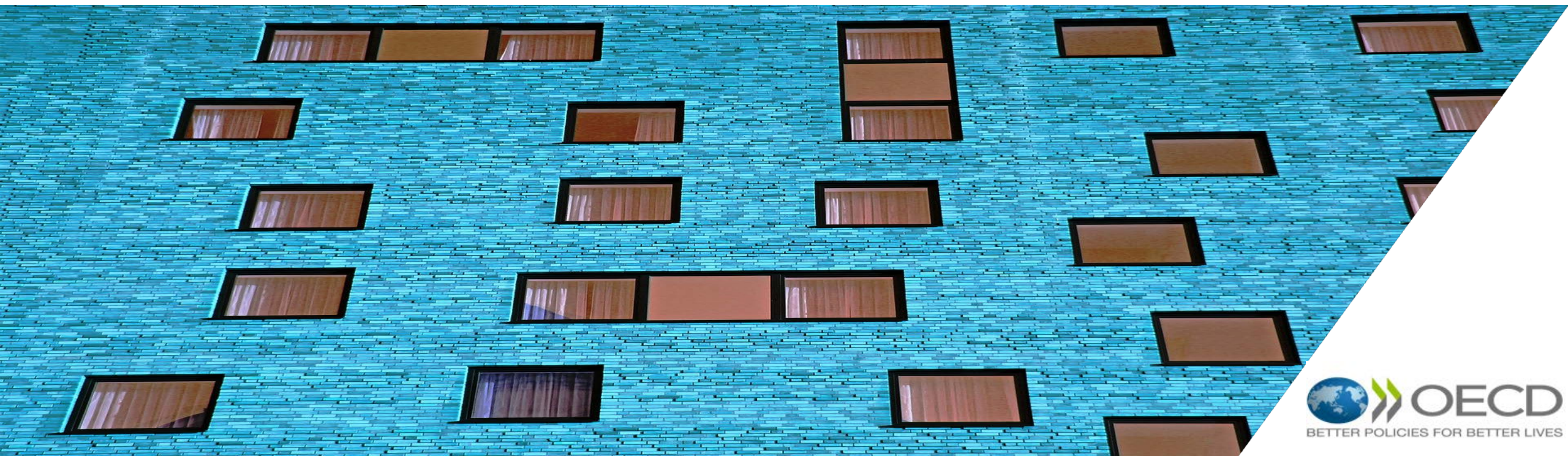




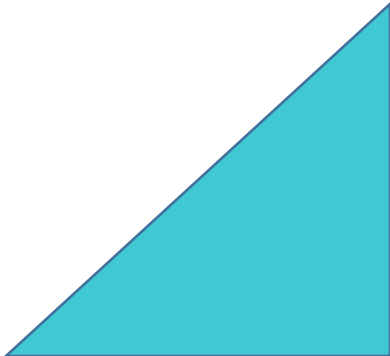
Insights from the OECD Housing Policy Toolkit

Luiz de Mello, Director, OECD Economics Department
International Sustainable Housing Symposium
Venice, 4 October 2022

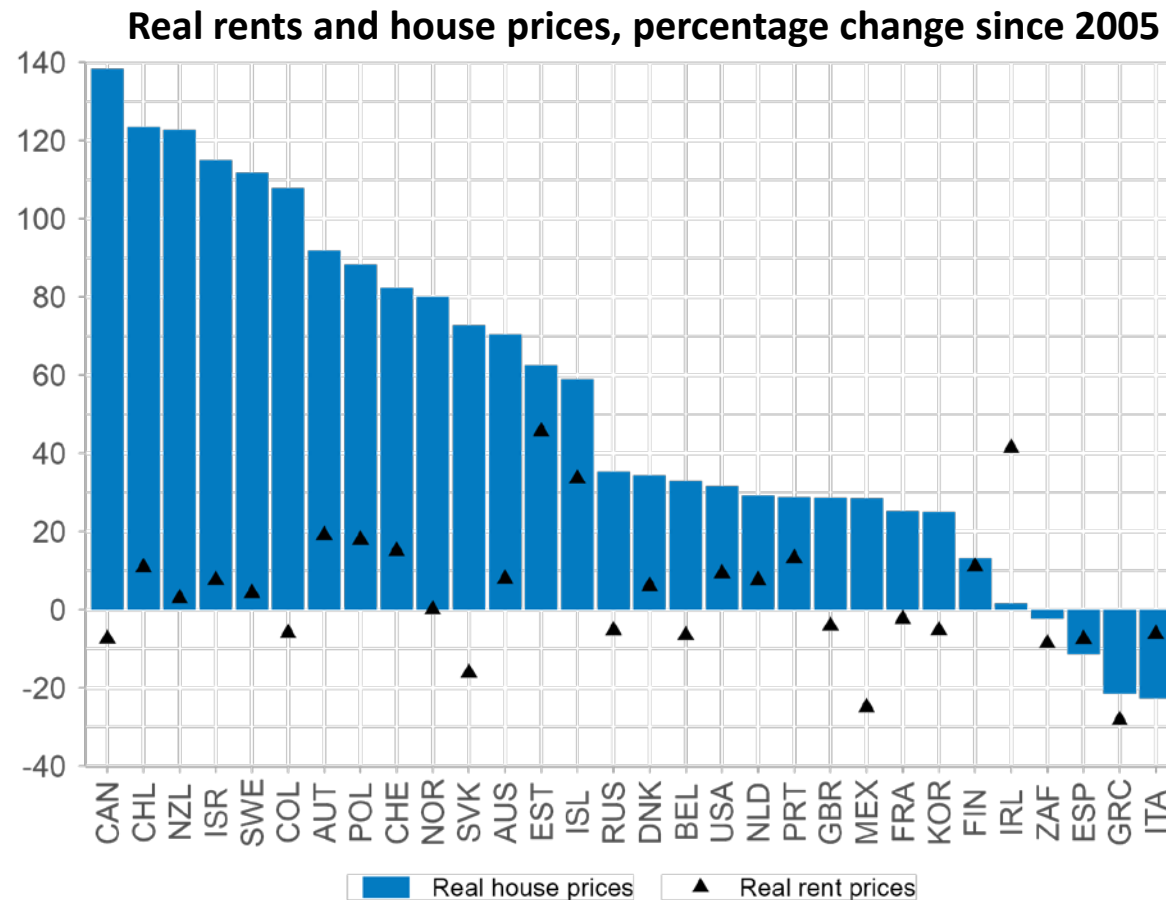




Setting the scene



>> In most OECD countries, house prices and rents have risen fast over the last decade and a half

