

## **2 Is the housing market an obstacle to inclusive growth? For whom?**

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This section outlines the extent to which the housing market can be a barrier to inclusive growth for some groups, such as low-income households, children, youth, seniors and the homeless. Low-income households are more likely to be overburdened by housing costs and record the highest rates of overcrowding. Children are among those most likely to live in poor quality housing and neighbourhoods, making it hard to ensure a good start in life. Today's youth most commonly live with their parents, facing increasingly limited opportunities in the housing market. An important share of seniors who do not own their homes outright pay over 40% of their income on housing. Meanwhile, the rate of homelessness has increased in a third of OECD countries, including among youth, families with children, and seniors in some countries.

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Housing is a key dimension of inclusive growth, but some groups face bigger obstacles in the housing market than others.<sup>1</sup> This section explores the housing challenges of low-income households, children, youth, seniors, and the homeless, for whom reduced housing opportunities and poorer housing outcomes threaten to deepen inequalities across people, space and time.

## 2.1. Overall trends in the housing market

The housing sector in many OECD countries is changing on several fronts, with important implications for low-income and other vulnerable households. First, even though home ownership remains the dominant form of tenure for the majority of OECD households (Figure 2.1), this is changing in many countries. On average, in 2018 nearly 70% of households across the OECD either owned their dwelling outright or with a mortgage, while 28% rented a dwelling, either in the private rental market or as subsidised rental housing. As will be discussed below, the policy preference for home ownership in many OECD countries has contributed in part to the dominance of owner-occupied housing. However, the share of owner-occupied dwellings in the total housing stock has declined or stabilised in nearly all OECD countries since 2000 – thus before the global crisis, and especially for young people (Scanlon and Whitehead, 2004<sup>[1]</sup>; Arundel and Doling, 2017<sup>[2]</sup>; Whitehead and Williams, 2017<sup>[3]</sup>).

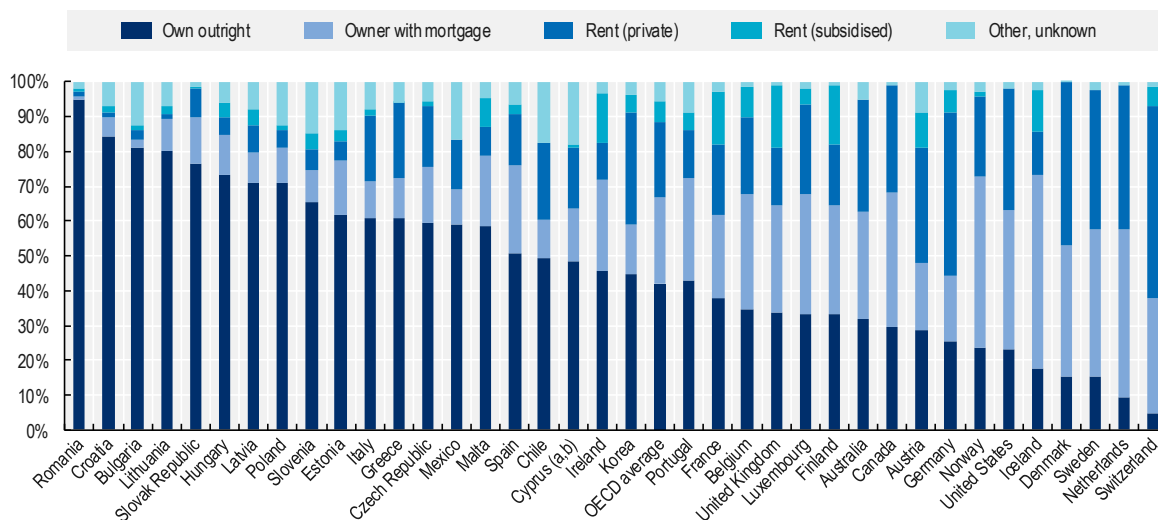
Second, the private rental sector is expanding and the age of renters is diversifying (Hulse, Parkinson and Martin, 2018<sup>[4]</sup>). In some countries, tenants are staying longer in private rental housing, underscoring its decline as a transitional tenure for young adults on their path towards home ownership, as well as a trend in older households remaining in or re-entering the rental market. In most OECD countries, private rental housing was the only tenure type that saw a consistent increase across all age groups since 2010 (with the exception of seniors over 65). The diversification of tenants in the private rental sector can in part be attributed to rising house prices that put home ownership out of reach for some households, as well as growing pressures on the social (subsidised) rental sector.

Third, as discussed in Section 1, housing is on average, across all income groups, the single-largest expenditure of households in the OECD (Figure 1.1, Panel A). The weight of housing in household budgets affects households' ability to spend or invest in other areas that matter for inclusive growth, such as education or health. Part of the reason lower-income households spend more on housing on average, relative to other income groups, is that housing is a necessary good and one of the first expenses that households need to cover. For some people, higher housing costs may not be an impediment to achieving greater satisfaction, but rather a means to achieving it: some households are willing to spend more to live in areas with better-performing schools or better air quality, which are key to improving outcomes for households and especially for children.

