2020^[29]). Additionally, preliminary evidence from England and Wales (United Kingdom) finds a correlation between the number of COVID-19-related deaths and levels of housing overcrowding in local areas (Barker, 2020^[30]).

Additionally, the pandemic underscored the disparities in housing quality across different household characteristics. A survey of French households conducted in April/May 2020 found that young people (aged 18-24) were among the hardest hit by the pandemic – in part, because they were living in less favourable conditions. Young adults are more likely to live in smaller dwellings (36m² on average, compared to 48m² for the average French person), earn less and to be unemployed. During the pandemic, they were more likely to report a loss of income (39% of young adults, compared to 31% of the population on average), to face difficulty in paying the rent (20% of young adults compared to 13% overall), and to worry that they would not be able to cover rent over the course of the coming year (32% compared to 24% of the overall population) (Lambert et al., 2020^[31]).

Disparities in access to services of particular relevance during the pandemic and associated lockdown periods were also evident. This includes access to services within the dwelling itself (such as access to the internet and a computer, or to a garden or terrace), as well as within the broader neighbourhood (such as access to essential services, health centres, parks and open space). For instance, access to the internet and to computers at home either facilitated – or hindered – the continuity of employment and education among workers and students, given the widespread shift to teleworking and distance learning in many countries. On average across the OECD, around 87% of households have access to the internet at home, though the share is less than half of households in Mexico and Colombia. Meanwhile, nearly 81% of households in the OECD have access to a computer at home, with less than 50% of households in Turkey, Mexico, and Colombia. In households with school-aged children, the digital divide risks deepening educational disparities during a period of extended school closures where many institutions have transitioned to distance learning.

The economic fallout of COVID-19 heightened housing insecurity for some households

The economic fallout of COVID-19, because it generated sudden income losses for some workers, made it harder for some households to pay monthly expenses – including housing – without assistance. Impacts differed across tenures, income quintiles and other household characteristics. For instance, preliminary evidence from the United Kingdom and the United States suggests that renters may have faced heightened housing instability, as they are more likely than homeowners to work in the industries most affected by the pandemic (OECD, 2020^[28]). Government support schemes introduced in response to the crisis (see, for instance, OECD (2020^[28])) have been instrumental in boosting the social safety net for many workers in the early months of the pandemic.

For EU countries, the Eurofound survey, *Living, working and COVID-19*, conducted in two rounds in April and July 2020 to residents of 27 EU countries, provides a snapshot of the impact of the pandemic on living and working conditions, including housing insecurity. In April/May 2020, when residents of many countries were in lockdown, on average around 6% of respondents indicated that they were “very likely” or “rather likely” to need to leave their accommodation in the coming three months because they could no longer afford it. The highest rates were recorded in Cyprus³ (15.3% of respondents), Greece (13.3%), Malta and Portugal (both at 9.3%). In June/July 2020, the overall average declined to around 5% of respondents across countries, with the largest shares recorded in Greece (7.9% of respondents), Portugal (7.6%) and Spain (7.3%).

In the United States, the US Census Bureau Household PULSE Survey collected data to measure household experiences during the coronavirus pandemic across a range of dimensions, including employment status, food security, housing, physical and mental health, access to health care and educational disruption.⁴ Results from Week 19 of the survey (11-22 November 2020) find that, relative to homeowners with a mortgage:

- ▶ *Renters were more likely to be behind on their monthly housing payments:* On average, around 17% of tenants were not currently up-to-date on their monthly housing (rent) payments, compared to just under one in ten owners with a mortgage. Rates of rent arrears were higher among renters with children at home, compared to those without children.
- ▶ *Renters had much less confidence in their ability to make the next month's housing payment:* On average, three in ten renters had “no” or “slight” confidence in their ability to make the next month's rent payment, compared to just over one in ten owners with a mortgage.
- ▶ *Renters were much more likely to report that they may have to leave their accommodation over the next two months due to an inability to pay:* Among renters who were not current on their housing payments, nearly half (46%) of respondents – representing over 4 million people – reported that they were “very likely” or “somewhat likely” to have to leave their dwelling over the next two months due to eviction. This share is significantly larger than owner-occupiers who are behind on their mortgage payments, where just under 20% of respondents reported that they were likely to have to leave their dwelling due to foreclosure in the next two months.

In parallel, the U.S. Department of Housing and Urban Development has developed guidance on data and other factors to monitor evictions and homelessness as eviction moratoria and other public supports expire, in an effort to help local authorities and communities anticipate the evolution of housing insecurity in the coming months. Key factors to monitor include economic data (unemployment rates, the number of unemployment insurance claims); evictions; local policy environment (relating to eviction moratoria, local rental assistance and eviction prevention programmes); calls to national housing helplines; housing conditions (vacancy rates, overcrowding, overburden rates); data from the Household PULSE survey relating to housing insecurity, discussed above; and health data (including COVID cases) (U.S. Housing and Urban Development Department (HUD), 2020^[32]).

