

Chapter 3

Housing

The socio-economic characteristics of the household maintainers (notably the household financial resources) as well as the household size and composition are some of the key determinants of housing conditions. Household preferences (notably in terms of geographical location and intentions to settle in the country of destination) also play a key role. Even when families can afford a suitable accommodation, they may choose to give priority to other aspects of their lives (children's education, proximity to cultural services, etc.). This is notably the case for immigrants contemplating a return to their country of origin and to an even greater extent for those aspiring to property ownership there.

Housing conditions are expected to vary with the migrant's category of entry. Family reunification is generally contingent on means, if not always on minimum requirements in terms of surface area and/or the number of rooms available or sanitary conditions. Recent immigrants, especially those arriving under extreme conditions, or those with no family or social networks in their new surroundings, have a stronger likelihood of ending up in substandard housing.

Housing supply and prices are also key in shaping housing conditions. The possibility of benefitting from social housing or housing subsidies can contribute substantially to reducing the housing cost or improving the adequacy of the dwelling with the size of the household. The requirements to access social housing and housing benefits generally involve household size and disposable income. Applications are generally treated in order of submission and therefore recent immigrants generally have low priority.

Finally, the lack of information on the renting system, the existence of discrimination by landlords against immigrant families as well as inequalities in access to credit are among the reasons for which immigrants are more exposed to inadequate housing conditions than the rest of the population.

Three indicators are presented in this chapter: the tenure status (Indicator 3.1), the physical description of the dwelling (Indicator 3.2) and the cost of housing (Indicator 3.3). For a discussion on these indicators, refer to the section "Measurement" at the end of this chapter.

3.1. Tenure status

Background information

Tenure status is generally diseggregated into three groups: owning (when the owner is a member of the household), renting and free of charge. When relevant, a distinction is made between “rented at prevailing or market rate” and “rented at a reduced rate” (social housing, rented from an employer or rent fixed by law), with the understanding that this latter category usually does not include renters who rent at market price and receive a housing subsidy (except in Switzerland). The distinction between rented at the market rate and rented at a reduced rate is not made in Australia, Canada, Denmark, Korea, the Netherlands, New Zealand and the United States. No information on persons accommodated for free is available in Denmark, Korea, Norway and Sweden. Household immigrant status (immigrant versus native-born) is classified according to the place of birth of the main person responsible for the accommodation.

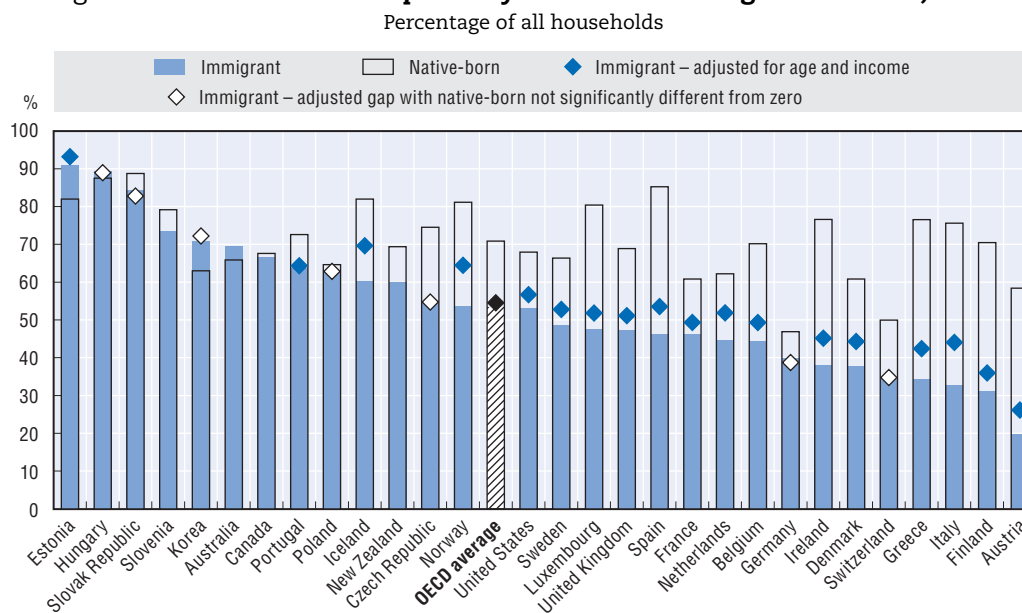
On average across OECD countries, 53% of immigrant households own their dwelling, compared with 71% among native-born. The highest ownership rates among immigrant households are observed in Australia as well as in some central and eastern European countries and Korea (Figure 3.1). In all these countries, as well as in Canada, differences with native-born rates are small or negligible. In all other OECD countries under review, the percentage of owners among households headed by an immigrant is significantly lower than among native-born households.

