

TOWARDS A MORE AFFORDABLE RENTAL MARKET

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“Rethinking rent control in Europe” - 7 December 2021

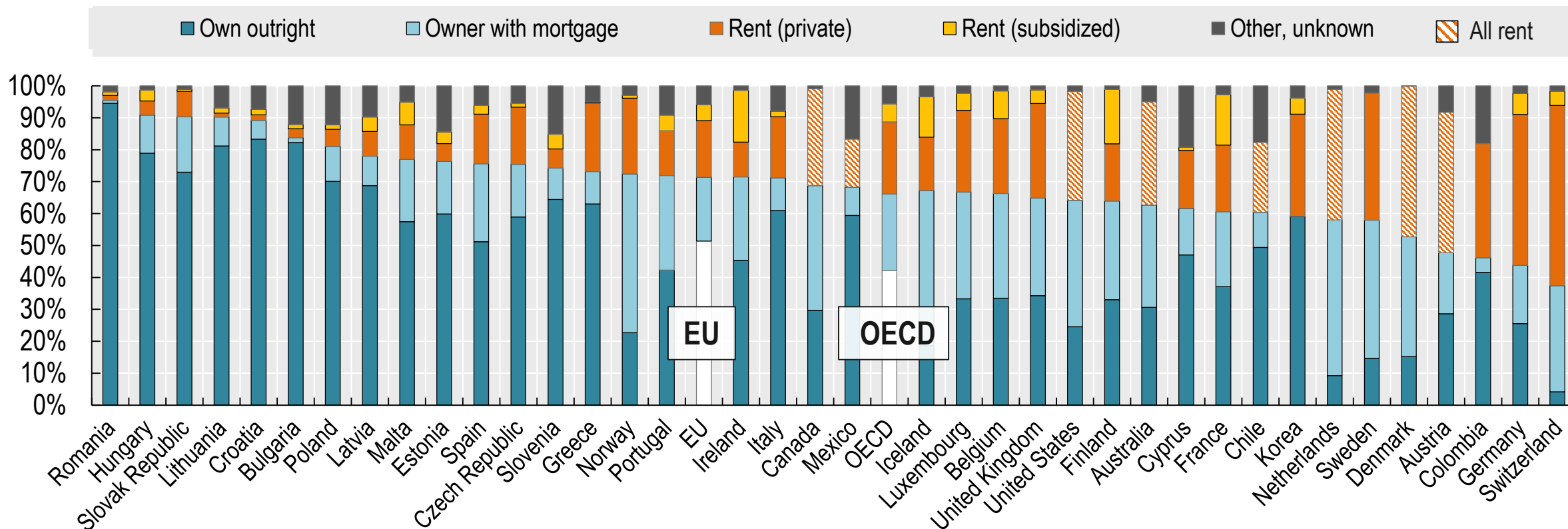


WHAT'S THE SITUATION FOR TENANTS IN THE OECD?



Across the OECD, owning a home is much more common than renting. Tenants are a majority in just 2 OECD countries.

Share of households in different tenure types, in percent, 2019 or latest year



Note: 1. Tenants renting at subsidized rent are lumped together with tenants renting at private rent in Australia, Austria, Canada, Chile, Denmark, Mexico, the Netherlands and the United States (represented in orange crosshatch), and are not capturing the full extent of coverage in Sweden due to data limitations. 2. For the United Kingdom, there has been a change in methodology regarding housing tenure classification. 3. Since the distinction is not available, owners with mortgage are lumped together with own outright in Korea. 4. The Colombian Government launched the social rental housing program Semillero de Proprietarios at the beginning of 2019 therefore, currently there are no data available. 5. See also indicator PH4.2 Social rental dwelling stock in the Affordable Housing Database for additional information. The present publication presents time series which end before the United Kingdom's withdrawal from the European Union on 1 February 2020. The EU aggregate presented here therefore refers to the EU including the UK. In future publications, as soon as the time series presented extend to periods beyond the United Kingdom's withdrawal (February 2020 for monthly, Q1 2020 for quarterly, 2020 for annual data), the "European Union" aggregate will change to reflect the new EU country composition.