Many governments introduced emergency housing support in response to COVID-19

In response to the crisis, governments at all levels acted swiftly to introduce emergency measures to keep people in their homes. Specific housing-related supports were provided in many countries (Table 2.1). In many cases, such measures were made available to households in addition to broader supports – such as improved access to, and generosity of, sick leave and out-of-work income support; as well as job retention schemes (OECD, 2020^[28]). These broader support measures are not included in the Table.

Mortgage forbearance and eviction bans were the most common housing-related support measures, introduced in 20 and 18 countries, respectively. At least 10 countries organised emergency support to provide shelter and/or services to the homeless, while 11 countries allowed at least some households to defer payment of utility payments, and/or required continuity of services even when payments were missed. This support was in addition to efforts by many public authorities to organise temporary emergency shelter for people who had tested positive for COVID-19, frontline health care workers who were at high risk of contracting the virus, or others who could otherwise not return home due to COVID-19.

While these measures have, on the whole, been intended as temporary, some may need to be extended, and potentially further targeted, given the ongoing crisis and the unpredictability of its evolution (discussed in the final section of this brief).

Table 2.1. Many countries introduced emergency housing measures in response to COVID-19.

Types of temporary emergency housing measures introduced in OECD countries in response to COVID-19

Type of measure or support	Countries
For tenants:	
Prohibit or delay eviction proceedings due to missed payments	Australia*, Austria*, Belgium*, Canada*, Finland, France, Germany, Hungary, Ireland, Israel*, Luxembourg, the Netherlands, New Zealand, Portugal, Spain, Switzerland*, United Kingdom*, United States*
Deferment of rent payments	Austria, Mexico, Portugal*, Spain*, Switzerland
Temporary reduction or suspension of rent payments for some households	Australia*, Greece, Portugal*, Spain*
Rent freeze	Australia*, Ireland, New Zealand, Spain*
Reforms to financial support schemes for renters	Australia*, Japan*, Ireland, Luxembourg, Portugal, Spain
For homeowners :	
Mortgage forbearance	Australia*, Austria, Belgium, Canada*, Chile, Colombia, the Czech Republic, Germany, Greece, Hungary, Ireland, Israel, Italy, Lithuania, Mexico*, Portugal, the Slovak Republic, Spain, United Kingdom*, United States*
Prohibit or delay foreclosures due to missed payments	Finland, the Netherlands, Portugal, United States*
For all households (regardless of tenure):	
Deferment of utility payments and/or assured continuity of service even if payment missed	Austria, Belgium*, Chile, Colombia, Germany, Japan, Korea, Portugal*, Spain, Switzerland*, United States*
Reforms to housing subsidy schemes	France (planned reform postponed), Spain
For the homeless and people at risk of becoming homeless:	
Emergency support (new or reinforced) to provide shelter and/or services to the homeless, or to people at risk of becoming homeless	Australia, Austria, Canada, France, Ireland*, New Zealand, Portugal, Spain, Switzerland*, United Kingdom*, United States*

Note: This table reflects the status of housing support measures as of December 2020, and has been prepared based on official sources, media reporting and country input. * indicates that the measure applies only to some jurisdictions and/or to qualifying households.

Source: OECD (2020_[28]), OECD (2020_[33]) and the corresponding country tracker, <http://oe.cd/covid19tablesocial>

3. How can governments make housing more affordable?

Governments have a mix of tools to intervene in the housing market with the objective of making housing more affordable. These include demand-side housing support to individuals and households (e.g. housing allowances, subsidies for potential homebuyers), as well as supply-side interventions that aim to stimulate affordable housing construction (e.g. subsidies and other incentives to housing developers).

Country responses to the 2019 OECD QuASH, as summarised in Figure 3.1 and further detailed in the [OECD Affordable Housing Database](#), provide insights into the scope of housing policy interventions prior to the COVID-19 pandemic. In short:

- ▶ *Housing allowances* (also known as housing benefits or vouchers) and *social (subsidised) housing* are two of the most common forms of housing support for low-income households. In total, 37 countries provide housing allowances (in the form of cash transfers earmarked to support housing costs), most of which are means-tested. Additionally, subsidised (social) rental housing exists in 34 countries (for further discussion, see (OECD, 2020_[22])). In all but a handful of countries, social housing is generally targeted to low-income and vulnerable households. In the wake of the COVID-19 pandemic, some countries facilitated access to housing allowances, enabling households to more easily benefit from such supports (e.g. loosening eligibility requirements, as in the case of Japan and Ireland), or increasing the benefit amount (e.g. as in Luxembourg).
- ▶ Nevertheless, many governments have implemented measures to support prospective or existing homeowners; these measures may not, however, always reach households in greatest need of public support (Andrews and Caldera Sánchez, 2011_[34]; André, 2010_[35]; Salvi del Pero et al., 2016_[36]). These include *support to finance housing regeneration* (41 countries); *tax relief for homeowners* (34 countries); *mortgage support* (e.g. subsidised mortgages or mortgage guarantees) to households (29 countries); *subsidies to households to facilitate home ownership* (24 countries); and *mortgage relief to*

