

# Decentralisation and Governance in the Housing Sector

---

**Leah Phillips**

**OECD WORKING PAPERS  
ON FISCAL FEDERALISM**

May 2020 No. 32

# *NETWORK ON FISCAL RELATIONS ACROSS LEVELS OF GOVERNMENT (THE “FISCAL NETWORK”)*

## **FISCAL FEDERALISM WORKING PAPER SERIES**

This series is designed to make available to a wider readership selected studies drawing on the work of the OECD’s Network on Fiscal Relations across Levels of Government. Authorship is usually collective, but principal writers are named. The papers are generally available only in their original language (English or French) with a short summary available in the other.

OECD Working Papers should not be reported as representing the official views of the OECD or of its member countries. The opinions expressed and arguments employed are those of the author(s).

Working Papers describe preliminary results or research in progress by the author(s) and are published to stimulate discussion on a broad range of issues on which the OECD works. This working paper has been authorised for release by the Director of the Policy Studies Branch of the Economics Department, Luiz de Mello.

Comments on Working Papers are welcome, and should be sent to either [fiscalnetwork@oecd.org](mailto:fiscalnetwork@oecd.org) or the OECD Network on Fiscal Relations, 2 rue André Pascal, 75775 PARIS CEDEX 16, France.

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

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgement of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org).

© OECD 2020

## ***Abstract***

### ***Decentralisation and Inter-governmental Relations in the Housing Sector***

*Based on a survey, this paper presents new data on the decentralisation of the housing system and co-ordination mechanisms across levels of government, focusing on the provision of social housing. Decision-making in social housing tends to be more devolved to sub-national actors, as compared to other key public services. Policy decision-making tends to be more centralised, while sub-national governments and housing providers have more control over decisions regarding the inputs, outputs and monitoring of social housing. Governments globally have implemented a mix of housing policy interventions. Demand-side interventions include tax allowances and subsidies to facilitate the purchase of a home or the provision of social housing in the rental market to those in need. Interventions to influence the supply of housing are generally aimed at housing developers or sub-national governments, to stimulate housing construction. There are a number of policy tools readily available to sub-national governments to improve housing outcomes, including the implementation and reform of taxes on immovable property and the relaxation of restrictive land use regulations.*

*Keywords: fiscal federalism, assignment of responsibilities, public housing*

*JEL classification: H76, O38, R31*

\*\*\*

## ***Résumé***

### ***Décentralisation et relations inter-administrations dans le secteur du logement***

*Ce document présente de nouvelles données issues d'une enquête sur la décentralisation du secteur du logement et les dispositifs de coordination entre les différents niveaux d'administration, en se concentrant sur l'offre de logements sociaux. Dans le domaine du logement social, contrairement à d'autres services publics essentiels, les décisions sont en règle générale déléguées aux acteurs infranationaux. Les décisions relatives aux politiques publiques ont tendance à être davantage centralisées, cependant que les administrations infranationales et les organismes de logements sociaux ont plus de pouvoir quant aux décisions concernant les moyens, l'offre et le suivi en matière de logement social. À travers le monde, les interventions des pouvoirs publics dans le domaine du logement se déroulent à plusieurs niveaux. Du côté de la demande, elles consistent en des déductions fiscales et des aides visant à faciliter l'achat d'un logement ou à accroître l'offre de logements sociaux sur le marché locatif pour les populations qui en ont besoin. Les interventions destinées à agir sur l'offre de logements ciblent généralement les promoteurs immobiliers ou les administrations infranationales, afin de stimuler la construction de logements. Les administrations infranationales disposent de plusieurs instruments d'action pour améliorer la production de logements, notamment la mise en œuvre et la réforme des impôts sur les biens immobiliers, et l'assouplissement des réglementations foncières restrictives.*

*Mots-clés : fédéralisme fiscal, répartition des responsabilités, logement social*

*Classification JEL : H76, O38, R31*

## *Table of Contents*

<b>Decentralisation and Inter-governmental Relations in the Housing Sector.....</b>	<b>5</b>
1. Introduction and main findings.....	5
2. Conceptualising and measuring housing markets.....	6
2.1. The QuASH questionnaire .....	6
2.2. The housing spectrum .....	8
2.3. Measures of housing affordability.....	10
2.4. The definition of ‘social housing’ .....	11
3. Dissecting intergovernmental frameworks of housing policy .....	13
3.1. Affordable housing.....	13
3.2. Social housing .....	17
4. Housing policy instruments .....	29
4.1. Property taxation .....	31
4.2. Social housing provision .....	34
4.3. Private rental regulations.....	37
4.4. Subsidies and benefits to home owners.....	38
4.5. Housing allowances and vouchers .....	39
4.6. Policies aimed at developers of social and affordable housing.....	41
4.7. Land zoning policies .....	42
<b>Annex A. Case study – Canada .....</b>	<b>44</b>
<b>Annex B. Case study – Denmark.....</b>	<b>46</b>
<b>Annex C. Case study – New Zealand .....</b>	<b>47</b>
<b>Annex D. Case study – Poland.....</b>	<b>49</b>
<b>References .....</b>	<b>50</b>

### **Tables**

Table 1. Questionnaire responses.....	7
Table 2. Average spending power indicators for social housing, by sub-category .....	20
Table 3. Coding values .....	21
Table 4. Actors responsible for deciding on the levels and rates of property taxes on private residences by country .....	33
Table 5. Dominant owners and controllers of social housing .....	35

### **Figures**

Figure 1. The housing spectrum .....	9
Figure 2. Housing tenure distribution.....	10
Figure 3. Public investment in dwellings .....	13
Figure 4. Share of expenditure by sub-national governments by sector.....	14
Figure 5. Approximate number of federal ministries involved in housing policymaking across countries surveyed.....	15
Figure 6. Co-ordination mechanisms to align housing objectives across governments .....	16

Figure 7. Public social expenditure on housing.....	18
Figure 8. The categorisation of social housing responsibilities across actors .....	19
Figure 9. Classification of spending power.....	21
Figure 10. High level spending power indicators for social housing .....	22
Figure 11. Spending power indicators for social housing by sub-category.....	23
Figure 12. Actors responsible for setting policy priorities for social housing.....	25
Figure 13. Actors responsible for budgeting decisions on social housing .....	27
Figure 14. Actors responsible for input decisions in social housing .....	28
Figure 15. Actors responsible for output decisions in social housing .....	29
Figure 16. Overview of housing policy instruments .....	30
Figure 17. Recurrent taxes on immovable property .....	32
Figure 18. Public spending on supporting social rental housing in selected OECD countries.....	34
Figure 19. Criteria for eligibility for social rental housing.....	36
Figure 20. Criteria for priority allocation of social rental housing.....	36
Figure 21. Public spending on grants and financial support to home buyers .....	39
Figure 22. Total spending on housing allowances in OECD countries .....	40
Figure 23. Countries that provide assistance to social housing developers.....	41
Figure 24. Actors responsible for setting regulatory housing standards related to land use and urban planning .....	43

## Boxes

Box 1. Housing policy in an economic and social context.....	12
Box 2. The conceptualisation and categorisation of ‘spending power’ .....	20
Box 3. The economic basis of decentralisation .....	24
Box 4. The effect of indirect fiscal measures on the housing market.....	30
Box 5. The not-for-profit sector in the social housing sector .....	33
Box 6. The conceptualisation of land zoning and property values.....	43

# Decentralisation and Inter-governmental Relations in the Housing Sector

By Leah Phillips<sup>1</sup>

## 1. Introduction and main findings

1. Access to quality and affordable housing is a basic human need and housing policy is an essential policy lever to improve social and economic outcomes. The provision of appropriate, affordable, safe, secure, sustainable and well-located housing can have enduring positive impacts on economic growth, poverty prevention and social mobility. The investment in and consumption of housing are also important contributions to GDP, and the improved social, economic and health outcomes for citizens with access to good housing benefits government budgets. While housing is an important element of wealth creation and financial independence, it is also one of the biggest expenditure items for households, and one of the largest financial liabilities for households with a mortgage. The share of spending on housing has increased over the past decade, in particular for low-income households, implying that housing affordability is worsening more for those that are the most vulnerable. This can lead to greater inequality, with large degrees of inequality having detrimental effects on the prosperity and well-being of all (OECD, 2018a). Unaffordable housing can also create further budgetary, productivity and social challenges for governments, especially in the context of slowing global growth and high government debt. Governments should create an environment that ensures an affordable housing system, including cost-effective social housing.

2. The trend towards decentralisation of government in some countries has resulted in sub-national governments being responsible for the delivery of numerous public services, including social housing. This paper builds on work undertaken by the OECD Network on Fiscal Relations across Levels of Government and feeds into the OECD's Horizontal Housing Project. Specifically, this paper assesses what aspects of affordable housing policy and social housing provision in particular are devolved to sub-national governments and service providers across countries. This paper uses qualitative and quantitative information on the organisation of the housing market and social housing supply, drawing on the OECD Questionnaire on Affordable and Social Housing (QuASH) and other literature.

3. Despite the wide variation in the organisation of the housing market in the OECD and partner countries, the following findings stand out:

- Over the last 30 years, many national governments have implemented policy changes, which have allowed local governments to assume a larger role in developing, co-ordinating and implementing housing policies, including those focused on the social housing stock and affordability challenges. In sub-national expenditure terms as a proportion of general government expenditure, housing and community amenities is the most devolved area of spending, with sub-national current spending increasing over time although investment in housing has been declining overall.

---

1. An earlier version of this document was presented at the 2019 annual meeting of the OECD Network on Fiscal Relations across Levels of Government. The paper was drafted by Leah Phillips, consultant, under the supervision of Sean Dougherty, Senior Advisor to the Network. Helpful comments from David Bradbury, Bert Brys, Peter Hoeller, Alastair Nolan, Abel Schuman, and Volker Ziemann (OECD), as well as Network delegates are greatly appreciated. Key inputs to the paper were made by Kass Forman and Ezgi Özsöğüt.



- In the majority of countries, the governance of the housing sector is shared between the national and local governments, with national governments usually responsible for setting the overall policy priorities, while local governments take on more responsibility for the output and budgeting decisions of social housing provision. When looking at the QuASH spending power indicators, output, monitoring and input decisions are more likely to be devolved to lower level actors, then policy decisions. Social housing appears to be more decentralised than other public services, like education, long-term care and health, but it still follows a similar trend of overarching national government policy direction.
  - Policymaking often encompasses multiple national ministries and levels of government. However, a number of countries have co-ordination mechanisms aimed at creating a common policy lens and have implemented national housing strategies and objectives. Further analysis is required to identify how effective these mechanisms are in practice.
  - Governments generally implement a mix of policy interventions to counter the failures that exist in the housing sector and other markets, or to achieve certain desired housing outcomes. Many policies that governments implement are aimed at homebuyers, such as grants, tax relief, subsidised mortgages and mortgage relief. Instruments aimed at other actors in the housing market include the provision of social rental housing by the government, housing associations or the private sector, rental market regulations, housing allowances, and subsidies and tax relief for developers. Several policy tools, which have been shown to improve housing outcomes, including the reform of taxes on immovable property and the relaxation of restrictive land-use regulations are readily available to sub-national governments.
4. This paper assesses the use and effectiveness of housing policy instruments, which depends on the market, administrative and governance characteristics of the country, as well as the design of the instrument. It provides new survey-based data that shed light on cross-country differences in terms of housing market interventions and intergovernmental governance structures. The remainder of the paper is organised as follows. Section 2 explores the scope of the 2019 OECD QuASH and conceptualises the housing system and explores measures of housing affordability. Section 3 examines the assignment of responsibilities in the housing sector and how different aspects of housing provision are devolved and co-ordinated across levels of government. Section 4 assesses current housing policy responses and outlines how these policies are linked with housing outcomes.

## 2. Conceptualising and measuring housing markets

### 2.1. *The QuASH questionnaire*

5. This paper examines the responses to three sections of the 2019 OECD QuASH survey. Section 3 of the survey sought responses on housing governance and fiscal federalism, to map the responsible authorities to different aspects of housing policy and implementation. Each country was asked to identify the authorities associated with different aspects of housing policy and spending, including the administration of housing development affairs and services; the development and regulation of housing standards; the regularisation of slum settlements related to the provision of housing; and grants, loans or subsidies to support the expansion, improvement or maintenance of the housing stock. Section 7.2 included data on measures to support the provision of social housing, defined as

residential rental accommodation at sub-market prices that is allocated according to specific rules, and section 9 sought information on the availability of grants, tax relief and subsidised land to developers to finance the development of new affordable housing for low-income households.

**Table 1. Questionnaire responses**

By responding country and section

Country	Section 3	Section 7.2	Section 9
AUS	X	X	X
AUT	X	X	X
BEL	X	X	X*
BGR	X	X	X*
BRA	X		X*
CAN	X	X	X
CHE	X		X
CHL			X
COL	X	X*	X
CRI	X		X*
CZE	X	X	X
DEU	X	X	X*
DNK	X	X	X*
ESP	X*	X*	
EST	X	X	X*
FIN	X	X	X*
FRA	X	X	X
GBR	X	X	X*
GRC	X*	X*	
IRL	X	X	X
ISL	X	X	X
ISR	X	X	
ITA	X		
JPN	X*	X*	X
KOR	X		
LTU	X	X	X*
LUX	X	X	X
LVA	X	X	X*
MEX	X*		
MLT	X*	X	
NLD	X	X	X
NOR	X	X*	X*
NZL	X	X	X
POL	X	X	X*
PRT	X	X*	X
ROU	X	X*	
SVK	X	X	X*
SVN		X*	
SWE	X	X*	X*
TUR	X	X*	X*
USA	X	X	X
ZAF	X	X*	X

*Note:* X signifies that the country replied the respective section of the QuASH questionnaire. Asterisk (\*) means the country did not respond to the entire section, which could be because responses to initial questions in the section made them ineligible to respond to proceeding questions.



6. These sections of the questionnaire comprise checkbox questions with optional comments sections and multiline answer responses. Respondents comprised government officials from ministries of finance and housing who are directly engaged in setting their countries housing policies or financing. The survey was sent to countries in early 2019 with most responses received from participants by August 2019. The OECD countries and partner countries who responded to these sections of the survey are shown in Table 1.

7. In the survey, central and sub-national actors were divided into six categories which respondents could choose from: a national or federal government; a national specific agency; a regional or state government; a local government or municipality; a housing provider; a tenant co-operative and a last category for other actors. A national government is the set of decision-makers in the central government (*e.g.*, parliament; one or several ministries) whereas a national specialised agency is a discrete body other than a ministry (or cabinet-level equivalent) which may be either arms-length or integrated into the national public service, but is ultimately accountable to the national government.

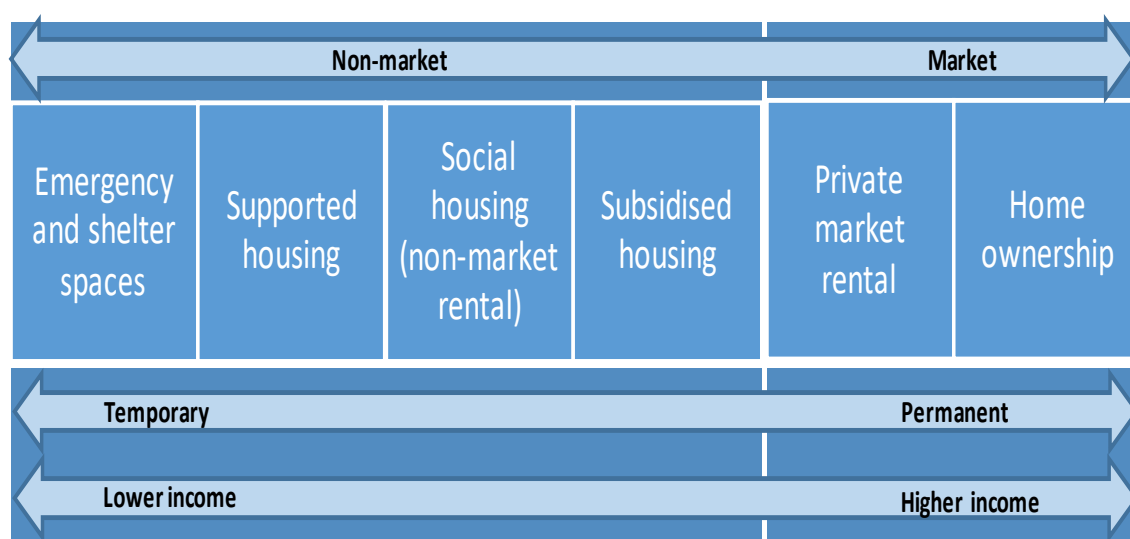
8. The survey data allow for a detailed breakdown of the ‘spending power’ of sub-national actors in each country. Here, spending power is defined as the ability of a sub-national government to control and influence its own expenditures. Spending power is divided into four dimensions of autonomy in order to get an overall picture of the spending power of a sub-central authority. Further information is provided in Box 2.

9. Federal governments have constitutionally protected sub-national governments and share public power across governments. Quasi-subordinate levels in unitary countries have no constitutional powers or responsibilities, and can only exercise the cabinet-level that the central government delegates, leaving greater scope for intervention by central governments. That said, decision-making power and responsibilities for public services by subnational governments vary widely across countries, and does not necessarily depend on a country’s constitutional background.

## ***2.2. The housing spectrum***

The housing spectrum refers to the full suite of housing tenures available – from homelessness to homeownership. Figure 1 provides a simple depiction of the main segments of the housing spectrum. On the right-hand side of the spectrum, these households are home owners, with or without a mortgage. The vast majority of households across OECD countries live in market based tenures as shown on the right-hand side of the housing spectrum. At the other end of the spectrum, a household is restricted to any available shelter or cover. Rather than seeing some tenure types as superior (generally homeownership) a country’s housing mix must instead be composed to meet the needs of their inhabitants.

**Figure 1. The housing spectrum**



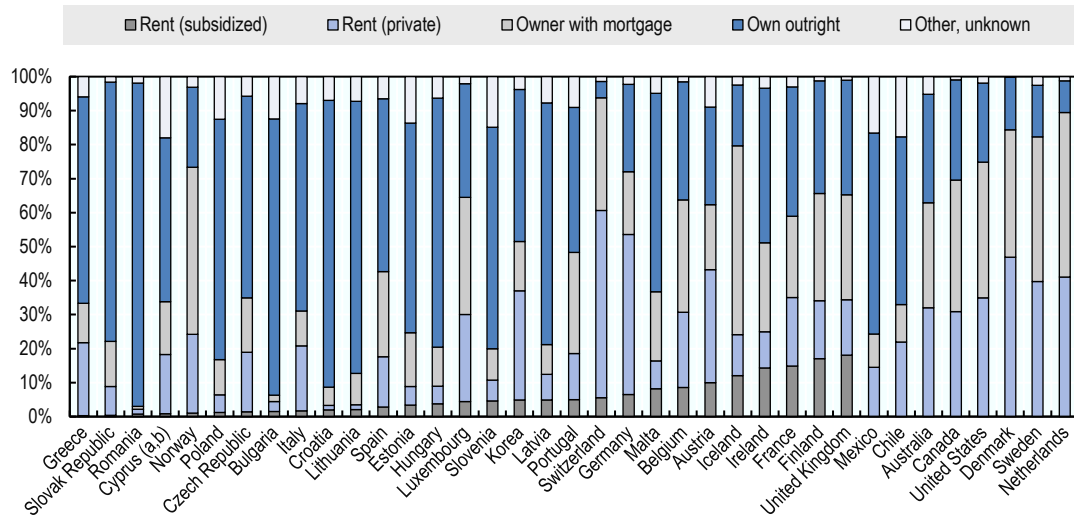
*Source:* Authors' depiction.