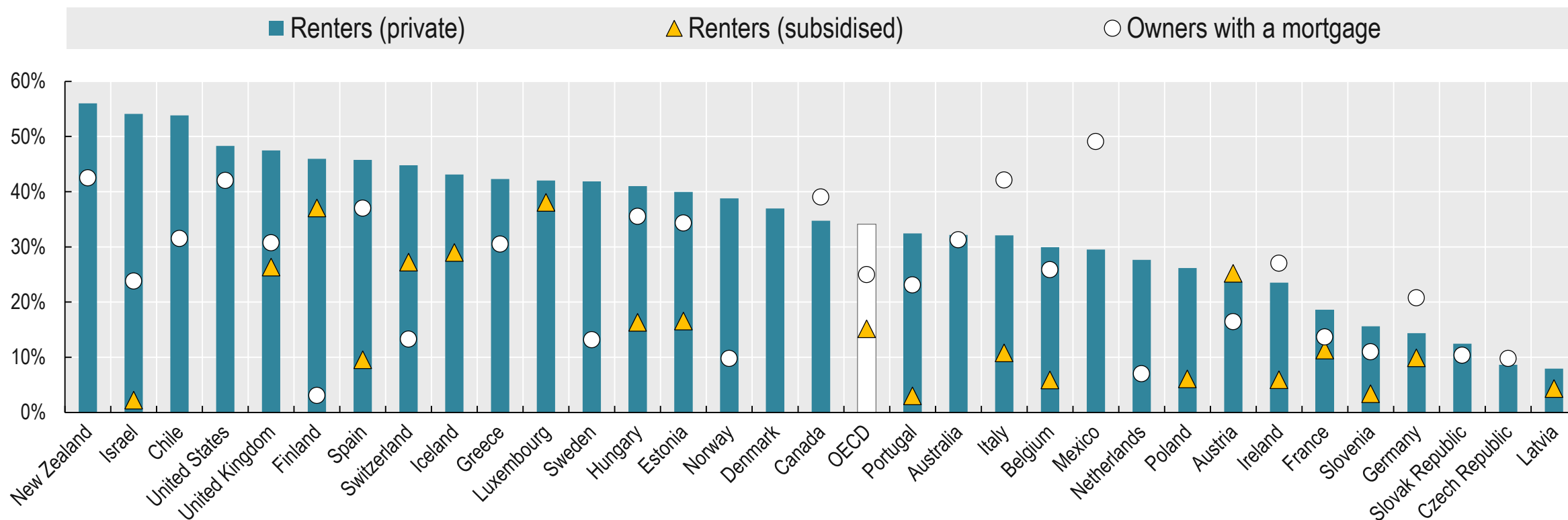
Source: OECD Affordable Housing Database, [Indicator HM1.3](#)



Prior to COVID, a big share of low-income tenants were spending more than 40% of their disposable income on housing.

Housing overburden rate among low-income households

Share of population in the bottom quintile of the income distribution spending more than 40% of disposable income on mortgage and rent, by tenure, in percent, 2019 or latest available year