Fourth, estimates of consumption data suggest that people are spending more of their household budget on housing than they used to (Figure 1.1, Panel B).<sup>2</sup> On average across OECD countries for which estimates are available<sup>3</sup>, the share of housing in household budgets – which covers housing costs (e.g. rent), regular maintenance and repairs, and utilities – rose by nearly 5 percentage points between 2005 and 2015. Over the past decade, the share of household budgets also increased for other key consumption items such as transport, health and education, yet to a lesser extent (a less than 1 percentage-point increase). Going back twenty years in time (1995-2015), albeit for a smaller subset of countries<sup>4</sup>, the share of household spending on housing increased even further. Households were estimated to have spent almost 6 percentage points more of their budget on housing in 2015 relative to 1995, compared to just over 2 percentage points more on health, the budget item for which the next largest jump in spending was recorded.<sup>5</sup>

**Figure 2.1. In most OECD countries, owning a home is much more common than renting**

Share of households in different tenure types, in percent, 2018 or latest year available



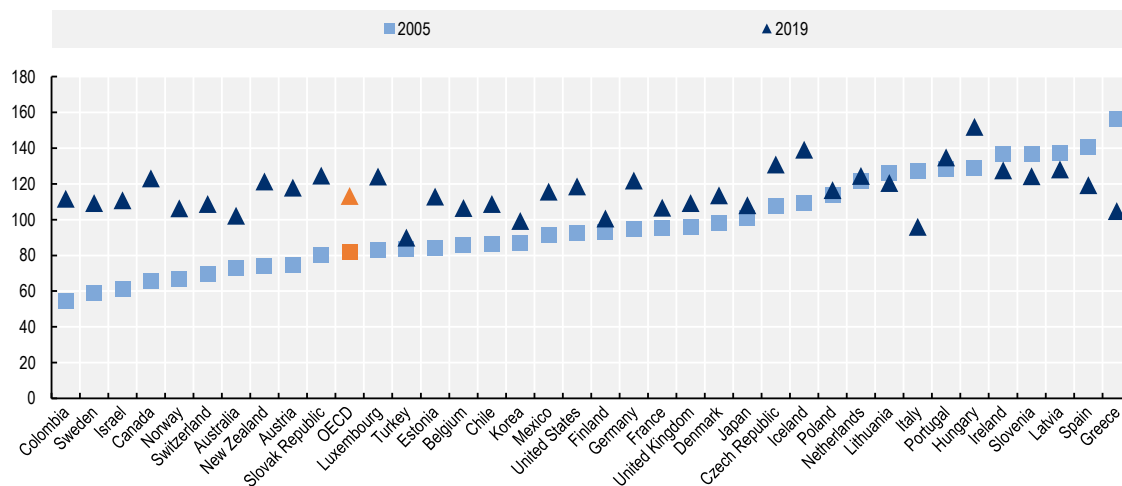
Note: Tenants renting at subsidised rent are lumped together with tenants renting at private rent in Australia, Canada, Chile, Denmark, Mexico, the Netherlands and the United States, and are not capturing the full extent of coverage in Sweden due to data limitations.

Source: OECD Affordable Housing Database (<http://oe.cd/ahd>), Indicator [HM1.3](#). OECD calculations based on European Union Statistics on Income and Living Conditions (EU SILC) survey 2018 except for Ireland, the Slovak Republic, and the United Kingdom (2017), and Iceland (2016); the Household, Income and Labour Dynamics Survey (HILDA) for Australia (2017); the Canada Income Survey (CIS) for Canada (2016); Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2017); the Korean Housing Survey (2017); Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2016); American Community Survey (ACS) for the United States (2016).

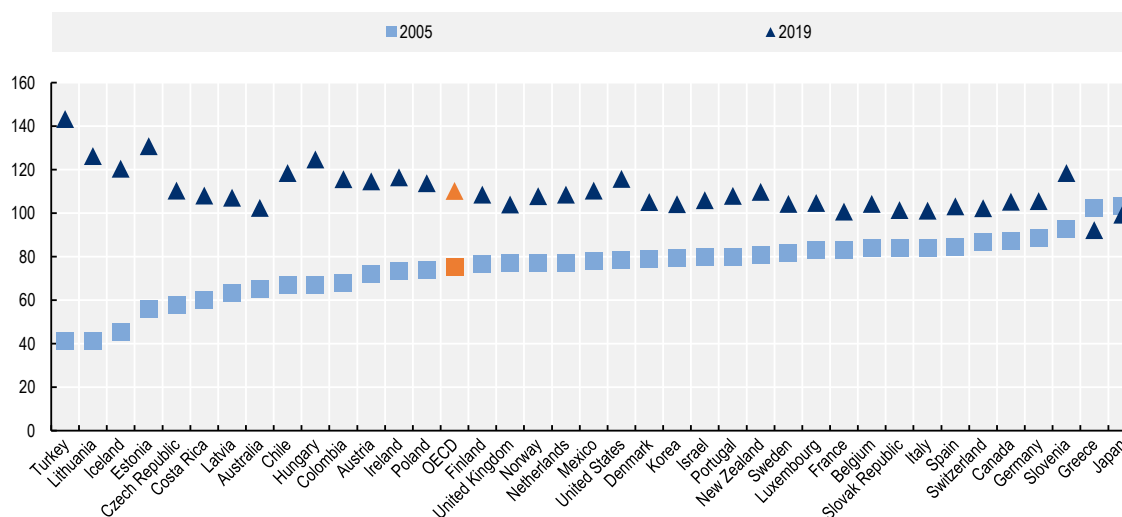
Further, housing prices have increased over the past two decades, especially for renters. This can at least partly explain increased household spending on housing. On average, real house prices increased in 31 OECD countries between 2005 and 2019, with Colombia, Canada, Sweden and Israel recording the largest increases (over 80%) over this period (Figure 2.2 – Panel A). Seven OECD countries recorded a drop in real house prices over this period, most significantly in Greece, Italy and Spain. The evolution of rent prices across the OECD over this period features more uniform trends, with rent prices increasing in all but two OECD countries between 2005 and 2019 (Figure 2.2 – Panel B). Turkey, Lithuania, Iceland and Estonia recorded the largest increases (e.g. over 100%) over this period. Japan and Greece were the only two countries that saw a drop in real rent prices since 2005; however, in Greece, the drop in rent prices was nonetheless much smaller than that of real house prices (10% vs. 33% drop). High and rising rent prices also make it harder for tenants to save up for a down payment to purchase a home.