Differences are the largest in Finland, Greece, Ireland and Italy where recent immigrants represent a relatively large part of the stock. The differences with native-born households are also large in countries where the proportion of owners among the native-born is relatively high (Iceland, Luxembourg, Norway and Spain). In contrast, in Germany, where the percentage of owners among the native-born is low, differences with immigrants are relatively small.

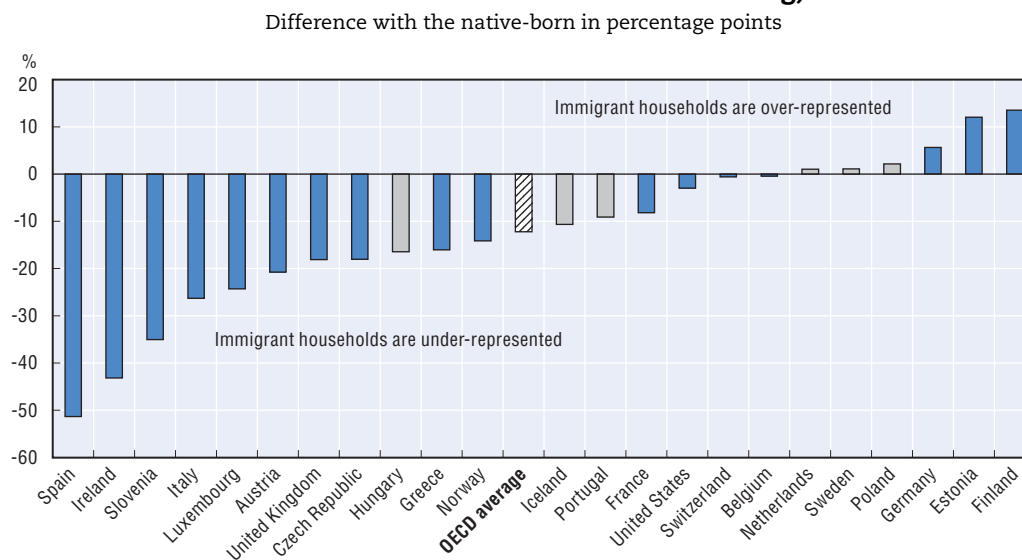
When adjusting for age of household head and household level of income, differences in home ownership rates between immigrant and native-born households remain but are systematically smaller. Countries where age and income contribute the most in explaining differences with the native-born population (around 40%) are Iceland, the Netherlands and Norway. In all three cases, discrepancies in income distribution are the major explanatory factor. In all other countries, those two factors explain no more than a quarter of the differences with the native-born. Preferences, in particular location choices, are probably other factors.

Immigrant households whose head is a foreign citizen are even less likely to own their dwelling (except in the Netherlands). This can be explained by the fact that naturalised immigrants have on average a longer duration of stay and may be more keen to settle in their host country. Available data by duration of stay clearly show that settled migrants are more likely to own their dwelling. In the United States, this is the case for 73% of “settled” migrants, compared with 36% of immigrants with less than ten years of residence (61% versus 46% in Switzerland). Another factor is that foreigners may face obstacles in accessing credit.

Among renters, in most OECD countries, immigrant households are less likely than the native-born to rent at a reduced rate or to be accommodated free of charge (Figure 3.2). Only Finland, Estonia and Germany run counter to this observation. The largest differences are observed in Ireland and Spain, both of which experienced large migration flows in the last decade.

Figure 3.1. **Home ownership rate by household immigration status, 2009**

StatLink <http://dx.doi.org/10.1787/888932736585>

Figure 3.2. **Households renting at a reduced rate or free of charge among immigrant and native-born who do not own their dwelling, 2009**

StatLink <http://dx.doi.org/10.1787/888932736148>

Notes and sources are at the end of the chapter.