10. Different government policies will impact housing tenures differently. Further, different tenure types can broadly be associated with certain household characteristics. The housing spectrum provides a grid for the diverse range of government responses to housing challenges, for households across different tenure types and characteristics. The housing spectrum recognises that there is an interconnectedness between all housing tenures and housing policies – which needs to be considered when policy-makers develop programmes. The composition of tenure types, and therefore, how households are clustered along the housing spectrum will vary across countries. As such, each country must ensure their housing policies and incentive structures support or influence households on various parts of the spectrum in a way that is most effective for the housing market and society as a whole. The housing spectrum can also represent changes in housing needs and outcomes over an individual's lifetime. In most countries, the share of one-person households among private households (not including group accommodation such as nursing homes) rises with age (OECD, 2019c). Homeownership is often out of reach for young adults, with these individuals living with their parents or renting in the private market.

11. There is significant variation in the housing tenure mix across countries, as shown in Figure 2. Cross-country differences in aggregate homeownership rates are suggested to be due to differences in housing related policies and institutions (Andrews et al., 2011). Across countries where data is available, outright homeownership is highest in Romania, Croatia, Bulgaria and Lithuania, at over 80%, often partly due to mass privatisation to sitting tenants in Eastern European countries (Causa et al., 2019). In Switzerland, only around 5% of households own their home outright, with around 33% of households having mortgages. Iceland has the highest share of households who are owners with a mortgage, at around 56%. Based on the OECD Affordable Housing Database, the United Kingdom and Finland have the largest proportion of households in subsidised rental housing with Greece and the Slovak Republic having the lowest proportion of households living in these tenure types (noting the data limitation noted below Figure 2).

**Figure 2. Housing tenure distribution**

Share of households in different housing types (%), 2018 or latest year available



*Note:* Tenants renting at subsidized rent are lumped together with tenants renting at private rent in Australia, Canada, Chile, Denmark, Mexico, the Netherlands and the United States, and are not capturing the full extent of coverage in Sweden due to data limitations.

*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.

*Source:* OECD Affordable Housing Database (Figure 1.3.1).

12. Cross-country differences in tenure mix also reflect differences in socio-demographic characteristics. For example, in the vast majority of countries, households composed of retirement age members and larger households are more likely to be owners while households composed of younger members and single-person households are more likely to rent (Causa et al., 2019). Living arrangements of youth vary widely, however on average across the OECD, 59% of young adults (aged 15 to 29) live with their parents (OECD, 2019c). Young people are less likely to live on their own (between 1% or less in the Slovak Republic and Ireland and 33% in Norway), except for in the Nordic countries, the Netherlands, and to a slight extent Estonia and Korea (OECD, 2019c). Further, in OECD countries, the probability of homeownership rises significantly between 25 and 44 years of age and generally peaks in the 55 to 64 age bracket (Andrews et al., 2011). When young people move out of their parents’ home, they frequently share dwellings before setting up their own home and starting a family. When children leave home, elderly parents often downsize (OECD, 2019c).

### 2.3. Measures of housing affordability

Housing affordability is usually measured as the ratio of the expenditure on housing, with regards to mortgage repayments, rental expenses or house prices, to the income of the household. A number of housing affordability measures exist and vary by tenure type. Households on nearly any segment of the housing spectrum may face housing affordability

challenges – renters or homeowners, consumers of the private, public or non-profit sectors. Households that own their homes outright, for example, may be overburdened by the costs associated with paying utilities or funding the maintenance of their dwelling.

13. One measure of housing stress is the overburden rate, which is defined as the share of households spending more than 40% of their disposable income on housing costs (mortgage or rent). In 15 OECD countries, more than two out of five low-income owners with a mortgage spent over 40% of their disposable income on housing in 2016, and in 13 OECD countries for private rental households (OECD, 2020). While the share of spending on housing has increased for all households over the past decade, low-income households have seen the most significant rise. On average across OECD countries for which data are available<sup>2</sup>, the share of housing costs in household budgets increased by more than 9 percentage points among those in the bottom quintile between 2005-2015, compared with an increase of around 5 percentage points for middle-income households and 3 percentage points for high-income households (OECD, 2020). One other measure of housing affordability is the 30:40 rule; a household is defined as being in housing stress when it pays more than 30% of its gross income in housing costs and its income is amongst the lowest 40% of all households (AHURI, 2004).

14. Measuring housing affordability using a single, income-driven, parameter does not account for the quality and suitability of housing. A number of metrics exist for quality, including the living space available to the household (generally using the number of bedrooms to measure overcrowding), the provision of electricity, heating, water supply, indoor toilets and cooking facilities, indoor air and noise quality, and mould exposure. Living in overcrowded or poor-quality housing has a negative impact on individuals' mental and physical health, and child development (Krieger and Higgins, 2002; Freidman, 2010). Moreover, housing design and whether a dwelling is suitable for its inhabitants is critical. Examples include whether housing is suitable for disabled and older people, to accommodate different cultural practices, or its location in comparison to family or their community (Rowley and Ong, 2012). Housing that is far from employment, social and education opportunities can also increase indirect costs, like transport costs or child care (if households are forced to live far from family that could help care for infants). These costs are often not factored into the measures of affordability described above. Broader information on the economic and social context of housing policy is provided in Box 1.

#### ***2.4. The definition of 'social housing'***

15. Social (subsidised) housing is defined by the OECD broadly as residential rental accommodation at sub-market prices that is allocated according to specific rules. Governments may support social housing through measures to support the provision, construction, and/or allocation of social (subsidised) housing. Social housing is much more likely to be provided through rental dwellings, but social housing homeownership also exists.

---

<sup>2</sup>. Austria, Belgium, Czech Republic, Germany, Finland, Greece, Hungary, Ireland, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain and Turkey.

### **Box 1. Housing policy in an economic and social context**

Housing is a vital ingredient in a country's economic infrastructure. Inefficient housing markets and policies can have widespread and lasting impacts on economic and social metrics. The provision of appropriate, affordable, safe, secure, sustainable and well-located housing can have enduring positive impacts on economic growth, poverty, labour participation and social mobility. Empirical studies show poverty levels are higher once housing costs are taken into account, with strong regional variations in the difference between levels before and after housing costs (Crisp et al., 2016). Affordable housing also has multiple links to aspects of economic and social well-being including education, health, crime and life satisfaction (Mueller and Tighe, 2007; Gopalan and Venkataraman, 2015; Rohe and Stegman, 1994; Horner, 2009). The improved social, economic and health outcomes of citizens with access to good housing benefits government budgets.

The construction of and investment in housing, as well as housing consumption, significantly contribute to economic growth and employment. Housing is an important element of wealth creation, the largest asset of most households, but one of the biggest expenditure items. Homeownership is a factor associated with perceived financial independence for young adults and is generally associated with increased wealth, security and financial independence among the aged. Causa et al. (2019) found that homeowners have significantly higher levels of net wealth than tenants across the European countries analysed. On average, the median net wealth of homeowners is almost 40 times than that of renters.

Governments need to ensure that housing, transport, public services and other infrastructure is planned and constructed in a co-ordinated manner in order to produce the communities and neighbourhoods that meet housing and social demands, and ensure that housing is inclusive and effective. A shortage of affordable housing near businesses affects access to employment opportunities and the functioning of the labour market, which exacerbates social inequalities and poverty. It can reduce the capacity for firms to access deep and skilled labour pools, which constrains the effective operation of labour markets (Gurran et al., 2015; OECD, 2011). Modern economies are highly urbanised with cities as hubs of specialisation, productivity and consumption, but will only welcome households who can afford to live or travel there. Poor spatial planning can also increase travel time, congestion and air pollution. Efficient, climate-compatible housing policies, including those targeting energy use, urban sprawl and pollutant emissions, can help create cities and communities that are sustainable.

16. The definition of social housing can differ slightly across countries. In Lithuania, social housing is a dwelling owned by the municipality and included in the list of social housing approved by the municipal council. In Denmark, social housing is constructed and run by social housing organisations. The term social housing is a collective designation for three different types of housing; social family dwellings, social dwellings for the elderly and social dwellings for young persons. The basis of the social housing sector in Denmark is that no one profits from the rent and dwellings are built by public means. That implies the social housing sector is free of speculation and the rent is cost-based. Estonia has no official definition of social housing but considers social housing as dwellings rented to individuals with a need of social services (*e.g.* dwellings adjusted for wheelchair access to accommodate handicapped people, for individuals experiencing a mental illness and for the elderly).

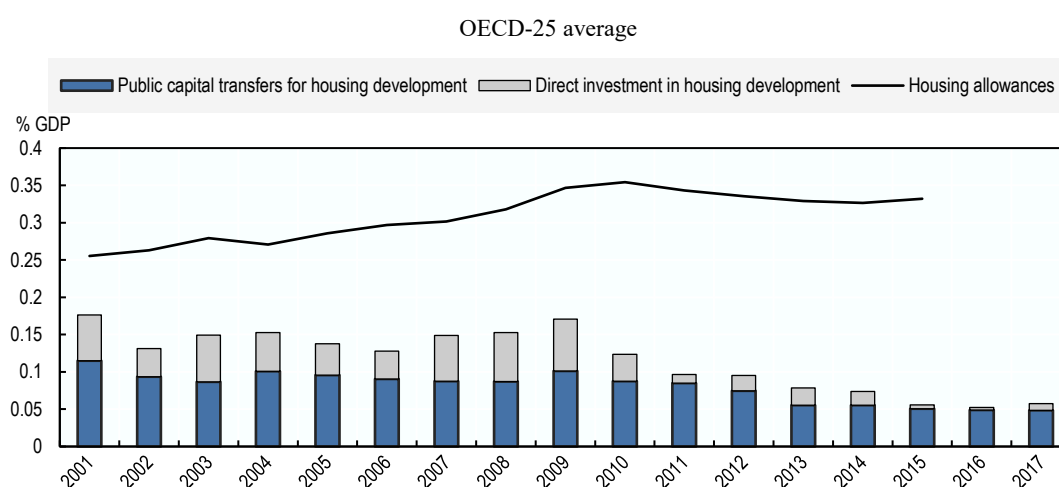
### 3. Dissecting intergovernmental frameworks of housing policy

#### 3.1. Affordable housing

##### 3.1.1. Trends in public spending on housing and community amenities

17. Public investment (public capital expenditure) in dwellings has decreased across the OECD (Figure 3). Since the early 2000s, government spending on capital transfers and gross capital formation for housing development has halved since 2010 to about 0.06% of GDP across the OECD on average, with a large decline in direct investment in dwellings.

**Figure 3. Public investment in dwellings**



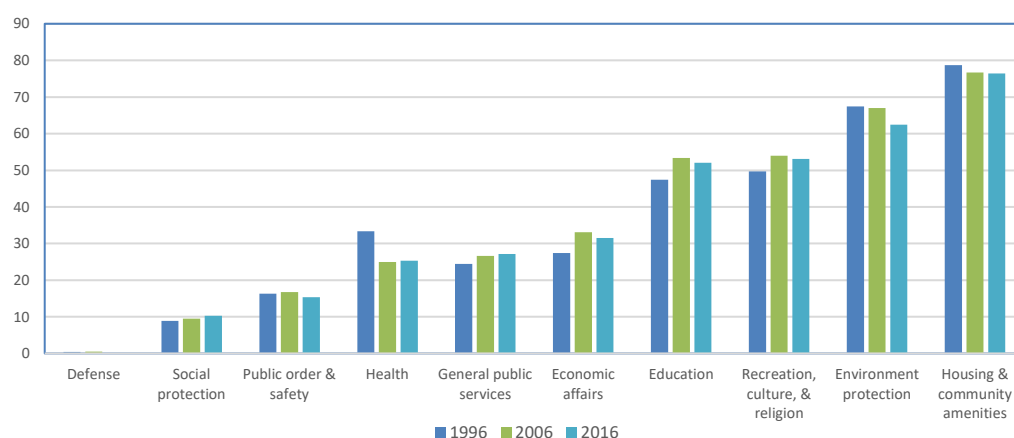
*Note:* The OECD-25 average is the unweighted average across the 25 OECD countries with capital transfer and gross capital formation data available for all years between 2001 and 2017. It excludes Australia, Canada, Chile, Iceland, Israel, Japan, Korea, the Netherlands, New Zealand, Turkey and the United 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.

18. The breakdown of sub-national expenditure by economic function using the Classification of Functions of Government (COFOG) provides a measure of the role of sub-national governments across different policy areas. Education represents the largest sector in overall sub-national expenditure (25% of sub-national government expenditure on average in the 32 OECD countries where data were available in 2016). Health is the second-highest budget item, accounting for 18% of sub-national expenditure. Spending on housing and community amenities accounts for less than 3% of sub-national expenditure and 0.4% of GDP in the OECD on average (OECD, 2018b). Housing and community amenities includes the supply of potable water, public lighting, urban heating, housing (construction, renovation and acquisition of land) and urban planning and facilities. The distribution of sub-national expenditure across these sub-groups varies greatly across those countries where data is available. Local government housing expenditure as a proportion of local expenditure on housing and community amenities is 46% in Portugal, 37% in Ireland, 29% in Estonia and 9% in Lithuania (IMF, 2016).

19. When examining sub-national expenditure as a proportion of total general government expenditure, housing and community amenities is the most decentralised economic function (Figure 4). Since 1996, there has been a slight decline in proportional sub-national expenditure on housing and community amenities, as was also the case for health and public order and safety. In most OECD countries, municipalities manage waste collection, local infrastructure, transportation, water, local urban planning, culture, sporting, local economic development, housing and local public administration (OECD/UCLG, 2016h). While financial expenditure shares do provide some measure of decentralisation, they often do not reflect sub-national spending power accurately, as sub-central spending can be highly regulated or otherwise influenced by the central government.

**Figure 4. Share of expenditure by sub-national governments by sector**



*Note:* COFOG classifies government expenditure data from the System of National Accounts by the purpose for which the funds are used. First-level COFOG splits expenditure data into ten “functional” groups or spending sub-sectors. Data are based on average of 31 countries. Calculations are based on the average of countries with available data for all years, using the sectoral share in general government expenditure.

*Source:* OECD National Accounts COFOG database.

### 3.1.2. The co-ordination of governments

20. Given responsibilities in the housing sector are often shared or overlapping across levels of government it is important to ensure governance and institutional structures are in place that facilitate the co-ordination of housing, and the inclusion and access of certain groups. Effective institutions are a necessary condition for the implementation of effective housing policies. Strong institutions will promote the efficient functioning of the housing market, encourage innovation, and provide the stability and confidence required to support long-term policies (MacLennan et al., 2019).

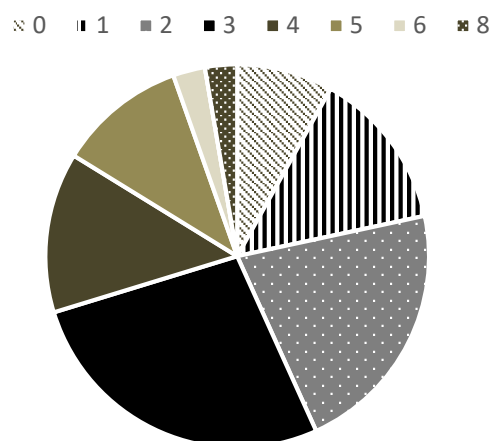
21. Administrative fragmentation can impede the co-ordination of multiple governments. Ahrend et al. (2014), for instance, estimate agglomeration benefits based on city productivity differentials across five OECD countries (Germany, Mexico, Spain, the United Kingdom and the United States), and find that cities with fragmented governance structures tend to have lower levels of productivity. For a given population size, a metropolitan area with twice the number of municipalities is associated with around 6% lower productivity, an effect that is reduced by almost half by the existence of a governance body at the metropolitan level. A lack of co-ordination across numerous actors can contribute to some groups falling through the cracks of public support (Dewilde et al., 2016). This is especially important when thinking about the housing spectrum, and how various authorities within the housing system are often responsible for different, but interlinking



tenures. Housing policies or objectives that are implemented by different government levels should be co-ordinated in their incentives, or at least not directly contradictory.

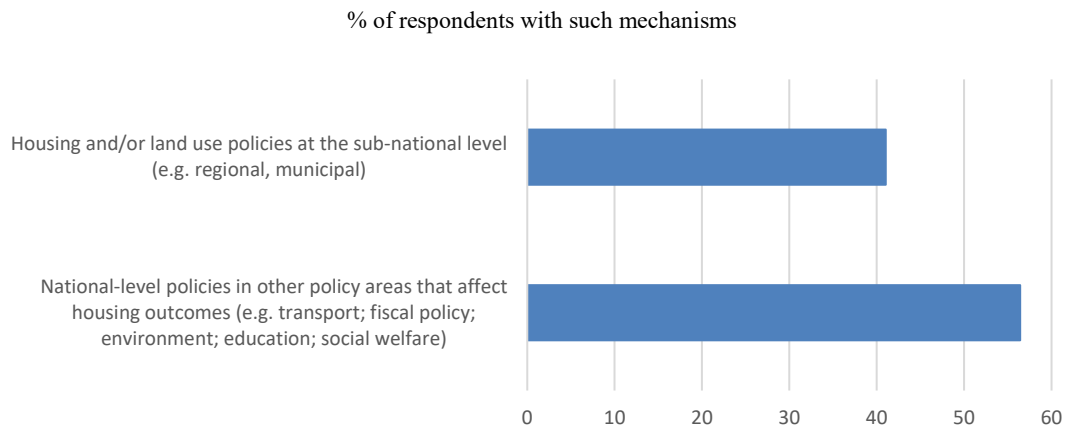
22. Housing policymaking is distributed across ministries, with different aspects of housing policy under the responsibility of diverse offices. Some OECD countries have a dedicated housing ministry while other countries do not have a single lead ministry (Figure 5). On average, three ministries are directly involved in housing policymaking across the countries surveyed. In Greece, there is no lead ministry and in Australia, responsibility is shared across the national government, state and territory, and local governments. Sweden shares housing responsibilities across a number of national ministries including the Ministry of Finance, the Ministry of Justice (most housing and real estate related legislation), and the Ministry of Health and Social Affairs (housing benefits, homelessness, housing for the elderly). There are advantages and disadvantages of both. A single lead ministry with housing responsibility would allow for synergies and easy co-ordination between relevant policy areas. However, given the wide-ranging impact of the housing system, it would be difficult for one ministry to be responsible for all direct and indirect housing outcomes.