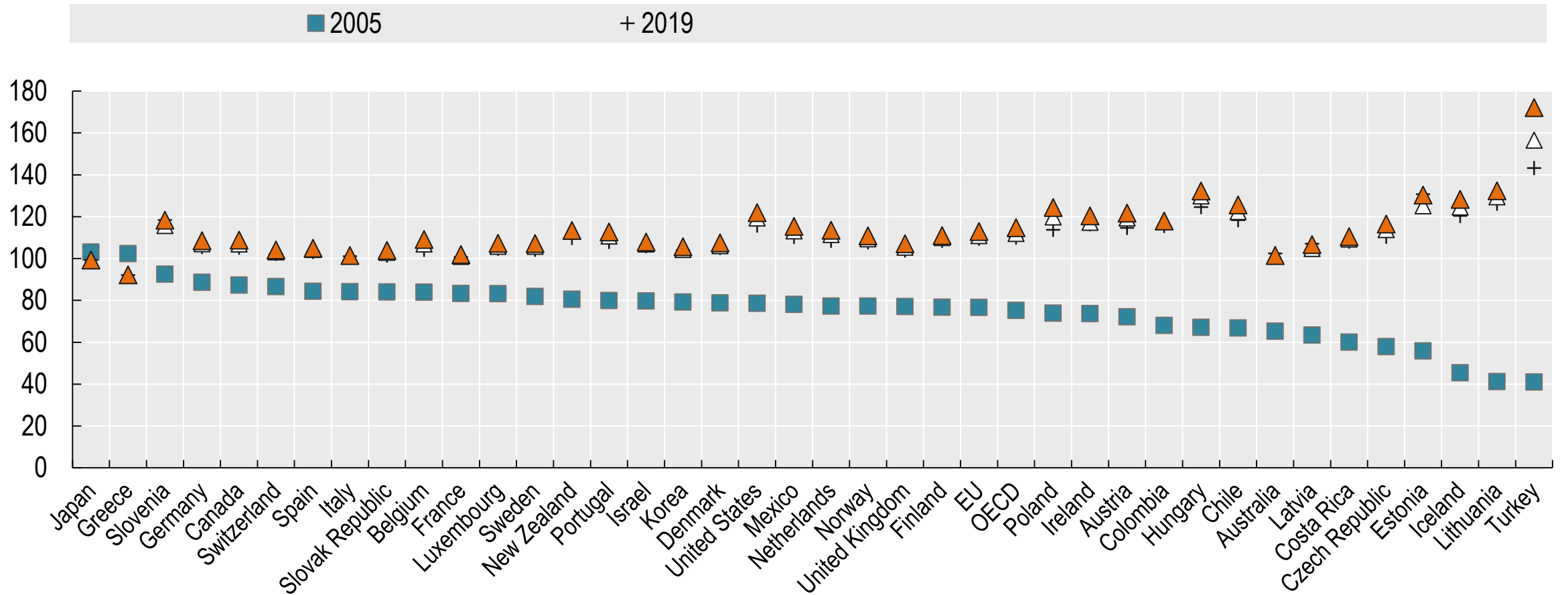
Note: 1. In Chile, Mexico, Korea and the United States gross income instead of disposable income is used due to data limitations. No data on mortgage principal repayments available for Denmark due to data limitations. 2. Results only shown if category composed of at least 100 observations. 3. The statistical 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.

Source: [OECD Affordable Housing Database](#), indicator HC1.2



Since 2005, rent prices increased in many countries.
COVID-era measures helped suppress growth, but not for long...

Rent price index, 2005, 2019, 2020 and 2021, 2015=100



Source: [Indicator HM1.2](#) – OECD Affordable Housing Database. Calculations based on OECD Housing prices (indicator).



Pre-COVID, over 2 million people were homeless in 36 countries. Lack of affordable housing can contribute to homelessness.



- Official statistics suggest that homelessness affects **less than 1% of the population** in nearly all OECD countries.
- This represents **over 2.1 million people** in 36 countries – and this is likely an **underestimate**.
- National averages hide (big) **differences in homelessness rates within countries**.
- In the years prior to the COVID crisis, the homelessness rate had increased in **around 1/3 of OECD countries**, and declined or remained stable in **around 1/4 of OECD countries**.
- The homeless population has become **increasingly heterogeneous** (more women, families, youth, seniors...).