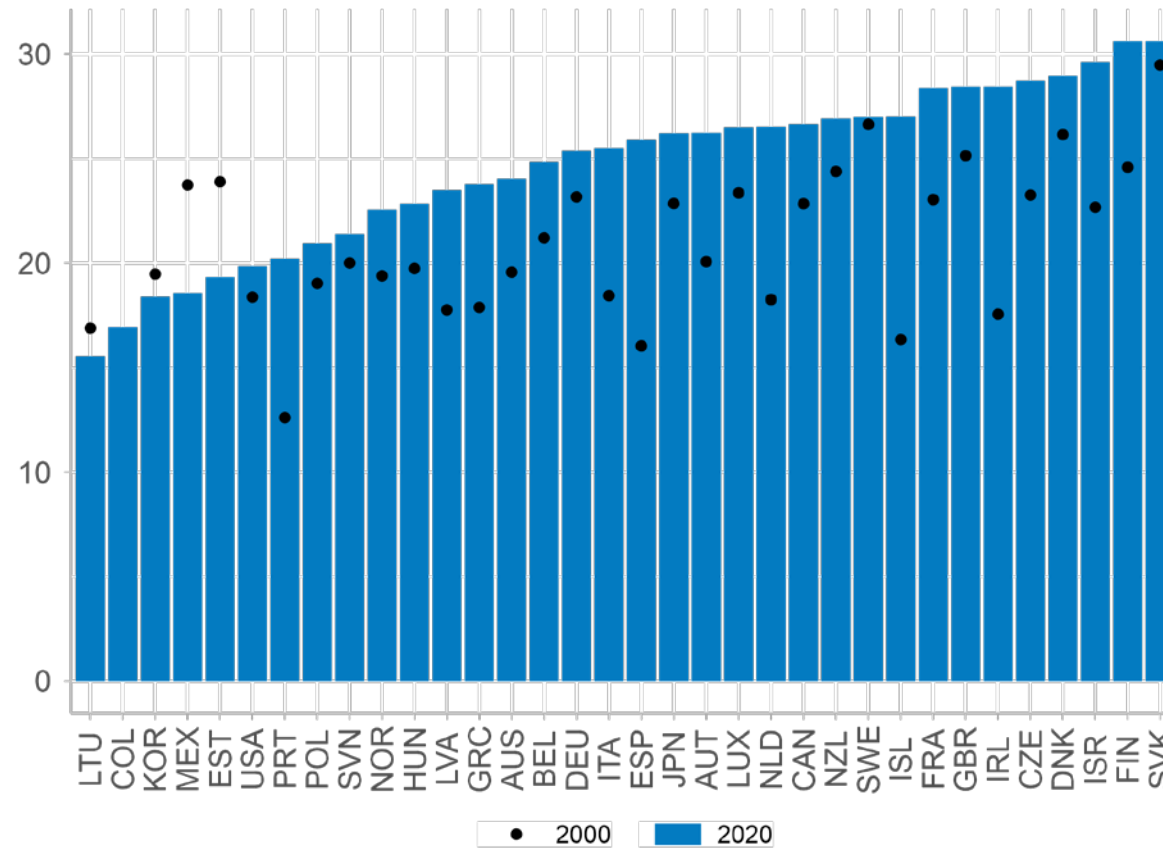


Note: End point is 2022Q2 for CAN and USA, 2022Q1 for other countries except AUS, AUT, CHL, NZL (2021Q4) and COL and RUS (2021Q3).

Source: September 2022 update of Figure 1.1 in [Brick by Brick: Building Better Housing Policies](#), OECD (2021).

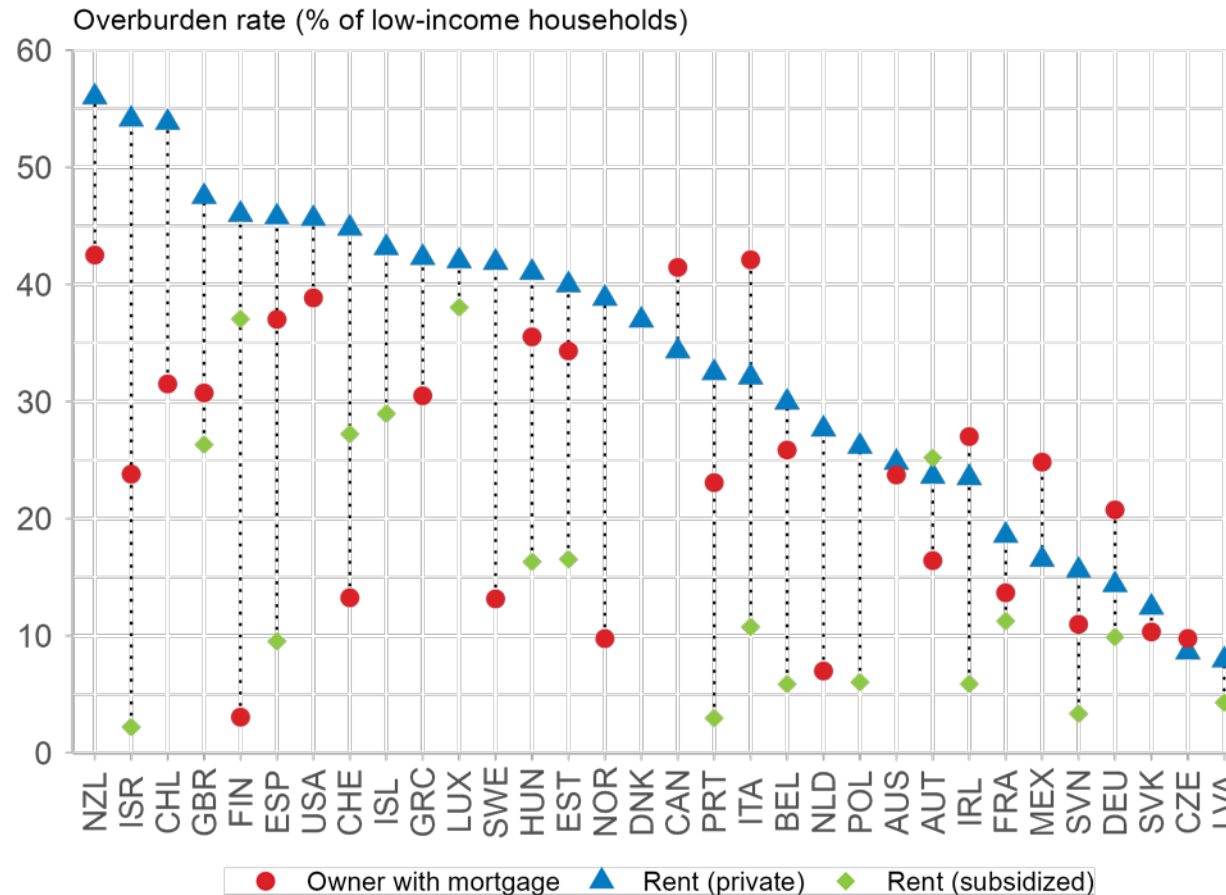
Housing is absorbing a rising share of consumption

Percentage share of housing expenditure in household final consumption



Low-income social groups are particularly challenged

Percentage share of low-income households overburdened with housing costs, 2019 or latest available

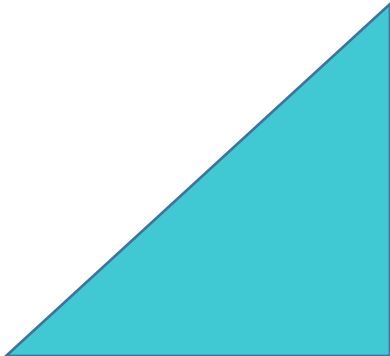


Note: A household is considered overburdened with housing costs when these absorb more than 40% of their disposable income. Low-income households are defined as the bottom income quintile of the disposable income distribution.

