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- Home ownership: where is it going? Reflections on trends in developed markets.
- Security of mortgage lending and structures of mortgage funding.
- Promoting affordable housing in Ecuador through mortgage securitisation.
- Contributing to disaster preparedness, mitigation and promoting disaster-resilient housing through housing loans.

International Union for Housing Finance

Housing Finance International

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Season of goodwill or winter of discontent?

For much of the Christian World, December is a traditional month of celebration, a "Season of Goodwill" with "Peace for all mankind" as a couple of old hymns put it. The year end is seen by many as a time for sitting round a warm fire, eating too much and waiting optimistically for the nascent New Year while surrounded by gifts, many of which will not actually survive to see the New Year in.

The above has always been a partial and idealised vision of course, but this year it certainly doesn't look like that, with both the peace and the goodwill in very short supply.

At the time of writing, the Middle East is in what could be described as meltdown. 44,000 Palestinians have died and many thousands more face hardship and slow starvation as the siege of Gaza continues. A war in Lebanon has been temporarily halted by a ceasefire but the intractable internal problems have scarcely begun to be addressed. Now the Assad regime in Syria has collapsed with its erstwhile leader claiming asylum in Moscow and leaving a coalition with limited cohesion and very limited room for manoeuvre. Meanwhile the competition to gain advantage from the current fluid situation in the region has created an atmosphere of profound instability rippling well beyond any individual conflict zone.

Elsewhere across the globe uncertainty looms too, encompassing the world of housing finance.

In the US, the long-running uncertainty about the outcome of the Presidential elections has been settled, but it is by no means clear what the incoming Trump administration will do in terms the economy or the housing finance system which is sustained by that economy. As Alex Pollock reminds us in his article in this issue, The Federal Reserve now owns around 25% of the US mortgage market on terms that create real risks. Meanwhile affordability and housing shortages remain major issues.
China is making serious attempts to stabilise its volatile housing market yet again and to deal with a massive surplus of unsold new housing, much of it uncompleted. How successful these efforts will be and whether the stimulus will be adequate remains to be seen; it has been estimated that the value of the unsold property inventory could ultimately prove to be up to ten times the annual value of house sales.[1]

In Europe the new UK Government is standing by its pre-election commitment to build 1.5 million homes over the life of one parliamentary term, but there is widespread scepticism about whether such a commitment is even realistic. Meanwhile forthcoming negotiations between the UK and the EU will attempt to build a post-BREXIT rapprochement, widely recognised as highly desirable. Whether such negotiations can see real and necessary movement on the UK side without a de facto and still unlikely admission by UK politicians that BREXIT was a huge mistake in the first place is doubtful.

Finally, underlying the above national and regional problems lies a more pessimistic outlook for us all in terms of the climate emergency. With COP 24 in Poland widely reported as falling well short of what is needed to feed the prospects for achieving Net Zero by 2050, many see our future peace and goodwill receding with those prospects. Overall, let's hope that 2025 brings in some much-needed positivity.

One problem afflicting mature housing markets across the World which has been around for some time is that of falling homeownership levels. In our first leading article, *Home ownership: where is it going? Reflections on trends in developed markets,* Peter Williams and Christine Whitehead provide an up-to-date analysis of this serious but often unacknowledged problem. The article provides a fascinating overview spanning the globe before going on to focus on Australia, the UK and Europe in more detail.

The articles that follow are based on presentations to the highly successful IUHF Congress in Berlin in September 2024. We are very pleased to offer the opportunity for readers to share insights from the Congress in an expanded in-depth form.

Covered bonds are widely seen as a safe way to lever in additional funds, notably but not exclusively for housing finance. In Europe the covered bond markets have been developed over many years (over 200 years in Germany) and have been effectively regulated both nationally and by the EU. The same cannot be said in all parts of the globe and the potential for covered bonds is not always realized. In a fascinating article, *Security of mortgage lending and structures of mortgage funding,* Cláudia Magalhães Eloy and Tim Lassen look in detail at the way covered bonds function within the EU and assess the prospects for a large-scale expansion in the use of covered Bonds in Brazil. This is essential reading for those wishing to better understand the prospects for funding markets in Latin America.

Equador is not a country that features very often in the pages of HFI and we are therefore particularly pleased to present an article, *Promoting affordable housing in Equador through mortgage securitisation,* by Pablo Lopez and Jaime Rodriguez. The authors point out that mortgage debt in Equador amounts to just 2.39% of GDP; a tiny proportion compared to many larger mature markets. They go on to describe an interesting initiative which aims to facilitate mortgage credit for low income households at below-market interest rates.