**Figure 5. Approximate number of federal ministries involved in housing policymaking across countries surveyed**



23. Figure 6 below shows the proportion of respondents that have co-ordination mechanisms in place to ensure that housing objectives are aligned with related policy areas across governments. Over 50% of respondents have co-ordination mechanisms to account for national-level policies in other policy areas that affect housing outcomes.

**Figure 6. Co-ordination mechanisms to align housing objectives across governments**



*Note:* This figure relates to the survey question: “Does your country have any co-ordination mechanisms in place to ensure that housing objectives are aligned with related policy areas at the following levels?”  
Source: OECD Affordable Housing Database.

24. Romania uses inter-ministerial mechanisms like working groups that have been agreed by the ministries involved, which enable experts within different ministries to consult and co-ordinate on policies in order to address possible inconsistencies between sectoral perspectives. In Costa Rica, the national government is structured in different strategic areas and rectories, one of which is the Rectory of Land-use Management and Human Settlements, composed of various public institutions. Colombia established the Superior Housing Council, an advisory body to the national government, which includes ministries and the private sector (construction firms, banks and worker representatives) in all aspects related to housing. In Switzerland, the Federal Council mandated the Federal Department of Economic Affairs, Education and Research to initiate a housing policy dialogue with those cantons and cities facing tense housing markets. The aim of the dialogue is to exchange views on the regional housing market situation and measures introduced, and to examine whether and at what level there is a need for additional action.

25. The New Zealand government established the Ministry of Housing and Urban Development (HUD) recently. It covers the housing responsibilities that were previously spread over three departments. HUD works to deliver more public housing, transitional housing, and services to tackle homelessness in New Zealand. The Ministry also monitors community housing providers and partners with Housing New Zealand, developers, social services, councils and other agencies. Further information on New Zealand is contained in Annex C.

26. In Canada, ministers responsible for housing endorsed a multilateral Housing Partnership Framework, which provides a shared vision for housing and sets the foundation for bilateral agreements on the delivery of key housing initiatives. Provinces and territories deliver and cost-match federal funds from the National Housing Strategy through bilateral agreements. Further information on Canada is contained in Annex A.

27. In Poland, the central government provides policies, strategies, programmes and housing support measures at the national level. Responsibility for service delivery rests with the municipalities. This decentralisation began in 1990 along with the transfer of the state

housing stock to the municipalities. A Housing Council, chaired by the Prime Minister, was established in 2018 to formulate recommendations of legislative amendments, which will contribute to increasing the number of affordable apartments. Organisational support for the Council is provided by the Chancellery of the Prime Minister and a separate department, responsible for implementation of the housing policy of the Council of Ministers, will be established within the Chancellery of the Prime Minister. Further information on Poland is contained in Annex D.

28. Central and regional governments can be instrumental in ensuring a co-ordinated, holistic housing and transport strategy and help setting uniform social housing standards. It is important for national governments to provide an explicit national housing framework or strategy for sub-national actors to function in. Rode et al. (2017) found that transport and economic development policies are strongly integrated. However, links between land use and transport were weakest in higher-income countries and strongest in middle-income countries, suggesting that some middle-income countries are expanding public transport systems to deal with increasing congestion. Housing and transport are typically weakly linked, however, transport and land-use integration often creates a second-order integration – housing is integrated with transport because it is linked to land use planning rather than because it is directly considered. National or state governments often have policy responsibility for large-scale transport infrastructure, spatial planning, welfare policies and environmental standards. Many national governments across OECD countries are developing or have developed overarching structures to co-ordinate housing, transport, economic and other urban policies. Governments must ensure these plans are based on collaboration across levels of government, the private sector, civil society and other stakeholders.

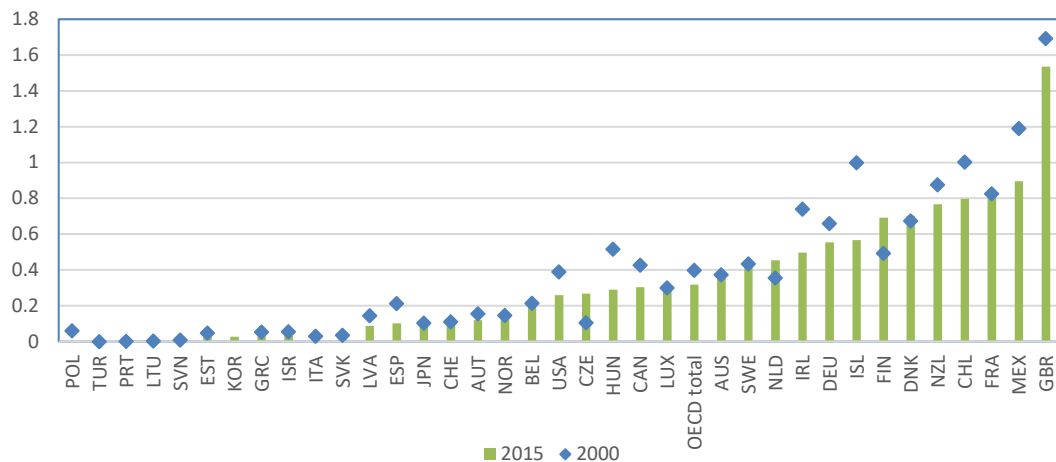
## **3.2. Social housing**

### *3.2.1. Social housing expenditure across levels of government*

29. COFOG II further divides the ten expenditure functions into 69 sub-functions. The second level of COFOG is particularly important for public finance analysis, as it allows for the breakdown of social protection into different programme areas. The COFOG I social protection category includes the sub-category housing social protection spending, which includes expenditure on housing assistance and other benefits in kind. Unfortunately, sub-national government expenditure for second-level COFOG categories rarely exists. Instead, public social expenditure on rent subsidies as a proportion of GDP is shown in Figure 7 (see the explanatory note), which indicates that on average across the OECD, countries spend around 0.3% of GDP on rent subsidies.

**Figure 7. Public social expenditure on housing**

In per cent of GDP



*Note:* Figure reflects public social protection spending on housing as recorded in the OECD Social Expenditure Database (SOCX). Spending items recorded under this heading in SOCX include direct public subsidies to tenants (in some countries, e.g., Norway, homeowners living in their house) ‘earmarked’ for support with the cost of housing. Other forms of housing support such as mortgage relief, capital subsidies towards construction and implicit subsidies towards accommodation costs housing can be of a social nature, particularly when such accommodation directly benefits low-income households. However, there is no cross-national agreement on a methodology on coverage and measurement of such support, so that at present, such housing support is not included in SOCX (OECD, 2019a).

*Source:* OECD Social Expenditure database.

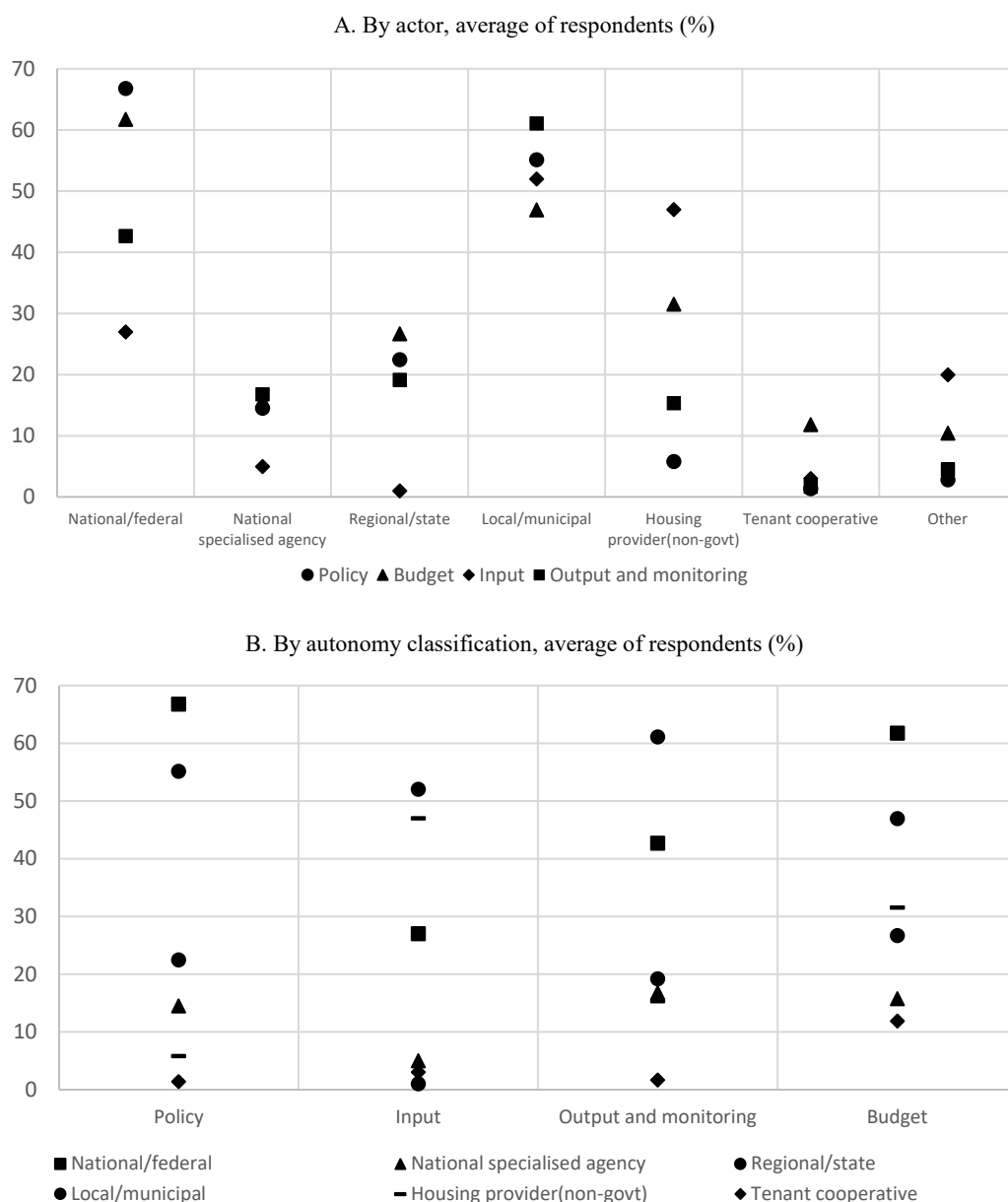
### 3.2.2. The distribution of social housing responsibilities across levels of government

30. Intergovernmental frameworks are shaped by historical, legal and cultural roots, which can often reflect historical administrative boundaries and sectoral divisions, and can result in a categorisation of responsibilities that aren’t always based on rational decisions (Rode et al., 2017). This is especially prevalent for service provision involving long-lived infrastructure like social housing. As such, the structure and roles played by different levels of government regarding social housing varies across countries. In Chile, the central government is solely responsible for all aspects of service delivery in housing development. In Canada, many aspects of social housing development are at the discretion of sub-national governments.

31. Because sub-national governments are embedded in national legislative frameworks shared competences amongst levels of government exist. This may arise from explicit legislation or through residual policy. The need for sharing competencies may arise for functional or financing reasons—as is common between municipal and regional tiers around issues of transport, infrastructure, environment and social services (see Box 2). Housing responsibilities are typically held by multiple levels of government. In the majority of countries, the governance of the housing sector is shared between national and local governments, with national governments having a slightly larger role regarding overall policy priorities, while local governments are generally responsible for the implementation of social housing programmes, the allocation of social housing, sustainable urban development and spatial planning. As shown in Figure 8, local governments take on more responsibility for the output decisions and infrastructure financing of social housing provision (see Panel A). While local authorities still have a lot of responsibility for social housing policy decisions, national governments on average are more likely to be responsible

for deciding on policy metrics. When averaging across respondents, social housing autonomy is most likely be assigned to central decision makers, with 57% of decision making the responsibility of national governments. Local governments also play an incredibly important role – on average they are responsible for 53% of decision making in the social housing sector, while autonomy for regions (25%) and providers (29%) is lower.

**Figure 8. The categorisation of social housing responsibilities across actors**



Source: OECD Fiscal Decentralisation database.

32. When looking at the QuASH spending power indicators (Figure 8, Panel B), output, monitoring and input decisions are more likely to be devolved to lower level actors, than policy decisions. This is consistent with the findings in Dougherty and Phillips (2019) who

examined spending power across five key policy areas – education, long-term care, transport services, social housing and health care (Box 2) and found that input and budgeting decisions are more likely to be decentralised. As shown in Table 2, policy decisions have a spending power index of 2.5, compared to input decisions which have a spending power indicator of 3.7. While indicator values are scaled between 0 and 10, the ordinal ratings are arbitrary. There is also a large difference between the indicators for OECD and non-OECD countries. However, the sample of non-OECD countries is small, with a number of these countries providing partial responses to certain sections of the 2019 QuASH.

**Table 2. Average spending power indicators for social housing, by sub-category**

<i>Sub-category</i>	<i>Spending power indicator</i>				
	<i>Total</i>	<i>Federal</i>	<i>Unitary</i>	<i>OECD</i>	<i>Non-OECD</i>
<i>Policy</i>	2.5	3.1	2.4	2.7	1.6
<i>Budget</i>	3.2	4.0	3.0	3.6	1.5
<i>Input</i>	3.7	5.3	3.2	4.0	2.1
<i>Output and monitoring</i>	3.5	4.2	3.3	3.8	1.8
<i>High-level</i>	3.2	4.1	3.0	3.5	1.8

*Note:* Average across responding countries.

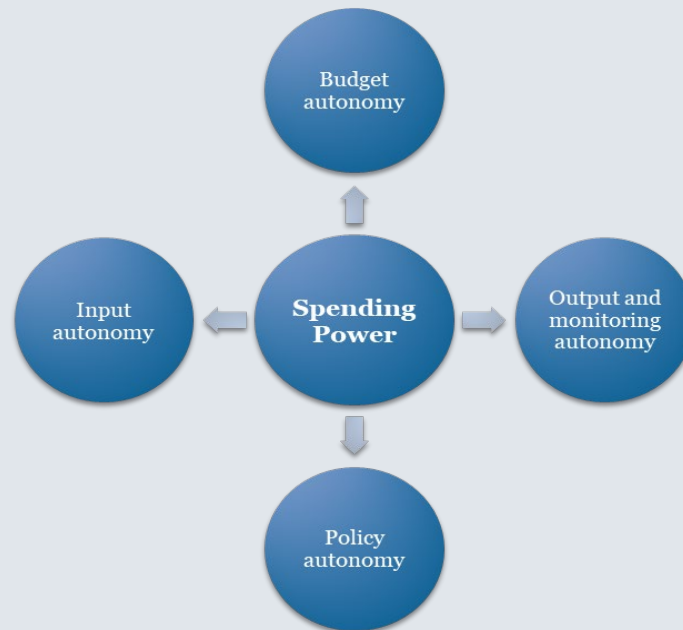
## **Box 2. The conceptualisation and categorisation of ‘spending power’**

Spending power is defined as the ability of a sub-national government to control and influence its own expenditure. Unlike expenditure shares, the concept of spending power accounts for situations where sub-national governments are the mere “paying agent” for the central government, and where sub-national governments have little independence or decision-making authority in their supposed fields of responsibility (Dougherty and Phillips, 2019).

The four dimensions of spending autonomy are shown below in Figure 9. These dimensions cover:

- *Policy autonomy*: The extent to which sub-central decision-makers exert control over main policy objectives and main aspects of service delivery.
- *Budget autonomy*: The extent to which sub-central decision-makers exert control over the budget (*e.g.*, is budget autonomy limited by upper level regulation).
- *Input autonomy*: The extent to which sub-central decision-makers exert control over the civil service (personnel management, salaries) and other input-side aspects (*e.g.*, right to tender or contract out services).
- *Output and monitoring autonomy*: The extent to which sub-central decision-makers exert control over standards such as quality and quantity of services delivered and devices to monitor and evaluate standards, such as benchmarking.

**Figure 9. Classification of spending power**



*Source:* Dougherty and Phillips (2019).

In order to construct a composite indicator from individual survey questions, the country responses to each question are transformed into low level indicators (LLI) using the values shown in Table 3. Indicator values are scaled between 0 and 10, with a higher value associated with greater decentralisation. It should be noted that the role and relationships of housing providers differs across countries. The coding values are generalised where more decentralisation is based on the level of decentralisation from the national government rather than just a geographical base.

**Table 3. Coding values**

Level of decision maker	Indicator value
National/federal	0
National specialised agency	0
Regional/state	3
Local/municipal	7
Housing providers (non-government)	10
Tenant cooperative	10
Other	Not included

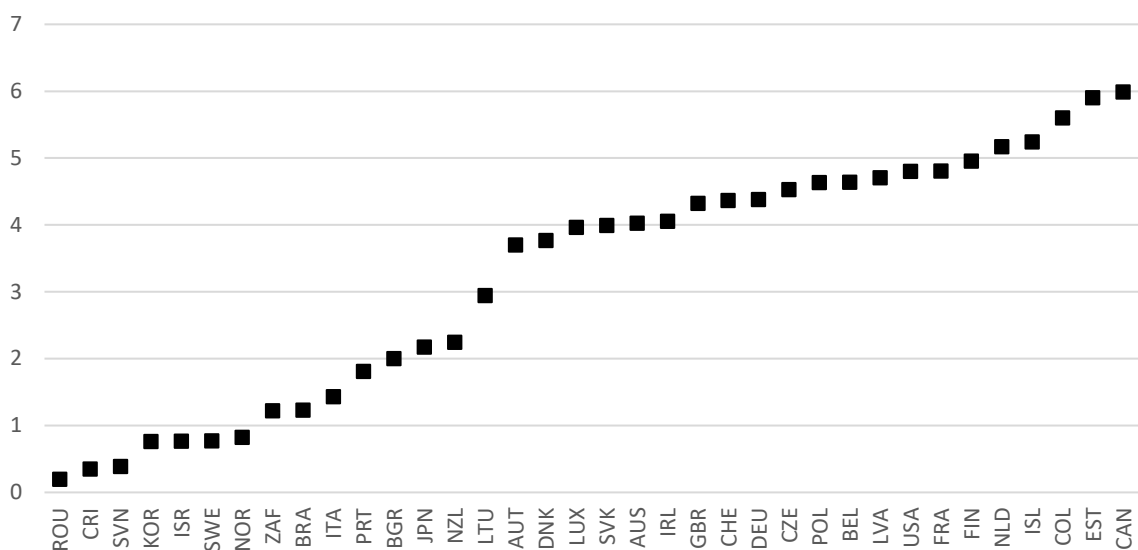


The average of each LLI is aggregated using the random-weights technique to form four medium level indicators (MLIs), which represent the four autonomy categories. Using random weights assumes complete uncertainty about the most appropriate value of each of the individual weights used to construct the sub-index and overall summary indicator. This technique uses 100 sets of randomly generated weights for each LLI and then adds these weighted LLIs to obtain the MLI, so 100 intermediate indicators for each sub-central level of government are calculated. The MLIs are aggregated to yield a single high-level indicator (HLI) portraying an overall picture of autonomy (Sutherland et al., 2006).