**Figure 2.2. House prices increased in many OECD countries between 2005 and 2018**

A. Real house price index, 2005 and 2018, 2015=100



B. Rent price index, 2005 and 2018, 2015=100



Note: House price indices, also called Residential Property Prices Indices (RPPIs), are index numbers measuring the rate at which the prices of all residential properties (flats, detached houses, terraced houses, etc.) purchased by households are changing over time. Both new and existing dwellings are covered if available, independently of their final use and their previous owners. Only market prices are considered. They include the price of the land on which residential buildings are located (see OECD et al. (2013<sup>[5]</sup>)). For Panel A, 2005 data were not available in several countries; as such, data for the nearest available year were used: Latvia and Lithuania (2006), Luxembourg (2007), the Czech Republic (2008), Poland (2010) and Hungary (2007). For Panel B, 2005 data were not available in several countries; as such, data for the nearest available year were used: Norway (2008), Portugal (2010), Switzerland (2007), Germany (2007) and Greece (2010).

Source: OECD Affordable Housing Database (<http://oe.cd/ahd>), Indicator [HM1.2](http://oe.cd/ahd). Calculations based on OECD Housing prices (indicator), <https://dx.doi.org/10.1787/63008438-en> (accessed on 20 September 2019).

Box 2.1 provides a summary of indicators of housing quality and affordability that are used in this report. These may provide a useful starting point for policy makers to assess the extent of housing market exclusion for different groups and regions in their country.

### Box 2.1. Basic indicators of housing quality and affordability

Table 2.1 outlines a set of indicators of housing quality and affordability. Many of these data are available for a number of OECD countries in the OECD Affordable Housing Database (<http://oe.cd/ahd>), as well as other OECD databases. Other data are not as readily available across numerous countries.

Table 2.1. Indicators of housing quality and affordability

Category	Indicator
Housing context	Housing tenure rates (by income group, age, region)
Housing quality and conditions	Overcrowding (among families with children, by income group, by region)
	Housing deprivation rate
	Share of households living without basic facilities
Housing affordability	Share of household spending on housing costs (by income group, tenure, age cohort and region)
	Housing cost overburden rate (by income group, tenure, age cohort and region)
Housing wealth and liabilities	Share of households in negative equity (where liabilities exceed assets)
	Share of households in foreclosure <i>[NB: not discussed in this in report as limited cross-country comparative data]</i>
	Overcrowding (among families with children, by income group, by region)
Housing stability	Housing deprivation rate
	Homelessness rate (by age, by gender, by household type, by living arrangement [e.g. living rough, in shelter, with family/friends...], by jurisdiction)
	Number of evictions <i>[NB: not discussed in this in report as limited cross-country comparative data]</i>
Subjective indicators	Share of households satisfied with supply of affordable housing in their jurisdiction
	Share of households satisfied with their housing quality
	Share of individuals that consider quality housing as a major short-term concern

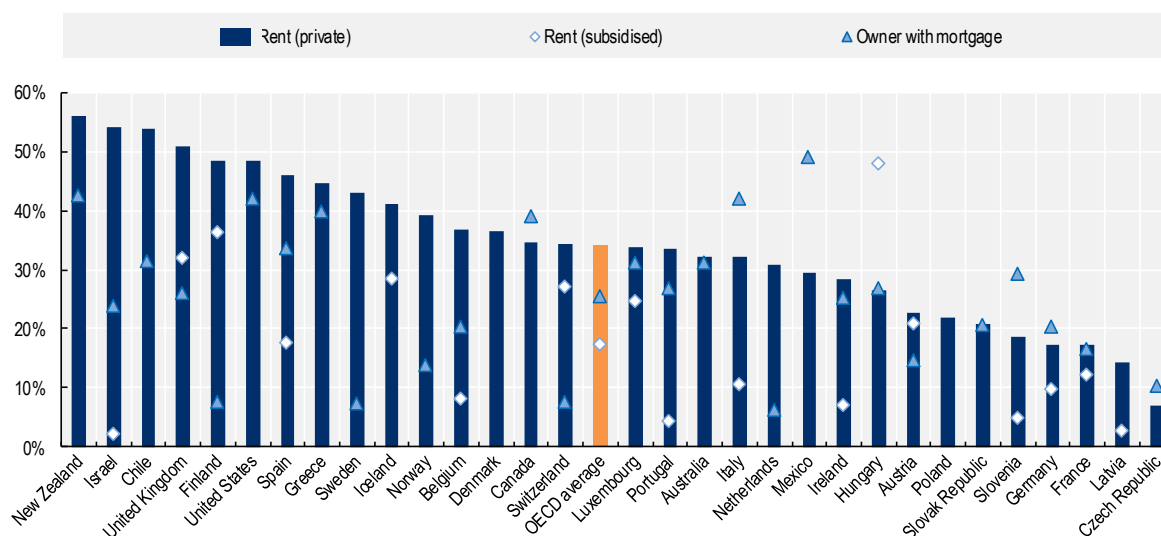
## 2.2. Good quality affordable housing is out of reach for many low-income households