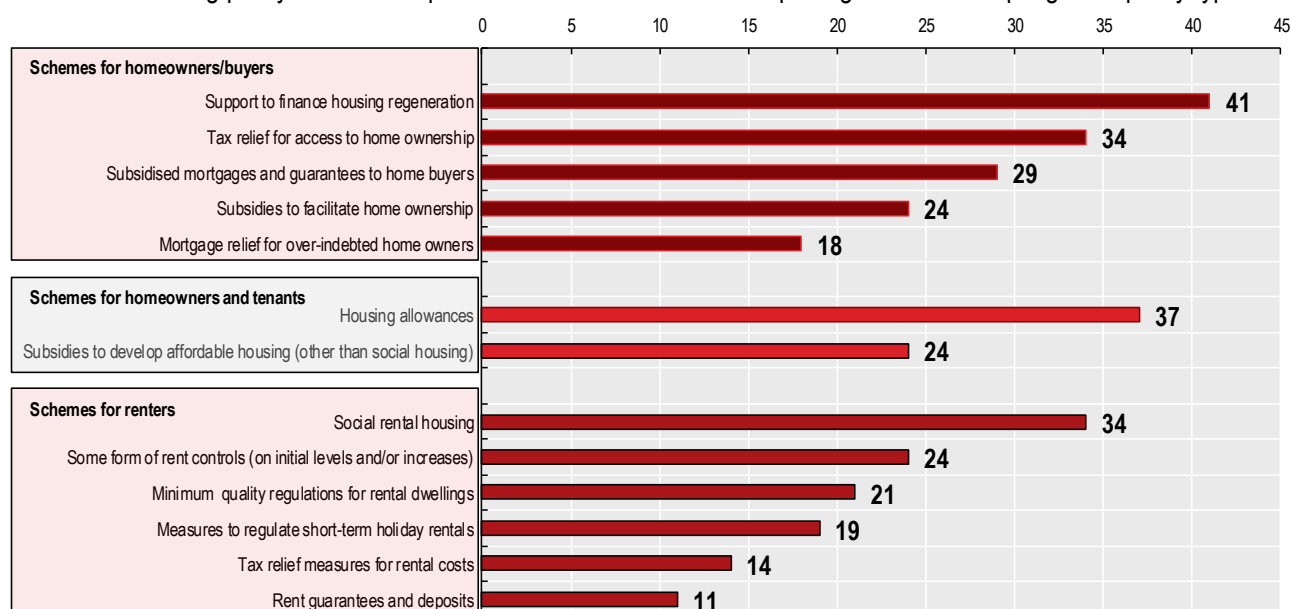
homeowners in financial distress (18 countries, prior to the COVID-19 pandemic). Some tax relief, such as mortgage-interest rate deductibility, is regressive and tends to benefit higher-income households.

- ▶ Meanwhile, public support towards the private rental market has typically been much more piecemeal in most countries, spanning national, regional or local *regulations to ensure a minimum quality standard* (21 countries); *tax relief* (14 countries); and *rent guarantees or deposits* (11 countries). Some form of *rent controls* on initial rent levels and/or on rent level increases are reported in 24 countries. However, where they exist, they are not always uniformly applied within countries, in some places applicable only to certain jurisdictions and/or segments of the rental stock. Rent controls are an especially debated policy intervention (see Box 3.3).

Looking forward, governments could strengthen, or modify, some of these existing support measures to address ongoing housing vulnerability as the COVID-19 crisis continues, as well as invest in more structural changes to make housing more affordable. As discussed in the next section, additional support, as well as increased flexibility, will likely be required as governments navigate the unpredictable evolution of the pandemic and the different housing support needs of households.

Figure 3.1. The majority of countries have housing allowances, social housing and financial support for home ownership.

Overview of housing policy instruments prior to COVID-19: Number of reporting countries adopting each policy type



Note: 1. Not all countries responded to all sections of the QuASH. 2. Limited information was provided for Croatia, Cyprus, Greece, Hungary, Korea, Romania, Slovenia, South Africa and Turkey.

Source: OECD Affordable Housing Database (<http://oe.cd/ahd>), Indicator PH1.1. Based on country responses to the 2019 and 2016 OECD QuASH.

Increase the supply of affordable and social housing

Governments need to invest more in affordable and social housing

Renewed investment in affordable and social housing was already needed prior to the COVID-19 pandemic, and the pandemic has only reinforced these investment needs. Indeed, investment in affordable and social housing can be a key part of the solution as countries chart a path towards economic recovery (Box 3.1, Box 3.2). Policymakers and housing advocates in Australia, Canada, France, Ireland, Portugal and the United Kingdom, among others, have emphasised the need to prioritise social and affordable housing as a key counter-cyclical investment opportunity that can help support jobs and SMEs in the building sector and deliver more affordable housing. Investments in affordable and social housing underpin mobility (Causa and

Pichelmann, 2020^[37]). They can also support efforts to prevent and reduce homelessness, particularly through 'Housing First' and integrated service delivery approaches (OECD, 2020^[21]). At the same time, large-scale investment in renovations of social housing, which is a central element of the European Green Deal, can stimulate economic recovery, support environmental sustainability objectives and boost well-being among residents across the OECD and EU (OECD, 2020^[22]).