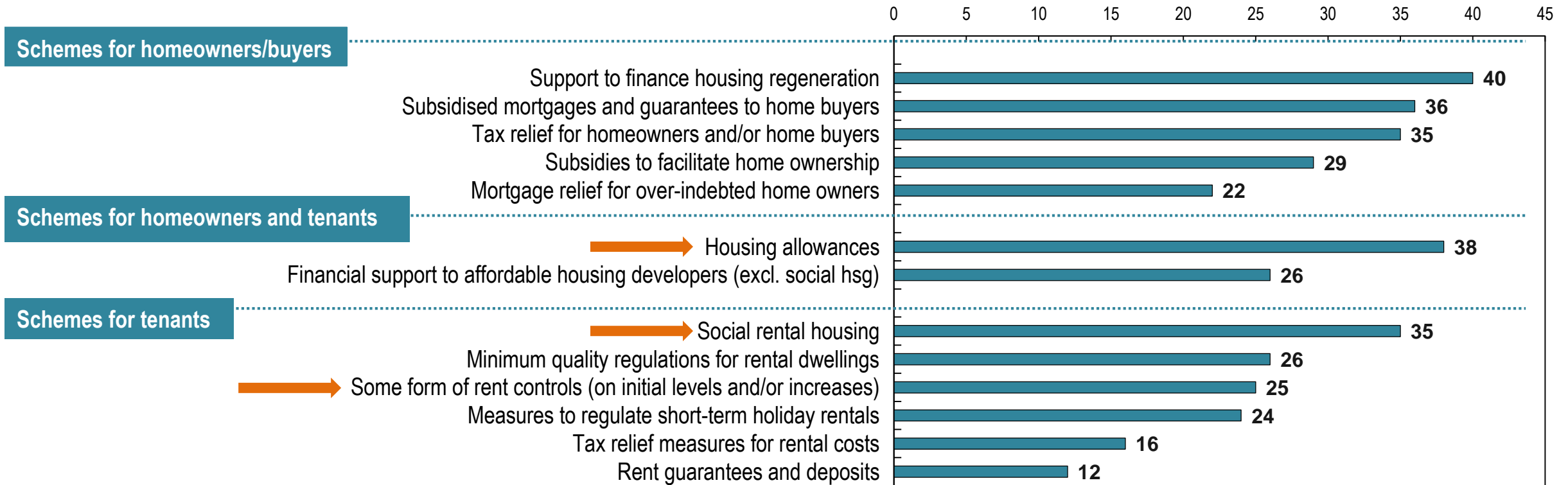
COMMON FORMS OF SUPPORT FOR TENANTS



Rent controls (in various forms) are implemented in jurisdictions in over half of OECD countries.

Overview of housing policy instruments already in place prior to the COVID-19 pandemic

Number of countries reporting each policy type



Note: 1. The list of policy types refers to those surveyed through the 2021, 2019 and 2016 Questionnaire on Affordable and Social Housing (QuASH), which gathered information from up to 49 countries; not all countries responded to all sections of the QuASH. 2. Limited information was provided in the 2021 OECD QuASH for Bulgaria, Croatia, Cyprus, Finland, France, Hungary, Korea, Malta, Mexico, Russian Federation, South Africa, Sweden and Switzerland. Where possible, information was drawn from responses to previous rounds of the OECD QuASH (2019 and 2016).

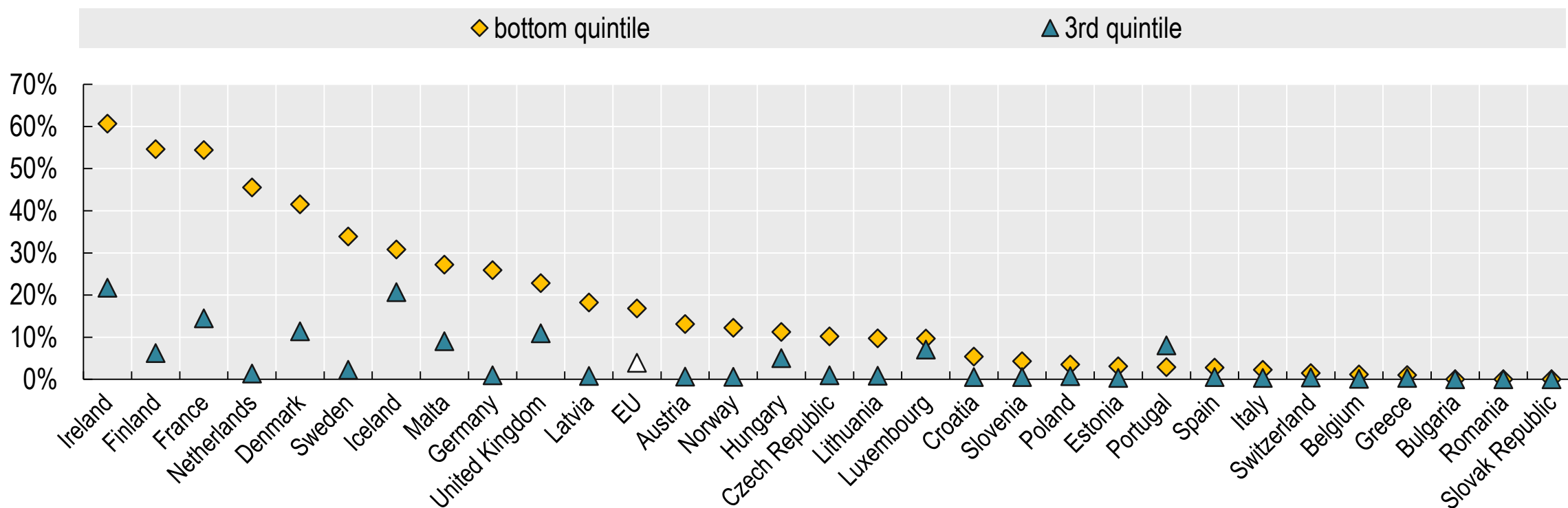
Source: [OECD Affordable Housing Database](#), indicator PH1.1.