Source: [Brick by Brick: Building Better Housing Policies](#), OECD (2021).



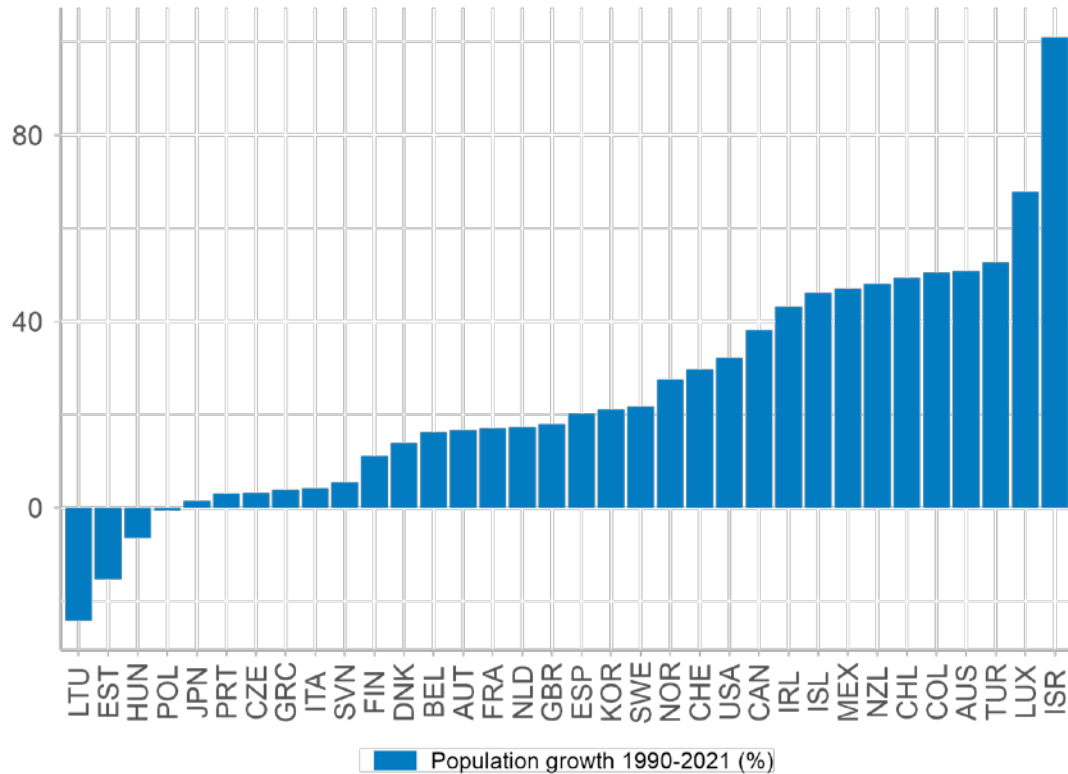
Driving forces behind rising housing costs



