Housing Systems

Macro Comparative Context

Australia, Canada, United Kingdom

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Housing System

The full range of inter-relationships between all of the actors (individual and corporate), and institutions involved in the production, consumption and regulation of housing.

Since the 1990s: A New Macro Context for the Housing System

**Hyper-commodification** of Housing

1. Deregulation
2. Financialization
3. Globalization
4. Austerity

Housing no longer just housing

Asset for those with enough excess wealth
Transition to Hyper-commodification

1. **Deregulation** of housing: remove regulations that impede the commodity aspect of real estate

2. **Financialization** of housing: convert any aspects of housing into large scale globally financialized instruments ("products" to buy, sell, speculate in)

3. **Globalization** of housing: global wealth networks, not local, play the dominant role.

-- Madden & Marcuse 2016:52-62
Canada's Housing System: 96 & 4

Market Housing
96%
Buy or Rent from the Private Sector

Housing Subsidies
Mainly home ownership

Social Housing
4%

Non-market Housing
Netherlands 34%
Austria 26%
Denmark 22%
France 19%
Sweden 18%
UK 18%
Australia 5%
Canada 4%
USA 4%
The Gini coefficient takes values between 0 for a perfectly equal income distribution where every person has the same income, and 1 which refers to a situation of maximum inequality where all income goes to one person. OECD average = 0.30.
Total Tax Revenues as a Percentage of GDP, 2010
Fifteen OECD Countries in Three Groups
Total Tax Revenues as a Percentage of GDP, 1965–2014 for Canada and Three Groups of Countries

Notes: Nordic countries includes Denmark, Sweden, Finland and Norway. Western European countries includes France, Belgium, Austria, Germany and Netherlands. Anglo-American countries includes United States, United Kingdom, Ireland, New Zealand and Australia. Group percentages are unweighted averages. Data for Australia and Netherlands not yet available for 2014.

Neighbourhood Change Research Partnership
University of Toronto. April 2016.
www.NeighbourhoodChange.ca

OECD (2015), Tax revenue (indicator).
doi: 10.1787/d89bbdf5-en
(Accessed on 15 April 2016)
Tax reduction in income inequality (%), 2005

Percentage reduction in Gini coefficients before and after taxes and transfers.

Source: OECD (2008)
Homeownership Share, 2014 or latest year
Fourteen OECD Countries as Three Groups

Nordic Countries
- Norway: 76%
- Finland: 66%
- Sweden: 61%
- Denmark: 54%

Western European Countries
- Belgium: 66%
- France: 61%
- Netherlands: 57%
- Austria: 50%
- Germany: 45%

Anglo-American Countries
- Ireland: 69%
- Canada: 69%
- United Kingdom: 63%
- United States: 63%
- Australia: 63%

Share of all household tenure types. With or without mortgage.

Source: OECD Affordable Housing Database, HM 1.3.1.
Private Rental Housing Share, 2014 or latest year
Fourteen OECD Countries as Three Groups

<table>
<thead>
<tr>
<th>Country</th>
<th>Share</th>
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</thead>
<tbody>
<tr>
<td><strong>Nordic Countries</strong></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>46%</td>
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<tr>
<td>Sweden</td>
<td>37%</td>
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<tr>
<td>Finland</td>
<td>14%</td>
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<tr>
<td>Norway</td>
<td>13%</td>
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<tr>
<td><strong>Western European Countries</strong></td>
<td></td>
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<tr>
<td>Germany</td>
<td>50%</td>
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<tr>
<td>Netherlands</td>
<td>43%</td>
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<tr>
<td>Austria</td>
<td>30%</td>
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<tr>
<td>Belgium</td>
<td>24%</td>
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<tr>
<td>France</td>
<td>21%</td>
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<td><strong>Anglo-American Countries</strong></td>
<td></td>
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<tr>
<td>United States</td>
<td>35%</td>
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<tr>
<td>Australia</td>
<td>31%</td>
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<tr>
<td>Canada</td>
<td>31%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>17%</td>
</tr>
<tr>
<td>Ireland</td>
<td>15%</td>
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</tbody>
</table>

Share of all household tenure types.