Housing allowances are a common form of support for low-income households, though their coverage & generosity vary widely.

Share of households receiving a housing allowance

Share of households in EU countries receiving housing allowance, bottom and third quintiles of the disposable income distribution, in percent, 2019 or last year available



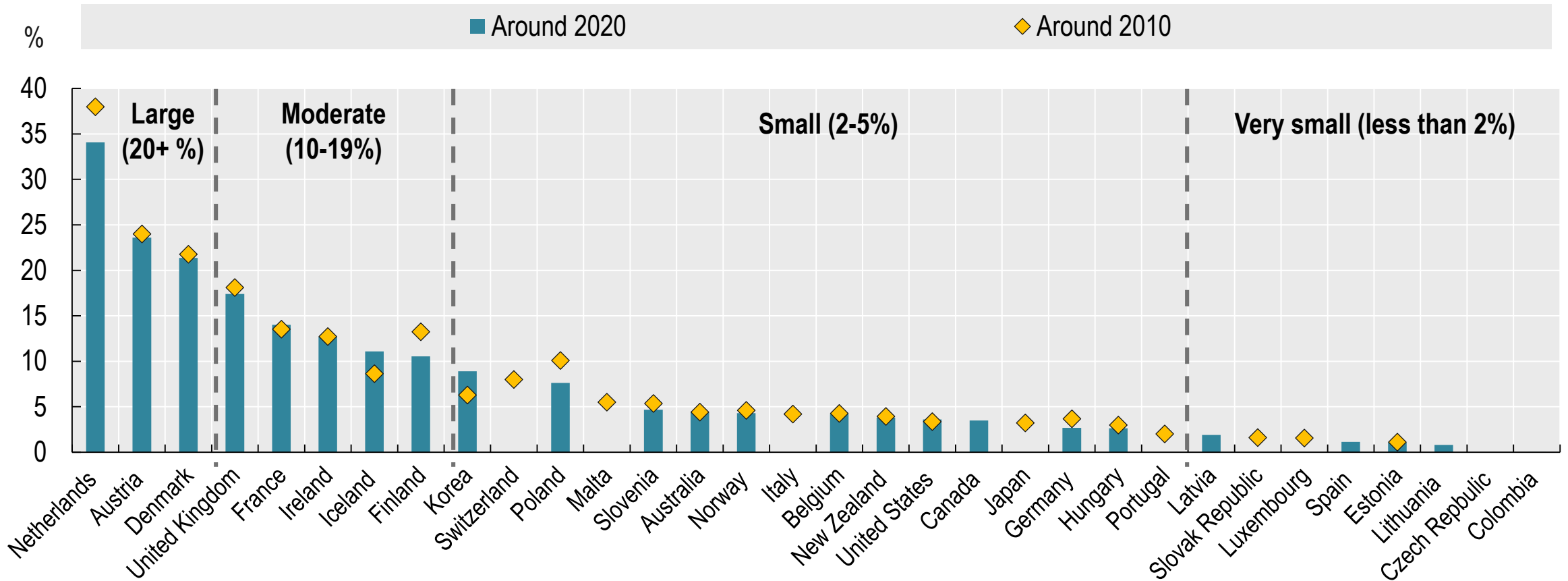
Note: 1. No information available for Australia, Canada, Chile, Japan, Korea, Mexico, New Zealand, Turkey and the United States due to data limitations. Only estimates for 100 or more data points shown. 2. Quintiles based on the equivalised disposable income distribution. Low-income households are households in the bottom quintile of the net income distribution. The present publication presents time series which end before the United Kingdom's withdrawal from the European Union on 1 February 2020. The EU aggregate presented here therefore refers to the EU including the UK. In future publications, as soon as the time series presented extend to periods beyond the UK withdrawal (February 2020 for monthly, Q1 2020 for quarterly, 2020 for annual data), the "European Union" aggregate will change to reflect the new EU country composition.