Disasters of one kind or another are an ongoing challenge to those involved in providing housing finance, yet they seldom figure directly in the literature generated by the sector. In this issue we aim to redress the balance with an excellent article by Hiroyuki Shibatani, *Contributing to disaster preparedness, mitigation and promoting disaster-resilient housing through housing loans.* The article focusses on Japan and Mr. Shibatani explains the susceptibility of that country to earthquakes which can be devastating for those affected. He then goes on to describe the important role of the Japan Housing Finance Agency in providing finance, support and expertise to those whose

[1] *Cf. Has China's property market reached the bottom?* Goldman Sachs November 2024.

homes have been damaged or destroyed and to those engaged in remediating the damage.

2024 may have been a difficult year but We hope you will have enjoyed the four 2024 issues of Housing Finance International and wish you all the best for 2025!

Andrew Heywood

December 2024

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Andrew Heywood is an independent consultant specialising in research and analysis of housing and mortgage markets, regulation and **policy** with both a UK and international focus. He is a visiting fellow of the Cambridge Centre for Housing and Planning Research [CCHPR] and a research fellow with the Smith Institute. He is also Editor of the journal Housing Finance International. Andrew writes for a number of publications on housing and lending issues and publishes reports commissioned by a wide range of clients. EMAIL: a.heywood53@btinternet.com

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Hiroyuki Shibatani joined the Government Housing Loan Corporation (Japan Housing Finance Agency (JHF)'s predecessor until March 2007) in 1990 and has been working there since then. Currently, Mr. Shibatani is in charge of JHF's international affairs business sharing JHF's housing finance experience and knowledge with overseas government and government related institutions. Mr. Shibatani is a qualified First Class Architect under the Act on Architects and Building Engineers.

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Christine Whitehead is Emeritus Professor of Housing Economics at the London School of Economics. She works mainly in the fields of housing economics, finance and policy. She has worked with a wide range of international agencies as well as regularly for the UK government and Parliament.

Peter Williams is a Departmental Fellow, Department of Land Economy, University of Cambridge. He was previously Director of the Cambridge Centre for Housing and Planning Research, Deputy Director General of the Council of Mortgage Lenders and Professor of Housing at the University of Wales, Cardiff. He is currently on the board of The National Housing Federation

Home ownership: where is it going? Reflections on trends in developed markets

By Peter Williams and Christine Whitehead

1. Introduction

After the Global Financial Crisis (GFC) there has been a decline in home ownership rates across a number of developed countries. Given that governments are sensitive to the aspirations of households to own their own home and not least as a measure of social progress, there is a rich and complex politics surrounding shifts in the health of this tenure. There are also more fundamental concerns about the performance of the housing market overall. This has traditionally prompted governments to create policies to help promote the tenure and make it more sustainable through the economic cycle.

At the same time, post the GFC and across a number of market-oriented countries we have seen a general rise in mortgage interest rates and tighter prudential regulation in terms of loan to value ratios (LTV) and limits on higher LTV lending. The upshot of this has been that more households who might have expected to enter home ownership previously have found themselves denied access at least for a sustained period and are "forced" to live with family longer, share with friends or find homes mainly in the private rented sector.

This article seeks to unpack recent trends around home ownership and to offer an analysis of where we are now. It then examines the causes of decline in more detail and explores the case for expanding home ownership and the ways this might be done, mainly using Australia and England as examples. Attention is given to the role of instruments such as shared equity, shared ownership and mortgage guarantee schemes which have been developed to address the decline (and boost supply where it has also suffered) but which have their own risks and rewards associated with them over the market cycle. The article closes by considering the consequences of not securing a bigger and more stable home ownership sector.

2. The state of home ownership since the GFC: trends and commentary

The evidence provided for a selection of major OECD economies is given in the table below looking at home ownership in 2010 and 2022. As this shows the direction of change has varied across the 14 countries selected but as a generality mortgaged home ownership has fallen (in 11 out of the 14 countries). At the same time outright ownership has increased, probably reflecting ageing populations. It seems likely the displaced demand has boosted the private rented sector which again is shown to have grown in a number of countries.