### 2.2.1. Low-income households spend a large and increasing share of their budget on housing

On average across the OECD, low-income households spend the biggest share of their household budget on housing, much more so than middle- and upper-income households (Figure 1.1). As a result, they have fewer resources to invest in better housing or in other areas that could improve their life chances, such as education. Moreover, there is a large share of low-income households spending more than 40% on housing costs. The housing overburden rate, defined as the share of households spending more than 40% of their disposable income on housing costs<sup>6</sup>, varies depending on whether households are renting a home or paying off a mortgage (Figure 2.3). In ten OECD countries, more than two out of five low-income renters in the private market spent over 40% of their disposable income on housing in 2018. The same share was reached for low-income owners with a mortgage in four OECD countries. In New Zealand and the United States, at least two out of five low-income people (regardless of tenure) spent over 40% of disposable income on rent or a mortgage in 2018. And while they tend to fare better than renters in the private market, at least three out of ten low-income renters in subsidised rental housing faced a housing cost overburden in Hungary, Finland and the United Kingdom (OECD, 2019<sup>[6]</sup>).

**Figure 2.3. Low-income households face a significant housing cost burden**

Share of population in the bottom quintile of the income distribution spending more than 40% of disposable income on mortgage and rent, by tenure, in percent, 2018 or latest year



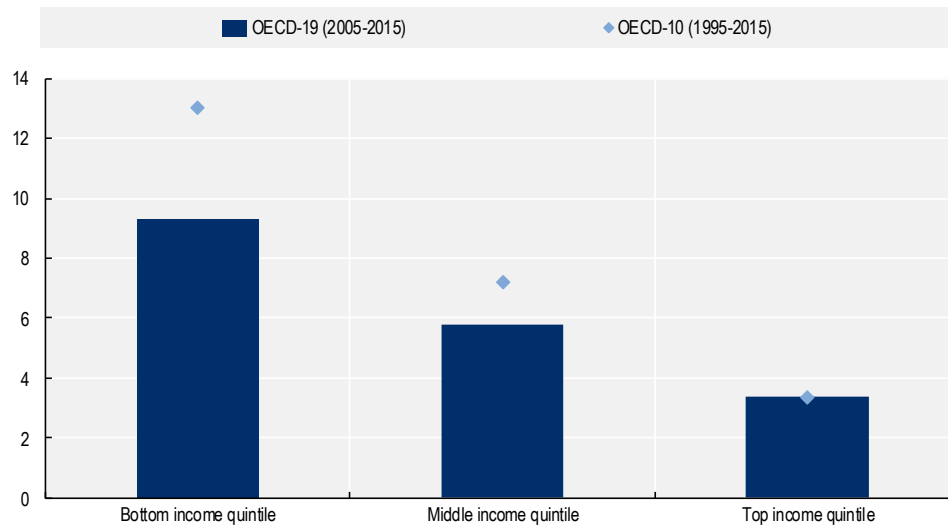
Note: 1. In Chile, Mexico, Korea and the United States gross income instead of disposable income is used due to data limitations. No data on mortgage principal repayments available for Denmark due to data limitations. 2. Results only shown if category composed of at least 100 observations.

Source: OECD Affordable Housing Database, Indicator [HC1.2](#). OECD calculations based on European Union Statistics on Income and Living Conditions (EU SILC) survey 2018 except for Ireland, Malta, and the United Kingdom (2017), Iceland and Switzerland (2016) and the Slovak Republic (2015); the Household, Income and Labour Dynamics Survey (HILDA) for Australia (2017); the Canada Income Survey (CIS) for Canada (2016); Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2017); calculations from the Bank of Israel for Israel (2017); the Korean Housing Survey (2012); Japan Household Panel Study (JHPS) for Japan (2016); Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2014); Household Expenditure Survey (HES, Stats NZ) for New Zealand (2017); American Community Survey (ACS) for the United States (2016).

Moreover, while the share of spending on housing has increased for *all* households over the past decade, estimates of household consumption data suggest that low-income households have seen the most significant rise (Figure 2.4). On average across OECD countries for which estimates are available,<sup>7</sup> the share of housing costs in household budgets among the bottom quintile increased by more than 9 percentage points between 2005-2015, compared to an increase of around 5 percentage points for middle-income households and 3 percentage points for high-income households. Going back further in time for a smaller subset of countries<sup>8</sup>, the weight of housing in household budgets increased by an estimated 13 percentage points for the bottom quintile between 1995 and 2015. This suggests that low-income households were seeing a larger share of their budgets go towards housing even well *before* the Global financial crisis (drawing on analysis prepared for OECD (2019<sub>[6]</sub>)).

## Figure 2.4. The share of housing spending has increased the most for low-income households

Percentage-point changes in share of household spending on housing by income group, OECD average, 1995-2015 and 2005-15



Note: OECD 19 unweighted average refers to the following countries: Austria, Belgium, Czech Republic, Germany, Finland, Greece, Hungary, Ireland, Lithuania, Luxembourg, Latvia, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain and Turkey. OECD 10 unweighted average refers to the following countries: Austria, Belgium, Finland, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal and Spain. See explanatory note in Annex A for details on household the consumption expenditure data used in this report.