Box 3.1. Major investments in affordable and social housing have been announced since the onset of the COVID-19 pandemic

The *Big Housing Build* among major housing investments announced in Australian state and territory governments

The state of Victoria (Australia), through its *Big Housing Build* initiative, has pledged to invest nearly AUS 6 billion (about USD 4.6 billion) to build over 12 000 new affordable and social housing units, in addition to measure to make housing more affordable for households. This includes the development of over 9 000 new social housing dwellings, as well as support for housing improvements, a new Homebuyer Fund to facilitate home ownership and other land use support measures.

Meanwhile, the New South Wales Government (Australia) announced in November 2020 a nearly AUS 900 million (around USD 680 million) investment in social and affordable housing in its 2021-22 budget. The announcement brings the total investment in social and affordable housing to AUS 4.4 billion (around USD 3.3 billion) over four years. In particular, the investments are expected to deliver nearly 1 300 new social dwellings.

Canada's *Rapid Housing Initiative*

Canada announced in October 2020 the *Rapid Housing Initiative* – a CAD 1 billion (about 0.8 USD billion) programme to support urgent housing needs of vulnerable households through the rapid creation of affordable housing. The programme aims to commit all funds before 31 March 2021, thus ensuring housing is available within 12 months of agreements. The main intent is to deliver the housing units in a short amount of time to ensure people living in temporary accommodation have a safe and permanent home in the face of the current or future emergency. This is also part of the government's focus on eliminating chronic homelessness in Canada, while creating jobs in the housing and construction sectors.

Housing investment in France's *France Relance* economic recovery plan

France's economic recovery plan, *France Relance*, announced by the French Prime Minister in September 2020, includes just under EUR 3 billion (about USD 3.4 billion) over 2021-22 in various types of housing investment, including: EUR 2 billion to support energy efficiency and other housing quality improvements in the private dwelling stock; EUR 5 million for energy efficiency upgrades of the social housing stock, which should support the renovation of around 40 000 social housing units; EUR 300 million for broader densification and urban renovation on former industrial sites (which will include the development of new housing); another EUR 350 million for densification and urban renovation on other sites; and EUR 100 million to support access to housing for people experiencing or at risk of homelessness, or others in highly precarious situations.

Source: Australia: www.budget.vic.gov.au/place-call-home-victorias-big-housing-build; www.budget.nsw.gov.au/system/files/budget-2020-11/PAVEY%20-%20Almost%20%24900%20million%20investment%20takes%20total%20social%20housing%20budget%20to%20%244.4%20billion.pdf. Canada: www.cmhc-schl.gc.ca/en/nhs/rapid-housing-initiative. France: www.economie.gouv.fr/files/files/directions_services/plan-de-relance/annexe-fiche-mesures.pdf.

Reducing administrative barriers to affordable housing construction can help expand supply

Reducing administrative barriers to affordable housing construction can also help expand supply. OECD estimates that land-use reforms could facilitate the post-COVID recovery of homebuilding, better align housing supply with changing demand, and make housing markets more affordable and efficient (Cournède, De Pace and Ziemann, 2020^[38]). Strategies vary across countries, depending on specific needs and institutional settings, as would the intensity of the effects of different reform scenarios depending on planning regimes in

place, but could include facilitating metropolitan or regional land-use planning, streamlining the development permitting process, making it easier to redevelop brownfields, and reforming zoning regulations. In the United States, for instance, the city of Minneapolis (Minnesota) reformed local zoning regulations in 2019, essentially abolishing single-family zoning to allow for higher-density residential development to increase housing affordability.

Improve the targeting of public support for housing, particularly among low-income households and youth

Governments often provide a mix of demand-side supports (e.g. housing allowances, subsidies for potential homebuyers) to decrease households' housing costs, as well as supply-side interventions (e.g. subsidies and incentives to housing developers) to stimulate the construction of affordable housing (see Figure 3.1). Housing supports – either explicitly or implicitly – tend to benefit some types of households more than others. Moreover, a challenge arises when such supports end up making housing more affordable for one group while driving up housing prices for others, as discussed below. For instance, depending on how such policy instruments are designed, there may be critical trade-offs in terms of the potential benefits accruing to households across the income distribution:

- ▶ *Tax relief and other support for homeowners:* While there are many arguments in favour of public incentives to facilitate home ownership (e.g. in terms of wealth accumulation, child outcomes, social capital and social mobility; see Andrews and Caldera Sánchez (2011^[34])), such supports can make it harder for low-income and young households to become homeowners, fail to reach households who most need support, impede mobility and crowd out other types of housing support (OECD, 2020^[11]). For instance, tax relief to facilitate home ownership tends to be regressive and benefit higher-income households (Salvi del Pero et al., 2016^[36]; OECD, 2020^[11]).
- ▶ *Rent controls:* As discussed in Box 3.3, rent controls can help protect tenants from rapid rent increases and reduce displacement of vulnerable households as neighbourhoods gentrify. However, depending on how they are designed, rent controls may “help renters today at the expense of renters tomorrow” because they may discourage investment in the rental market over the longer term. They can also create an insider/outsider challenge among sitting tenants and would-be tenants who would like to enter the rental housing market.
- ▶ *Housing allowances:* In tight, inelastic housing markets, housing allowances can be captured by landlords and drive up overall rent prices in the housing market. There is some evidence of housing allowances driving up rent prices in Finland, France, the United Kingdom and France (Salvi del Pero et al., 2016^[36]). This can occur, for instance, when (i) allowances increase housing demand in a tight market, driving up prices; (ii) landlords raise rents in dwellings inhabited by housing allowance recipients in alignment with the increase in the allowance amount; or (iii) landlords may also raise rents generally in the housing market under the assumption that many households, with the allowance increase, can afford to pay more (Salvi del Pero et al., 2016^[36]).

Better targeting of housing supports may be warranted, with attention to potential trade-offs

In a context of scarce public resources, policymakers could consider ways to improve the targeting of housing support to households in greatest need. In some countries, this could include potentially phasing out tax advantages that favour home ownership at higher income levels. Eliminating (or capping) mortgage interest rate deductibility or curtailing capital gains relief on owner-occupied housing can help make housing taxation more progressive (Causa, Woloszko and Leite, 2019^[39]).

In addition, where the social housing stock is limited, it may be relevant to consider strategies to encourage tenants whose circumstances have improved to move to other forms of tenure, thereby making room for more economically vulnerable households. Different strategies exist, including the introduction of more regular means-testing throughout the duration of social housing tenancy, and not just at the time of entry. The negative consequences of tightening eligibility requirements in social housing (including the potential to exacerbate the spatial concentration of vulnerable groups and reducing social mixing) should be carefully weighed against the expected gains (OECD, 2020^[22]).

Box 3.2. Investment in social housing can help address enduring affordability gaps and help build an inclusive economic recovery

Representing close to 30 million dwellings and about 6% of the total housing stock in OECD and EU countries, social rental housing is an important dimension of social welfare policy and affordable housing provision. Social housing is defined as residential rental accommodation provided at sub-market prices and allocated according to specific rules (such as identified need or waiting lists), though definitions vary across countries.

There are significant cross-national differences in the size, scope, type of provider and target population of social housing:

- ▶ *Size and evolution of the social housing stock:* In most OECD countries, social housing typically makes up less than 10% of the total dwelling stock. However, in Austria, Denmark and the Netherlands, it represents a key “third sector” in the housing market, with over 20% of all housing. In all but six countries for which data are available, the relative size of the social housing stock has declined since 2010, partly due to a decline in public investment in housing as well as the sale of social dwellings to their tenants in some countries.
- ▶ *Types of providers:* On average, regional and municipal authorities account for around half of social housing provision in the OECD; the remainder is divided among non-profit, limited-profit or co-operative housing associations (15%), national governments (14%), for-profit providers (11%) and others. In countries with a large social housing stock, non-profit developers tend to play a key role.
- ▶ *Eligibility criteria and targeting:* The eligibility criteria to access social housing is another key difference among social housing systems, which can be broadly classified as universalist or targeted. Universalist systems, in which social housing is typically open to a broad cross-section of the population, are more common in countries with a larger social housing sector. However, social housing in most OECD countries has become more targeted over time. While increased targeting can help to allocate social housing to households in need, it can pose challenges to the economic sustainability of the sector and social mixing objectives, and may exacerbate the spatial concentration of poverty and disadvantage. In any case, explicit measures to promote social mixing in the sector have had mixed results.

Policy makers and social housing providers face a number of challenges and trade-offs to develop an environmentally and fiscally sustainable sector that provides quality, affordable housing to those who struggle to afford housing on the private market. The investment needs to upgrade a deteriorating social housing stock are steep in many countries, as are the costs of addressing segregation and “ghettoisation” of neighbourhoods with a high concentration of social housing. Nevertheless, these challenges have spurred major building revitalisation projects to improve the quality of dwellings and the surrounding neighbourhoods.

Investment in social housing – both to improve the quality and environmental sustainability of the existing stock, and to develop new, “green” social housing – is an essential part of an inclusive, green economic recovery.

Notes: 1. Refer to the [OECD Affordable Housing Database](#), PH4.1, PH4.2 and PH4.3, for further details.

Source: (OECD, 2020_[22]) and (OECD, 2020_[11]) – indicators PH4.1, PH4.2 and PH4.3.

Housing support for young adults and first-time homebuyers could be better calibrated

Policy makers should also explore how to best provide housing support to young adults and first-time homebuyers. Rising house prices and increasing instability in the labour market have put home ownership out of reach for many young adults and families in some OECD countries, resulting in young people living longer with their parents or entering an increasingly congested private rental market.