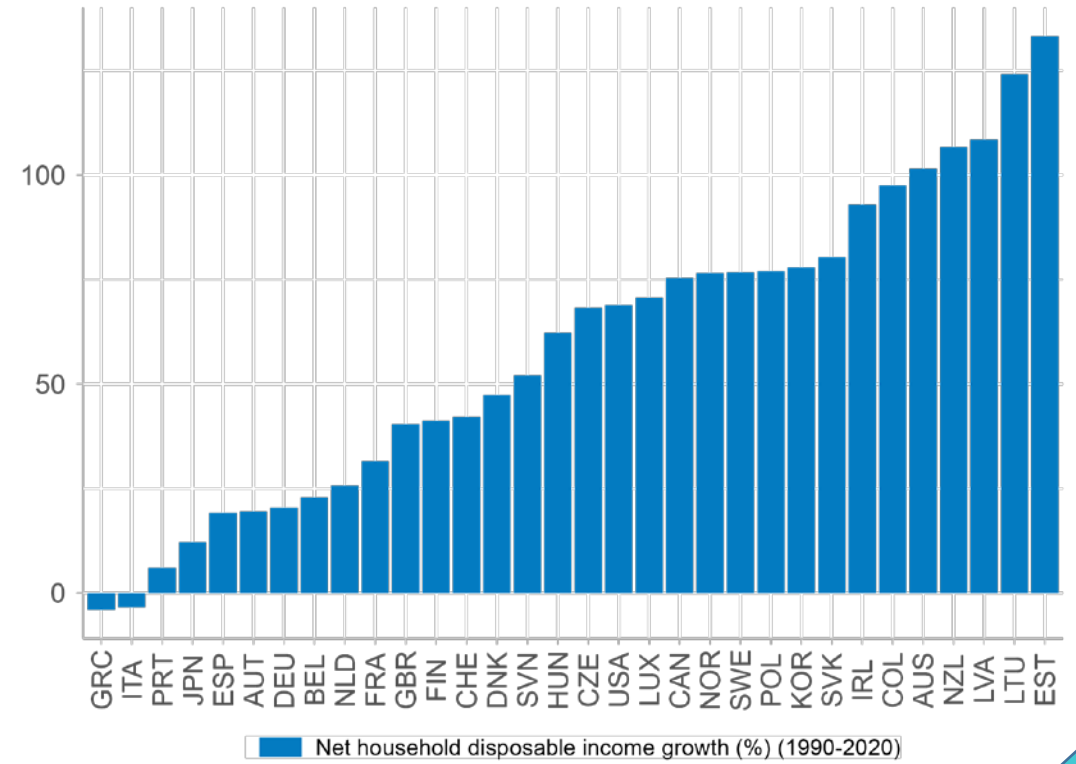


Demand: demographic and income growth are key drivers

Population change from 1990 to 2021



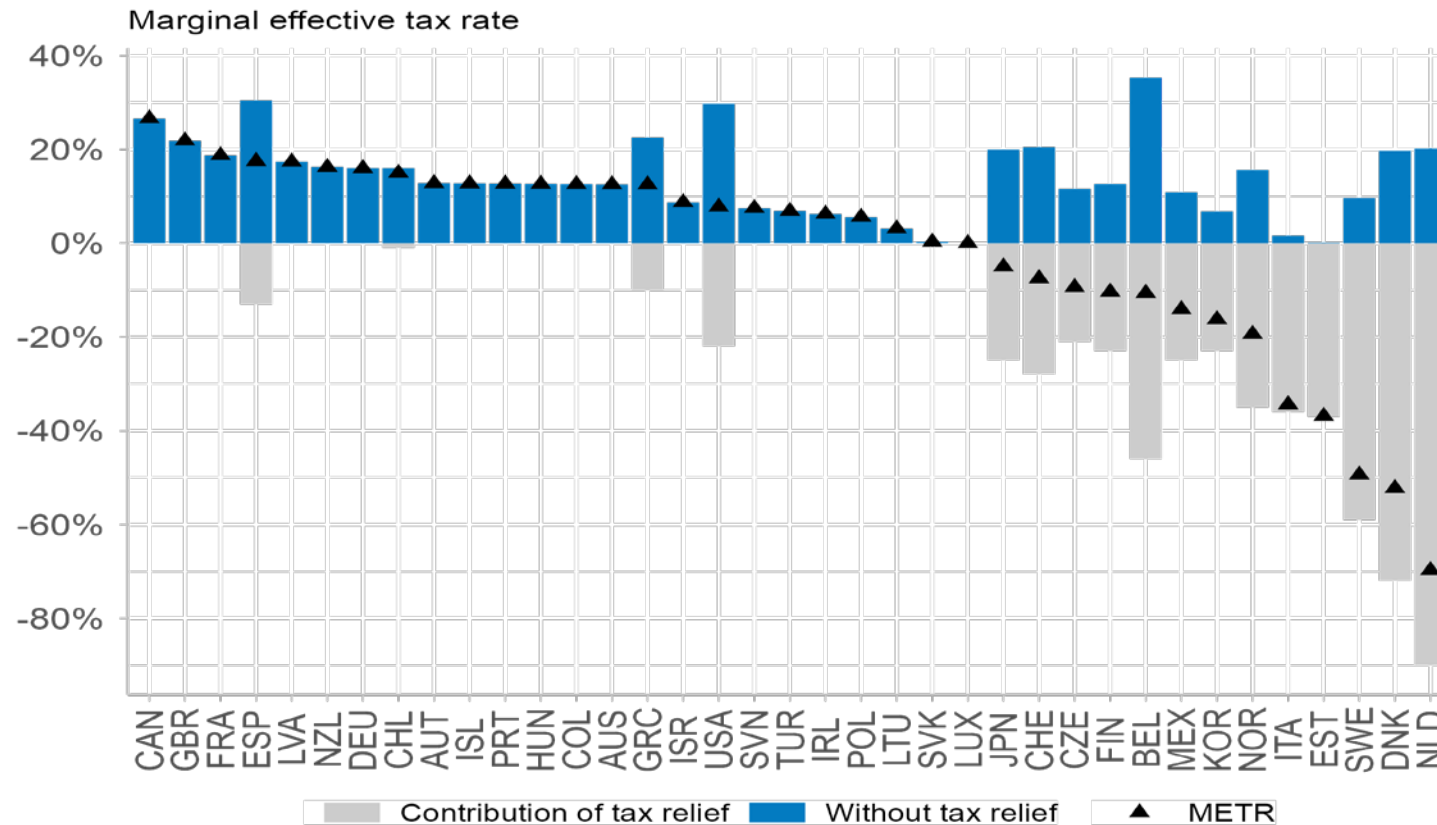
Change in household net disposable income from 1990 to 2021





Demand: tax relief is not uncommon

Many tax systems include specific tax relief
Estimates for the tax system as of 2016