3.2. Housing conditions

Background information

The rate of overcrowding in this section is adapted from the Eurostat definition and is based on the number of rooms available in the household and household size and composition. Age and sex of children are not however taken into account. Results for non-European countries follow the same definition, except New Zealand and Canada whose results are in line with the overcrowding definition used by Canada. The minimum number of rooms under which a dwelling is considered overcrowded is the following: two rooms for a maximum of two adults (including a couple); one additional room per additional adult (household member aged 18 years or over); one additional room for a maximum of two children.

Housing quality is measured in terms of household amenities. Deprivation refers to households living in a dwelling that is too dark; or without a bath, shower or indoor flushing toilet for sole use of the household; or with a leaking roof. In the United States, it refers to households living in a dwelling without a bathtub, shower or flush toilet. Information on housing deprivation is not available for Australia, Israel*, New Zealand and Switzerland.

Housing conditions are measured by two rates: the percentage of individuals (including children) living in an overcrowded and deprived dwelling, respectively. When looking at individual persons rather than households, the issue of large-sized households is stressed. The household immigrant status (immigrant versus native-born) is classified according to the place of birth of the main person responsible for the accommodation.

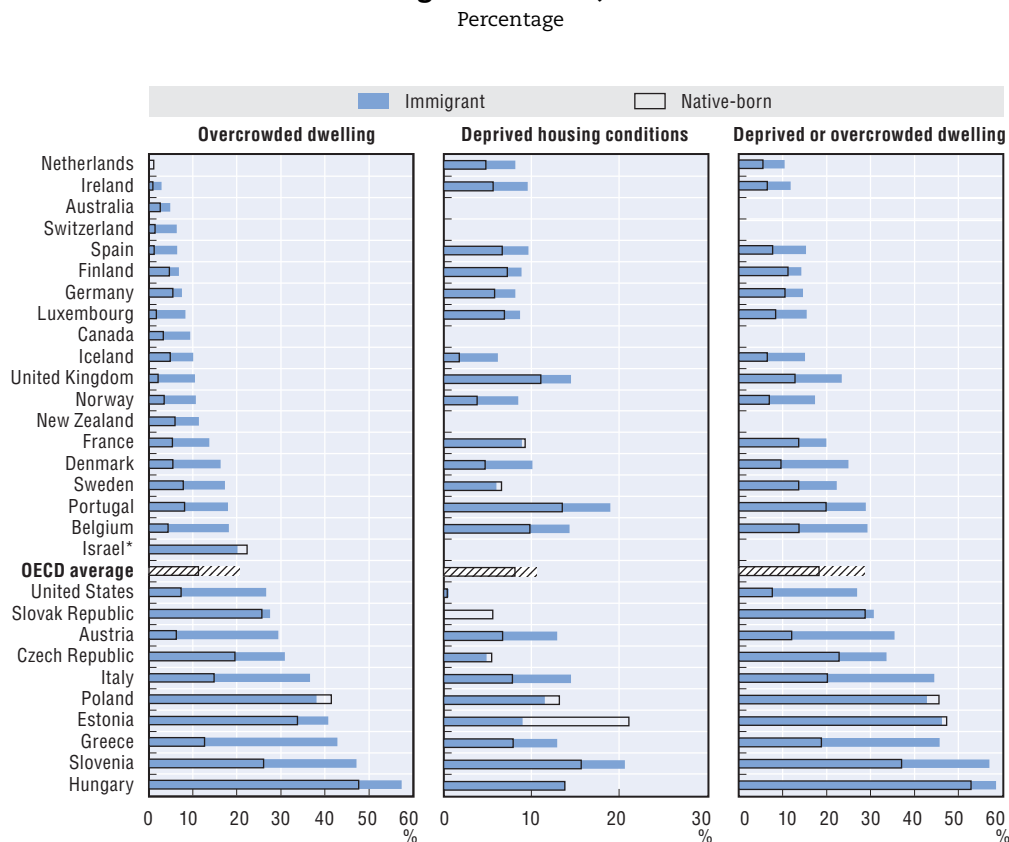
On average across OECD countries, 20% of persons in immigrant households live in overcrowded dwellings versus 11% among persons in native-born households. In most OECD countries, persons living in an immigrant household are more likely to live in an overcrowded dwelling than those living in a native-born household. In only three countries – Finland, the Netherlands and the Slovak Republic – differences with the native-born population are not statistically significant. Overcrowded rates among immigrant households are the lowest in Australia, Ireland, the Netherlands and Switzerland; the highest in central and eastern European countries, Greece and Italy. Differences with the native-born are the largest in Austria, Greece, Italy and Slovenia (Figure 3.3).

