

## Affordable housing

Having access to quality affordable housing is important to reduce poverty risks, improve equality of opportunity and make growth inclusive and sustainable. Housing trends vary considerably across the OECD, in terms of tenure, affordability and quality, representing diverse historical contexts, household preferences and policy priorities across countries.

**In most OECD countries, owning a home is much more common than renting.** On average, nearly 70% of households across the OECD either owned their dwelling outright or with a mortgage in 2016, compared to 26% of households who rented a dwelling, either in the private rental market or as subsidised rental housing (Figure 6.13). A number of Eastern European countries – including the Slovak Republic, Lithuania, Hungary, Latvia and Poland – record a very high rate of homeownership, with over 70% of households owning their dwelling outright, a result of the historic sales of state-owned housing in the 1990s. In 2016, owners with a mortgage outnumbered outright homeowners in Iceland, Norway, the Netherlands, Sweden, Canada and the United States.

**In contrast, just over a quarter of households across the OECD rented a dwelling on average in 2016.** Only Switzerland and Germany are home to a majority of renters (60% and 55%, respectively), with Denmark, Austria and the Netherlands each recording more than 40% of households renting their dwelling. Subsidised rental housing (social rental housing) is present in 27 OECD countries, yet the size of the social housing stock varies widely across countries. According to the 2016 OECD Questionnaire on Affordable and Social Housing, social housing plays a major role in the Netherlands, Austria, Denmark, France and the United Kingdom, comprising more than 15% of the total housing stock.

**Affordable housing is a challenge for many households across the OECD, but low-income dwellers face a significant housing cost burden.** In sixteen OECD countries, more than 40% of low-income owners with a mortgage spent over 40% of their disposable income on a mortgage in 2016. The same was true for low-income renters in private rentals in fourteen OECD countries (Figure 6.14). In Greece and the United States, low-income dwellers face a similar housing cost burden, regardless of tenure: in both countries, more than half of the low-income population spent over 40% of disposable income on rent or a mortgage in 2016.

**Children are particularly exposed to poor housing quality.** On average, more than one-in-five children aged 0-17 live in an overcrowded household in European OECD countries, with considerable variation across countries (Figure 6.15). Over half of all children live in overcrowded households in Hungary, Latvia, Poland and the Slovak Republic, compared to less than 8% in Ireland, Norway and the Netherlands. In all countries for which data are available, children in low-income households are more than twice as likely as those in high-income households to face overcrowded conditions.

### Definition and measurement

Housing affordability can be measured in different ways. Indicators often focus on the ratio between housing costs and household income. Two common indicators are: i) the housing cost burden (used here), which is the share of households spending more than 40% of their disposable household income on rent or mortgage; and ii) the share of

### Definition and measurement (cont.)

housing-related expenditures (housing, water, electricity, gas, etc.) relative to overall final consumption expenditures of a household. Other indicators may aim to measure other dimensions of housing affordability, such as the share of households who cannot afford to keep their dwelling adequately warm.

The subsidised rental market, also characterised as social rental housing, is defined as residential rental accommodation provided at sub-market prices and allocated according to specific rules (see Fitzpatrick, S. and H. Pawson, 2014). The private rental market is defined as the for-profit segment of the rental market, in which rental housing is provided at market-rates

Following the EU-agreed definition (Eurostat) a household is considered overcrowded if it does not have at its disposal a minimum number of rooms equal to: one room for the household; one room per adult couple in the household; one room for each single person aged 18 and over; one room per pair of single persons of the same sex between 12 and 17 years of age; one room for each single person between 12 and 17 years of age and not included in the previous category; one room per pair of children under 12 years of age.

For more information on the methodology, see *OECD Affordable Housing Database*: <http://oe-cd/ahd>.

### Further reading

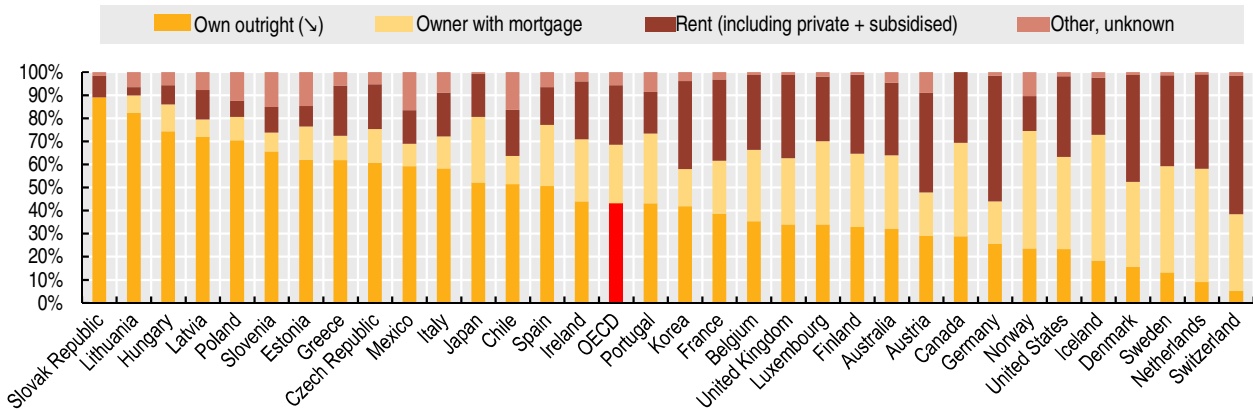
- Salvi del Pero, A. et al. (2016), "Policies to promote access to good-quality affordable housing in OECD countries", *OECD Social, Employment and Migration Working Papers*, No. 176, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5jm3p5gl4djd-en>.
- Fitzpatrick, S. and H. Pawson (2014), "Ending Security of Tenure for Social Renters: Transitioning to 'Ambulance Service' Social Housing?", *Housing Studies*, Vol. 29/5, pp. 597-615, <http://dx.doi.org/10.1080/02673037.2013.803043>.
- Scanlon, K. (2014), *Social housing in Europe*, John Wiley & Sons, <https://doi.org/10.1002/9781118412367.ch1>.