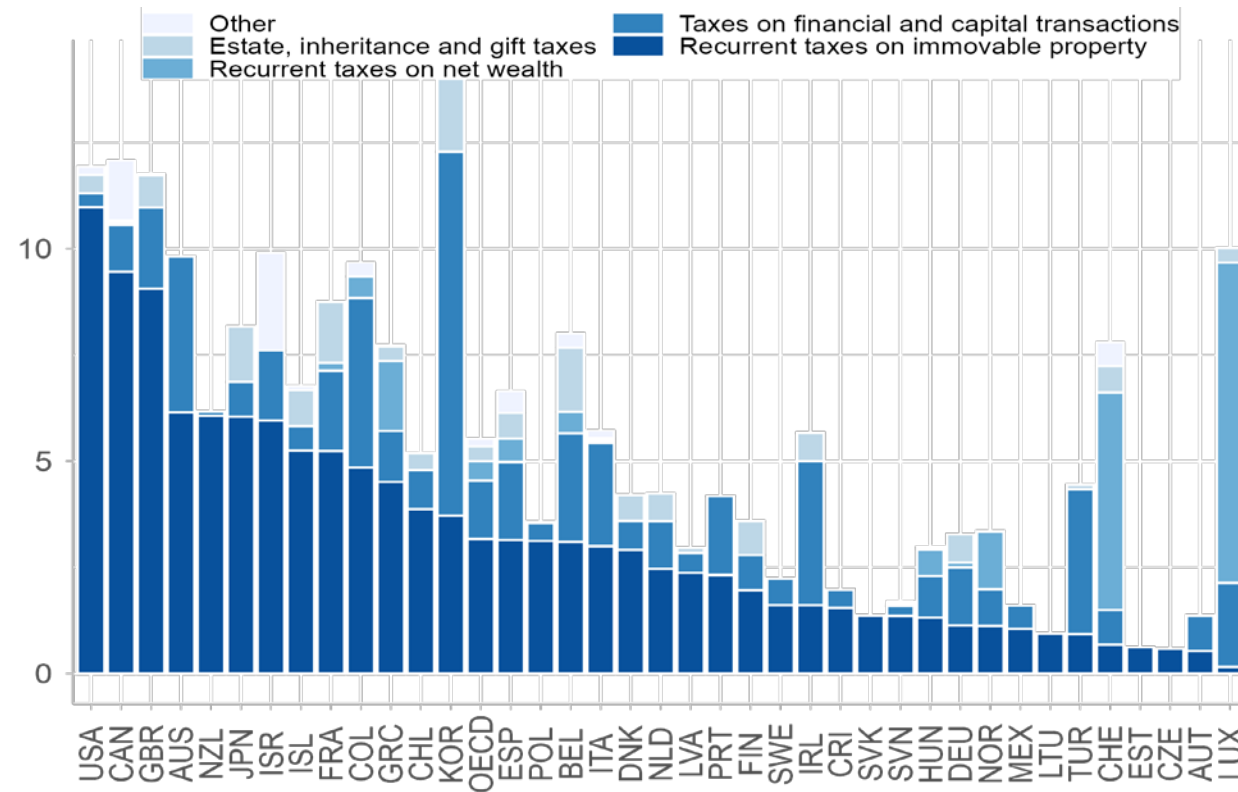




Demand: housing taxation varies across countries

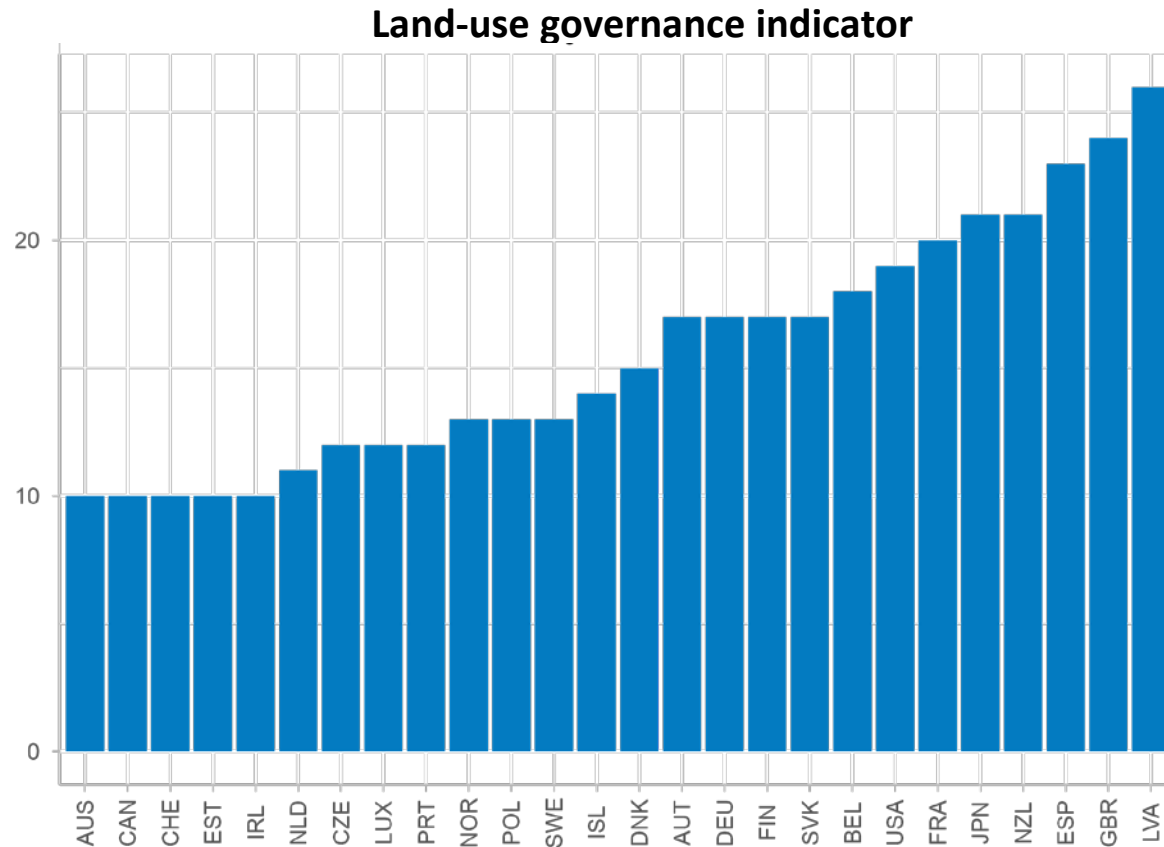
Taxes on immovable property dominates in most countries

Share of property tax in total tax receipts, 2021



Source: [Housing Taxation in OECD Countries](#), OECD, 2022.

Supply: land-use planning: avoid overlap and NIMBY



The *land-use governance indicator*

High values signal potential inefficiencies due to:

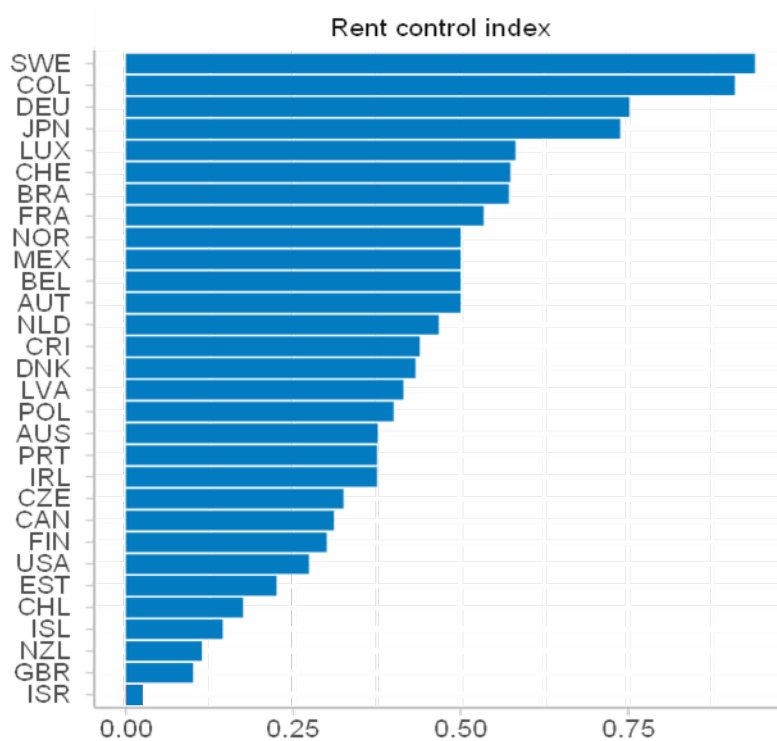
Overlap in responsibility between different levels of government

Land-use decisions are taken at a too local level → NIMBYism

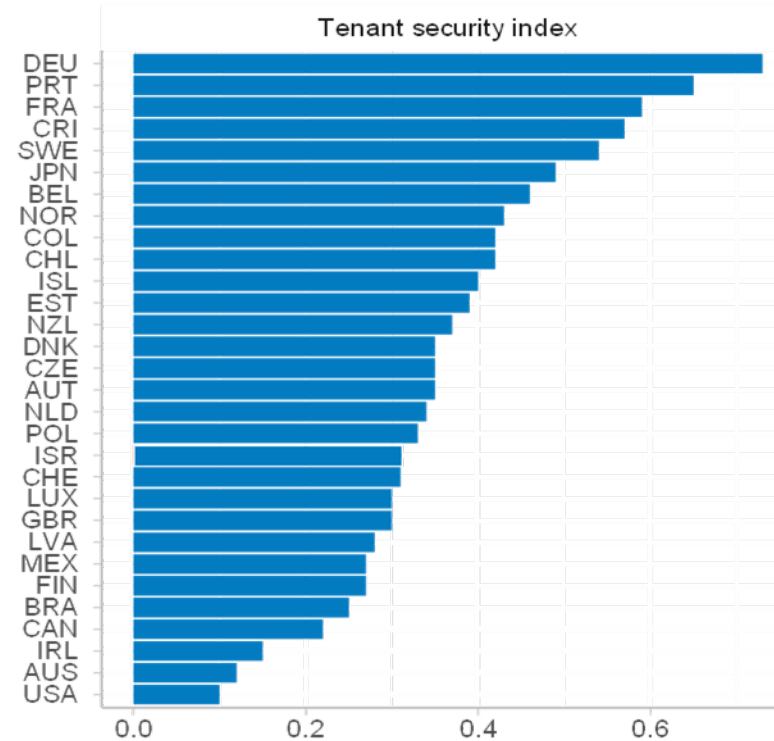


Supply: restrictive rental market regulations can discourage supply

Rent control is tight in many countries
(a low number implies flexibility)