On the one hand, young households would benefit from housing support that does not explicitly aim to make them homeowners. This is not to say that programmes that aim to boost access to home ownership for youth and young families should be eliminated. But a broader range of housing supports, including those that provide assistance to youth living in other forms of tenure (such as renting in the private market, social housing, co-operative living arrangements, etc.), should be considered. The objective could be to support young households in getting on a stable, quality *housing* ladder – rather than necessarily a *home ownership* ladder.

On the other hand, there is sufficient scope to refine and expand efforts to facilitate home ownership among young households. Some first-time homebuyer programmes are not effectively reaching households that need public support the most. Country experiences illustrate that subsidies to first-time homebuyers can – inadvertently or by design – ultimately provide support to people who would have been able to purchase a home without the subsidy; rather, the subsidy enables some households to purchase bigger or higher quality homes. This challenge is particularly relevant for home ownership support measures that are not means-tested (Salvi del Pero et al., 2016^[36]). By extension, as evidence from Denmark has shown, home ownership support does not necessarily lead to a higher incidence of home ownership (Gruber, Jensen and Kleven, 2017^[41]). Further, one-off tax relief for first-time home buyers can drive up house prices (Berry, 2003^[42]).

Introducing and/or expanding alternative homeownership models, such as shared equity models, could also be considered to complement better-targeted first-time homebuyer programmes. Shared equity housing models can provide a path to home ownership for lower-income households while keeping housing affordable over time by restricting the resale value of the home. In this model, there is a cap on the amount of equity that the homeowner is allowed to realise upon the eventual resale of the property, helping to ensure that the property will remain affordable to future buyers of the property (Wang et al., 2019^[43]). In a study of 4 000 shared equity properties over three decades in the United States, Wang et al. (2019^[43]) found that such properties were effective in providing a stable form of housing and an affordable path to home ownership for lower-income households, a (modest) opportunity for households to build wealth, and preserving housing affordability for subsequent homebuyers. Such models currently represent a very small fraction of the housing stock in most OECD countries.

In addition, solutions to enable (typically young) workers on temporary employment contracts to access mortgages should also be considered, so that newer generations are not excluded from home ownership. An initiative has been introduced in the Netherlands, for instance, to help temporary and flex-workers access mortgages, by which the mortgage application is based on a prospect statement of an employee's future earnings capacity; almost 20 banks and other mortgage providers and 35 temping agencies participate in the programme (Stichting Perspectiefverklaring, 2019^[43]).

Make the private rental market more affordable

In many countries, governments could do more to make the private rental market more affordable to alleviate the difficulties of many low-income and vulnerable households to afford high and increasing rents. This will take on increasing importance following the COVID-19 pandemic, as the private rental market is of particular importance to low-income households and youth, who have been hit hard by the crisis thus far. Low-income renters face a significant housing cost burden (see Figure 1.3); youth are the most likely age group to live in private rental housing – around three out of ten youth in the OECD are renters in the private market. This suggests that renters, and especially vulnerable renters, could benefit from a more affordable rental supply.

In addition to efforts to increase the supply of affordable rental housing, discussed above, policy makers can also aim to strike a better balance between landlords and tenants. This is not always straightforward: on the one hand, a more loosely regulated private rental market can put tenants – especially low-income and vulnerable households – at a higher risk of poor quality dwellings, excessive rent increases or unfair evictions.

On the other hand, regulations that strongly favour tenants over landlords can ultimately create disincentives to invest in rental housing and drive down the overall rental housing supply.

Rent controls are a hotly contested policy measure that require a nuanced approach, and a clear understanding of their potential benefits and trade-offs over the short, medium and longer term. Rent controls can take different forms and have evolved over time, but generally aim to impose restrictions on rent levels and/or rent level increases in the private rental market (Lind, 2001^[45]; Whitehead and Williams, 2018^[46]). Whitehead and Williams (2018^[46]) identify three types of rent controls: (i) rent freezes, which impose a below-market rate maximum (or ceiling) on the rent; (ii) control of rent levels between tenancies (e.g. when a new tenant moves in); and (iii) control of rent increases within tenancies (also known as rent stabilisation).

Table 3.1 and Box 3.3 present the different types of rent controls, and outlines their advantages and disadvantages. Measuring the impacts of rent controls at a national scale can be challenging, because such policy measures may not be universally applied within a country, leading to a patchwork of rules and regulations.

A more nuanced approach to rental regulations that targets the specific challenges of the rental housing market in a given jurisdiction could be warranted. In the case of tight rental markets, rent stabilisation measures could be one way to provide greater security to both landlords and tenants (OECD, 2020^[11]). Unlike strict rent freezes, which impose a below-market rate maximum (or ceiling) on the rent, rent stabilisation measures limit the level of rent increases within (and sometimes between) tenancies. It would be important to weigh the expected benefits of such measures – which may be particularly felt by existing tenants in the short- to medium-term – against possible longer-term drawbacks, including a potential decline in the rental supply and difficulties for some future would-be tenants to rent dwellings.