TABLE 1 Home Ownership trends 2010-2022, outright and mortgaged ownership, by percent of all tenures

Country	Outright ownership 2010	Outright ownership 2022	Mortgaged ownership 2010	Mortgaged ownership 2022	Private rent 2010	Private rent 2022
Australia	33.3	31.4	31.1	31.3	29.9	31.7
Austria	30.6	29.8	19.8	16.5	41.8	46.8
Canada(2019)	29.6	31.2	39.8	38.4	30.5	30.4
Denmark	15.7	13.4	41.7	37.4	42.5	49.1
Finland	35.8	33.9	32.6	29.0	12.8	19.4
France	37.7	37.6	21.1	22.9	17.7	18.4
Germany	25.5	25.3	18.9	15.3	52.7	51.6
Ireland	43.8	41.5	29.1	27.2	11.4	12.3
Italy	57.6	61.4	13.6	11.7	14.2	17.3
Netherlands	8.8	10.7	48.2	47.7	42.6	?
Spain	48.1	49.9	31.3	26.1	11.4	14.9
Sweden	3.7	16.6	59.3	41.6	35.8	38.6
United Kingdom	31.5	39.3	35.5	28.4	13.3	11.2[1]
United States	21.5	25.3	43.9	40.1	32.7	32.9

Source: OECD Housing Statistics, 2024 Table HM1.3.A1

There will be detailed factors in each country but as a generality the declines reflect continued affordability pressures (and not least the movement of house prices compared to wages), tighter access to mortgages and the impact of new and varying macroprudential rules brought in by the different countries (see Committee on the Global Financial System (CGFS), 2023 for such action in a range of countries including some covered in this article). At the same time, most central banks had reduced their interest rates during the crisis and kept them low for a decade or more thereafter - which should have helped offset

[1] As we comment later this data for the UK understates accepted estimates of the size of the PRS. This leaves open then the question of whether other data in this table are correct

some of the pressures on would be owner-occupiers. However, low rates have helped feed a period of rising prices and most central banks have now begun to move rates upwards. This in turn is causing further affordability problems even though it has also tended to temper house price rises.

What has taken the strain? In 10 of the countries in the OECD table above we can observe a bigger private rented sector (other UK data suggests that the private rented sector now houses around 19% of UK households with the growth mainly in the period after the 2008 crisis). Potential owners have migrated to the PRS. Without doubt some have made that move because they could rent better homes in better locations than they could buy but the more usual reason given is that they cannot afford to buy. This is particularly true of younger households who are coming later to the labour market and experiencing higher levels of job insecurity and short-term contracts, both of which makes renting more sensible. In the UK it has been estimated that since the GFC up to 2 million households were "displaced" and became renters rather than meeting their aspirations as owners (Thomas, 2024).

While the PRS may have expanded to accommodate these extra households, the sector is not without its challenges. In the UK it has certainly added to the political pressure to regulate the sector more tightly. Importantly during the period of ultra-low interest rates and low returns on many assets, it was the relatively well-off existing homeowners who were buying up additional homes to rent out. They were thus able to capitalise on their enhanced property-based wealth not only to buy more assets but also in effect to hold purchase prices higher and compete with this cohort of would-be buyers who in turn were then forced to rent homes they might otherwise have bought.

This widespread decline in home ownership brought to an end a period where in most of these developed countries home ownership had been growing, reflecting both shifts in preferences and government policies. Expanded home ownership allowed governments to reduce their expenditure on social housing and at the same time help ensure that more households had assets which they might draw upon in their later years. With that sector now no longer growing and often in decline we have seen a widespread growth in private renting. While this may be perceived as a "no cost" option for governments it results in a less stable housing system.

The OECD, the European Central Bank and many other organisations in reflecting upon the current state of home ownership across a range of countries have highlighted the particular challenges faced by younger people. It is evident that there have been sharp falls in the numbers of younger households able to buy. This in turn raises issues about whether or if they will be able to do so later in life and what the consequences of that might be. A recent OECD report (OECD, 2022) comments "Homeownership rates have declined steadily over successive generations in a number of countries". The report highlighted the fact that "in Australia, Southern Europe, the United Kingdom, and the United States each generation in these countries is generally less likely to own their homes at a given age than the previous generation". Typically, this has impacted households under 40, e.g., in the UK the homeownership rate at 25 years of age was 34% for those born in 1970-74, but only 16% for those born in 1985-89 while in the USA 69% of households born in 1940 owned their home at age 35, compared to 61% of those born in 1980. These patterns are now feeding through into lower rates of home ownership overall. As the OECD comments "the results show that a simple focus on average homeownership rates is misleading, as continued high levels of homeownership are partly due to property-owning older cohorts who are living longer."

3. Politics and policy

Some of the consequences of these changes will only be fully understood and felt over the longer term. Already however we can observe rising concerns in a range of countries about the growth of insecurity and in particular the increase in the numbers of older people in the private rented sector who will become more dependent upon the state to meet their housing costs (as incomes fall and rents rise). However, alongside these deep-seated structural shifts we can also observe heightened political tensions around the tightening of access to home ownership. For many, an increasing rate of home ownership has been a bellwether, a marker, of social progress, promising ever greater wealth and opportunity to succeeding generations.