Source: OECD Affordable Housing Database, HM 1.3.1.
Trend in Social Housing as a % of Total

CHART 10: SOCIAL HOUSING AS PERCENTAGE OF TOTAL HOUSING STOCK IN SELECTED COUNTRIES, 1980–2008

Red text = Peak % to 2008

Netherlands, 39% to 32%
U.K., 32% to 18%
Sweden, 22% to 18%
France & Denmark, 15% to 18%
Canada, 5% to 4%
Rent Regulations: Degree of Control


Social Rental Housing Share, 2015 or latest year
Twelve OECD Countries as Three Groups

<table>
<thead>
<tr>
<th>Region</th>
<th>Social Rental Housing Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic Countries</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>22%</td>
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<td>13%</td>
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<td>Norway</td>
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<tr>
<td>Western European Countries</td>
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<td>Netherlands</td>
<td>34%</td>
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<td>Austria</td>
<td>26%</td>
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<tr>
<td>France</td>
<td>19%</td>
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<tr>
<td>Germany</td>
<td>4%</td>
</tr>
<tr>
<td>Anglo-American Countries</td>
<td></td>
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<tr>
<td>United Kingdom</td>
<td>18%</td>
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<tr>
<td>Ireland</td>
<td>9%</td>
</tr>
<tr>
<td>Australia</td>
<td>5%</td>
</tr>
<tr>
<td>United States</td>
<td>4%</td>
</tr>
<tr>
<td>Canada</td>
<td>4%</td>
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</tbody>
</table>

Share of all household tenure types. Social rental housing defined as "the stock of residential rental accommodation provided at sub-market prices and allocated according to specific rules rather than according to market mechanisms".

Source: OECD Affordable Housing Database, PH 4.2.1.
Housing Allowance Share of GDP, 2015 or latest year
Thirteen OECD Countries as Three Groups

Nordic Countries
- Finland: 0.82%
- Denmark: 0.48%
- Sweden: 0.45%
- Norway: 0.09%

Western European Countries
- France: 0.83%
- Germany: 0.48%
- Netherlands: 0.47%
- Austria: 0.16%

Anglo-American Countries
- United Kingdom: 1.41%
- New Zealand: 0.48%
- Australia: 0.27%
- Ireland: 0.21%
- United States: 0.10%

Total government spending as a percent of Gross Domestic Product (GDP). There is provision of housing allowances in Canada but data on public spending are not available.

Source: OECD Affordable Housing Database, PH 3.1.1.
Household Debt as Percent of Disposable Income, 2015
Fourteen OECD Countries as Three Groups

Nordic Countries
- Finland: 130
- Sweden: 179
- Norway: 222
- Denmark: 292

Western European Countries
- Germany: 93
- Austria: 94
- France: 108
- Belgium: 114
- Netherlands: 277

Anglo-American Countries
- United States: 112
- United Kingdom: 150
- Canada: 175
- Ireland: 178
- Australia: 212

Household debt is defined as all liabilities that require payment or payments of interest or principal by household to the creditor at a date or dates in the future. Real household net disposable income corresponds to the sum of wages and salaries, mixed income, net property income, net current transfers and social benefits other than social transfers in kind, less taxes on income and wealth and social security contributions paid by employees, the self-employed and the unemployed.

Source: OECD (2017), Household debt (indicator).
DOI: 10.1787/88893356469-en
Household Debt as Percent of Disposable Income, 1995–2015
Australia, Canada, Spain, United Kingdom, and United States

Household debt is defined as all liabilities that require payment or payments of interest or principal by household to the creditor at a date or dates in the future. Real household net disposable income corresponds to the sum of wages and salaries, mixed income, net property income, net current transfers and social benefits other than social transfers in kind, less taxes on income and wealth and social security contributions paid by employees, the self-employed and the unemployed.

Source: OECD (2017), Household debt (indicator).
doi: 10.1787/f03a6469-en
Household Debt and Mortgaged Ownership
Fourteen OECD Countries, 2014-2015

Household Debt Percent of GDP, 2015
Home Ownership with Mortgage, 2014 or latest year

Household core debt includes mortgage and non-mortgage types. Home ownership with mortgage is the percent of all owners & renters.

Source 1: OECD Affordable Housing Database http://www.oecd.org/social/affordable-housing-database.htm
Source 2: Bank for International Settlements, Table F3.1: Total credit to households (core debt). http://bis.org
Why does Income Inequality Matter?

Index of:
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility
Social Mobility: More inequality is associated with less mobility across the generations

Miles Corak, "Income Inequality, Equality of Opportunity, and Intergenerational Mobility," Journal of Economic Perspectives, Summer 2013, p. 82.
Housing Systems ought to be **Inclusive**

1. stimulate adequate housing *production*

2. help produce a mix of housing *choice* (tenure, location, size, quality)

3. assist those who cannot *afford* adequate, appropriate housing
Objective of the Housing System

A mechanism for increasing wealth and income inequality

"OECD countries have come to organize their housing systems as mechanisms for encouraging rentier returns and increasing wealth and income inequalities." (Maclennan and Miao, 2017:143)