Difference in rates of overcrowding are even larger among children, with 32% of children living in an overcrowded immigrant household compared with 19% of children in a native-born household.

The proportion of the population living in deprived households is generally low (below 10%), except in Belgium, Italy, Portugal, Slovenia and the United Kingdom. In Austria, Greece and Italy, persons living in immigrant households are largely disadvantaged compared with their native-born counterparts. When renting at market rate, persons in immigrant households are even more disadvantaged than the native-born (Figure 3.4).

Across OECD countries, nearly one person out of four living in deprived housing conditions or overcrowded dwellings live in an immigrant household. This percentage is particularly high in Luxembourg (61%) and in Austria (40%).

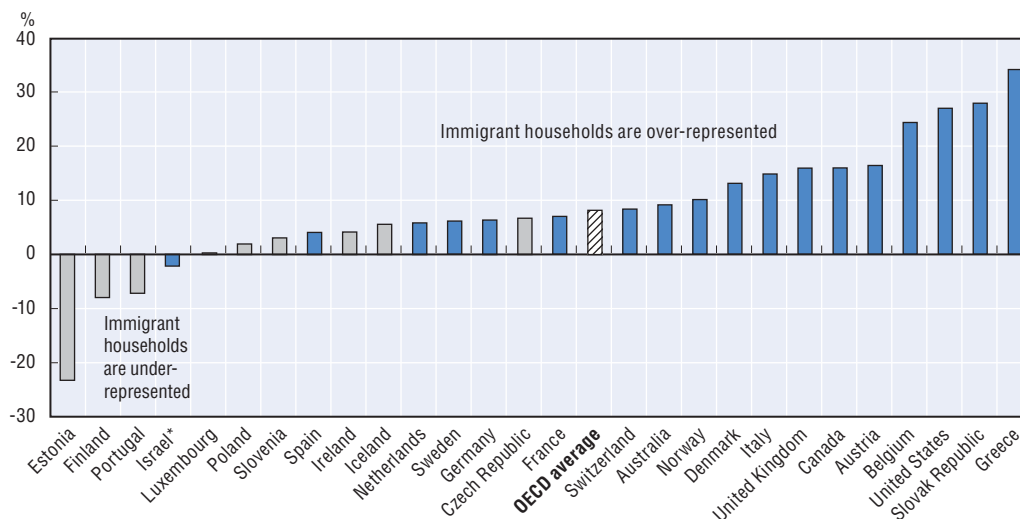
Figure 3.3. **Persons living in overcrowded or deprived dwellings by household immigration status, 2009**



StatLink <http://dx.doi.org/10.1787/888932736167>

Figure 3.4. **Persons living in overcrowded or deprived dwellings among households renting at a market rate, by household immigration status, 2009**

Difference with the native-born households in percentage points



StatLink <http://dx.doi.org/10.1787/888932736186>

Notes and sources are at the end of the chapter.

3.3. Housing costs

Background information

The housing cost overburden rate in this section is the percentage of the population living in a household where the housing cost accounts for more than 40% of disposable income. The net housing cost overburden rate is the same percentage but considers the total rent payments net of housing allowances. It indicates the actual effort made by the household. Both indicators are limited to households that rent their dwelling.

For Australia, Canada, Korea, New Zealand, Switzerland and the United States, no information is available on housing allowances.

The household immigrant status (immigrant versus native-born) is classified according to the place of birth of the main person responsible for the accommodation.

Housing is a major budget item both for immigrant and native-born households. However, in most OECD countries, immigrant households are more likely to spend 40% or more of their disposable income on rent for their dwelling. On average across OECD countries, the housing cost overburden rate among persons in immigrant households is 18%, compared with 13% among persons in native-born households (Figure 3.5).