In broad terms that has been the experience in Europe, North America and Australasia in the post war decades. To then see rates of home ownership decline and more and more younger households forced to stay longer living with parents, sharing with friends or in the private rented sector does have consequences and political parties are very conscious of the growing problems associated with exclusion from owner-occupation (see for example, Paz Parado (2022) Choi and Zinn (2024), Statistics Canada, 2022 and Cournede and Plouin (2022).

As the OECD (2022) notes, the rise in outright home ownership has masked the underlying decline in mortgaged home ownership. Governments and central banks are rightly focussed upon the macro-economy, inflation and interest rates but home ownership, house prices and mortgage rates have loomed increasingly large in their thinking (Eurofound,2023). Indeed, the Reserve Bank of New Zealand now has an objective directly related to house prices and of course most central banks have adopted macro-prudential rules which are directed at mortgage lending, income multiples and stress tests. The rise in house prices alongside the re-establishment of real rates of interest post the pandemics have put further pressures on affordability. Wage growth becomes the key offsetting factor - alongside any direct government interventions around home ownership.

4. In more detail: Australia, England and Europe

Here we look in more detail at three examples where owner-occupation has been dominant but is generally declining.

4.1. Australia

Australia is very much at one end of the spectrum in terms of tenure. Over 70% of households own their own home either outright or with a mortgage, while more than a quarter of households rent privately. Social housing makes up less than 5% of the total stock and can be as expensive as renting privately.

Yet while the housing stock is seen as dominated by owner-occupation, over the last thirty years the proportion of households headed by those between 25 and 39 that are private tenants has risen consistently. Overall, the numbers renting privately have risen across the country for all age groups except those over 80. In Sydney it applies across all ages.

A recent research report (Baker et al, 2024) and policy evidence summary published by the Australian Housing and Urban Research Institute (AHURI) directly addresses the problem of the decline in homeownership in what they define as a two-tenure future (Baker, E et al, 2024). The starting point of the research was the decline in home ownership among younger households which, as we have noted, has been observed over the last 30 years. The main reason for the decline is straightforward. Housing and rental costs have gone up rapidly since at least 2011, so affordability has worsened. Overall rental costs are around 20% of incomes as against 15% for owner-occupiers but this hides the difficulties for those looking to find accommodation which are much higher.

The reasons given for not buying are not surprising: not enough money to make a downpayment or couldn't find anything appropriate. The result in the survey was that only around half of renters expect ever to be able to own. Others are maintaining mobility; while around 10% of renters - called Rentvestors - own accommodation which they let out, while renting themselves. They see this as providing both freedom and a good rate of return.

One concern is that there are a number of subsidies provided by government to owner-occupiers including the First Home super savers scheme, Help to Buy equity loans; and a Commonwealth guarantee for part of the outstanding loan. These have not been enough to slow the decline in owner-occupation while at the same time also further increasing the difference in treatment between tenures.

Tenants generally get rather limited government assistance which mainly depends on already being eligible for other specific forms of support. Typically, they are low-income households who have no capacity to find a deposit but also include medium earners who are in principle more able to find suitable accommodation, The majority have no expectation of owning.

New research through AHURI suggests that 'Mum and Dad' investors who make up 90 per cent of the property investors in Australia could play more of a role in helping tenants. The research found that nearly half of small-scale investors rank cashflow as most important to their investment decisions. These investors hold properties for longer, and with the right incentives, it would be possible for them to participate in affordable housing schemes.

Across Australia there will be substantial growth in the older population to 2031. The number of people aged 80 years and over is expected to increase by 53 per cent and the population aged 60–79 years by 20 per cent, affecting almost 1 million people. The big concern is therefore that. as tenants grow older, they will become less and less able to afford their rent but may still not be eligible for adequate assistance. No wonder the report's Policy Panel stated that 'the Australian Housing System is unsustainable'.

4.2. England

For many decades owner-occupation has been seen as the tenure of choice – in part because the lifetime pattern of expenditure fits that of the pattern of earnings. In other words, you purchase with a mortgage (and possibly help from parents) pay off that mortgage during your working life and then face much lower upkeep costs during retirement. You may also be able to help your children on to the ladder. Rental costs in comparison tend to increase with time making for major problems for older tenants.

In England, there was considerable assistance for mortgagors until the turn of the century while private tenants only received income related assistance for low-income households from the mid -1970s. Owner- occupation was at its peak just after the turn of the century – at 71% - and was expected to go higher, despite the removal of mortgage interest tax relief. Instead, the proportion of owners fell quite rapidly in the following decade in part because of further regulatory controls on mortgages. Since then, owner-occupation has remained fairly stable at around 64-65% and this despite the government Help to Buy equity loan scheme which ran from 2013 to 2023. During the same period social housing continued to decline through low levels of new build and the Right to Buy and is now around 16% of all dwellings. Private renting which had remained fairly constant at around 10% in the 1980s and 1990s, rose above social housing in the early 2010s as entry into owner-occupation became more difficult and has now stabilised at around 20%. In 2024 therefore the overall tenure structure is far less comfortable for many households.