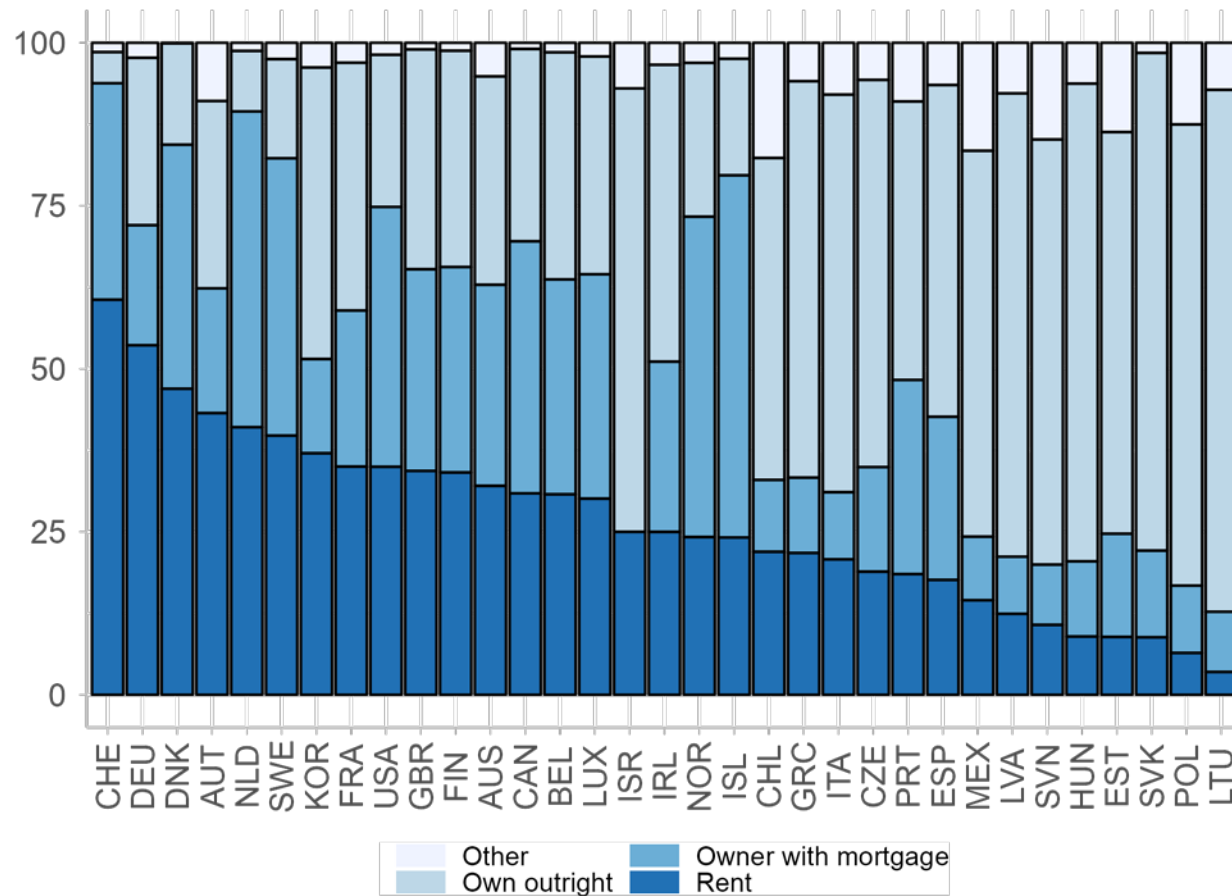
Landlord-tenant relation regulations need to strike a balance





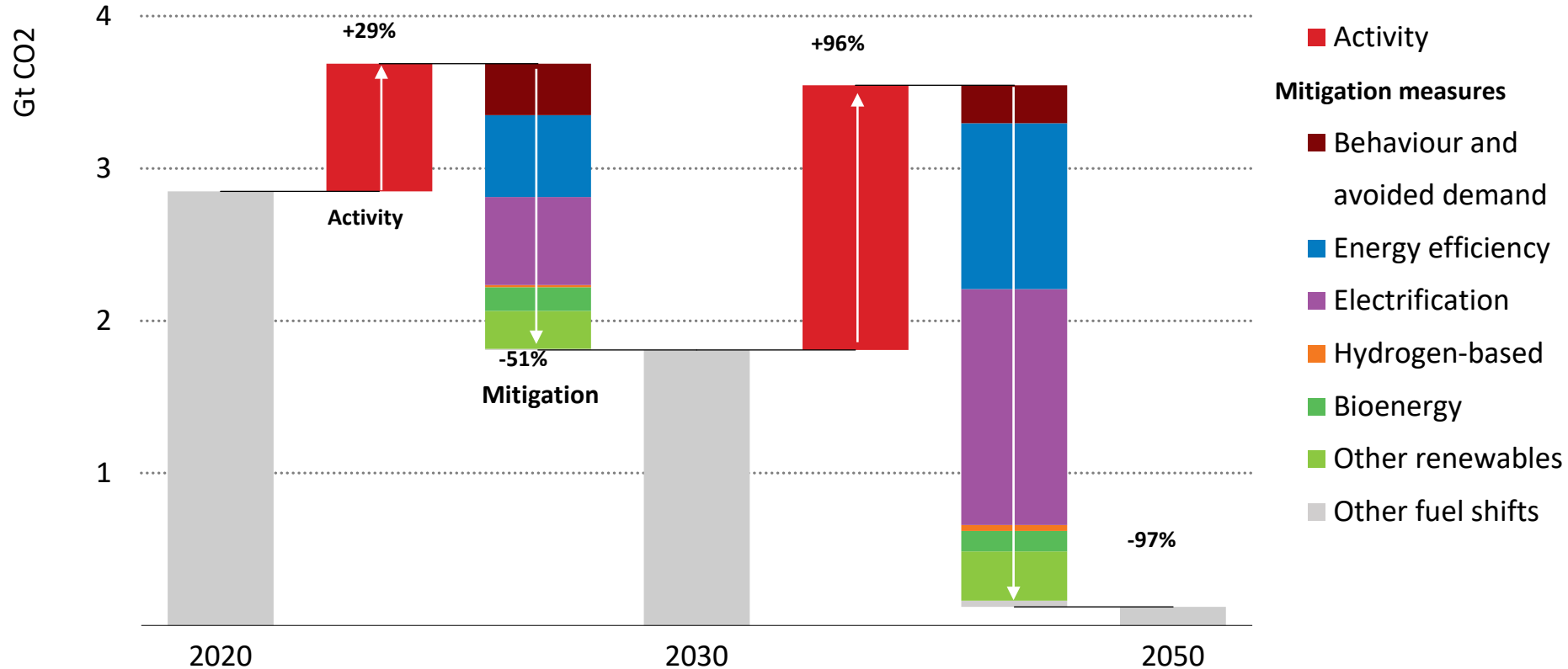
Rental markets are underdeveloped in some countries

Housing tenure distribution, 2018, percentages



Decarbonising buildings by 2050 requires progress in energy efficiency

Breakdown of the global building-sector decarbonisation effort in the IEA Net Zero by 2050 scenario by mitigation measure