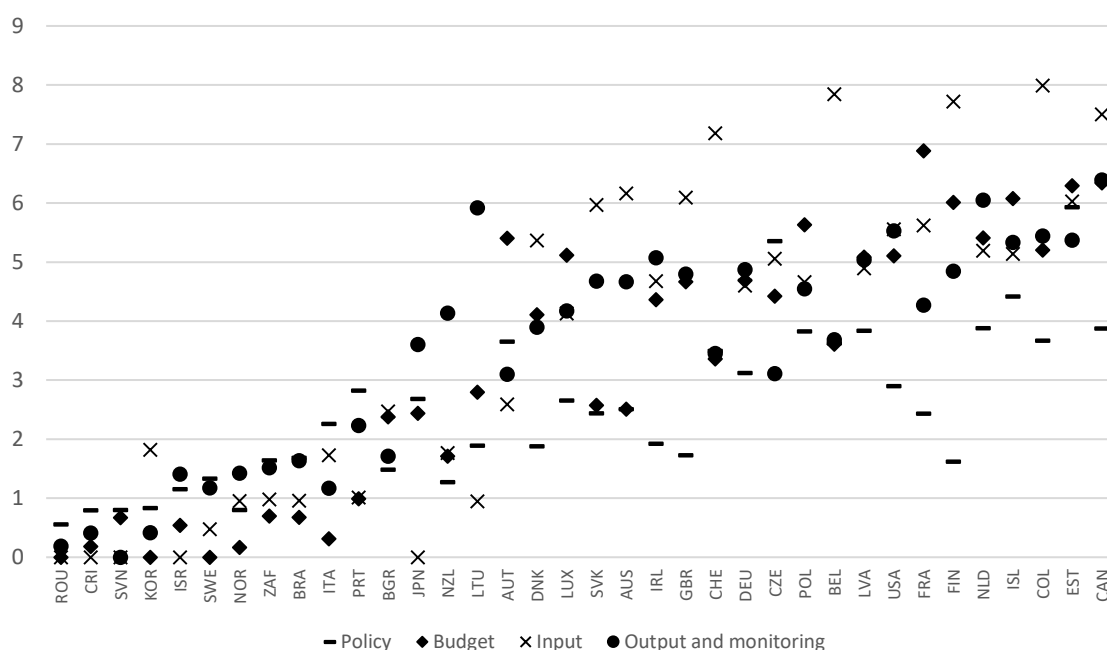
Note that some countries did not respond to the survey in full which results in the answered questions being proportionally more critical. Where spending power indicators are based on partial responses (see Figure 11), the results must be interpreted with caution. Kantorowicz and van Grieken (2020) found that the spending autonomy indicator positively correlates with other measures of autonomy of sub-central level governments, including the local autonomy index by Ladner et al. (2019) as well as constitutional spending power indicator by Blöchliger and Kantorowicz (2015).

33. Figure 10 shows the high level social housing spending power indicator across countries, and Figure 11 breaks down this overall indicator into the medium level indicators, by country. Countries with more decentralised sectors fall on the right-hand side of the charts. Social housing is on average most decentralised in Canada, Estonia, Colombia, Iceland and the Netherlands (Figure 10). Decision making is more devolved to lower-level actors in federal countries (spending power of 4.1), compared to unitary ones (3.0) in particular with regard to input decisions. The constitutional underpinning of countries does, however, not seem to affect the broad trend that policy decisions are more centrally determined, and output, monitoring and input decisions are more likely to be devolved.

**Figure 10. High level spending power indicators for social housing**



**Figure 11. Spending power indicators for social housing by sub-category**



*Note:* The response rate to the 2019 QuASH for the following countries in the following categories are low and the resulted should be interpreted with caution.

Policy: BRA, CRI, DEU, ITA, KOR, NOR, ROU, SVK, SWE, USA, ZAF

Budget: CZE, FIN, ITA, KOR, LTU, NZL, POL, ROU, SVK, SVN, SWE, USA, ZAF

Input: CZE, FIN, IRL, LTU, LUX, NOR, NZL, POL, ROU, SVK, SWE, USA, ZAF

Output and monitoring: BRA, CRI, CZE, FIN, ITA, KOR, LTU, NZL, POL, ROU, SVK, SVN, SWE, USA, ZAF.

### *3.2.3. Housing policy decision-making is shared between national and local governments*

34. Over the last three decades, many national governments have allowed local governments to assume a larger role in implementing housing policies (see Box 3). Nevertheless, national governments continue to play critical roles in setting the priorities of social housing policy, in around 83% of those countries surveyed, it was suggested that the national government takes on this responsibility. That said, the local government still plays a large role (45%) in social housing policy as compared to some other government services, like health and long-term care.

### **Box 3. The economic basis of decentralisation**

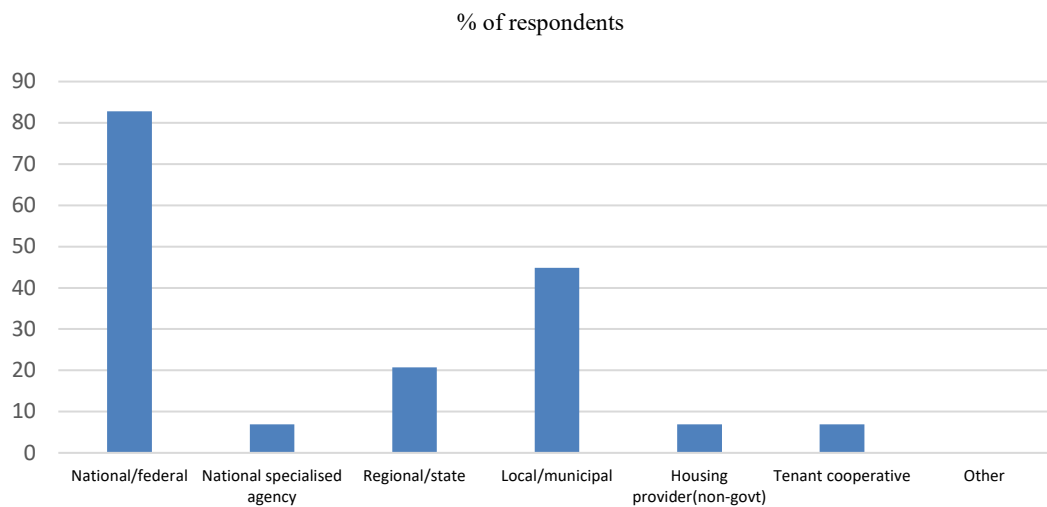
The link between decentralisation, public accountability and efficiency in service delivery is debated. Advocates argue that decentralisation promotes greater accountability and better services, while opponents raise concerns about local government technical capacity and economies of scale (Smoke, 2015; Kim and Dougherty, 2019).

From a theoretical perspective, decentralisation of spending and political responsibilities to sub-central governments can result in allocative efficiency gains. This rests on the idea of subsidiarity, where responsibility should lie with the lowest level of government that is capable of performing the function effectively. Many of the economic benefits of decentralisation stem from competition among sub-national governments. Revenue and expenditure decentralisation creates competition among regional governments for mobile, tax-paying citizens, which have an incentive to move to regions that offer services and taxes that match their preferences (Tiebout, 1956). Devolving the provision of local services to local government makes services more efficient because local officials are more politically accountable and need to compete to attract mobile factors. Regional governments benefit from their greater knowledge of local preferences and cost conditions, which a central agency is unlikely to possess (Oates, 1999).

The subsidiarity principle provides a lens to conceptualise how responsibilities should be devolved, that is, that public services should be devolved based on the geographical dimension of the service and the recipients. Defence and national transportation should therefore be national responsibilities, while local services like urban planning and waste management should be devolved to municipalities. For most countries, social housing is a local service that is the responsibility of local governments. That said, a sometimes-competing belief is that public services with significant economies of scale or where uniform provision is required should be centrally provided (Kim, 2020; Boadway and Eyraud, 2018). This suggests that the monitoring of social housing and the implementation of minimum safety and eligibility standards should be centrally imposed, or at least a shared responsibility with the central government.

The provision of other government services influences the effectiveness of social housing policies. For example, a lack of public transport options between home and work can exacerbate social isolation and reduce the number of labour market opportunities available to social housing tenants. A poor or imbalanced education or skills system can reduce employability and social mobility, ultimately leading to longer stays in poorer areas with poorer housing. Hence, it is important to ensure that policy functions are decentralised in a balanced way to allow sub-national governments to implement integrated policy packages and take complementarities across decentralised policies into account (Allain-Dupré, 2018), or alternatively, there is extensive co-ordination of policy across governments. Co-ordination is necessary to reap the full benefits of economies of scale and scope across functions (OECD/KIPF, 2018).

**Figure 12. Actors responsible for setting policy priorities for social housing**



35. Compared with other levels of government, local governments are more likely to directly interact with their citizens and businesses and implement localised policies that directly affect them. They are the major actor when deciding on the amount of social housing to be provided in their jurisdiction, the criteria for the approval of new housing developments, and decisions on the location of social housing (noting these are shared responsibilities). These policy metrics affect the ability of citizens to access these services and the geographical landscape of a jurisdictions social housing supply. Social exclusion or poor employment outcomes are more likely to occur if social housing applicants are allocated to properties with limited connectedness to labour market opportunities. As such, local government have powerful ways to positively impact on the housing outcomes of their residents and communities.

36. When inspecting the governance structure around a number of key social housing policy decisions, national and local governments both assumed a shared responsibility. National governments have more autonomy over setting standards for disability services, setting regulatory housing standards that are not related to land use or urban planning, and setting grant or subsidy amounts or loan concessions available to private developers to build additional social housing. Local governments are generally responsible for setting criteria for the approval of new housing developments, and monitoring compliance with regulations and standards related to land use or urban planning, for example building height, size and density. Deciding the levels and rates of property taxes on private residences, for example, transfer duties and land rates is an area of shared responsibility between the national and local governments.

#### *3.2.4. Local governments lack budgeting and tax autonomy*

37. Budgeting decisions with regards to any public service are multifaceted and include those about infrastructure, staffing costs, how to allocate a given budget across the various aspects of service delivery and how to raise the funds required to adequately support.

38. Sub-national actors have more control and responsibility for social housing budgeting decisions than policy decisions. Local governments are more likely to decide on infrastructure financing and contracting out, whereas housing providers generally have more

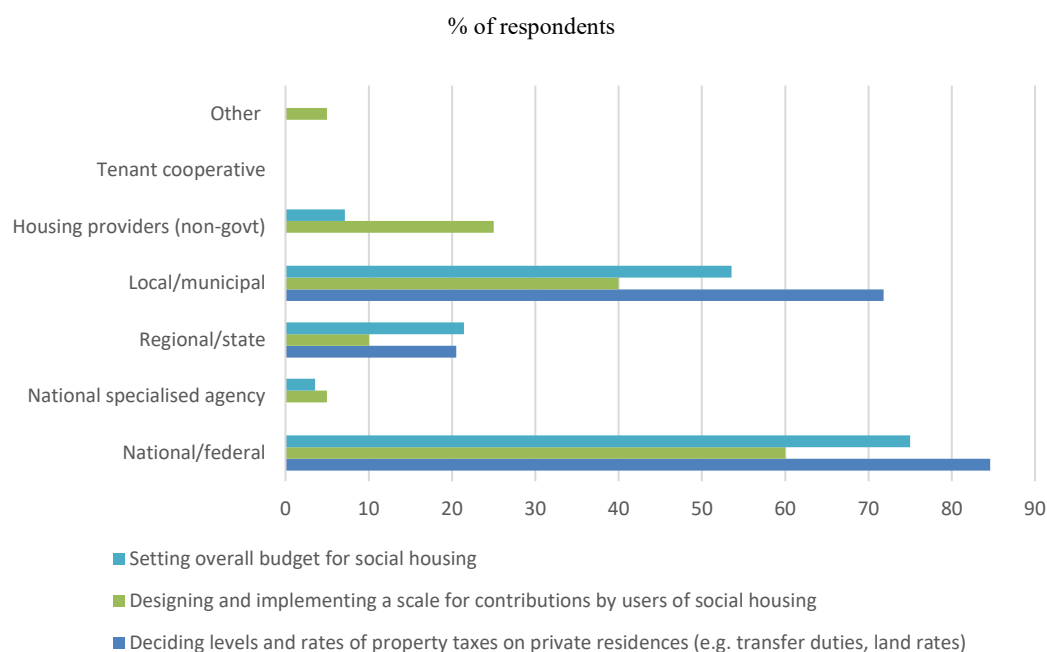
control over budgeting decisions relating to the compensation of staff. Deciding how funding is distributed amongst policy priorities (e.g. maintenance versus new housing stock) seems to be an area of shared decision making, with 59% of local governments, 56% of national governments and 26% of housing providers playing a role in this funding decision. Financing the construction of new social housing developments (excluding costs for construction workers) is a shared activity, where federal, state and local governments as well as housing providers provide funding for social housing developments. However local governments play the largest role with regards to financing the construction of new social housing developments (73%) and the maintenance of social housing developments (64%). When using the spending power indicator, France, Canada and Estonia devolve the most budgeting responsibilities with Norway, Costa Rica and Italy devolving the least.

39. Local governments also have a large amount of autonomy over decisions which impact social housing cost factors, and therefore, how much it costs for them to finance social housing. 79% of local governments across those countries surveyed decide on the location of social housing (compared to the next most important actor, with both housing providers and national governments at 28%) and 69% of local governments decide on the amount of social housing (compared to the next most important actor, national governments, at 45%).

40. That said, local governments could be given more autonomy with regard to some other ways to influence the cost burden associated with social housing and ways to raise revenue to finance social housing. In all OECD countries spending is more decentralised than revenues. Providing sub-national governments with sufficient revenue autonomy is a critical condition for expenditure containment efforts, and to allow local governments to make use of public resources that target local needs (IMF, 2014; Allain-Dupré, 2018). Decentralisation is thought to be less effective when local governments rely on transfers and grants rather than on own resources because the existence of grants lowers the accountability of local governments and does not respect the ‘benefit principle’ of taxation (Sacchi and Salotti, 2017).

41. National governments could also provide more influence or ensure they consult with sub-national actors on decisions like setting restrictions and decisions regarding the delivery of social housing services, deciding levels and rates of property taxes, or designing and implementing a scale for contributions by social housing user. Designing and implementing a scale for contributions by social housing tenants is more likely to be the responsibility of central governments, with 60% of central governments and 40% of local governments undertaking this role across the countries surveyed. Giving local governments more say for their revenue raising would reduce the mismatch between local governments being required to pay for social housing provision, and local governments being able to make decisions that impact the cost of the service.

**Figure 13. Actors responsible for budgeting decisions on social housing**



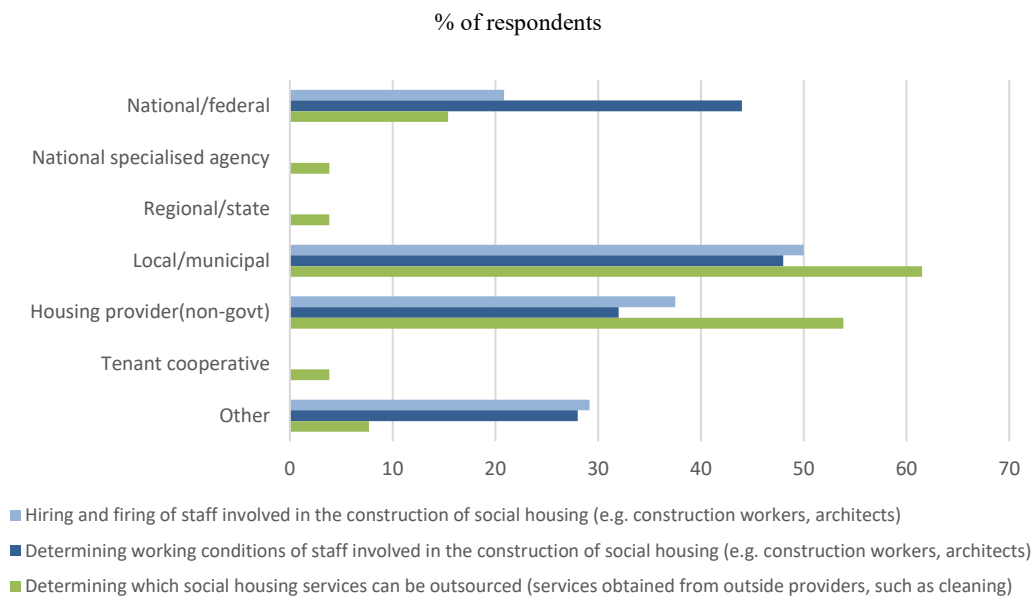
*Note:* The cumulative sum of the decisions made by relevant actors will exceed 100% due to multiple decision makers for the same housing responsibilities.

### 3.2.5. Implementation and monitoring are concentrated at the local level

42. Many of the input decisions associated with social housing are delegated to non-government housing providers and local governments. Input decisions for social housing are often with regards to the working conditions and payment of workers, for those involved in the construction or maintenance of social housing. One other important input decision is determining which services can be outsourced, which can indirectly impact service costs and quality. This is generally up to local governments and housing providers. Input and labour decisions are also related to budgeting decisions, which is reflected in the fact that the spending power indicators for budgeting and input are close, both around 2.5 on average across countries surveyed. When using the spending power indicator, Colombia, Belgium and Finland devolve the most budgeting responsibilities with Israel, Costa Rica and Romania devolving the least.

43. When comparing input responsibilities, national governments play the largest role determining working conditions of staff involved in the construction of social housing (e.g. construction workers, architects) (44% of those countries surveyed). But local governments still take on this responsibility in 48% of countries. Hiring and firing of staff involved in the up-keep of social housing and determining which social housing services can be outsourced are decisions made by non-government housing providers in 48% and 54% of the countries surveyed.