Source: [OECD Affordable Housing Database](#), indicator PH3.3.



Social housing represents around 7% of the total stock – over 28 million dwellings in the OECD.

Share of social rental dwellings as % of the total housing stock (2010, 2020)



Note: See notes for Figure PH4.2.3 in the OECD Affordable Housing Database
Source: [OECD Affordable Housing Database](#), indicator PH4.2



REFLECTIONS ON RENT CONTROLS



Arguments against strict rent controls

- “Helps renters today at the expense of renters tomorrow”
- Can lead to reduction in overall rental supply
- Can decrease overall housing affordability
- Can discourage maintenance & lead to poorer quality housing
- Are regressive and can misallocate affordable housing
- Can reduce residential mobility



Reflections on the debate

- **Strict rent controls generate (big) costs + trade-offs**
- **We need a more nuanced debate.** We also need more data on the impacts of more recently implemented rent stabilisation measures.
- **Exploring alternatives:** How *e/se* can we level the playing field?
- **Increasing the supply of affordable housing is fundamental**, but how to address immediate needs?
- ***Other* aspects of rental regulation also matter**
- **What about rent stabilisation?**



OECD work on affordable and social housing

Policy briefs

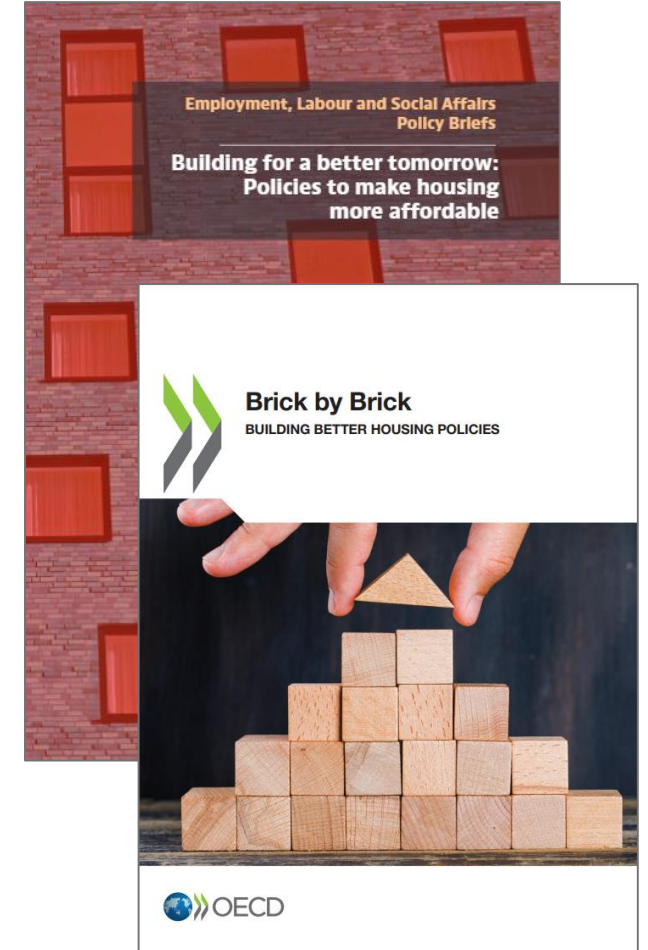
- Homelessness (<http://oe.cd/homelessness-2020>)
- Social housing (<http://oe.cd/social-housing-2020>)
- Affordable housing policies (<http://oe.cd/affordable-housing-2021>)
- Housing for people with disabilities (<https://oe.cd/il/housing-disability-2021>)

Cross-national data & evidence

- OECD Affordable Housing Database (<http://oe.cd/ahd>)
- OECD Housing Gateway (www.oecd.org/housing)

Thematic reports & Country reviews

- Policy Actions for Affordable Housing in Latvia (<http://oe.cd/latvia>)
- Housing and Inclusive Growth (<http://oe.cd/hig2020>)
- Brick by Brick: Building Better Housing Policies (<https://doi.org/10.1787/b453b043-en>)





THANK YOU

OECD AFFORDABLE HOUSING DATABASE

[HTTP://OE.CD/AHD](http://oe.cd/AHD)