The main reason for this is that housing has become more expensive, especially in the last few years and people can only purchase if they are able to save a significant deposit. Prices have also been affected by increasing numbers of landlords wanting to buy homes to let out, partly in response to falling returns on other assets. Perhaps unexpectedly this has not led to lower rents. Instead, actual private rents have increased leading to significant affordability problems.

In part this increase relates to the growth in population, arising from significant in-migration of people who might be expected to rent at least for the first few years. Another important, but offsetting factor is what has been happening to household structure. Between the 2011 and 2021 censuses the number of households with adult children living at home in England rose by nearly 14% to almost 3.8 million. As a result, in 2021, around 1 in every 4.5 families (22.4%) included an adult child, up from around 1 in 5 (21.2%) in 2011. This appears to be an outcome of higher rents but also importantly of less secure employment among younger people. Similar pictures are observed in many other OECD countries.

4.3. Continental Europe: an overview

In the past decade, homeownership in the EU has decreased, driven by a drop in homeownership among young people (Eurofound, 2023).

Between 2012 and 2020, homeownership declined across the EU, with decreases of more than 3 percent in Denmark, Cyprus, Spain, Lithuania, Finland and Bulgaria. This decrease was driven by declining ownership among young adults and low-income groups, with an increase in the proportion of young adults aged 20-29 living in the private rental sector.

As already noted, many young adults have been unable to move out of the family home because of a lack of affordable options. The age at which at least 50% of people in the EU were living outside their parental home increased from 26 to 28 between 2007 and 2019. Between 2010 and 2019, Spain, Croatia, Italy, Cyprus, Belgium, Greece and Ireland also faced the largest increases in people aged 25–34 living with their parents.

A general finding across a large number of the countries examined is that the proportion of income spent on housing has declined among homeowners. This is in part because the costs of purchase are generally highest at the point of purchase – so if the rate of entry slows, as it has over time, mortgage costs will also decline. Tenants on the other hand face current costs and so are paying a larger proportion of their income in rent. Across Europe the share of income spent on housing decreased for homeowners from 18% in 2010 to 16% in 2019, while it increased for tenants from 28% to 31%. Not surprisingly, among people spending at least 40% of their income on housing, 60% report having difficulties making ends meet. However, such affordability difficulties are not restricted to those with high housing payments. Latterly more households overall are facing cost of living problems.

On average, homeowners have higher incomes than tenants and face fewer problems with their housing. However, in the 15 countries in Europe with high shares of owners without a mortgage – which are all post- communist and southern European countries – between 10% and 24% are at risk of poverty and many cannot afford to keep their homes warm.

5. Housing policy on home ownership

As the OECD database on affordable housing shows (https://www.oecd.org/content/oecd/en/data/datasets/oecd-affordable-housing-database.html and see the Appendix to this article) policy instruments aimed at supporting and expanding home ownership are widespread in the developed world. Typically, they consist of grants to home buyers, mortgage subsidies and guarantees and a variety of tax instruments. Although the majority of schemes recorded by the OECD tend to be focussed on mortgage subsidies and guarantees, during the Covid period more tax measures were introduced, probably reflecting the direct role that Treasury departments played in that period. A number of those schemes have as yet continued, not least because of the continuing strains on affordability. It is not uncommon for countries to have schemes in more than one of these categories because in part they address different questions – getting into the tenure, e.g., helping with the deposit; assisting staying in home ownership by reducing mortgage costs; and boosting the capacity to improve older and often cheaper homes.

In 2022 the Tony Blair Institute in the UK published a report (Home Ownership and the UK Mortgage Market: an international review) which looked closely at the use of mortgage insurance – one of the most widely used instruments around the world, focussing either on credit risk (the risk of default) or on interest rate risk (the risks around affordability). The report suggests that, based on international experience, there was merit in expanding the use of mortgage insurance type schemes in the UK alongside rolling back some of the prudential rules that have been put in place post the GFC and finally trying to move the UK mortgage market towards much longer term fixed rate mortgage instruments and away from the very short term 2 year fixed rates loans that dominated the market to that time. The UK's current Mortgage Guarantee scheme launched in 2012 effectively indemnifies lenders from most of the losses on higher LTV mortgages. The new Labour government has proposed a "Freedom to Buy" scheme to cover loans at up to 95% LTV which will make permanent the current temporary scheme.