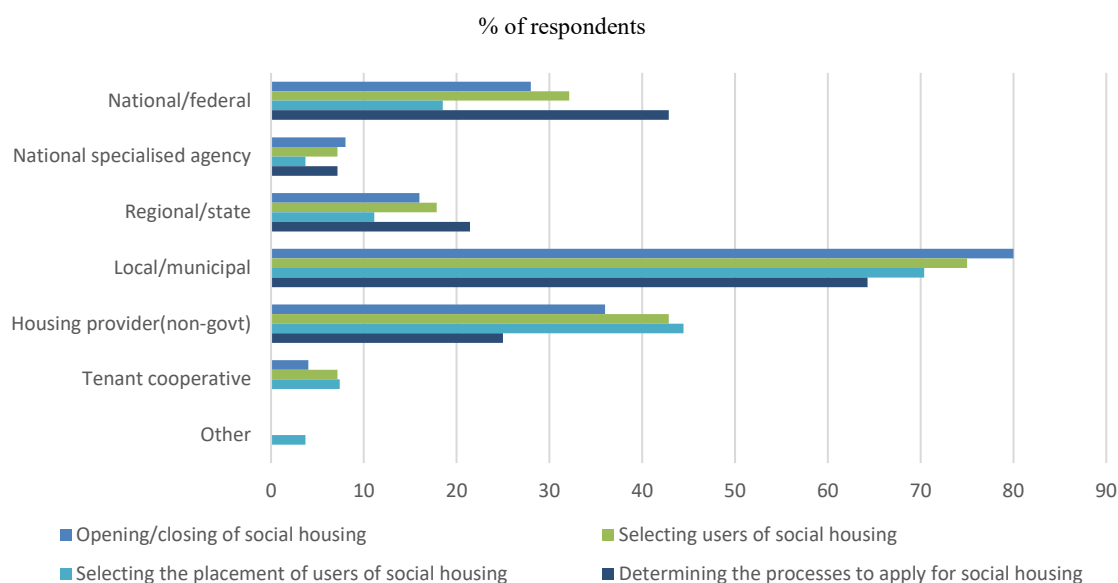
**Figure 14. Actors responsible for input decisions in social housing**



44. Most responsibilities concerning output and monitoring of social housing services sit with local governments. Across the countries surveyed, local governments are responsible for the following decisions in social housing: selecting users of social housing (75%); opening and closing of social housing (80%); designing welfare-enhancing services to meet the needs of social housing residents (68%); and selecting the placement of users of social housing across different housing developments (70%). Monitoring outcomes of social housing is often an area of shared responsibility, between national governments (64%), national specialised agencies (28%), state government (20%) and local governments (64%). That said, monitoring the quality of social housing and its compliance with regulations and standards is more often the responsibility of local governments, as compared to other actors. When using the spending power indicator, Canada, the Netherlands and Lithuania devolve the most budgeting responsibility while Costa Rica, Romania and Slovenia devolve the least.



**Figure 15. Actors responsible for output decisions in social housing**



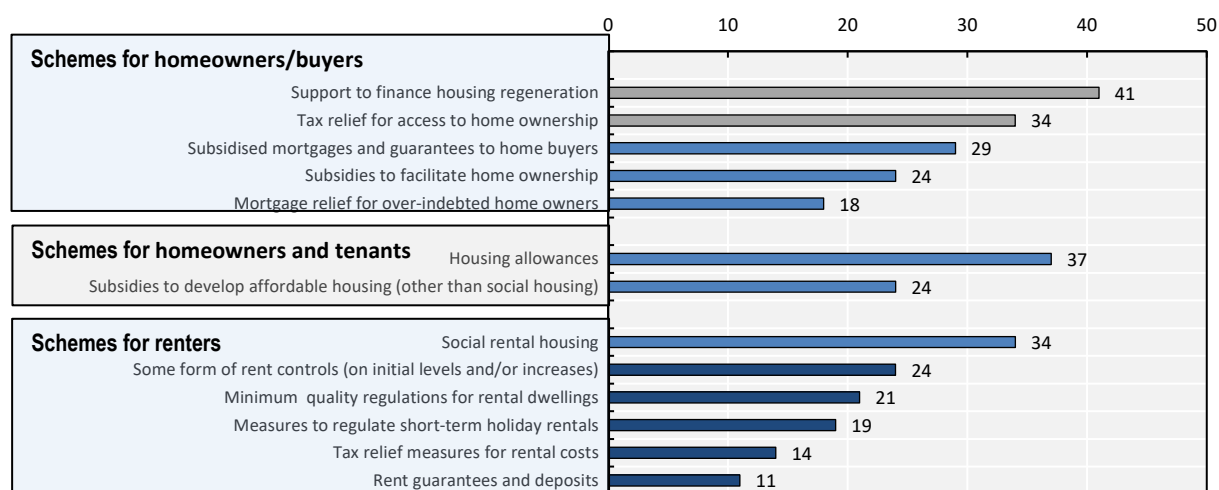
#### 4. Housing policy instruments

45. The housing market can suffer from market and policy failures, and unfavourable market outcomes. This can be due to imperfect information among agents, a lack of competition between suppliers, considerable housing externalities, or partial markets in the form of the under-provision of public goods. Housing markets will not efficiently price, supply and allocate homes when information that would generally allow for well-informed trades or responses do not exist (MacLennan et al., 2018). These shortfalls can manifest as poor housing outcomes including geographical immobility, homelessness and large swings in house prices. Governments often implement a mix of policy interventions to counter housing market failures and to enhance people's housing opportunities.

46. Public policies that affect the housing market, like well-designed rental regulations, building codes and land-use regulations can improve housing market outcomes. Similarly, economic goals including enhanced productivity, higher employment, and overall financial stability are threatened by poorly functioning housing markets (AHURI, 2015). Demand-side interventions include tax allowances and subsidies to facilitate the purchase of a home; various regulations aimed at influencing housing and rental prices, quality and the allocation of dwellings across certain population groups; or the provision of social housing to those in need. Interventions to influence the supply of housing are generally aimed at housing developers or sub-national governments, to stimulate housing construction. This section of the paper will examine these policy interventions using countries responses from the 2019 QuASH, supplemented with other research sources. Box 4 profiles indirect fiscal measures.

**Figure 16. Overview of housing policy instruments**

Number of reporting countries adopting each policy type



Source: OECD Affordable Housing database

#### Box 4. The effect of indirect fiscal measures on the housing market

The use of fiscal instruments like subsidies and taxes can have indirect impacts on land use, the housing stock and house prices. OECD (2017a) suggests that fiscal policies must be used more to incentivise spatial and land use planning.

Local governments often fund public services by levying local taxes, allowing them to set fiscal incentives to attract residents and firms and expand the tax base. In decentralised countries, local jurisdictions can often autonomously decide on the fiscal instruments and settings which households will react to (OECD, 2017b). It is often the case that housing and land use policies are implemented by multiple levels of government – this can lead to contradictory policy settings and therefore fail to achieve their objectives. Efforts are required to co-ordinate policies between sectors and levels of government (OECD, 2017b).

Property taxes are generally available to local governments and are one of the most efficient taxes when implemented correctly. When examining the impact of property taxes on land use, there are two competing effects. Firstly, since it taxes both land and capital, the tax makes it costlier for land developers to invest in land improvements, thus lowering the capital/land ratio. This view of property taxation suggests that part of the tax is shifted back to the factors of housing production, causing land developers to build lower buildings with less housing surface per unit of land. This results in lower density development, forcing the urban area to expand horizontally to accommodate its population. On the other hand, the property tax may simply be an excise tax on housing consumption. As the tax makes housing floor space more expensive, households will adjust their housing consumption downwards. This leads to smaller dwellings being occupied and – assuming the capital/land ratio is not affected – raises population density (Blöchliger, 2017).

#### **4.1. Property taxation**

47. Inefficient taxation of housing or housing-related income is one factor that can contribute to poor housing outcomes. Given that property taxation is mainly a state and local tax, it is vital to examine the impact of changes to property taxation through a comprehensive, national lens. Property taxation provides a close link between taxes paid and public services received, which makes the property tax more like a user fee for local services.

48. The taxation of property shows up not only in the “recurrent immovable property taxes” category of the OECD Revenue Statistics (Figure 17), but also in income taxes (*e.g.* tax on rent or imputed rent) or consumption taxes (*e.g.* value-added-taxes) (Blöchliger, 2015). A pure land tax is one of the least harmful to economic growth, and it can have desirable redistributive effects under certain conditions (Blöchliger, 2015). It is difficult to evade or avoid because the tax base is immobile, and is considered to be efficient because it results in less deadweight loss compared to other taxes (Slack and Bird, 2014). A shift from non-current property transaction taxes to recurrent property taxes spread across the holding period of the property can lead to efficiencies in the housing system. This is because transaction taxes can have ‘lock-in’ effects and reduce the number of housing transactions. Transaction taxes also encourage homeowners to renovate rather than relocate, which means investment is channelled into making existing housing larger rather than increasing the housing stock (Australian Government, 2009). Transaction taxes can also discourage homeowners from relocating or downsizing when their work and family circumstances would otherwise require them to move residence.

49. The tax treatment of owner-occupied housing is often favourable relative to other forms of investment, which can influence the price of the different housing goods for consumers, and impact consumption behaviour (OECD, 2018c). This is notably due to the fact that imputed rental income is generally not taxed, while mortgage interest is often deductible. Mortgage interest deductibility also tends to favour the better off, since the propensity to own a house rises with income (OECD, 2011). Not only are better-off taxpayers more likely to buy a house than their less well-off counterparts, but they are also more likely to buy more expensive houses and borrow more to finance their house purchases. As a result, the better-off are able to obtain the benefit of larger interest deductions. In addition to their propensity to borrow more to finance housing purchases, higher income earners also face higher marginal tax rates against which the interest expense can be deducted, and therefore receive a greater benefit from tax deductibility.

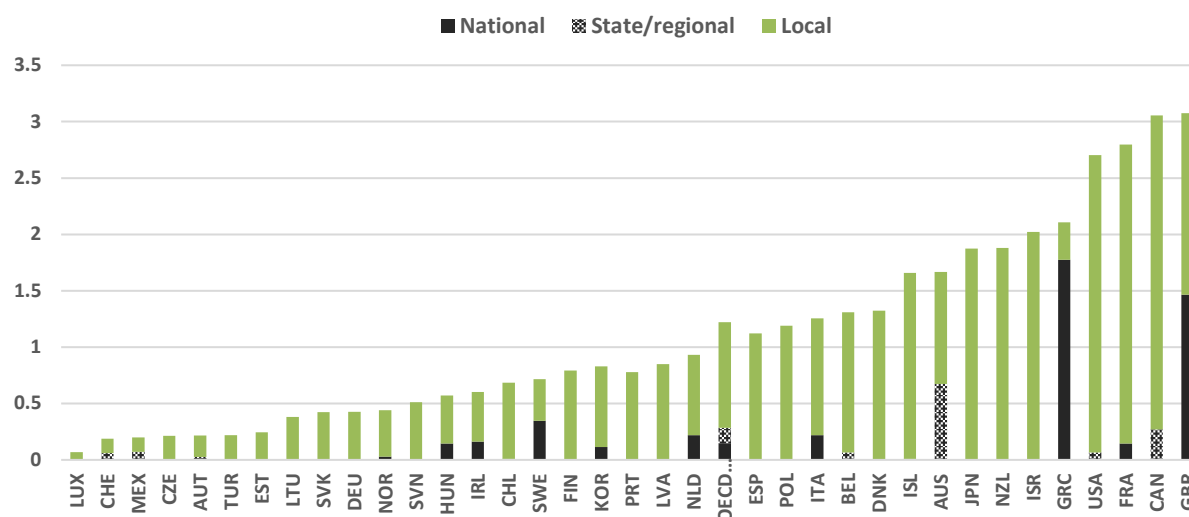
50. The tax on immovable property, especially when levied on households, is considered one of the most appropriate funding sources for local governments. However, the degree of efficiency of a property tax depends on design and the literature provides some country-specific nuances that should be considered when assessing housing-related taxes. Ozsoğut (2020) found that increasing tax autonomy between actors in the housing market can increase housing supply elasticities significantly, especially in very centralised countries. But this positive effect is present only up to a certain level. Cavalleri et al. (2019) found that effective taxation of housing is associated with less severe downturns, and countries with higher taxation experience smoother residential construction cycles. The findings are based on a cross-section of marginal effective tax rates on owner-occupied and rental investment property. A major political barrier to tax reform is the fiscal impact of revenue changes and distributional consequences for households, which have the potential to create political difficulties or mobilise stakeholder resistance (Eccleston et al., 2017). Property tax reform with the aim to increase the share of property taxation in the total tax take may require changes to the wider intergovernmental fiscal framework. Consideration

must be given to the aggregate effect of individual tax measures on each other, and central governments should develop and co-ordinate a coherent, national strategy for the governance of sub-national actors. Without flanking policies, an increase of property taxation may inadvertently lead to increases in both the share of sub-central government in general government taxation and the tax to GDP ratio. Therefore, any such reform will require political collaboration and intergovernmental co-ordination.

51. The size of the property tax take varies strongly across countries, both in terms of the percentage of total tax revenue and as a percentage of GDP. Across the OECD, taxation of immovable property makes up around 3.3% of the total tax take and around 1.1% of GDP. Countries with a high property tax-to-GDP ratio include the United Kingdom (3.1%), Canada (3.1%) and France (2.8%), while the ratio is almost nil in countries such as Luxembourg, Switzerland and Mexico. Between 1997 and 2017, Greece, Hungary and Belgium had the largest increases in immovable property taxes as a percentage of GDP, albeit from relatively low bases. The proportion of immovable property taxes as a percentage of GDP has, however, declined in a number of countries, including Sweden and Estonia.

**Figure 17. Recurrent taxes on immovable property**

% of GDP



Source: OECD Revenue Statistics database

52. Decisions on the levels and rates of property taxes on private residences including transfer duties and land rates is generally balanced between the national and local governments (Table 4). In Canada, the provincial and federal governments set general tax rates, including exemptions and grants for private housing developers within their jurisdictional responsibilities. Municipalities may also provide property tax exemptions or reduce developer fees to incentivise housing construction for local priorities.

**Table 4. Actors responsible for deciding on the levels and rates of property taxes on private residences by country**

<b>National/federal</b>	AUS, AUT, BEL, BGR, CHE, CRI, CZE, DEU, ESP, EST, FIN, FRA, GBR, GRC, IRL, ISL, ISR, JPN, ITA, KOR, LTU, LUX, LVA, NLD, NOR, POL, PRT, ROU, SVK, SWE, TUR, USA, ZAF
<b>National specialised agency</b>	None
<b>Regional/state</b>	AUS, BEL, CAN, CHE, DEU, ESP, JPN, NZL
<b>Local/municipal</b>	AUS, BEL, BGR, BRA, CAN, CHE, COL, CRI, CZE, DEU, DNK, ESP, EST, FIN, GBR, ISL, ISR, ITA, JPN, LTU, LUX, LVA, MEX, NLD, NOR, NZL, POL, SVK
<b>Housing providers (non-govt)</b>	None
<b>Tenant cooperative</b>	None
<b>Other</b>	None

Source: QuASH survey 2019.

### **Box 5. The not-for-profit sector in the social housing sector**

Differences in the size of the social rental sector are rooted in the history of social welfare systems across OECD countries. For many countries, social housing was originally created by company owners or philanthropists to meet housing demand from rapid population growth and urbanisation. The types of subsidies used to deliver housing and the extent to which social housing was seen as a form of welfare support varied considerably across countries (Scanlon et. al, 2014). Public initiatives typically took over after World War II and many countries began to devolve responsibilities to municipalities in the 1980s and 1990s. Many countries, except Denmark and France, also began encouraging the creation of a not-for-profit sector, in part by the central government and sometimes by the local government (Scanlon et al., 2014; Pittini and Laino, 2011). Finally, some countries have opted for increased involvement of for-profit providers in the provision of social housing in exchange for tax credits or favourable loan conditions (OECD, 2019c).

The private provision of social housing varies across countries. The not-for-profit housing sector provides or administers affordable and social housing with a focus on the outcomes of residents. These providers may also link with programmes for jobs, education, health and community services. While it is essential that they be able to cover their costs, the desire to maximise returns and to generate profits is absent. Beyond the provision of housing, the not-profit sector can also play an important role in assisting potential homeowners to access information on issues such as land-use regulations, legislative instruments, property rights and building codes, or providing services to communities who intend to co-ordinate the construction of housing (WEF, 2019).

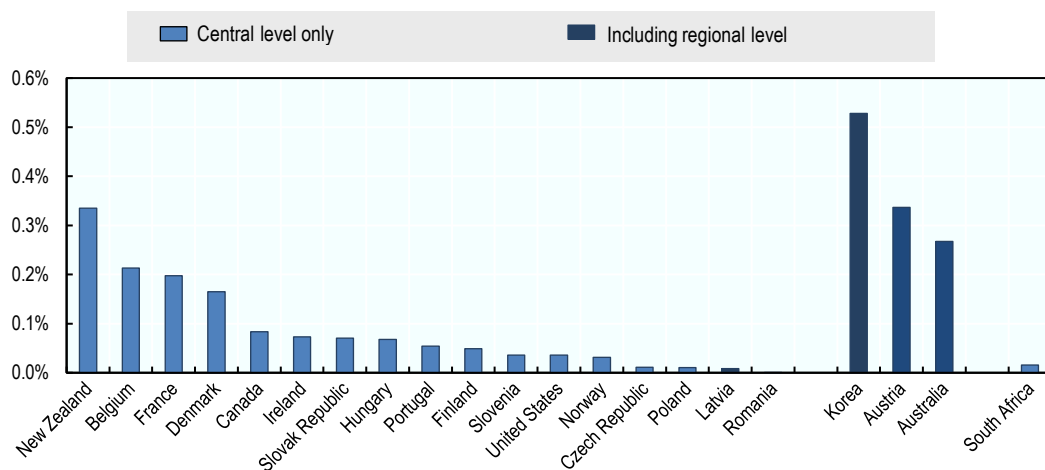
In Belgium, social rental and real estate agencies (SRAs) are non-profit housing institutions that lease dwellings on the private market in order to sublet them to vulnerable tenants. SRAs contact a private landlord and offer to lease their property, guarantee payment of rent and maintenance of the physical quality of the housing. SRAs negotiate rents and are able to offer lower than market rates because the landlord's revenue is guaranteed over a longer time period. In the Walloon Region a tax credit exists for landlords who spend money to renovate low-rent dwelling houses. SRA's receive a subsidy from some regional governments (Flemish, Brussels-Capital and Walloon Regions), generally to cover administrative and office expenses.

#### 4.2. Social housing provision

53. Most governments provide social rental housing directly or provide subsidies to non-government social rental housing providers, to provide housing to disadvantaged households and can redistribute income (OECD, 2011). Figure 18 shows the amount of government social rental housing support as a share of GDP. Social housing is often funded partly by the central government and supported by other private providers generally through the not-for-profit sector (see Box 5). Among countries for which only central level expenditure is provided, there is significant spending on social rental housing in New Zealand and France. Countries that provide data for the regional level exhibit higher total spending in line with the finding that spending responsibilities are shared across levels of government.

**Figure 18. Public spending on supporting social rental housing in selected OECD countries**

Government spending as percent of GDP, 2018 or latest year available



*Note:* Figures refer to available data only.

*Source:* OECD Affordable Housing Database (Figure 4.1.1).