The housing cost overburden rate of persons in immigrant households is highest in Canada, Poland and the United Kingdom (over 30% of persons living in immigrant households) and to a lesser extent in Norway and Spain. When compared to native-born households, the difference exceeds 12% points in Poland, Portugal and the United Kingdom. In contrast, these differences are not statistically significant in Austria, France, Germany, the Netherlands and Sweden and are negative in the case of Greece. However, in this latter country, persons living in an immigrant household are more than three times as likely as persons in native-born household to live in an overcrowded dwelling. While in this country as well as in the Czech Republic and Italy, and to a lesser extent Austria, France and the United States, housing issues faced by immigrant renters are more often linked to material conditions of the dwelling (overcrowded) than to financial burden, the opposite is true in Spain. In Finland and Ireland, immigrant renters are relatively less likely to face housing problems, compared with the situation in other OECD countries (Figure 3.6).

On average in OECD countries, housing subsidies do not contribute substantially to reducing the housing cost overburden differential between persons in immigrant and native-born households (Figure 3.5). Finland is an exception.

Figure 3.5. **Housing cost overburden rates among renters, by household immigration status, 2009**

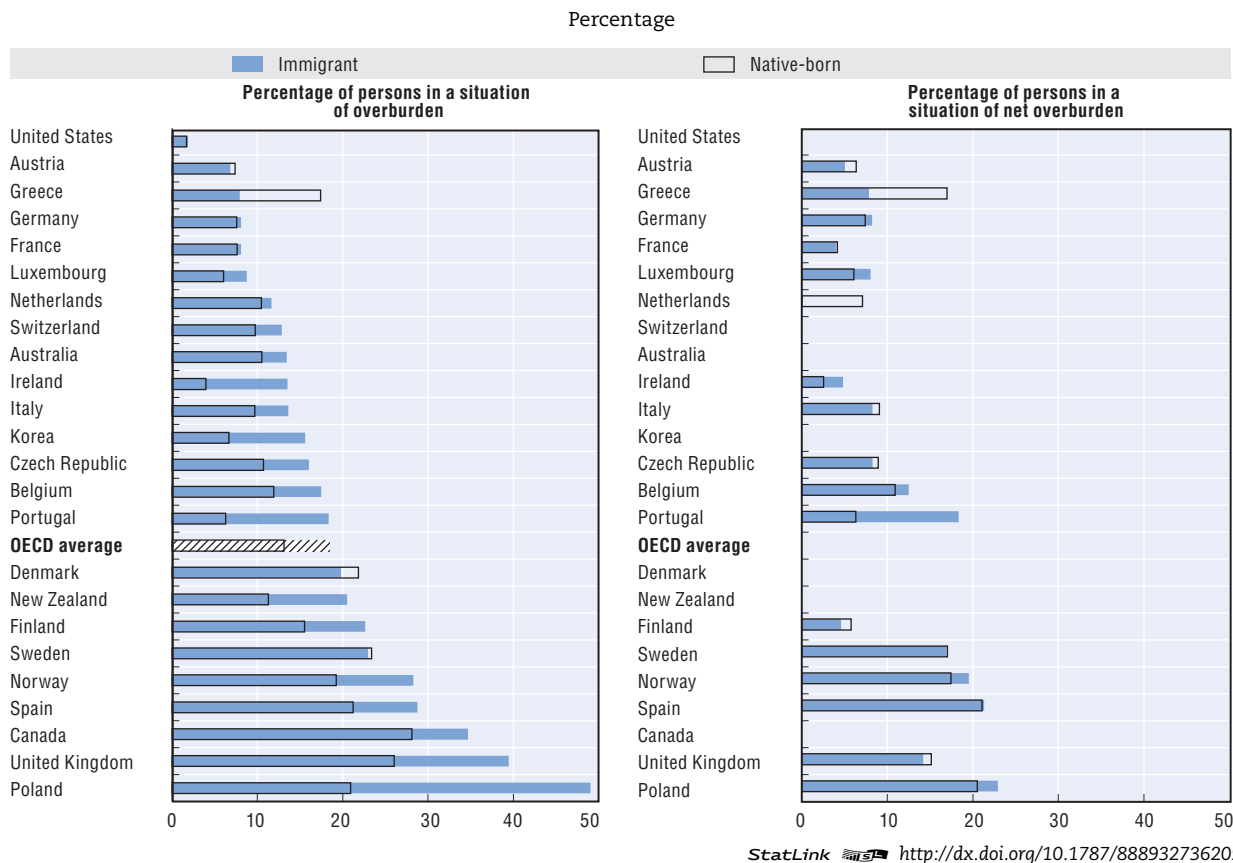
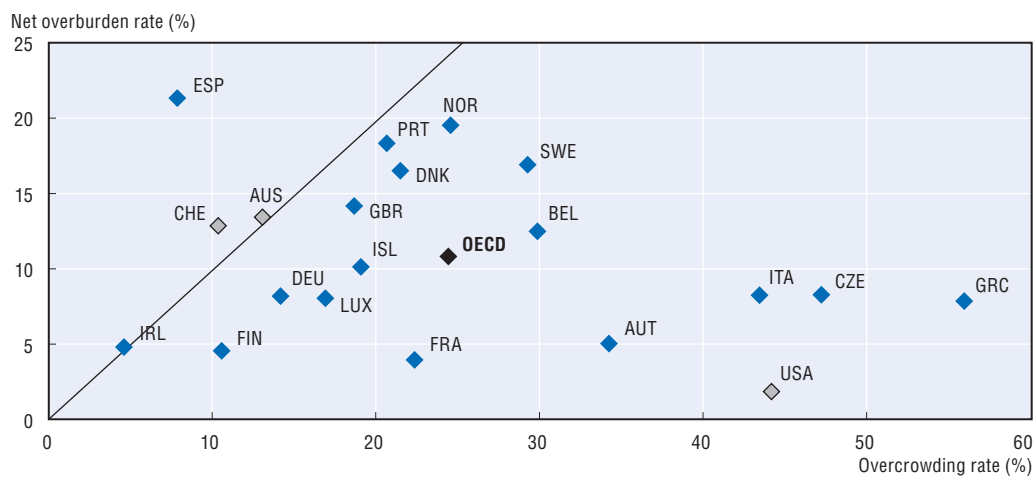


