

Building a typology of housing systems to inform policies in OECD and EU member States*

Christophe André and Thomas Chaux

Key question

Access to good-quality affordable housing is essential for achieving broader social policy objectives, such as reducing poverty and enhancing equality of opportunity, social inclusion and mobility, as well as health and well-being. As a variety of housing systems is found across OECD countries, building a typology of these systems is crucial to understand differences between them and to help governments monitor access to good-quality affordable housing and design effective policies. Which public policies to recommend in different housing contexts? Policies favouring demand or supply-side instruments?

Methodology

The article establishes a typology of housing systems in OECD countries, based on the new OECD *Affordable Housing Database (AHD)* indicators which cover housing market context (housing stock, share of vacant homes, tenure structure, indices of housing prices, rents, etc.), housing conditions in terms of affordability (housing cost burden), quality of dwellings and housing exclusion, and public policies towards affordable housing (housing benefits and other forms of assistance, governance of social housing sector, etc.). Principal component and cluster methods are used to analyse data on 25 countries and 34 variables. Seven countries, for which fewer variables are available, are subsequently added to the analysis.

Main Results

Four groups of countries are identified:

- The first group, named “Northern”, includes most of Northern Europe (in particular Germany), as well as the United States and Switzerland, and is characterised by a large share of owners with mortgages, high household debt levels and a relatively high proportion of private sector tenants.
- The “Western” group, including much of the western part of continental Europe (especially France), along with Ireland and the United Kingdom, is characterised by larger shares of outright owners and social sector tenants.
- The “Southern-Central” group, including part of Southern and Central and Eastern Europe (CEE), features widespread outright homeownership and intermediate housing conditions.
- The “Eastern” group, which shows very high outright homeownership rates, but the most unfavourable housing conditions, is essentially made up of CEE countries.

Four groups of countries

“Northern” group	“Western” group	“Southern-Central” group	“Eastern” group
Switzerland, United-States, Netherlands, Denmark, Sweden, Germany, Luxembourg, Iceland, Norway	Belgium, United Kingdom, Ireland, Cyprus, Portugal, Spain, Finland, France, Malta	Austria, Chile, Czech Republic, Italy, Greece, Estonia, Slovenia	Croatia, Slovakia, Lithuania, Hungary, Latvia, Poland, Mexico

OECD *Affordable Housing Database (AHD)*; authors' calculations on 32 countries.

Message

The sorting of countries largely occurs along the two dimensions of housing conditions and tenure structure. Housing conditions are strongly correlated with GDP per capita and tend to be poor in CEE countries. The 4 groups of countries do not show clear specificities in their policy mix. Most countries use a large variety of policy instruments, due to path dependency, to the diversity of issues to address or to inconsistencies in housing systems with overlapping policies. The most widely used are demand-side instruments (in particular, housing allowances and support for homebuyers). However, literature has shown that these policies, if they are not matched with an increase in supply, are likely to increase affordability problems and social segregation in many advanced economies.