54. The social housing stock is predominantly publicly-owned, directly by local governments or through municipal housing companies. In some countries, non-profit organisations or private owners also own an important part of social dwellings. In Lithuania and Poland, the local government owns and controls 100% and, respectively, 79% of the social housing stock. In some countries, including Belgium and the Netherlands, housing providers are the majority owners of social housing (Table 5).

**Table 5. Dominant owners and controllers of social housing**

Countries where the share of social housing owned and controlled by each type of provider is 30% or greater

National/federal government	National specialised agency	Regional/state government	Local/municipal government	Housing provider: Non-profit	Housing provider: For-profit	Tenant co-operative	Other
Israel (100%), Malta (100%)		Australia (76%)	Lithuania (100%), United States (100%), Ireland (80%), Poland (79%), Finland (60%), United Kingdom (38%)	Belgium (93%), the Netherlands (estimated at 76%), United Kingdom (62%), Luxembourg (60%), France (43%)	France (50%), Finland (39%)		

*Note:* Only the following countries completed this survey question in full – Australia, Belgium, Finland, United Kingdom, Israel, Lithuania, Luxembourg, Malta, the Netherlands, Poland and the United States.

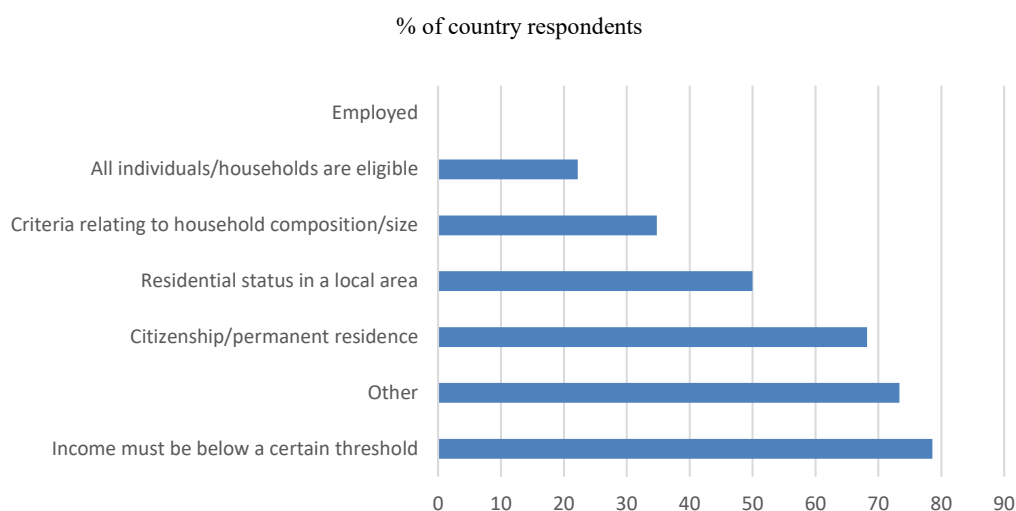
55. Ozsogut (2020) found that the share of the social rental housing stock as a percentage of total housing stock in a country is positively correlated with the relative size of the stock managed by lower levels of government. While there will be multiple factors, this correlation may be due to lower level governments being better able to consult with and identify the needs of their residents. Further, as local governments are likely to be responsible for many decisions that affect land use and planning, sub-national governments could more easily release land for social housing ventures. It should however be noted that more is not always better – a country's social housing stock should be built to ensure its housing tenure mix meets the needs of the population.

56. All social housing systems require some form of allocation framework. The eligibility and priority frameworks vary depending on what section of the housing spectrum the social housing system is targeting. In some countries, the system is designed to be an exit point for those individuals that are homeless while other systems target general affordability (Burke and Hulse, 2003). Some countries follow a universal approach where the entire population is provided with acceptable affordable housing with minimal eligibility criteria – this tends to be the case in societies which have a 'tenure neutral' policy strategy and large social housing systems (Boelhouwer 1992, 1999; Harloe 1994; McCrone and Stephens 1995; Oxley and Smith 1996). Across the countries surveyed, this is the case in Bulgaria, Denmark, Ireland, Finland, Luxembourg and Portugal (Figure 19). Alternatively, and more commonly, governments implement targeted eligibility systems, which are determined by the perceived need of the housing system and, more generally, the employment and income support system. Eligibility is based on certain characteristics, like low income and citizenship.

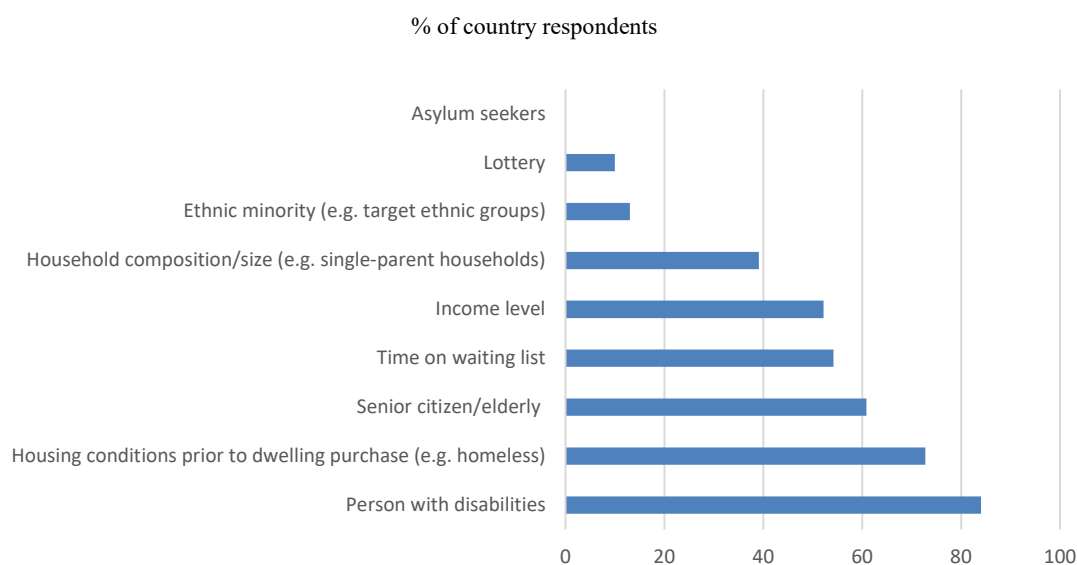
57. Many countries have implemented choice-based letting rather than an allocation based on housing registers or waiting lists. In the United Kingdom, available social housing properties are often advertised in newspapers and online, along with eligibility requirements such as income level and household size. Applicants who may have difficulties using choice-based letting are identified, and direct assistance to navigate the system offered to these households. Applicants are ranked against published selection criteria, such as waiting time, applicant age and the needs of the household (APC, 2017). Choice-based letting can be a more open and transparent allocation process and is associated with more stable accommodation (Marsh et al., 2004; Pawson and Watkins 2007).



**Figure 19. Criteria for eligibility for social rental housing**



**Figure 20. Criteria for priority allocation of social rental housing**



58. Estonia developed a programme called “The Second Residential Housing Development Programme of Tallinn City” which focuses on young families and workers in certain industries essential for the city like health, law enforcement and education. Social housing is prioritised by housing need, which is based on a number of factors including lower quality of their current living condition and the number of dependents.

59. In Australia, policies including eligibility criteria for social housing are the responsibility of regional governments. In the state of Queensland, eligibility criteria include an asset test, independent income test, and consideration of appropriateness of current housing. In the Australian Capital Territory, there is also an asset test, and applicants must not own any residential property. Prioritisation settings also differ by region. In New South Wales, senior citizens are a priority. In Western Australia, priority assistance is based on individual circumstances and no client cohort is treated as a priority by default. In

Queensland, a segmented Housing Register and wait turn system within the segments is used to allocate housing assistance. All approved applications are given a priority classification as determined by a Housing Needs Assessment. Offers of housing are made based on a priority system, with the applicants with the highest needs offered first.

60. The majority of social housing programmes are means-tested, though income thresholds may be more or less restrictive, depending on the country. Besides being unequitable, non means-tested homeownership policies can distort incentives with respect to other tenures (Salvi del Pero, et al., 2016). At the same time, ill-designed phasing out schemes of means-tested housing benefits can reduce job-seeking incentives for the unemployed, as benefit withdrawal increases the effective marginal income tax rate (Immervoll et al., 2008). Governments should target housing support to households with the greatest disadvantage. With regards to the provision of social housing, this may require more robust and continuous examination of the duration of tenants' stay in social dwellings, and their financial and social position. This is especially important in the context of scarce public resources, and the social housing stock specifically, being limited.

#### ***4.3. Private rental regulations***

61. Rental markets are influenced by a range of regulations, which can be used to balance the interests of landlords and tenants regarding certainty of tenure, to overcome asymmetric information and to address the possibility that landlords exploit their power by unexpectedly raising rents, in the context of the fixed and high costs of moving residences (Andrews et al., 2011). However, there are negative efficiency consequences of putting a cap on rent increases, including over-consumption of rent-controlled apartments, a reduction in supply and neglecting the maintenance of the existing rental housing stock. For example, tighter rent controls appear to be linked with lower supply elasticities, as controls tend to reduce the expected rental value and therefore the incentive to build (Cavalleri et al., 2019).

62. Rent controls can come in the form of a price ceiling on the level of rent that landlords can charge or controlled annual increases in a tenant's rent, often indexed to the Consumer Price Index. Rent controls are a mechanism to protect tenants, but could restrict housing supply by unfairly disadvantaging landlords. If rent control is not coupled with security of tenure, in regimes where sitting tenants receive relatively more protection against rent increases landlords may have an incentive to evict tenants in order to raise rents (Arnott, 2003; Ellingsen and Englund, 2003). Stricter rent controls and greater security of tenure are associated with lower residential mobility. This suggests that loosening rental market regulations may increase residential mobility. That said, a housing rental system must provide an adequate power balance between tenants' and landlords' and regularly update rents in line with market developments. These factors will encourage mobility (Caldera Sánchez and Andrews, 2011). There is also evidence that tighter rent controls are linked to lower housing supply elasticities, because they reduce the expected rental value of dwellings and hence the incentive to build them (Cavalleri et al., 2019).

63. Rent control is comparatively strict in countries with a relatively large rental sector including the Czech Republic, Germany, the Netherlands and Sweden (OECD, 2011). In Sweden, rents are centrally regulated in the social and private markets. The level of rents as well as rent increases are not regulated through legal or administrative measures, but are based on annual collective bargaining between the Swedish Tenants Union, the municipal housing company and representatives of private landlords determining reference rents. In Germany regulated rents apply to all rental dwellings but not to new or extensively modernised dwellings. Rents are set in relation to a local reference rent, which relates to the

average market price in the area and landlords are not permitted to raise rents by more than 20% over three years (Crisp et al., 2016). Tenancy contracts tend to be open-ended and landlords have no right to arbitrarily cancel the contract.

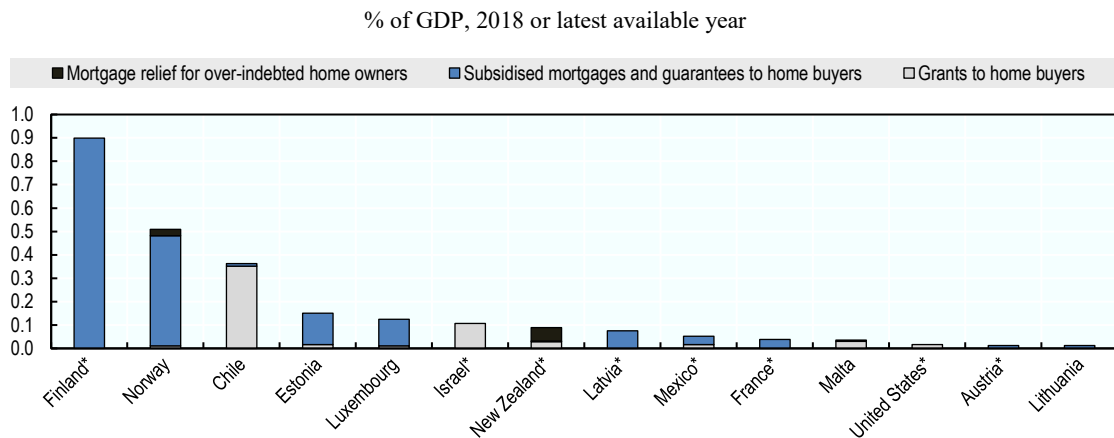
64. Regulation must support growth, maintain high standards of tenancy management and allow investment by large-scale institutional investors. Regulation can provide investor confidence in a viable and flexible sector, ensure government funded assets are properly maintained and guarantee consumer safety and wellbeing. However, a regulatory system should not impose an excessive burden and should focus on the mitigation of negative externalities.

65. The setting of regulatory housing standards not related to land use or urban planning like safety and energy efficiency are generally the responsibility of national governments and agencies, especially in unitary countries. In federal countries, this is more likely to be a shared role, with regional and local governments both having a larger role, compared to unitary countries. Implementing an effective, flexible national regulatory framework is important to allow organisations to operate across sub-national jurisdictions and reduce the burden associated with multiple, differing standards.

#### ***4.4. Subsidies and benefits to home owners***

66. Most countries offer a wide range of support for prospective and existing homeowners, which may range from grants, tax relief and other forms of financial assistance (Figure 21). 34 out of 41 surveyed countries provide subsidies to households to assist them in buying a home, often in the form of grants or loans to first-time homebuyers. A number of countries (74%) also offer mortgage support to households, generally in the form of subsidised mortgages, interest deductibility of mortgage interest payments or mortgage guarantees. Grants to home buyers are often reserved for first-time home buyers or for home buyers with income levels below a given threshold. Subsidised mortgages and mortgage guarantees are preferential mortgage loans provided by or subsidised by the government or by a government fund, for the purchase of a residential dwelling (OECD, 2019c). Increasing home ownership is often a policy objective in many countries, with owner-occupied housing typically having more favourable tax treatments, however the evidence for positive social benefits of high homeowners are somewhat weak (OECD, 2011). While there could be some benefits from home ownership in terms of wealth accumulation, there appears to be a negative cross-country association between homeownership and households' mobility, with mobility low in high-ownership countries (Causa et al., 2019). Subsidies to home buyers will lead to higher housing prices in markets with inelastic supply. Thus, the benefits will accrue with existing owners instead of first-time buyers.

**Figure 21. Public spending on grants and financial support to home buyers**



Note: \* indicates information is missing on one programme, and the reported amount is therefore a lower-bound estimate.

Source: OECD Affordable Housing Database (Figure 2.1.1)

67. The Housing Financing Fund (HFF) in Iceland provides mortgage loans to individuals, municipalities, companies and non-governmental organisations to finance the acquisition and construction of housing from a social policy perspective. The fund is financially independent and funds its lending and operations by its own return.

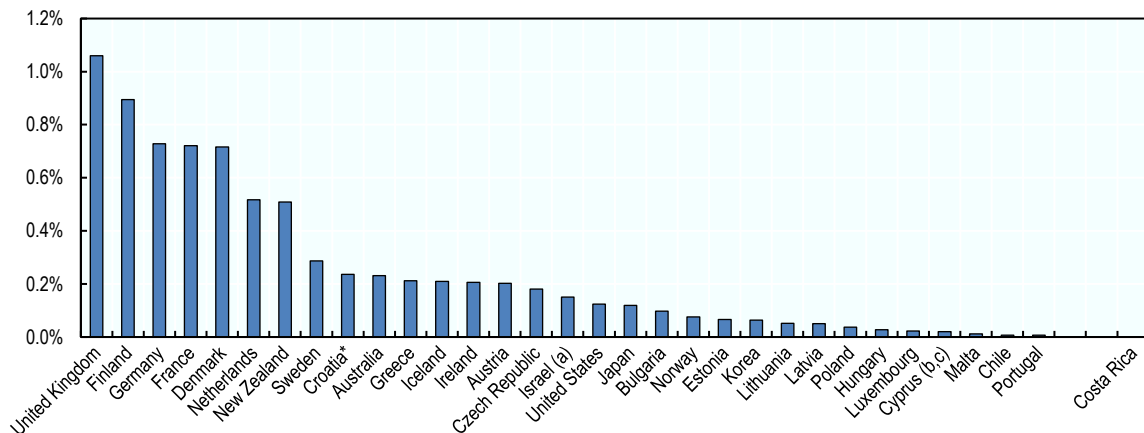
68. The Housing Finance and Development Centre of Finland (ARA) belongs to the administrative branch of the Ministry of the Environment. ARA grants subsidies, grants and guarantees for housing and supervises the use of the ARA housing stock. ARA also grants subsidies for improving the housing conditions of special-needs groups, intended to increase the offering of reasonably priced rental housing suitable for such a purpose. The rent of ARA apartments is determined by the absorption principle, meaning that the rent covers the capital costs of building the apartment and the management costs of the property. It is the task of municipalities to monitor rents and the resident selection, whereas ARA is responsible for the general steering of municipalities and debtors. The residents of apartments financed by long-term interest subsidy loans are selected on social grounds. The interest subsidy loan is granted by a bank or other financial institution. ARA accepts the loan thereby giving the loan a state guarantee and paying the interest subsidies. The interest subsidy loan covers a maximum of 90-95% (in the case of acquisition 80%) of building costs and price of the plot. Parliament decides each year on the amount of the available lending, after which the Government confirms the regional and other grounds for granting the related loans, in the budget allocation table. Apartments financed by interest subsidy loans are owned and produced by municipalities and associations the ARA has designated as non-profit organisations. Non-profit corporations must operate in the manner required by the regulations governing them. ARA monitors the fulfilment of these prerequisites

#### **4.5. Housing allowances and vouchers**

69. Many governments also provide different types of financial support to eligible private renters (Figure 22). Housing allowances, also known as housing vouchers, benefits, or rent supplements, are one type of government-financed housing support generally provided to low-income households who meet certain eligibility criteria. They help meet rental and other housing costs, temporarily or on a long-term basis (OECD, 2019c).

**Figure 22. Total spending on housing allowances in OECD countries**

Total government spending as % of GDP, 2018 or last year available



*Note:* Data for 2018 refer to the responses to the 2019 OECD Questionnaire on Affordable and Social Housing except for Ireland, Croatia\*, Japan, Bulgaria, Hungary, Korea, Malta, Cyprus (a,b) where they refer to the 2016 QuASH i.e. around 2015.

\* Indicates that information is missing on one measure based on 2016 QuASH edition.

*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.

*Source:* OECD Affordable Housing Database (Figure 3.1.1).

70. All but two of 37 surveyed countries provide housing allowances in the form of cash transfers earmarked to support housing costs. Some countries have more than one housing allowance system, and the degree of co-ordination varies. In many countries, allowances are financed by the central government and administered by sub-national governments. The vast majority of housing allowances are means-tested, although the income threshold varies considerably across countries (OECD, 2019b). Housing allowances can be restricted to one or more specific tenure types. For instance, in Australia, Ireland, New Zealand and the United States, housing allowances are not available to tenants in social housing (OECD, 2019c). Housing allowances, especially if they are portable, do not appear to hinder residential and labour mobility to the same extent as direct provision of social housing (ECB, 2003; Hughes and McCormick, 1981; 1985).