Figure 3.6. **Housing cost net overburden rate and rate of overcrowding for persons in immigrant households that rent their dwelling, 2009**



Notes and sources are at the end of the chapter.

Measurement

Both material and financial aspects of housing are described in this chapter. An ideal set of indicators for material housing conditions would first provide information on the characteristics of the dwelling (*e.g.*, the number of rooms per inhabitant, available basic equipment, quality of materials and deterioration of the dwelling), the environment as well as the neighbourhood (exposure to noise and pollution, feeling of security in the neighbourhood, the accessibility of public transport and workplace, the proximity of stores and public or para-public services and finally recreational facilities).

Financial aspects of housing cover the share of income devoted to housing. This includes mortgage payments for owners and rent for tenants (net of housing subsidies). Tenure status gives some indications of the ability and willingness to settle in the host country.

In this chapter, data are taken from household surveys and therefore exclude homeless persons as well as persons living in collective housing (such as worker or student residences, hospitals or prisons). The range of chosen indicators is limited to tenure status (Indicator 3.1), physical description of the dwelling (overcrowded and deprived housing conditions) (Indicator 3.2) and to the cost of housing (Indicator 3.3) because of sample size problems and limited comparability of information provided by surveys.

Notes, sources and further reading

Notes

Figure 3.1: Immigrant home ownership rates are adjusted, predicting what they would be if the head of household had the same age structure as the native-born on average and if immigrant households had the same income distribution as the native-born households. White diamonds indicate adjusted immigrant home ownership rates not significantly different to that of native-born households to a probability of 0.05.

Figure 3.2: Grey bars indicate differences not statistically different from zero to a probability of 0.05.

Figure 3.4: Grey bars indicate differences not statistically significant to a probability of 0.05. Data for Australia, Canada, Israel and Switzerland cover overcrowding only.

Figure 3.5: OECD averages include countries for which overburden rates cannot be published individually due to sample size issues. Ignoring those low rates would have contributed to overestimate the OECD averages.

Figure 3.6: The overburden rate of countries represented in grey are calculated on the basis of the actual rent since no information on housing allowances is available.

* Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Sources

European Union Statistics on Income and Living Conditions (EU-SILC) 2009; 2008 for Portugal; Swiss Household Panel (SHP) 2009; Household Income and Living Dynamics in Australia (HILDA) 2009; 2009 Canadian Survey of Labour and Income Dynamics (SLID); Israeli Labour Force Survey 2009; Korean Labour and Income Panel Survey 2007; New Zealand Household Economic Survey (HES) 2009; American Community Survey (ACS) 2009.

Further reading

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