Table 3.1. Types of rent control regulations, as well as their advantages and disadvantages

Type of rent control	Example of possible mechanisms	Target group(s)	Advantages	Disadvantages
Rent freeze (e.g. rent ceiling)	A cap on rent levels at the time of contract agreement	New tenants	Prevents price-gouging in tight housing markets Can lead to a significant drop in rent levels (for the dwellings affected by the rent freeze), if rents cannot be adjusted for inflation and rising housing costs	Can reduce housing quality in the private rental sector, as landlords do not have incentives to invest in housing maintenance and/or upgrades Can reduce overall rental supply as landlords are incentivised to leave and/or not to enter the private rental market Can reduce mobility of tenants
Control of rent levels between tenancies	A cap on the (yearly) increase in rent levels	New tenants	Allows landlords to adjust rent levels for cost increases Reduces incentives for landlords to underinvest in housing maintenance and upgrades Protects tenants against sudden and significant rent increases	Can lower potential rate of return for landlords, especially those with long-term tenants Can discourage new landlords/investors from entering the private rental market, if other investment opportunities would generate higher returns Can reduce mobility of tenants
Control of rent increases within tenancies (e.g. rent stabilisation)	A cap on the increase in rent levels for sitting tenants; can be applied at time of control renewal for fixed-term tenancies or at regular intervals for open-ended tenancies	Sitting tenants only	Allows landlords to adjust rent levels periodically based on market conditions (within limits), providing some security over the long-term rate of return Reduces turnover in the rental market, which can benefit both landlords and tenants Protects tenants from sudden and significant rent increases	Can lower potential rate of return for landlords, especially those with long-term tenants Can discourage new landlords/investors from entering the private rental market, if other investment opportunities would generate higher returns Can reduce mobility of tenants In the case of long-term tenancies, may benefit better-off households, rather than new entrants who could potentially benefit more from controlled rental increases

Source: (Terner Center for Housing Innovation, 2018^[47]; Diamond, Mcquade and Qian, 2019^[48]; Favalukis, Mabile and Stern Stijn Van Nieuwerburgh, 2018^[49]; Andrews and Caldera Sánchez, 2011^[34]; World Bank, 2018^[50]; Whitehead and Williams, 2018^[46]; Jenkins, 2009^[51]; Causa and Woloszko, 2019^[52])

Box 3.3. Rethinking rent controls

Rent controls are often seen by tenants and housing advocates as an attractive tool, as they can help contain rent increases. Rent controls can be effective in protecting tenants from rapidly rising rent levels and reducing displacement of vulnerable households, particularly when neighbourhoods gain popularity. Some research has shown rent controls to be effective in protecting sitting tenants by limiting their displacement, which can benefit low-income and elderly households, among others (Diamond, Mcquade and Qian, 2019^[48]). Rent controls can also serve as a form of “insurance” to protect households from losing their home if their economic circumstances abruptly change (Chakrabarti, 2019^[52]). Finally, rent control regulations are (usually) fairly understandable by both landlords and tenants.

However, depending on how they are structured, rent controls also have important drawbacks. Some argue that they are a tool that “helps renters today at the expense of renters tomorrow” (Dougherty, 2018^[54]). Depending on whether they are applied to all or only a subset of the rental stock, rent control regulations only make housing more affordable for those who live in rent-controlled units – at the expense of those who do not.

Importantly, such regulations also create a disincentive for landlords and developers to invest in rental housing: this can both discourage maintenance or upgrades to the existing rental housing stock, as well as decrease the supply of rental housing over the longer term by encouraging landlords to exit the rental market and discouraging others from entering (Arnott, 1995^[55]; Whitehead and Williams, 2018^[46]). For instance, one study found that rent control regulations accelerated gentrification by encouraging landlords to convert existing rental housing into more profitable condominiums (Diamond, Mcquade and Qian, 2019^[48]).

Because they are not means-tested, rent controls tend to be regressive (Favilukis, Mabile and Stern Stijn Van Nieuwerburgh, 2018^[49]), and can generate a misallocation of (affordable) housing since they do not necessarily benefit those households who are in greatest need. It can also reduce residential mobility by locking-in tenants (Andrews and Caldera Sánchez, 2011^[34]; Causa and Woloszko, 2019^[52]).

Navigating the challenging, unpredictable road ahead

As governments continue to navigate the challenging and unpredictable COVID-19 crisis, policy makers must, on the one hand, continue to manage the ongoing risks of housing vulnerability in the immediate term, particularly over the colder winter months, when people will be spending more time at home. On the other hand, it is at the same time important to anticipate how the pandemic may spur potential changes and challenges in housing demand and housing affordability over the medium to longer term.

Continuing to manage housing vulnerability in the short term

As the pandemic continues throughout many OECD countries in the winter of 2020, a number of challenges remain in the very short term:

- ▶ Temporary relief to households – such as time-limited eviction bans, mortgage forbearance and temporary financial support to tenants – were introduced by many governments in the Spring of 2020 (see Table 2.1). Extending these additional temporary protections may be warranted in some cases to support households that continue to struggle, and to avoid a dramatic increase in evictions and homelessness. They should be phased out as conditions allow to limit adverse long-term effects (OECD, 2020^[56]). In some European countries, there are already limits to evictions during the winter months.
- ▶ Concerns about a resurgence of COVID-19 cases during the colder winter months will also put renewed emphasis on housing quality and costs and quality of heating of dwellings. While housing

renovation programmes – including energy efficiency upgrades – should be prioritised, and could receive a further boost through the *Renovation Wave* of the EU Green Deal, shorter-term relief may be needed for some households. Deferring utility payments and/or ensuring the continuity of utility services (even when payments are missed), as introduced in 9 countries in the Spring of 2020, could be temporarily extended.