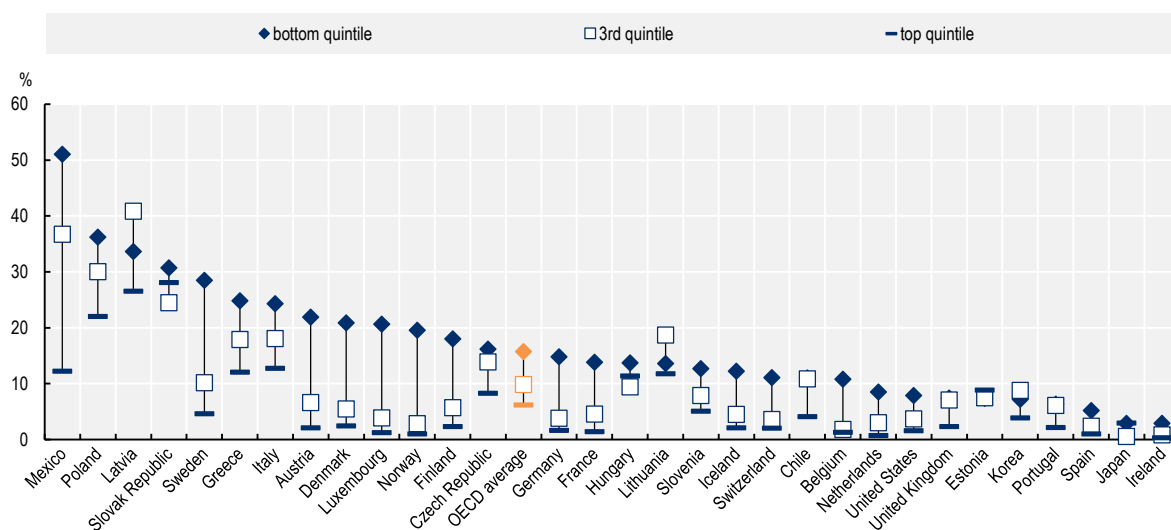
Source: (OECD, 2019<sup>[7]</sup>). Estimates based on microdata from the Eurostat Household Budget Surveys (EU HBS) 2010 and tabulations from the EU HBS 2015, 2005 and 1999 and 1994 for European countries except Spain (Encuesta de Presupuestos Familiares 2015).

### 2.2.2. Low-income households typically live in lower-quality dwellings

On average, low-income households have lower housing quality and are more likely to live in overcrowded conditions relative to those with higher incomes. Rates of overcrowding vary widely across countries, but in nearly all countries, households in the bottom quintile have a higher rate of overcrowding than those in the middle- or top-income quintile (Figure 2.5). In Mexico, Poland, Latvia and the Slovak Republic, more than 30% of low-income households are considered overcrowded. Overcrowding is also more likely to occur among renters, yet some countries also show high rates of overcrowding in owner-occupied homes (OECD, 2019<sup>[8]</sup>). The COVID-19 pandemic renewed concerns over overcrowding and other deficiencies in housing and neighbourhood quality, which can have adverse health effects (Box 2.2).

**Figure 2.5. Overcrowding is more prevalent among low-income households relative to other income groups**

Share of overcrowded households, by quintiles of the income distribution, in percent, 2018 or latest year available



Note: 1. For Chile, Mexico, Denmark, the Netherlands and the United States no information on subsidized tenants due to data limitations. See section "Data and comparability issues" of Indicator [HC2.1](#) on limits to comparability across countries due to the definition of rooms. 2. Low-income households are households in the bottom quintile of the (net) income distribution. In Chile, Mexico, Korea and the United States gross income is used due to data limitations. 3. Data for Japan only available on the respondent level due to data limitations. Results therefore refer to the population, rather than to households. 4. Data for Canada are adjusted by Statistics Canada based on the assumption of the presence of a kitchen in dwellings where it is expected. Income quintiles for Canada are based on adjusted after-tax household income.

Source: OECD Affordable Housing Database (<http://oe.cd/ahd>), Indicator HC2.1. OECD calculations based on European Union Statistics on Income and Living Conditions (EU SILC) survey 2018 except for Ireland and the Slovak Republic (2017), and Iceland and the United Kingdom (2016); calculations from Statistics Canada based on the 2016 Canada Census of Population for Canada; Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2013); the German Socioeconomic Panel (GSOEP) for Germany (2014); the Korean Housing Survey (2017); the Japan Household Panel Study (JHPS) for Japan (2016); Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH).

### Box 2.2. Housing and health

People living in low quality housing and poorer neighbourhoods tend to have worse health outcomes, although it is difficult to establish direct causal relationships (Bonney, 2007<sup>[9]</sup>; World Health Organization (WHO), 2018<sup>[10]</sup>; Fuller-Thomson, Hulchanski and Hwang, 2000<sup>[11]</sup>). Among the homeless, the health effects from a lack of shelter can be devastating. While "housing affects health and health affects housing," the former relationship has been studied to a much greater extent (Fuller-Thomson, Hulchanski and Hwang, 2000<sup>[11]</sup>). The quality and hygiene of the dwelling itself are important: poor air quality, high levels of noise, lack of ventilation and exposure to second-hand smoke, overcrowding, as well as the prevalence of mould, lead or asbestos can affect individuals' health (Mackenbach and Howden-Chapman, 2002<sup>[12]</sup>; World Health Organization (WHO), 2018<sup>[10]</sup>). As summarised in World Health Organization (2018<sup>[10]</sup>):

- Overcrowding can increase the risk of infectious diseases, namely tuberculosis. For instance, studies in Canada and New Zealand found that household overcrowding is associated with a higher incidence of tuberculosis (Wanyeki et al., 2006<sup>[13]</sup>; Baker et al., 2008<sup>[14]</sup>). More research is needed to assess the effects of overcrowding on health outcomes during the COVID-19 pandemic.