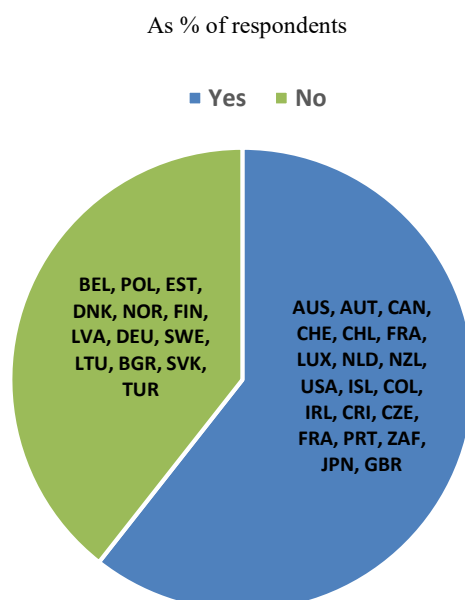
71. Eligibility of housing allowances in most countries is based on the household’s income, the amount of rent paid and the composition of the household (OECD, 2019c). In Norway, the housing allowance scheme is administered by the Norwegian State Housing Bank and municipalities. Eligibility is based on the ratio of household income/wealth and housing expenses. Irrespective of how high housing expenses are, households will not be eligible if their income is above the upper income limit. In Australia, the federal government provides the Commonwealth Rent Assistance (CRA) payment to low income households who do not own their own home. Regional governments also provide forms of assistance to households experiencing difficulty in securing or maintaining private rental accommodation. The amount of assistance depends on the rent paid, income, the composition of the household and other family circumstances. CRA pays 75 cents for every dollar of rent above a rent threshold up to a maximum amount that varies based on a renter’s family situation (APC, 2019).

72. In the United States, vouchers enable low-income households to obtain housing that already exists in the private market. Compared to project based subsidies, vouchers are less expensive and provide access to a wider range of neighbourhoods and housing (Scanlon and Whitehead, 2009). The Housing Choice Voucher (HCV) is not tied to a particular housing unit, with recipients typically paying 30% of their income towards rent, with the remaining rent (subject to some limits) paid to private landlords by the federal government. In 2017, approximately 5.3 million people in 2.2 million households received a HCV, up from about 1.4 million households in 1998 (HUD, 2018). There are a number of studies that examined the link between vouchers and homelessness. The Moving to Opportunity study in the United States provided housing vouchers to low-income families living in public housing projects, and found that vouchers slightly improved housing quality and reduced the likelihood of families reporting difficulty in paying rent, although compared to families in public housing, vouchers had no detectable effects on the likelihood that families were literally homeless (Sanbonmatsu et al., 2011). Further, the San Diego McKinney Homeless Research Demonstration Project (Hurlburt et al. 1996) found access to a HCV increased the likelihood of living in stable housing by 29% from a baseline of 31% (a 93% increase) over a two-year period.

#### 4.6. Policies aimed at developers of social and affordable housing

73. Policy options to improve housing affordability should be considered in a country-specific context, like the current housing quality, demographics, tenure arrangements and policy objectives. Providing diverse housing options contributes to housing affordability by delivering housing at varying prices, for example, by allowing for smaller lot sizes to reduce land costs. 61% of countries that responded to the QuASH survey provide support to developers (Figure 23). Canada had the largest number of measures to support developers.

**Figure 23. Countries that provide assistance to social housing developers**



Source: QuASH survey 2019.

74. Many countries have implemented policies that provide grants, tax relief or subsidised land to developers to finance the development of new affordable housing. Public land can be repurposed or sold for affordable housing or mixed-tenure developments, potentially through formal contracts for affordable housing. Under-utilised public land that is located close to transportation and other services, or where it contains low-density housing presents a unique opportunity. Local governments typically own land for car parking, libraries, depots, halls and other community facilities.

75. In New Zealand, the government acquires land and on-sells that land to developers who use their own capital to develop the land for housing. The developers commit to delivering certain outcomes with respect to dwelling yield, development pace and the proportion of houses built for social housing or sold at an affordable price. The Land for Housing programme aims to increase the supply of new dwellings and to increase the pace of developments. The Government's objective is to make 20% of the dwellings available for social public housing, and a further 40% at (or below) the KiwiBuild price points and offered to first home buyers.

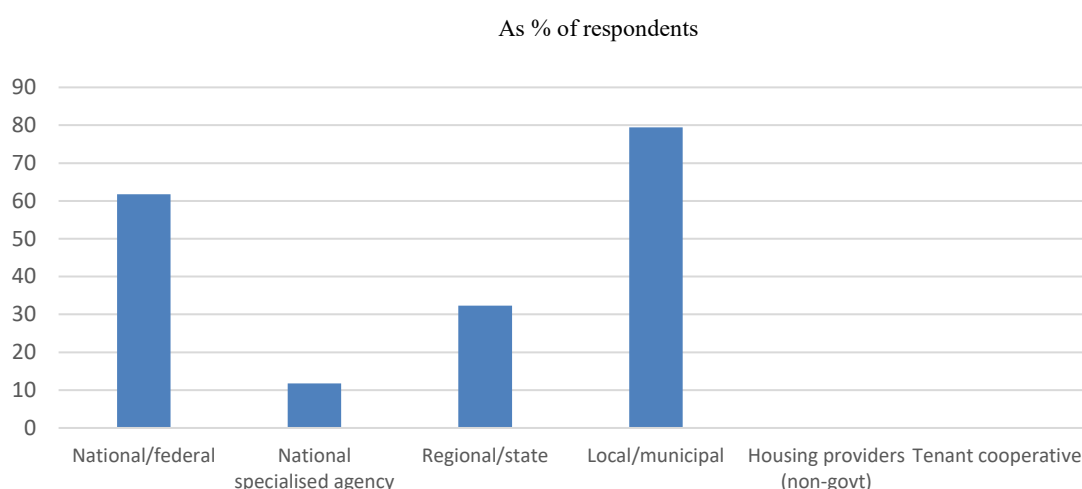
76. Home Building Finance Ireland (HBFI) was established by the national government to provide financing for commercially viable residential development projects outside of Dublin and for smaller builders and developers, more generally. The program is tenure-neutral with both owner-occupied and rental dwellings being eligible. The programme is aimed at increasing the options for commercial lending to increase the supply for housing, and improve the affordability of the housing market in Ireland generally. HBFI is part of the government's overarching housing plan, *Rebuilding Ireland – Action Plan for Housing and Homelessness*.

#### **4.7. Land zoning policies**

77. Often land use regulations and zoning are set at the municipal or regional level, while the national government is predominantly involved with setting guidelines and general principles. How stringent and strictly enforced the regulations are varies even across regions or municipalities within the same country (Betin and Ziemann, 2019). Setting regulatory housing standards related to land use and urban planning like building heights, size and density is the responsibility of local governments in 79% of countries that responded to the QuASH survey.

78. The OECD Land-Use Governance Survey has identified 229 different types of plans in 32 OECD countries. In many countries, national and sub-national governments are responsible for the approval of plans for the jurisdictions of lower levels of government (Figure 24). Less than half (39 out of 84) of the plans enacted by the national government cover the entire national territory. The remaining 46 plans relate to specific regions or cities or are plans that exist with varying geographic scopes (OECD, 2017a).

**Figure 24. Actors responsible for setting regulatory housing standards related to land use and urban planning**



Source: OECD Land-Use Governance Survey (OECD, 2017a).

#### **Box 6. The conceptualisation of land zoning and property values**

Land zoning in a decentralised setting can be analysed in the context of the home-voter hypothesis, where homeowners support local policies that benefit themselves by maximising housing values. Zoning is used by homeowners to pursue self-interest, and establish land use policies that exclude people of certain incomes, social backgrounds or other homeowners generally. Fischel (2001) has coined the word home-voter to establish the connection between homeownership and political involvement. As the municipality physically develops, and owners of developed land acquire political influence, home-voters will start to oppose new development via elected local planning boards (OECD, 2017a).

Hilber and Robert-Nicoud (2013) extended Fischel's work by modelling local zoning restrictions and argue that more attractive places are more developed and, as a result of the political forces, also more regulated. Zoning restrictions can be interpreted as a means for homeowners to maximise their property values.

79. Countries where land-use regulation decisions are more decentralised may enforce tighter planning regulations, as local land and home owners can more effectively lobby for restrictions, like height restrictions, restrictive zoning or minimum-lot-size requirements, that increase the value of their house (Ahrend et al., 2014; Ozsogut, 2020).

80. Land use restrictions can exacerbate urban sprawl, and decentralisation is significantly positively correlated with urban sprawl. While there are previously mentioned issues associated with sprawl, Ozsogut (2020) found that long-run house price increases and other measures of affordability are negatively correlated with sprawl. That is, urban sprawl relieves pressure on house prices as the housing demand can be absorbed by construction in lower-density areas. There is also strong positive correlation between sub-national autonomy and urban sprawl.



## Annex A. Case study – Canada

81. Canada is a federation of 10 provinces and three territories under a central government. Following WWII, federal social housing was implemented for a range of reasons including providing homes to returning soldiers, renewing urban neighbourhoods, and targeting low-income households. In the mid-1990s the federal government decided it would no longer play a role in social housing. It transferred its social housing stock to the provinces. This resulted in variable housing governance in Canada – Quebec and British Columbia took on policy responsibility for housing, whilst other provinces devolved responsibility to municipalities. Since the 1990s, the federal government has maintained an interest in affordable housing provision but has increasingly favoured other infrastructure spending programmes (MacLennan et al., 2019).

82. Canada's 10-year National Housing Strategy (NHS), established in 2017, comprises a mix of funding, grants and loans. The Canada Mortgage and Housing Corporation (CMHC) is leading on the Strategy for the federal government and is responsible for prioritising applications and administering the funding, while Employment and Social Development Canada manages payments for homelessness to communities and service providers. Reaching Home, Canada's homelessness strategy, is a community-based programme aimed at preventing and reducing homelessness across Canada. Reaching Home supports the NHS, aiming to reduce chronic homelessness nationally by 50% by 2027-28. The Department of Finance (federal) is responsible for developing and setting mortgage rules.

83. In 2018, the Housing Partnership Framework, under the NHS, was endorsed by provinces and territories (with the exception of Québec), and set the foundation for all levels of governments to work together towards achieving a long-term vision for housing (QuASH, 2019). The Framework also serves as the basis of bilateral agreements between the central and regional governments as well as mutually agreed upon housing targets for each province and territory.

84. It is expected that the federal government will invest around C\$20.5 billion over 12 years in provincial and territorial housing programs, with provinces and territories required to cost-match around half. The areas of focus for the NHS are:

- The social sector, including the community housing sector with non-profit and co-operative housing providers.
- Partnerships and collaboration between governments, non-profits, co-operatives, academics and the for-profit sector.
- Housing that exceeds mandatory minimum requirements related to affordability, environmental efficiency, and accessibility.

85. The NHS has set targets of:

- cutting chronic homelessness by 50%
- removing 530 000 families from housing need
- renovating and modernising 300 000 homes
- building 125 000 new homes

86. One aspect of the NHS is the Canada Housing Benefit which will be delivered by provinces and territories, with regional governments required to cost match federal funding. This is a social transfer that is provided directly to individuals, estimated to average C\$2 500 per year to each recipient household. It is currently being co-developed with provinces and territories to ensure that the benefit is tailored to the diverse realities and needs across the country (Canadian Government, 2019).

87. The NHS is a step forward for Canada. While some of the funding under the Strategy have not changed from previous activities, the NHS recognises that a shared vision across all government actors and external stakeholders is the best way to achieve considered, co-ordinated and long-term housing outcome improvements.

## Annex B. Case study – Denmark

88. Denmark has a two-tier system of local government which underwent reform in 2017, to produce five regions and 98 municipalities. Denmark also has two autonomous regions, the Faroe Islands and Greenland, which have their own legislative assemblies. The five regions are responsible for health care services, regional development, regional transport and environment with municipalities responsible for social welfare, spatial planning, support services and education. The largest area of spending is by far social protection, which accounts for almost 60% of sub-national expenditure (OECD, 2016c).

89. Social housing is constructed and run by social housing organisations. The term social housing is a collective designation for three different types of housing: social family dwellings, social dwellings for the elderly and social dwellings for young persons. Basic capital loans are available to social housing providers by the relevant municipality. The loans are interest-free as well as amortisation free up to 50 years after the occupancy of the property. The Danish social housing sector comprises a total of about 700 social housing organizations with 7 500 divisions (estates) in total, all of which are run on a non-profit basis. There are approximately 595 000 social dwellings, which add up to about 20% of the total housing stock (LBF, 2019).

90. Denmark's social housing system only has minimal eligibility requirements. Waiting lists are open to everyone from a minimum age of 15 years. Housing is allocated to people according to time spent on the waiting list and household size (LBF, 2019). Although there are no income ceilings for beneficiaries, there are limits for costs of construction and therefore rents and size of the dwellings. The waiting lists for the most popular estates can be several decades. In return of their co-funding of non-profit housing, local governments have the right to assign people in acute need of housing to 25 % of vacant dwellings (Alves and Andersen, 2015). Priority can be given, for instance, to families with children, disabled people, refugees, elderly, students, divorced people or people who need to move closer to their work.

91. A key feature of social housing in Denmark is the high degree of tenant involvement. Tenants' democracy, defined by law, is a way to provide residents with a central role in the organisation of housing estates (LBF, 2019). Each housing estate or section is run by an Estate Board composed entirely by tenants (usually five). Every public housing association has a board that manages the association and the properties, anyone who rents an apartment has voting rights for any issue that is presented for voting when the association meets. The boards are allowed to decide about maintenance, the size of rent, repair, heating and water bills, deposit and so on.

## Annex C. Case study – New Zealand

92. New Zealand is a unitary country with a two-tier system of local government, composed of 11 regional councils and 67 territorial authorities, including 11 city councils, 50 district councils and six unitary councils (territorial authorities with regional council responsibilities). This governance framework resulted from territorial reform which took place in 1989. The reform also created a sub-municipal level of community or local boards, also elected and operating in both urban and rural areas, to carry out functions delegated to them by their councils (116 community boards and 21 local boards). In 2010, a new territorial reform merged eight independent municipalities into the new Auckland Council (OECD, 2016b). The *Local Government Act 2002* redefined sub-national government responsibilities and greatly increased their autonomy. As sub-national government activities are approved through consultation with their communities, they can differ widely among sub-national governments (OECD, 2016b). Local governments undertake a number of key roles with regards to the housing market including regulation of building and construction, land use planning regulation, growth management planning and transport infrastructure funding.

93. The New Zealand government established the national Ministry of Housing and Urban Development (HUD) recently to adopt the housing responsibilities that were previously spread over the Ministry of Business, Innovation and Employment (MBIE), the Ministry of Social Development (MSD), and the New Zealand Treasury. HUD works to deliver more public housing, transitional housing, and services to tackle homelessness in New Zealand. The Ministry also monitors community housing providers and partners with Housing New Zealand, developers, social services, councils and other agencies.

94. Over the past two decades, New Zealand has experienced one of the largest house price increases among the OECD countries, pushing up housing expenditure as a share of income to very high levels. Weak supply responsiveness in the face of strong housing demand has been responsible for the escalation in prices. Restrictive and complex land-use planning, infrastructure shortages and insufficient growth in construction-sector capacity has impeded new housing. The result has been persistent growth in the number of people per dwelling in Auckland, and in the rest of the country too over the past five years (Baker, 2019a). The burden of high housing costs has fallen disproportionately on those with lower incomes, with the majority of low-income renters spending more than 40% of their gross income on housing. Housing costs averaged 45% of income for the bottom fifth of households aged under 65 in 2017, up from under 40% in the early 2000s (Perry, 2018).

95. The Income Related Rent Subsidy (IRRS) is part of the New Zealand government's financial support for social housing. The *Housing Restructuring and Tenancy Matters Act 1992* defines social housing as housing provided by Housing New Zealand or community housing providers. Social housing providers are paid for the difference between the value of the IRR and the market rent rate or agreed rent rate for their social housing properties. Eligibility is based on being a New Zealand resident, aged 16 years or over, income, cash assets and a high housing need. Social housing providers are responsible for calculating the amount of the IRRS and claiming the amount from the Ministry of Social Development. The Ministry of Social Development is responsible for processing the IRRS claims and paying the housing provider. The IRRS directly subsidises Housing New Zealand (a publicly owned company) and community housing providers to provide social housing places.

96. The National Policy Statement (NPS) on Urban Development Capacity acts as a co-ordination mechanism to ensure that local government planning decisions on land use are aligned with decisions on infrastructure provision. This primarily relates to transport and water infrastructure, although they are also required to consider the availability of other infrastructure such as community infrastructure, open space, schools and healthcare facilities. The NPS requires local authorities to provide sufficient development capacity for housing to meet demand, and requires that this capacity be serviced with infrastructure so that it can be developed. It also requires Local Council to monitor their markets for housing and business land, assess the development capacity against projected demand and if there's insufficient development capacity, respond in their plans to enable more capacity to grow. A number of councils also have voluntarily created their own partnerships to better integrate housing and land use policies with other areas such as transport and infrastructure.

97. Work underway as part of the central government's Urban Growth Agenda shows promise in rectifying deep-seated urban planning problems through steps to improve infrastructure funding and financing, define clear principles for quality urban environments and provide a framework for spatial planning (Barker, 2019b).

## Annex D. Case study – Poland

98. Over recent decades Poland has decentralised its governance structure. Its system is made up of a three-tier system of sub-national government. Voivodeships operate at the local level, these are fall under prefectures and are overseen by Prime Minister appointed prefects. In between the prefecture and local government are ‘gminas’ which include rural counties or urban municipalities. They operate at the municipal level.

99. Responsibility for housing policy rests with both the central and municipal governments. The central government determines nationwide policy priorities and is also responsible for setting housing standards across the nation. The central government does not own or operate any social or affordable housing stock. This is done at the municipal level, where each municipality manages its own housing stock. Municipalities apply for assistance in the form of loans or grants under national programmes to satisfy their housing requirements. Municipalities also have primary carriage of policies relating to urban planning and land use.

100. Housing affordability remains a challenge in Poland with households spending a higher share of their incomes on housing, including utility costs and maintenance, than the OECD average. Poland’s central governments flagship social housing policy is the National Housing Programme which seeks to boost housing availability for low and middle-income people. There are individual policies that fall under the programme that target housing outcomes for people at various income levels.

101. Primarily, the central government provides social housing support by providing favourable financing and subsidised loans to social housing providers which generally operate at the municipal level. Support is not provided on a top down basis, but social housing providers must apply to the State Development Bank (Bank Gospodarstwa Krajowego (BGK)) who delivers the programmes. There are two key central government social housing policies. The first is the social housing support programme, which provides subsidised loans or loan guarantees to social housing providers, housing cooperatives or municipal companies for the construction of affordable rental housing or co-operative tenancy housing.