- ▶ Support to the homeless will be more important than ever during the colder winter months, as the COVID-19 pandemic continues. While many governments typically have “winter plans” in place to prevent evictions and provide emergency shelter to the homeless, the pandemic continues to put significant strain on the capacity of shelters and other emergency housing facilities to provide a safe, healthy housing solution, where residents can effectively quarantine and/or socially distance.

Anticipating longer-term changes to demand for affordable and social housing and other forms of housing support

Uncertainty remains over the longer-term impacts of the COVID-19 pandemic on the housing market and on housing affordability. Moreover, there are likely to be important differences across countries as well as across regions. Even so, a number of potential changes may be on the horizon:

- ▶ Demand for social and affordable housing is likely to increase, given the extended economic shocks faced by many workers since the Spring of 2020. Investments in the social and affordable housing stock will pay off over the longer term.
- ▶ Nonetheless, demand for different housing types and locations could also change coming out of the crisis, with an increased focus on housing quality and amenities. The increased generalisation of teleworking could lead to a broader exodus of households from cities towards more far-flung locations, and some firms may choose to promote permanent teleworking regimes in order to let go of expensive downtown office space.

Together, such shifts could ease pressures on high-priced urban housing markets and – potentially – create opportunities for additional affordable and social housing in such locations. In this case, flexible land-use policies would be welcome to accommodate evolving changes to real estate demand that may stem from the COVID 19 crisis. Further, there may also be opportunities to bring short-term rental properties into the longer-term stock of affordable housing; Portugal has been working in this direction since the onset of the COVID-19 pandemic.

- ▶ Community and institutional housing will require a rethink. This includes improved sanitation and safety protocols, but also potential changes to the physical organisation of such facilities, as well as to their operations and staffing (such as organising groups of staff and residents into cohorts).

The recovery is likely to move at different speeds, as different regions and household types may be more or less able to “bounce back” from the crisis. Considerable regional variation in the type and level of support will be required. The first wave of the pandemic already provided an indication of strong regional differences in both the impacts of the pandemic, as well as the take-up of different types of housing support. For instance, in Denmark, while mortgage foreclosures increased only slightly overall (just over 3%), they were much more common in Southern Denmark, rising by over 60%⁵ (Danmarks Statistik, 2020_[57]). Meanwhile, in Finland, while applications for housing benefits increased considerably at the end of April, there was large regional variation, with applications in the Uusimaa region (the most populated Finnish region and home to Helsinki) nearly 25% higher in 2020 compared to the previous year, compared to a less than 10% change in many other Finnish regions (Helsinki Graduate School of Economics, 2020_[58]). Such regional variation makes a strong case for flexible, well-targeted supports moving forward.

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Notes

¹ Housing affordability and quality indicators can be further complemented by measures of housing insecurity, including the share of households who have struggled to pay for housing costs, as well as rates of homelessness ((OECD, 2020_[1]), indicator HC3.1), evictions ((OECD, 2020_[1]), indicator HC3.3), and foreclosures. Many of these issues are covered in the Section 1.1.3. Additional dimensions of housing affordability, not covered in this brief, can extend to concerns around location and neighbourhood quality, transport connections, access to jobs and services, and accessibility for people with disabilities.

² Only cases that reach the third step of the process (in which a bailiff is assigned to physically remove a household from a dwelling) are classified as an actual eviction, which usually under-counts the number of households that leave their dwelling over the course of an eviction process. For instance, households may leave voluntarily either upon information on the initiation of an eviction procedure or upon receiving an eviction order from a court or landlord and tenant board. In Finland for example, for about 39% of all scheduled physical repossessions, bailiffs find a dwelling already vacated by the household (Valtakunnanvoudinvirasto, 2020_[59]). On the other hand, households may be able to avoid removal from their dwelling at any stage before the physical eviction, for instance, by paying their rent arrears. Not all initiated eviction procedures ultimately result in the removal of tenants from their home. See (OECD, 2020_[1]), indicator HC3.3.

³ Note by Turkey: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”; note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

⁴ The first phase of the US Census Bureau Household PULSE Survey was conducted weekly over a three-month period, from 23 April 2020 to 21 July 2020; the second phase, which also extended some questions from phase 1, and was conducted from 19 August 2020 to 26 October 2020. Survey results are disaggregated by states and metropolitan areas, as well as across a range of household characteristics (income, age, household size, employment status, race/ethnicity, tenure status, etc.).

⁵ Note that the regionally disaggregated statistics include a smaller number of commercial units.



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