- Exposure to poor indoor air quality – which can result from the quality of a dwelling’s ventilation system, its methods for cooking and heating, etc. – is associated with numerous negative health outcomes, including allergies, weakened immune system and cancer, as well as negative effects on reproductive, nervous and cardiovascular systems. One estimate suggests that dampness and mould in dwellings are associated with between a 30-50% increase in a range of respiratory and asthma-related health outcomes (Fisk, Lei-Gomez and Mendell, 2007<sup>[15]</sup>).
- Exposure to noise – and especially sustained exposure to noise – can lead to sleep disorders and auditory challenges, including hearing loss, and also challenges to physical and mental health and well-being. One study estimated that around 56 million people living in large urban areas with more than 250 000 inhabitants in the European Union are exposed to road traffic noise at levels that are thought to be risky to health (Babisch, 2012<sup>[16]</sup>).
- Low indoor air temperatures and poor insulation can increase the risk of respiratory conditions (e.g. high blood pressure, asthma and other respiratory infections and diseases) and poor mental health. Meanwhile, high indoor air temperatures are associated with higher risks of mortality and hospitalisations. For instance, a study in the United States found that thermal improvements to dwellings that stabilised indoor air temperatures resulted in improvements to occupants’ reported health (Ahrentzen, Erickson and Fonseca, 2016<sup>[17]</sup>).

In many cases, children, the elderly and other vulnerable groups are at a greater risk of adverse health effects from low quality housing. This includes, for instance, the risk of lead poisoning from lead paint amongst children, as has been documented in the United States (Centers for Disease Control and Prevention (United States), 2018<sup>[18]</sup>). The adverse health risks from low quality housing will be exacerbated by population ageing and climate change with global temperatures continuing to rise and extreme weather events occurring with greater frequency and intensity. Spatial planning and urban design can both play a role in adapting housing and urban environments to help residents better withstand warming climates; moreover, local solutions can also be effective, such as the creation of public spaces that serve as “cooling centres” for the elderly and other vulnerable populations, as were introduced in Seoul, Korea (OECD, 2018<sup>[19]</sup>).

The broader neighbourhood environment – including proximity to pollution or crime, as well as access to quality schools and public services – also matters for individual health outcomes. Living in neighbourhoods that lack public spaces, green areas, parks, playgrounds or walking areas has been associated with insufficient physical exercise, increased prevalence of obesity, cognitive problems (among children), and decreased ability to socialise (Bonnetfoy, 2007<sup>[9]</sup>). Outdoor air pollution caused more than 3 million premature deaths in 2010 (OECD, 2016<sup>[20]</sup>) – compared to roughly 1.3 million fatalities that year from road traffic accidents (World Health Organisation (WHO), 2018<sup>[21]</sup>) – with elderly people and children most vulnerable. Looking forward, outdoor air pollution could cause 6 to 9 million premature deaths a year by 2060 and cost 1% of global GDP (OECD, 2016<sup>[20]</sup>).

Housing status and conditions can also affect residents’ mental health and well-being. Residential mobility can foster greater overall well-being and support broader inclusive growth objectives, in the case that individuals are able to move to higher-quality dwellings or neighbourhoods. However, there can be limits to the benefits of *frequent* residential mobility – particularly among children. High levels of residential mobility (e.g. frequency in changing residence) among young people have been associated with increased behavioural and emotional problems, increased teenage pregnancy rates, earlier illicit drug use and adolescent depression. Those effects may moreover cumulate and compound, reducing well-being at the neighbourhood, family and individual levels (Jelleyman and Spencer, 2008<sup>[22]</sup>). Studies in Canada and the United States have shown that children who move frequently may also experience less continuous healthcare provision and are more likely to use emergency health services. Moreover, significant levels of stress have also been documented in households facing housing instability, or financial instability as a result of high housing costs.

Meanwhile, the absence of a home has significant adverse health effects. Numerous studies have documented that homelessness drastically increases mortality rates. In France, researchers reported a 30 to 35-year difference in average age of death between the homeless and the general population (Cha, 2013<sup>[23]</sup>). A Polish study found that the average life span of a homeless person was 17.5 years shorter than that of the general population (Romaszko et al., 2017<sup>[24]</sup>). In Dublin, mortality rates were 3-10 times higher in homeless men and 6-10 times higher in homeless women compared with the general population (Ivers et al., 2019<sup>[25]</sup>). Further, homeless people are at increased risk of diseases, as well as mental illness, substance abuse, sexually transmitted diseases, and other health disorders (Fuller-Thomson, Hulchanski and Hwang, 2000<sup>[11]</sup>).