### Figure notes

- Figure 6.13: Data for Japan only available on the respondent level due to data limitations. See Statlink for precise years.
- Figure 6.14: The bottom quintile refers to the lowest 20% of the income distribution. No information for Turkey due to data limitations. In Chile, Mexico, Korea and the United States gross income instead of disposable income is used due to data limitations. No data on mortgage principal repayments available for Denmark due to data limitations. Results only shown if category composed of at least 30 observations. 3. Data for Japan only available on the respondent level due to data limitations. See Statlink for precise years.
- Figure 6.15: No information for Australia, Chile, Germany, Israel, Japan, Korea, Mexico, New Zealand, Turkey and United States due to data limitations.

**6.13. In most OECD countries, owning a home is much more common than renting**

Share of households in different tenure types, in percentages, 2016 or latest year available

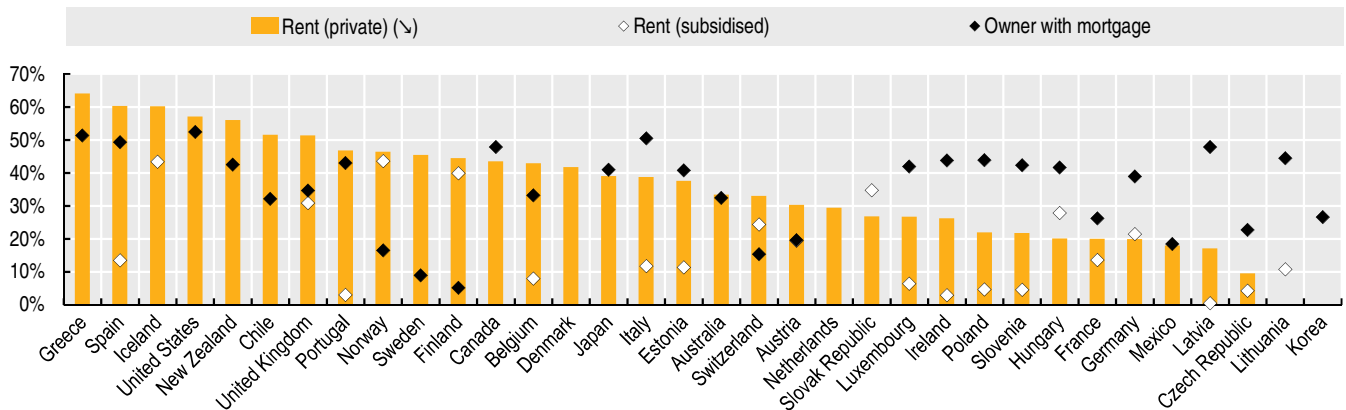


Source: OECD Affordable Housing Database – HM1.3 Housing tenures and HC1.2 Housing costs over income, <http://oe-cd/ahd>.

StatLink <http://dx.doi.org/10.1787/888933939256>

**6.14. Low-income dwellers face a significant housing cost burden**

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

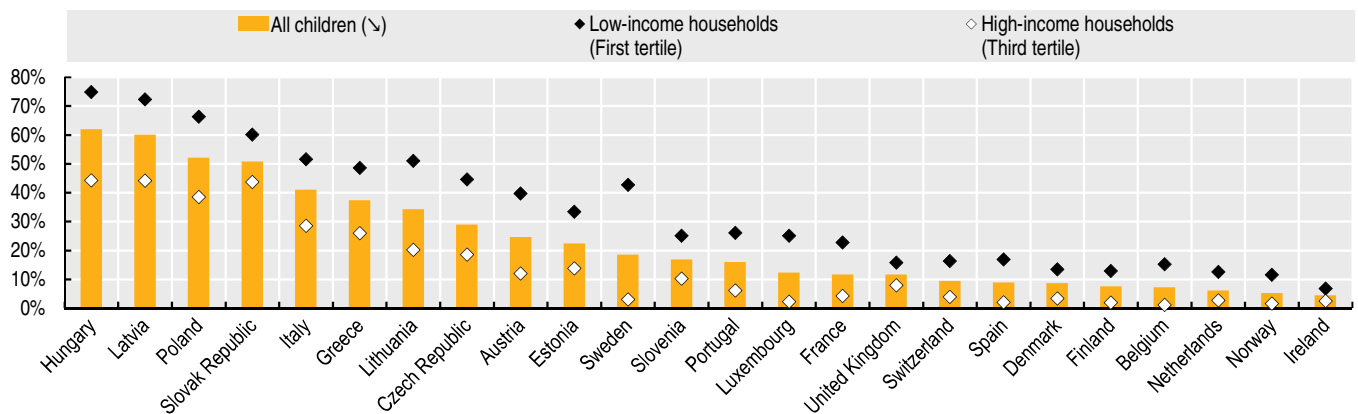


Source: OECD Affordable Housing Database – HM1.3 Housing tenures and HC1.2 Housing costs over income, <http://oe-cd/ahd>.

StatLink <http://dx.doi.org/10.1787/888933939256>

**6.15. Children are particularly exposed to poor housing quality**

Share of children (aged 0-17) living in overcrowded households in European OECD countries, by income group, percentages, 2016



Source: OECD Child Well-Being Data Portal, CWB9 Children in overcrowded households, OECD calculations based on EU-SILC survey, <http://oe.cd/child-well-being>.

StatLink <http://dx.doi.org/10.1787/888933939256>



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