The subsequent stabilisation and then fall in central bank interest rates has given further momentum to longer term fixed rate mortgages in the UK. Even so these are typically only for 5 years. In the US on the other hand, it is normal to have decades-long government guaranteed interest rates. Objectively, shorter term adjustable mortgages generally turn out cheaper, but are higher risk and need to be managed carefully."

6. Implications of declining homeownership and increased affordability problems

While there are obvious differences across countries and age groups, the most significant concerns are that there will be increasing numbers of private tenants who remain in that tenure through to old age. This is already a matter of considerable concern in Australia and other comparable countries as most such households tend to have low incomes and little capacity to pay their rent as it increases over time. More generally there will be widening inequality between tenures and trade-offs to be made between standards and affordability.

Almost by definition over time there will be more outright homeownership – but many of these households will not necessarily have the financial capacity or capability to maintain their properties. This is already a very significant problem exemplified in the UK where older owner-occupiers often show little inclination either to move to more suitable accommodation or to do necessary repairs. The result is that among older owner-occupiers the majority live in dwellings that are underoccupied and in poor condition – generating very real problems not just for themselves but also for both younger households looking for family accommodation and those providing care.

The other major group of problems affect those entering the housing market. As we have noted above there are increasing numbers of young adults living with their families. Over time, and possibly with support from their parents, they may be able to afford to live separately but in so doing they will probably have to delay having children. What we see as the normal housing lifecycle will certainly not be available to many.

To some extent these problems have been addressed by governments who have developed instruments which reduce access costs. Shared ownership and shared equity products exist in many countries in somewhat different forms, to enable households initially to purchase part of their home and to 'staircase' up to 100% as incomes make this possible. While this sounds desirable and allows the purchaser to gain many of the benefits of ownership there are often significant problems when financial conditions change. Equally some governments have introduced mortgage guarantees which protect the individual but equally may well lead to higher house prices.

Overall, unless something changes, we might expect to see increasing inequalities which will spread down generations – unless governments address the issue more directly.

On the other hand, if ownership remains restricted it will be harder to achieve hoped for reductions in inequality and politically it also becomes more difficult to defend subsidies and tax reliefs enjoyed by this owning segment.

Importantly, a number of countries are looking to increase the direct provision of affordable housing rather than place more emphasis on demand side support which tends to generate further price and rent increases. In this context it will be interesting to see whether Australia is effective in devising instruments by which 'Mum and Dad' landlords can be encouraged to support affordable housing provision through cash-flow guarantees.

7. Conclusions

While home ownership will probably remain the largest tenure in most developed countries it is unlikely to reach the heights previously achieved when there was little mortgage rationing and house prices and interest rates were lower relative to wages. Clearly governments have the ability to intervene to change some of these metrics but increasingly they have neither the appetite to make such choices against the backdrop of stretched public funding across the myriad of pressing priorities. Moreover, while many governments have attempted to boost supply in an effort to bring prices down, over the longer term it has proved very difficult to ramp up supply to the level that might achieve this in any reasonable time scale.

There is evidence that some of the macro-prudential tightening that accompanied the post GFC response might be further lightened but there is little to suggest that any government really wants to grapple with the other big-ticket intervention - increased taxation which might bear down directly on house price inflation. For many, purchasing a home is as much about asset appreciation and untaxed capital gains as it is about having a place to live. The demand for housing assets has gone up and the price along with it. This has excluded ever more would-be first-time buyers and favoured those who are already asset rich over the asset poor who increasingly become the tenants of the former. Numerous commentators have reflected on the role the housing market is now playing as a generator of inequality which some would suggest must be tackled as a matter of priority. It is worth noting in this context that the global rise of populism often has a basis in the housing insecurity many are experiencing.

Reinforcing these pressures has been the rise of the Bank of Mum and Dad. Households with home owning parents have often been able to access home ownership on the back of equity release from the parental home. This becomes a self-reinforcing mechanism. Currently we are working through the peak demographics around home ownership – its expansion in the 1970s onwards carried forward by the baby boomer generation who are now beginning to die off. There is thus a cascade of locked-in housing wealth which might be released, subject of course to it not having been used up in lifetime. That flow of wealth will support the home ownership market for a period but over time the flow will diminish as the lower rates of ownership enjoyed by successive generations feed through.

We can already observe shrinking mortgage markets on the back of reduced access to home ownership as well as the rise of outright ownership. Looking ahead it is hard to see these trends being reversed - with wider consequences for housebuilding, mortgage lending and more. These are all issues that need further urgent exploration.