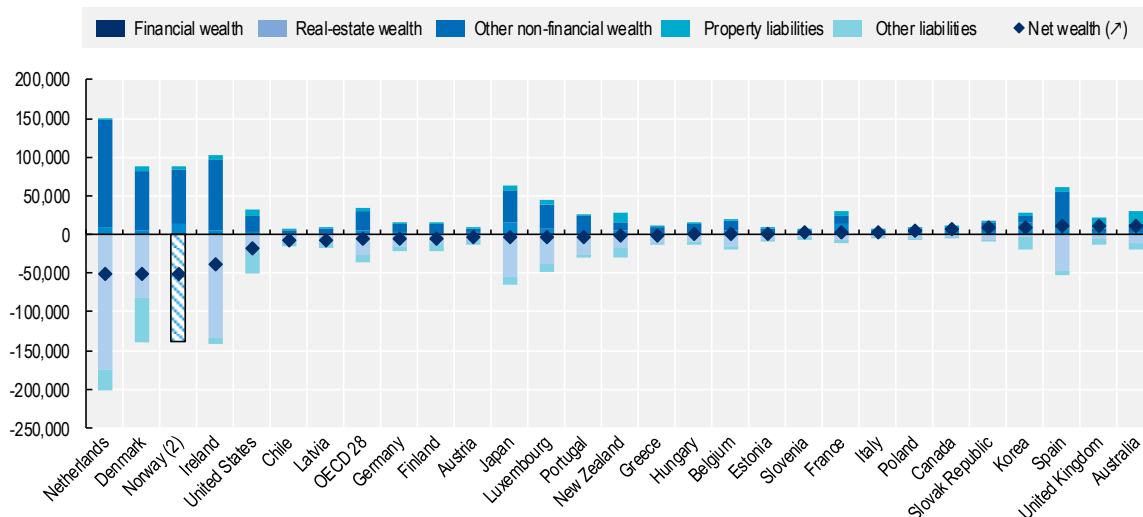
### **2.2.3. Housing is the biggest source of wealth and liabilities for low-income households**

Housing has important implications for wealth. On the one hand, real estate assets overall tend to be more concentrated at the top of the income distribution, since higher-income households are more likely to own more expensive primary residences as well as invest in secondary residences. On the other hand, however, housing constitutes the largest source of wealth and the biggest financial liability among low-wealth households. Real-estate wealth makes up the biggest share of wealth among households in the bottom quintile, outweighing financial and other non-financial wealth in most OECD countries. The biggest shares of housing-related wealth among low-wealth households are found in the Netherlands, Denmark, Norway and Ireland (Figure 2.6). However, property liabilities (e.g. mortgages) among low-wealth households are larger, on average, than the level of housing assets, contributing to negative average net worth among low-wealth households in many OECD countries (Balestra and Tonkin, 2018<sup>[26]</sup>). Real estate tends to be the most important means to build wealth for low- and middle-wealth households; at the same time, however, this creates risks, as such households may be less able to draw on their wealth to absorb shocks in incomes, because real estate is not as easy to liquidate compared to other forms of wealth (Clarke, Fernandez and Königs, forthcoming<sup>[27]</sup>).

Mortgage debt can be both an opportunity and a risk for low-wealth households. On the one hand, it allows (particularly younger and lower-income) households to accumulate wealth, but, on the other hand, it also exposes them to financial risks. Lower-wealth households tend to be at a higher risk, whether measured in terms of solvency (their ability to pay back their mortgage) or liquidity (households' vulnerability to face difficulty in reimbursing mortgage debt in case of an economic shock). For instance, on average across the OECD, indebted households in the bottom quintile of the net wealth distribution record loan-to-value ratios (a solvency risk indicator) that exceed the conventional at-risk threshold value of 75% (Causa and Woloszko, 2019<sup>[28]</sup>). For all households, real-estate makes up the largest share of liabilities, on average, in most OECD countries (Figure 2.7).

**Figure 2.6. Housing is the biggest source of wealth for low-wealth households – as well as their biggest financial liability**

Composition of net wealth for poorest 20% of households, 2015 or latest available year. Wealth values (y-axis) are expressed in 2011 USD<sup>1</sup>

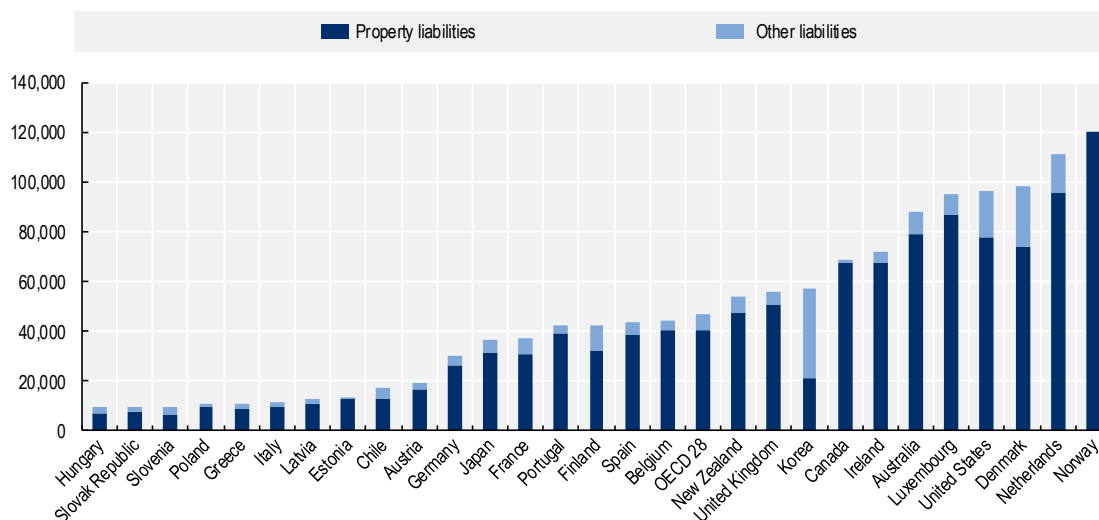


Note: 1. Wealth values are expressed in 2011 USD by, first, expressing values in prices of the same year (2011) through consumer price indices and, second, by converting national values into a common currency through the use of purchasing power parities for household consumption. 2. Data on the composition of household debt in Norway are not available, so total liabilities are shown.

Source: (Balestra and Tonkin, 2018<sup>[26]</sup>). Data from OECD Wealth Distribution Database.