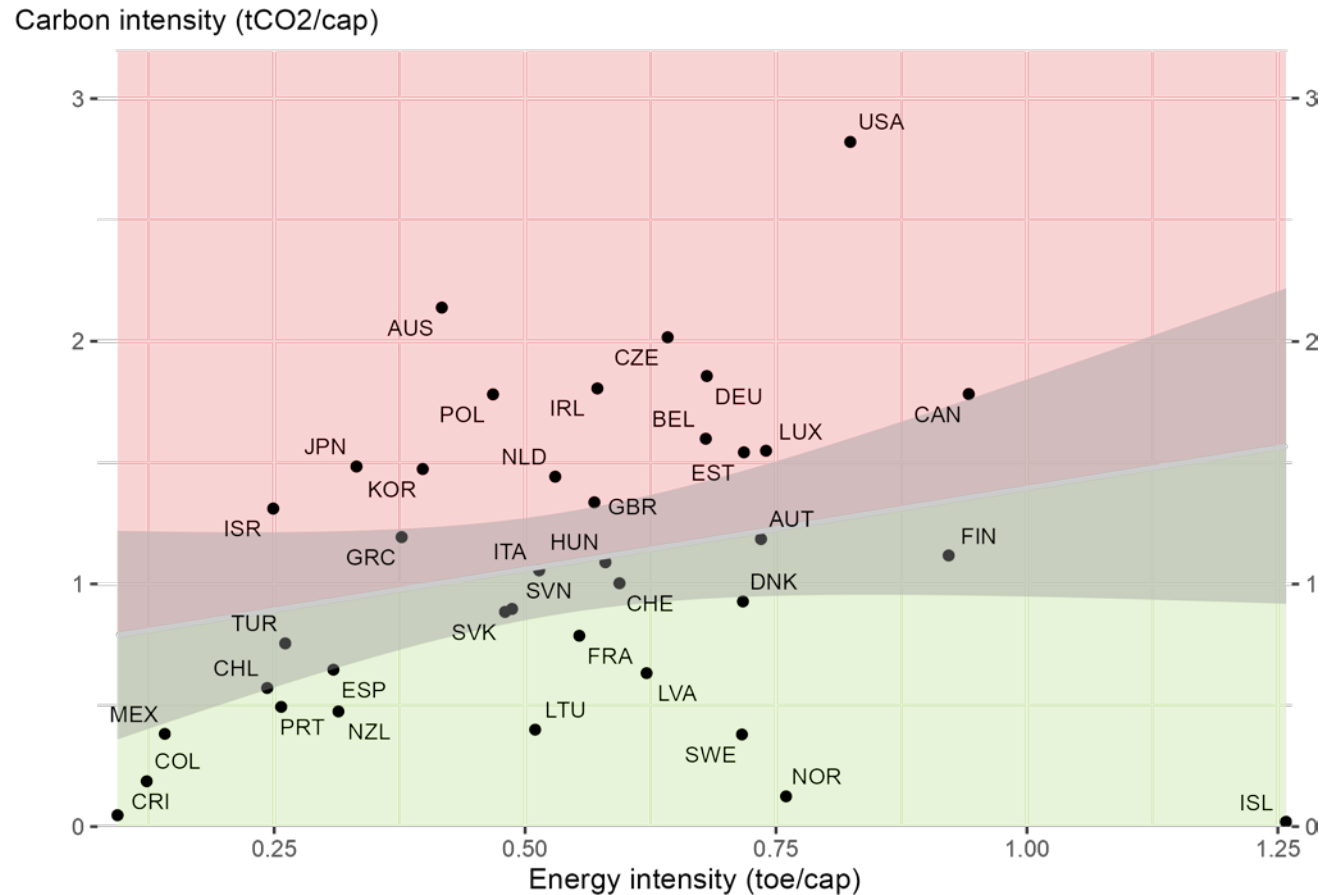


Note: Activity refers to changes in energy demand from rising population and per capita increases in floor area and income.

Source: Net Zero by 2050 – A Roadmap for the Global Energy Sector, IEA, 2020.



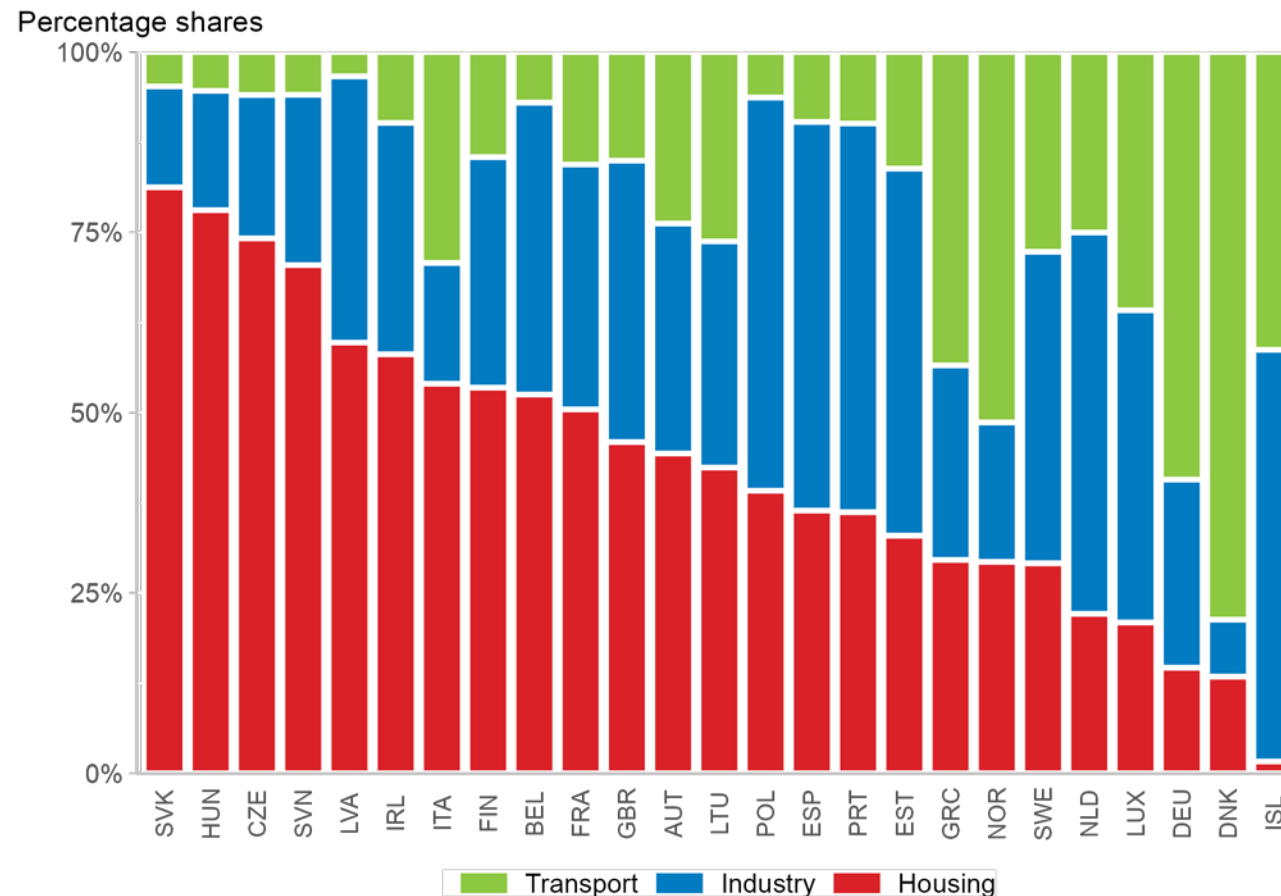
Both the carbon content of energy generation and the energy intensity of housing matter for sustainability



Source: [Brick by Brick: Building Better Housing Policies](#), OECD (2021).