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Appendix: OECD Affordable Housing Database: Table PH 2.1.3: Changes to existing measures since 2020

Table PH 2.1.3: Changes to existing measures since 2020

Country	Measure name	Type of measure	Description
Australia	First Home Owners Grants	Grant	In the State of Victoria, the grant was doubled to $20,000 for regional areas outside the main metropolitan area of the capital city until June 30, 2021. This bonus, introduced on July 1, 2017, was not a COVID-19 support measure.
Australia	Home Guarantee Scheme (formerly First Home Loan Deposit Scheme)	Mortgage guarantee	As part of the Australian Government's Economic Recovery Plan in response to the COVID-19 pandemic, in 2020, the government announced an additional 10,000 guarantee places under the First Home Loan Deposit Scheme for the 2020-21 financial year, named the New Home Guarantee. This was specifically for eligible first home buyers intending to build or purchase new homes. In the 2021-22 Federal Budget, a further 10,000 New Home Guarantee places were allocated from July 1, 2021. Applications for the NHG closed on June 30, 2022. The 2023-24 Federal Budget has expanded the eligibility criteria of the Home Guarantee Schemes to include more individuals, effective from July 1, 2023.
Australia	First Home Super Saver Scheme (FHSSS)	Tax credit	From July 1, 2022, the maximum releasable amount under the First Home Super Saver Scheme (FHSSS) was increased from $30,000 to $50,000. This adjustment was not directly related to COVID-19 but rather a governmental decision aimed at assisting first home buyers amidst rising house prices. This change remains in effect. Additionally, technical enhancements to the FHSSS were proposed in the 2021-22 Budget to enhance its functionality and improve the experience of first home buyers utilizing the scheme. These proposed changes, with a retrospective application date from July 1, 2018, have yet to be legislated.
Chile	Solidarity Fund for Housing Choice *(Fondo Solidario de Eleccion de Vivienda)* D.S.49 of 2011	Grant	Changes include increased subsidies and financing for collective projects and specific territories due to rising post-pandemic material prices. The application process is now online with eased requirements. New collective application modalities have been introduced, such as micro-relocation, industrialized housing, cooperatives, fair price renting (protected renting), and municipal renting.
Chile	Integrated Housing Subsidy System *(Sistema Integrado de Subsidio Habitacional)* D.S.1 de 2011	Grant	In response to COVID-19, practical measures were introduced to streamline housing subsidy applications via digital channels while ensuring officials' safety. These measures include automatic application for previous eligible applicants, an online platform for individuals with online savings information, and application via a Citizen Attention Form on www.minvu.cl. Deadlines for certain documentation were extended, and previous application documentation is considered. Additionally, the requirement for credit pre-approval was eliminated for certain acquisition applicants, ensuring housing finance availability.
Chile	Rural Habitability Program (*Programa de Habitabilidad Rural*) D.S.10 de 2015	Grant	To tackle challenges exacerbated by the COVID-19 pandemic, several initiatives have been implemented. Firstly, applicants are encouraged to apply with developed projects. Secondly, in response to limited company availability, promotion of housing types like industrialized housing and assisted self-construction has been prioritized. Moreover, subsidy amounts have been raised to mitigate the impact of increasing material prices and the economic downturn following the pandemic. Additionally, resources have been allocated to facilitate the transfer of construction materials and professionals to isolated territories where onsite work is not feasible. These measures collectively aim to enhance accessibility to housing and support construction activities in challenging circumstances.
Costa Rica	Bono Familiar de Vivienda BFV	Grant and subsidy	Decrease in the construction budget.
Czechia	Non-Taxable Part of the Tax Base *(Nezdanitelna cast zakladu dane)*	Tax deduction	The threshold limit was decreased from CZK 300,000 to the current CZK 150,000 by Act No. 386/2020 Coll., effective from January 1st, 2021. This adjustment was associated with the abolition of the real estate acquisition tax, which took effect on September 26th, 2020.
Ireland	Vacant Property Refurbishment Grant	Grant	The scheme, initially announced in July 2022, has undergone enhancements since its inception. Presently, the scheme offers a maximum grant of €50,000 for vacant homes, increased from the initial €30,000 level. For derelict properties, the maximum benefit rises to €70,000. Originally targeted at prospective owner-occupiers, the scheme now extends to applicants interested in renting the refurbished home.
