

National Housing Policies

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Overview

- Purpose of housing policies
- How to react to market failure?
- What sort of policies?
- How do housing policies link with housing tenure across Europe?
- What instruments are and should be used?
- Essentials of effective housing policies

A general European Housing Aim

- Ensure that all households have access to decent housing at a price within their means.
- But:
- What is “decent”?
- What is “a price within their means”?

More specific aims

- Make housing more affordable
- Increase the supply of housing
- Improve the quality of the housing stock
- Promote increased security of tenure for some households
- Reduce homelessness
- Increase home ownership

Housing policy and other policies

- Labour markets
- Health
- Education
- Global environment
- Local environment

Market failure

Housing policies are a reaction to market failure: the failure of markets to be efficient and to be equitable.

Externalities public goods and planning

- Housing policies must be linked to land use planning policies if externality problems are to be addressed effectively
- Land use planning including housing, infrastructure, open space, social facilities is essential for effective housing policies
- Taxation and subsidies may also tackle market failure
- A strong regulatory environment is essential for effective consideration of positive and negative externalities

Institutions

- An effective set of institutional arrangements are essential for effective housing policy.
- Institutions needs to promote, support and regulate:
 - Finance
 - Building and renovation
 - Housing quality and environmental quaility
 - Housing management
 - Governance
 - Land use control and building control
 - Effective property rights

Demand v Need

- Housing Demand: depends on incomes, costs, preferences, availability and cost of finance
- Housing Need: Socially determined - depends on acceptable standards of housing that are unaffordable to some

Demand/ Need gaps

Essential housing policy problem: how to respond to a lack of demand for housing of a socially acceptable standard? What to do about unmet need?

Policy options: Demand v Supply side policies

- Arguments and ideologies
- The case for subject subsidies
- The case for object subsidies
- The externality argument

Buildings or People?

Public funding EU28 Countries %s of total to buildings and people

	Capital Support	Housing Allowances
2009	47	53
2015	25	75

Source: The State of Housing in the EU 2017 Housing Europe

Housing Tenure % housing stock c2016

	Owner occupation	Private renting	Social Renting	Other
Belgium	64.8	27.5	6.5	1.2
France	57.8	23.0	16.8	2.4
Germany	45.4	50.7	3.9	
Ireland	67.6	20.6	8.7	3.1
Netherlands	60.0	10.0	30.0	
Spain	77.1	13.8	2.5	6.5
UK	63.1	19.0	17.6	

Source: The State of Housing in the EU 2017 Housing Europe

Home ownership

- Why do policy makers want more home ownership?
- Driven by efficiency, ideology or political expediency?
- Q What sort of policies best increase home ownership?
- A Those that operate at the margin

Home ownership risks

- Beware: Low income home ownership and associated lending at the centre of the GFC
- Beware: Low income home ownership can be risky for households

Housing policy essentials

- Separate the positive from the normative
- Specify the objectives of policy
- Use evidence rather than ideology to determine the best set of policy instruments
- Good policy needs to tackle market failures
- Good policy needs to reduce housing needs
- Good policy needs appropriate institutional arrangements
- Emphasise the wide economic and social benefits of efficient and equitable housing provision

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