>> Decarbonising would also reduce particulate-matter emissions from housing

Origin of PM2.5 emissions, 2017



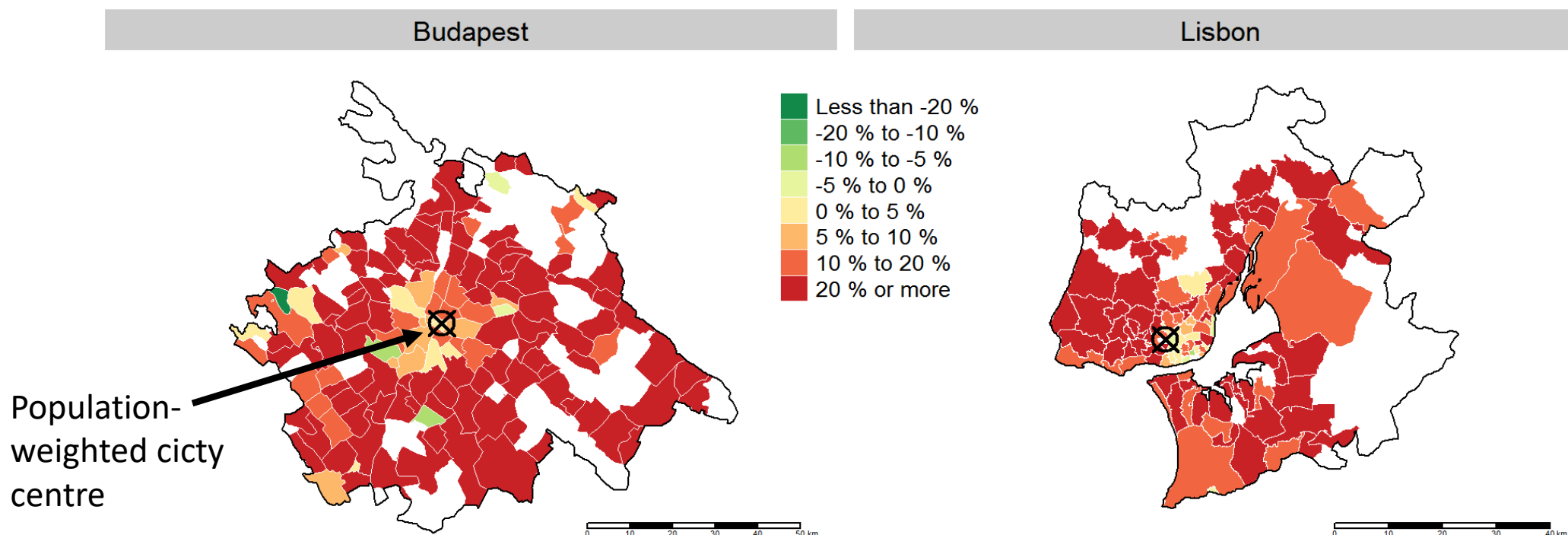
Source: [Brick by Brick: Building Better Housing Policies](#), OECD (2021).



Is the “geography of housing” changing due to working from home?

House prices have tended to rise more in the peripheries than the centres of large urban areas

Changes in prices per square meter, mid-2019 to mid-2021



Source: [Changes in the geography housing demand after the onset of COVID-19: First results from large metropolitan areas in 13 OECD countries](#), OECD, 2022, using data provided by Confidencial Imobiliario, Portugal, and the Hungarian Central Statistical Office.



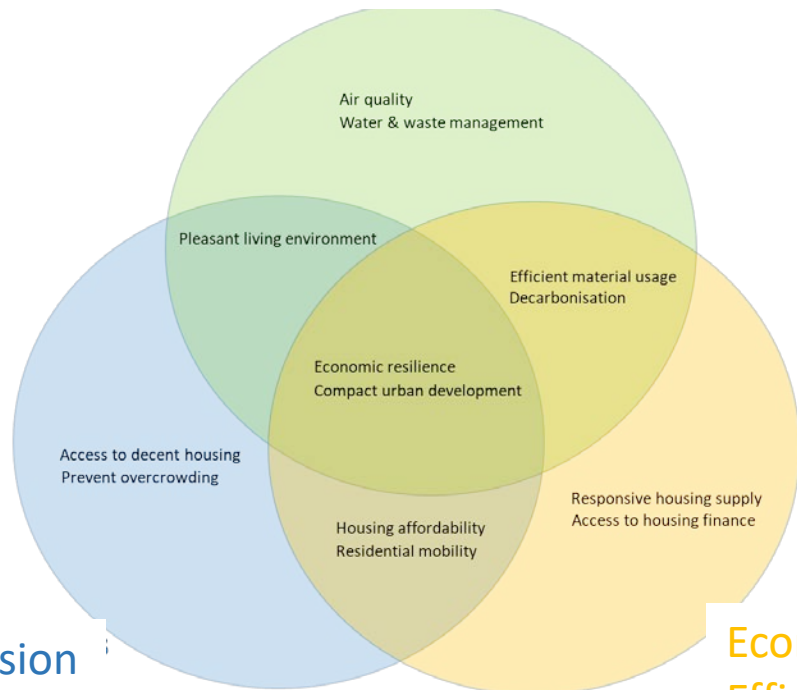
Dialogue with policymakers: takeaways

- Affordability tops the agenda
- Focus on unlocking supply, attention to shifting demand patterns
- Sustainability objectives are rising on the agenda, along with energy crisis effects
- Need for policy alignment, fragmented policy settings
- Mobilising finance beyond government, financial stability gaining prominence

» The OECD Housing Policy Toolkit looks at these issues jointly

Objectives

Environmental sustainability



Policy levers

Land use regulation

Building codes

Taxes:

- Property
- Income
- Capital gains

Housing finance

Public expenditure

Decentralisation

Social housing expenditure

Energy efficiency subsidies

Social inclusion

Economic
Efficiency



Visit www.oecd.org/housing/policy-toolkit



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The OECD Housing Project

Decent, affordable housing is essential for people's well-being and for a sustainable and inclusive economy.

Housing cuts across nearly all areas of economic and social policy, from income and wealth to inequality, labour mobility, environmental sustainability, land use and economic resilience. And housing policy is developed and implemented across all levels of government, from local and regional authorities to national ministries.

The OECD Housing Project is helping countries to enhance the effectiveness of their housing policies and strategies and to improve the well-being of their citizens. Its databases are an essential resource to help make housing sustainable, inclusive and efficient.



Brick by Brick
BUILDING BETTER HOUSING POLICIES



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