Ireland	Help to Buy Scheme	One-off tax relief for home buyers	As part of the Government's July 2020 Jobs Stimulus package, introduced in response to the COVID-19 pandemic, temporary enhanced rates of benefit were implemented for the Help to Buy (HTB) scheme under section 477C(5A) TCA. These enhanced rates came into effect on July 23, 2020, and were extended until December 31, 2024, through the Finance Act 2022. Under the enhanced HTB rates, relief is capped at €30,000 per property. Applicants who sign a contract for the purchase of a new qualifying residence or draw down the first tranche of their mortgage for a self-build qualifying residence between July 23, 2020, and December 31, 2024, are eligible for the enhanced rate of HTB relief. This enhanced relief is granted up to the lesser of €30,000, 10% of the purchase price of the qualifying residence (or its approved valuation in the case of a self-build qualifying residence), or the amount of income tax and DIRT paid in the four years prior to the application.
Ireland	Tenant (Incremental) Purchase Scheme for Existing Local Authority Houses	..	The eligibility criteria changed on 1st February 2022. Previously, an applicant was required to have a minimum reckonable income of €15,000 per annum. This was decreased to €12,500 per annum. An applicant was previously required to be in receipt of social housing supports for a period of 1 year prior to being in receipt of social housing supports. This was increased to 10 years. These changes remain in place at present.
Ireland	First Home Scheme	Shared equity scheme	Higher regional price ceilings were introduced for many local authority areas primarily to reflect building material cost inflation.
Lithuania	Support for the acquisition of housing (Parama būstui įsigyti)	Subsidised mortgage	Since 2022, the subsidy amount has been raised from 10 to 20 percent for eligible applicants, and from 15 to 30 percent for specific groups such as young families without children. Additionally, the target demographic for subsidy eligibility has been expanded to include a broader range of individuals.
Luxembourg	Tax credit on notary deeds *(Bëllegen Akt)*	Tax credit	The lifetime threshold for each potential recipient was increased from 20,000 to 30,000 € for all contracts signed after the 7th of March 2023.
Netherlands	Vrijstelling overdrachtsbelasting	Exemption of transaction tax / stamp duty	The transaction tax exemption was introduced on January 1, 2021. On April 1, 2021, a requirement was added that home values could not exceed €400,000 to be eligible. This limit was raised to €440,000 on January 1, 2023. This requirement is still in place.
Netherlands	Mortgage-interest-deductibility (Hypotheekrenteaftrek)	Tax deduction	In March 2020, creditors voluntarily offered deferrals of repayment of principal and interest for consumers facing financial difficulties due to the COVID-19 pandemic. To ensure that deferral of mortgage principal payments doesn't affect the tax deductibility of mortgage interest, the Ministry of Finance issued a decision. For mortgages issued after 2013, there's an amortization requirement specifying rules for catching up payments within a few years. To prevent consumers from facing high monthly payments to maintain their tax deductibility, the requirement to catch up within a short period is waived for these deferrals. Instead, consumers can catch up over the entire mortgage duration. Initially, the Ministry's decision regarding the fiscal consequences of payment deferral was for moratoria lasting up to 6 months, later extended to 12 months in September 2020.
New Zealand	First Home Grant	Grant	Since April 1, 2021, income caps for individual and multiple buyers were raised from $85,000 to $95,000 and from $130,000 to $150,000, respectively, alongside nationwide increases in price caps. On May 19, 2022, a new income cap of $150,000 for individual buyers with dependents was introduced, and relocatable homes with a recent Code of Compliance Certificate were classified as new properties for First Home Grant eligibility. Additionally, the KiwiSaver savings requirement was reduced to either regular three percent contributions or $1,000 annually, whichever is lower, while house price caps were adjusted to align with lower quartile regional prices. Updates on May 15, 2023, included further adjustments to house price caps to reflect lower quartile regional prices and a raise in the minimum house price cap for new build properties from $500,000 to $650,000.
New Zealand	First Home Loan	Loan	On June 1, 2023, adjustments were made to the First Home Loan insurance premium and contribution proportions. The total contribution decreased from 2.2 percent to 1.2 percent, with the borrower's contribution reduced from 1.0 percent to 0.5 percent, and the Crown's contribution lowered from 1.2 percent to 0.7 percent. These changes aim to alleviate financial burdens for first-time homebuyers and facilitate easier access to housing loans.
Poland	Family housing loan *(rodzinny kredyt mieszkaniowy)*	Mortgage guarantee	Since 1 March 2023 some amendments were introduced regarding, among others, increasing the price limit per m2 on the purchased apartment or house. These changes still apply.
Poland	Housing relief *(ulga mieszkaniowa)*	Tax relief for mortgage payments	As of January 1, 2022, a new provision, Article 21, paragraph 30a, has been added to the law. This provision stipulates that expenses eligible for the Personal Income Tax (PIT) housing tax credit now include expenses for the repayment of a loan or credit, as well as the interest on that loan or credit, taken in connection with the property or property right being sold.

Source: 2023 OECD Questionnaire on Affordable and Social Housing (QuASH)

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.

The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

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