102. The second is the Municipal and Rental Housing Programme which supports the creation of rental flats, protected flats, night shelters and houses for the homeless. Under this programme, subsidies covering 35-55% of construction cost of residential buildings to form part of the municipal housing stock. In 2018, the programme was expanded to provide direct grants of up to 20% to non-municipality investors for the construction of accommodation for people on lower to middle income that do not qualify for access to the affordable municipal housing stock (which is generally targeted at the homeless), but are still in need of support. The programme also encourages the construction of flats by providing rental support to eligible tenants of new flats. This is also done via municipalities that choose to participate in the programme.

103. While the central government provides financing support for the construction and development of social housing the stock itself is managed by individual municipalities (around 80% of social housing stock is owned and managed by municipalities and 10% by private social housing providers). This includes setting priorities for who has access to the housing, setting and adjusting rents (providing the accord with the central government’s program rules) and income thresholds for eligibility.

## References

- Ahrend, R., E. Farchy, I. Kaplanis and A. C. Lembecke (2014), "What Makes Cities More Productive? Evidence on the Role of Urban Governance from Five OECD Countries", *OECD Regional Development Working Papers*, No. 2014/05, <https://doi.org/10.1787/5jz432cf2d8p-en>.
- Ahrend, R., C. Gamper and A. Schumann (2014), "The OECD Metropolitan Governance Survey: A Quantitative Description of Governance Structures in large Urban Agglomerations", *OECD Regional Development Working Papers*, No. 2014/04, <https://doi.org/10.1787/5jz43zldh08p-en>
- Allain-Dupré, D. (2018), "Assigning responsibilities across levels of government: Trends, challenges and guidelines for policy-makers", *OECD Working Papers on Fiscal Federalism*, No. 24, <https://doi.org/10.1787/f0944cae-en>.
- Alves, S., and H. T. Andersen (2015), Social housing in Portugal and Denmark: a comparative perspective, Paper presented at ENHR - European Network for Housing Research Conference 2015, Lisbon.
- Andrews, D., A. Caldera Sánchez and Å. Johansson (2011), "Housing Markets and Structural Policies in OECD Countries", *OECD Economics Department Working Papers*, No. 836, OECD Publishing, Paris, <https://doi.org/10.1787/5kgk8t2k9vf3-en>.
- Andrews, D and A. Caldera Sánchez (2011), "The Evolution of Homeownership Rates in Selected OECD Countries: Demographic and Public Policy Influences", *OECD Journal: Economic Studies*, Vol. 2011/1. [http://dx.doi.org/10.1787/eco\\_studies-2011-5kg0vswqpmg2](http://dx.doi.org/10.1787/eco_studies-2011-5kg0vswqpmg2)
- Arnott, R. (2003), "Tenancy Rent Control", *Swedish Economic Policy Review*, Vol. 10.
- Australian Housing and Urban Research Institute (2015), "Housing markets, economic productivity, and risk: international evidence and policy implications for Australia", *Volume I: Outcomes of an Investigative Panel*, AHURI Final Report No. 254.
- Australian Housing and Urban Research Institute (2014), "Measuring Housing Affordability", *AHURI Research and Policy Bulletin*, Issue 45, June 2004
- Australian Government (2009), "Australia's Future Tax System, Part Two: Detailed Analysis"
- APC (2019), "Vulnerable Private Renters: Evidence and Options", *Australian Productivity Commission Research Paper*, Canberra.
- APC (2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, Australian Productivity Commission Report No. 85, Canberra.
- Basolo, V. (1999), "The Impacts of Intercity Competition and Intergovernmental Factors on Local Affordable Housing Expenditures", *Housing Policy Debate, Volume 10, Issue 3*

- Barker, A. (2019a), “Delivering greater well-being in New Zealand: policy steps to increase housing affordability”, <https://oecdoscope.blog/2019/06/24/delivering-greater-well-being-in-new-zealand-policy-steps-to-increase-housing-affordability/> (accessed on 1 October 2019).
- Barker, A. (2019b), “Improving Well-being through Better Housing Policy in New Zealand”, *Economics Department Working Papers*, No. 1565.
- Bétin M. and V. Ziemann (2019), “How responsive are housing markets in the OECD? Regional level estimates”, *OECD Economics Department Working Papers*, No. 1590, <https://doi.org/10.1787/1342258c-en>.
- Blöchliger, H. (2015), *Reforming the Tax on Immovable Property: Taking Care of the Unloved*, OECD Economics Department Working Papers No. 1205, <https://dx.doi.org/10.1787/5js30tw0n7kg-en>.
- Blöchliger, H. and Kantorowicz, J. (2015). Fiscal Constitutions: An Empirical Assessment. *OECD Economics Department Working Papers*, No. 1248, OECD Publishing, Paris.
- Blöchliger, H., C. Hilber, O. Schön and M. von Ehrlich (2017), *Local taxation, land use regulation, and land use: A survey of the evidence*, OECD Economics Department Working Papers No. 1375, <https://dx.doi.org/10.1787/52da7c6a-en>.
- Boadway, R. and L. Eyraud (2018), “Designing Sound Fiscal Relations Across Government Levels in Decentralized Countries”, *International Monetary Fund Working Paper* 18/271.
- Boelhouwer, P. (1992), *Housing Systems in Europe*, Delft University Press, Delft.
- Boelhouwer, P. (1999), ‘International comparison of social housing management in western Europe’, *Netherlands Journal of Housing and the Built Environment*, Vol. 14, No. 3.
- Boelhouwer, P. and M. Harloe (1994), “The People’s Home? Social Rented Housing in Europe and America”, *Blackwell*, Oxford.
- Braga, M. and Palvarini, P. (2013), “Social Housing in the EU”, Directorate General for Internal Policies, Policy Department A: Economic and Scientific Policy, European Parliament, IP/A/EMPL/NT/2012-07.
- Burke, T. and K. Hulse (2003), “Allocating Social Housing”, *National Housing Conference 2003*, Institute for Social Research Swinburne University of Technology.
- Canadian Government (2019a), *Budget 2019*, <https://www.budget.gc.ca/2019/home-accueil-en.html> (accessed 3 October 2019).
- Canadian Government (2019b), *National Housing Strategy*, <https://sagelink.ca/sites/default/files/dav/sites/default/NHS-Fact-Sheets-EN.pdf> (accessed 3 October 2019).
- Causa, O., N. Woloszko and D. Leite (2019), “Housing, wealth accumulation and wealth distribution: evidence and stylized facts”, *OECD Economics Department Working Papers*, No. 1588.
- Cavalleri, M.C., B. Cournède and E. Özsöğüt (2019), “How responsive are housing markets in the OECD? National level estimates”, *OECD Economics Department Working Papers*, No. 1589, <https://doi.org/10.1787/4777e29a-en>.



- Cournède, B., S. Sakha and V. Ziemann (2019), "Empirical links between housing markets and economic resilience", *OECD Economics Department Working Papers*, No. 1562, <https://doi.org/10.1787/aa029083-en>.
- Crisp et al. (2016), 'Tackling poverty through housing and planning policy in city regions', Centre for Regional Economic and Social Research, Joseph Rowntree Foundation. [www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/tackling-poverty-housing-planning-city-regions.pdf](http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/tackling-poverty-housing-planning-city-regions.pdf)
- Czischke, D. and G. van Bortel (2018), "An exploration of concepts and policies on 'affordable housing' in England, Italy, Poland and The Netherlands", *Journal of Housing and the Built Environment*, <http://doi.org/10.1007/s10901-018-9598-1>.
- Dougherty, S. and L. Phillips (2019), "The spending power of sub-national decision makers across five policy sectors", *OECD Working Papers on Fiscal Federalism*, No. 25, <https://doi.org/10.1787/8955021f-en>.
- Ehrlich, M. and Hilber, C. & Schöni, O. (2018), "Institutional settings and urban sprawl: Evidence from Europe", *Journal of Housing Economics*, Vol. 42(C), pages 4-18.
- ECB (European Central Bank) (2003), "Structural Factor in the EU Housing Markets," European Central Bank, March.
- Ellingsen, T. and P. Englund (2003), "Rent Regulation: An Introduction", *Swedish Economic Policy Review*, Vol. 10.
- Elazar, D. (1995), "From Statism to Federalism: a Paradigm Shift", *Publius: The Journal of Federalism*, 25 (2), 5–18.
- Eccleston, R., Warren, N., Verdouw, J. and Flanagan, K. (2017), *Pathways to state property tax reform*, AHURI Final Report No. 291, Australian Housing and Urban Research Institute Limited, Melbourne, [www.ahuri.edu.au/research/final-reports/291](http://www.ahuri.edu.au/research/final-reports/291).
- Fischel, W. (2001), "The Homevoter Hypothesis: How Home Values Influence Local Government Taxation, School Finance, and Land-Use Policies", *Harvard University Press*, Cambridge.
- Friedman, D. (2010), "Social impact of poor housing", ECOTEC Publishing, London.
- Glaeser, E. and J. Gyourko (2002), The Impact of Zoning on Housing Affordability, [www.nber.org/papers/w8835](http://www.nber.org/papers/w8835).
- Glaeser, E., J. Gyourko and R. Saks (2005), "Why Have Housing Prices Gone Up?", *American Economic Review Papers and Proceedings*, Vol. 95/2, pp. 329–333.
- Gopalan, K. and M. Venkataraman (2015), "Affordable Housing: Policy and Practice in India", *IMB Management Review*, 27: 129-140.
- Gurran, N. et al. (2015), Housing markets, economic productivity, and risk: international evidence and policy implications for Australia, Australian Housing and Urban Research Institute, AHURI Final Report No. 254.
- Hilber, C., and F. Robert-Nicoud (2013), "On the origins of land use regulations: theory and evidence from US metro areas", *Journal of Urban Economics* 75 (1): 29–43.
- Housing Europe (2010), *Social Housing in Europe: Denmark*, [www.housingeurope.eu/resource-102/social-housing-in-europe](http://www.housingeurope.eu/resource-102/social-housing-in-europe).

- Hughes, G. and B. McCormick (1981), “Do Council Housing Policies Reduce Migration Between Regions?”, *The Economic Journal*, Vol. 91, December
- Hughes, G. and B. McCormick (1985), “Migration Intentions in the UK: Which Households Want to Migrate and Which Succeed?”, *The Economic Journal*, Vol. 95, No. 380a (Supplement).
- Hurlburt, M., R. Hough, and P. Wood (1996), “Effects of Substance Abuse on Housing Stability of Homeless Mentally Ill Persons in Supported Housing,” *Psychiatric Services* 47 (7): 731–736. <https://doi.org/10.1176/ps.47.7.731>.
- Immervoll, H., H. Jacobsen, C. Kleven, C. Thustrup Kreiner and N. Verdelin (2008), “An Evaluation of the Tax-Transfer Treatment of Married Couples in European Countries”, *EPRU Working Paper Series*, No. 2008/3.
- IMF (International Monetary Fund) (2016), Government Finance Statistics, Expenditure by Function of Government, <http://data.imf.org/?sk=5804C5E1-0502-4672-BDCD-671BCDC565A9>.
- IMF (International Monetary Fund) (2014), “Public Expenditure Reform: Making Difficult Choices”, Chapter 2 of the *Fiscal Monitor: April 2014*.
- Kantorowicz, J. and B. Jurriaan van Grieken (2020) (forthcoming), “Spending Autonomy: Conceptualisation and Management”, *OECD Fiscal Federalism Working Papers*.
- Kim, Junghun and Sean Dougherty (eds.) (2019), *Fiscal Decentralisation and Inclusive Growth in Asia*, Korea Institute of Public Finance and OECD, Paris, <https://doi.org/10.1787/25cf7545-en>
- Kim, J. (2020) (forthcoming), “Finding the Right Balance in the use of Conditional Grants”, *Fiscal Decentralisation and Inclusive Growth in Asia, Volume 2*, KIPF and OECD, Paris.
- Krieger, J. and D. L. Higgins (2002), “Housing and Health: Time Again for Public Health Action”, *American Journal of Public Health*, Vol. 92, No. 5, pp. 758–768. <https://doi.org/10.2105/ajph.92.5.758>.
- Ladner, A., Keuffer, N., Baldersheim, H., Hlepas, N., Swianiewicz, P., Steyvers, K. and Navarro, C. (2019). *Patterns of Local Autonomy in Europe*. Cham: Palgrave Macmillan.
- MacLennan, D., L. Crommelin, R. Nouwelant and B. Randolph (2018), “Making Better Economic Cases for Housing Policies”, *A Report for the New South Wales Federation of Housing Associations*, City Futures Research Centre, UNSW Sydney.
- MacLennan, D., H. Pawson, K. Gibb, S. Chisholm and D. Hulchanski (2019), *Shaping Futures Changing the Housing Story Final Report*, UNSW Sydney, University of Glasgow, University of Toronto.
- Marsh, A., D. Cowan and A. Cameron (2004), “Piloting Choice Based Lettings: An Evaluation”, *Office of the Deputy Prime Minister*, United Kingdom.
- McCrone, G. and M. Stephens (1995), “Housing Policy in Britain and Europe”, *UCL Press*, London.
- OECD/KIPF (2020) (forthcoming), *Fiscal Federalism 2020*, KIPF and OECD Publishing, Paris.
- OECD (2020) (forthcoming), *Housing and Inclusive Growth*, OECD Publishing, Paris.

- OECD (2019a), The OECD SOCX Manual, 2019 Edition [www.oecd.org/social/soc/SOCX\\_Manuel\\_2019.pdf](http://www.oecd.org/social/soc/SOCX_Manuel_2019.pdf)
- OECD (2019b), *Under Pressure: The Squeezed Middle Class*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/689afed1-en>.
- OECD (2019c), Affordable Housing Database (accessed January 2020).
- OECD (2018a), *The Framework for Policy Action on Inclusive Growth*, meeting of the OECD Council at Ministerial Level, Paris 30-31 May 2018.
- OECD (2018b), “Subnational government expenditure by economic function”, in *OECD Regions and Cities at a Glance 2018*, OECD Publishing, Paris. DOI: [https://doi.org/10.1787/reg\\_cit\\_glance-2018-43-en](https://doi.org/10.1787/reg_cit_glance-2018-43-en).
- OECD (2018c), “Taxation of Household Savings”, *OECD Tax Policy Studies*, No. 25, OECD Publishing, Paris, <https://doi.org/10.1787/9789264289536-en>.
- OECD/KIPF (2018), *Fiscal Decentralisation and Inclusive Growth*, KIPF and OECD Publishing, Paris.
- OECD (2017a), *Land-use Planning Systems in the OECD: Country Fact Sheets*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264268579-en>.
- OECD (2017b), *The Governance of Land Use in OECD Countries: Policy Analysis and iRecommendations*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264268609-en>.
- OECD (2016b), *New Zealand Profile*, [www.oecd.org/regional/regional-policy/profile-New-Zealand.pdf](http://www.oecd.org/regional/regional-policy/profile-New-Zealand.pdf) (accessed on 4 October 2019)
- OECD (2016c), *Denmark Profile*, <https://www.oecd.org/regional/regional-policy/profile-Denmark.pdf> (accessed on 20 October 2019)
- OECD (2011), “Housing and the economy: Policies for renovation”, *Going for Growth: Economic Policy Reforms 2011*, OECD Publishing, Paris.
- Oxley, M. and J. Smith (1996), “Housing Policy and Rented Housing in Europe”, *E. & F. Spon*, London
- Özsöğüt, E. (2020), “Decentralisation and Governance in the Housing Sector: Analytic Results”, OECD Fiscal Network Technical Background Paper.
- Pawson, H. and Watkins, D. 2007, “Quasi-marketising access to social housing in Britain: assessing the distributional impacts”, *Journal of Housing and the Built Environment*, Vol. 22, pp. 149-175
- Pittini, A. and E. Laino (2011), *Housing Europe Review 2012: The nuts and bolts of European social housing systems*.
- Plouin, M. (2019), “Affordable Housing and Homelessness: Challenges across the OECD”, UN Expert Group Meeting on Affordable Housing and Social Protection Systems for all to Address Homelessness, OECD.
- Perry, B. (2018), *Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2017*, Ministry of Social Development, Wellington.
- Rode, P. et al. (2017), “Integrating national policies to deliver compact, connected cities: an overview of transport and housing”, *Cities Working Papers*, Coalition for Urban Transitions, Washington D.C.

- Rowley, S. and R. Ong (2012), “Housing affordability, housing stress and household wellbeing in Australia”, *Australian Housing and Urban Research Institute Final Report* No. 192, Melbourne, <https://www.ahuri.edu.au/research/final-reports/192>
- Sacchi, A. and Salotti, S. (2017), “The influence of decentralized taxes and intergovernmental grants on local spending volatility”, *Regional Studies*, Vol. 51, No. 4, pp. 507-522.
- Salvi del Pero, A., W. Adema, V. Ferraro and V. Frey (2016), "Policies to promote access to good-quality affordable housing in OECD countries", OECD Social, Employment and Migration Working Papers, No. 176, <https://doi.org/10.1787/5jm3p5gl4djd-en>.
- Sanbonmatsu, L., J. Ludwig, L. Katz, L. Gennetian, G. Duncan, R. Kessler, E. Adam, T. McDade, and S. T. Lindau (2011), “Moving to Opportunity for Fair Housing Demonstration Program—Final Impacts Evaluation”, U.S. Department of Housing and Urban Development Office of Policy Development and Research.
- Scanlon, K., Whitehead, C., & Arrigoitia, M. F. (eds.). (2014). *Social housing in Europe*. London: Wiley.
- Scanlon, K. and C. Whitehead (2009), A Review of “Housing Allowances in Comparative Perspective”, *European Journal of Housing Policy*, Vol. 9, No. 1, pp. 93-95.
- Skidmore, M. (2014), “Housing Affordability: Lessons from the United States”, *Victoria University of Wellington Working Papers in Public Finance*, No. 07/2014.
- Slack, E. and R. Bird (2014), “The Political Economy of Property Tax Reform”, *OECD Fiscal Federalism Working Papers* 18, <https://dx.doi.org/10.1787/5jz5pzvzv6r7-en>.
- Smoke, P. (2015) “Accountability and service delivery in decentralising environments: Understanding context and strategically advancing reform” in *A Governance Practitioner’s Notebook: Alternative Ideas and Approaches*. OECD Publishing, Paris, [www.oecd.org/governance/governance-practitioners-notebook.htm](http://www.oecd.org/governance/governance-practitioners-notebook.htm).
- Sutherland, D., R. Price and I. Joumard (2006), “Fiscal Rules for Sub-Central Governments: Design and Impact”, *OECD Fiscal Federalism Working Papers*, No. 1.
- Ter-Minassian, T. (2007), “Fiscal Rules for Subnational Governments: Can They Promote Fiscal Discipline?”, *OECD Journal on Budgeting*, No. 6/3, <https://doi.org/10.1787/budget-v6-art17-en>.