**Figure 2.7. Property liabilities make up the largest share of household debt in most OECD countries**

Composition of household debt, 2015 or latest available year. Wealth values (y-axis) are expressed in 2011 USD



Note: Wealth values are expressed in 2011 USD by, first, expressing values in prices of the same year (2011) through consumer price indices and, second, by converting national values into a common currency through the use of purchasing power parities for household consumption. Data on the composition of household debt in Norway are not available, so total liabilities are shown.

Source: (Balestra and Tonkin, 2018<sup>[26]</sup>). Based on data from the OECD Wealth Distribution database (oe.cd/wealth).

High levels of real estate debt are not necessarily a problem, since they usually coincide with even higher housing wealth. However, over-indebtedness can pose risks to individuals and to the economy at large. High levels of debt relative to household income or to household assets can put households at risk of financial instability or default should asset (e.g. real estate) prices, interest rates or personal circumstances change. The Global Financial crisis contributed to over 9 million homeowners in the United States going through a foreclosure, surrendered their home to a lender or sold their home via a distress sale between 2006 and 2014 (Kusisto, 2015<sup>[29]</sup>). Too much debt can also create vulnerabilities for the economy as a whole, as was experienced during the global crisis (Balestra and Tonkin, 2018<sup>[26]</sup>), and weigh on long-term economic performance (Cournède, Denk and Hoeller, 2015<sup>[30]</sup>). Indeed, mortgage distress and defaults in the housing market were at the origins of the 2008 global financial crisis with lasting impacts on the housing market. Evidence from the United States suggests that the Global Financial crisis also resulted in unequal impacts across different types of households. Minority households, such as African-American and Hispanic households, suffered the most severe equity losses and experienced the sharpest increases in default as well as the biggest drops in home ownership rates in the aftermath of the Global Financial crisis (Gould Ellen and Dastrup, 2012<sup>[31]</sup>).

## 2.3. Many children face poor quality housing and housing instability

### 2.3.1. Housing and neighbourhood quality have long-lasting effects starting in childhood

Housing and neighbourhood quality matters, especially when children are young. Indeed, poor housing quality is a critical dimension of child poverty and represents one of the most common forms of material deprivation among children, compared to other dimensions, such as nutrition or clothing (Thévenon, 2018<sup>[32]</sup>). Research on intergenerational mobility from the United States finds that low-income children are most likely to succeed when they grow up in counties with less concentrated poverty, less income inequality, better schools, a larger share of two-parent families and lower crime rates (Chetty and Hendren, 2018<sup>[33]</sup>). Children who spend more of their early childhood years in higher-opportunity neighbourhoods<sup>9</sup> also earn more as adults.

For children, poor housing and neighbourhood quality can have an adverse impact on health and the home learning environment (Coley et al., 2013<sup>[34]</sup>; Evans, Saltzman and Cooperman, 2001<sup>[35]</sup>; Marcal and Fowler, 2015<sup>[36]</sup>). In OECD countries for which data are available, on average nearly 11% of children live in households with self-reported problems of crime, violence or vandalism in the local area; the share is higher among households with a low education level (15%) and among households in the lowest tertile of the income distribution (13%) (OECD, 2019<sup>[37]</sup>). Although it can be difficult to disentangle the neighbourhood from the socio-economic effect, the impact of one's childhood neighbourhood can be long lasting. Evidence from the United States and the United Kingdom finds that life expectancy can vary by decades across neighbourhoods, based on the neighbourhood's proximity to environmental and health hazards, the concentration of poverty and the level of racial segregation (OECD, 2016<sup>[38]</sup>).

The neighbourhood in which housing is situated shapes children's access to (quality) schools and educational opportunities. The quality of neighbourhood communities – in terms of peers, colleagues, and local authorities – and facilities can have a direct impact on early childhood outcomes (OECD, 2017<sup>[39]</sup>). The broader learning environment encompasses a child's home, neighbourhood and early childhood education and care services. Households tend to geographically cluster based on their incomes (see discussion of spatial segregation below) (OECD, 2018<sup>[40]</sup>), and the socio-economic segregation of neighbourhoods can reproduce itself in schools: OECD (2012<sup>[41]</sup>) reports that wealthier parents tend to avoid schools with a significant number of disadvantaged students. A study that followed individuals in England (United Kingdom) over time, at least part of the reason why poorer children fell behind their richer peers could be attributed to attending different secondary schools (Crawford, Macmillan and Vignoles, 2017<sup>[42]</sup>). Wealthier parents are more likely to exercise school choice and can enrol their children in good

quality schools, compared to more disadvantaged parents who tend to exercise choice less and send their children to their local neighbourhood schools (OECD, 2012<sup>[41]</sup>). Research suggests the existence of peer effects, and that pupils from a low socio-economic background gain from attending a school with students from a more advantaged socio-economic background (Causa and Chapuis, 2009<sup>[43]</sup>).

The challenges associated with poor neighbourhood quality and limited access to opportunity are especially salient, given that income segregation and spatial inequality are high and on the rise in many OECD countries. Residential segregation occurs when individuals with shared characteristics, such as income level, race or ethnicity, are concentrated in a geographic space. While some level of residential segregation is natural, it becomes problematic when it results in the concentration of disadvantage in space – that is, in neighbourhoods with poor access to quality jobs and services – as this can affect individual outcomes much later in life, weighing on future generations and limiting social mobility (OECD, 2016<sup>[38]</sup>; OECD, 2018<sup>[44]</sup>). A comparison of segregation by income levels in twelve countries<sup>10</sup> yields considerable differences in spatial patterns within and across countries (OECD, 2018<sup>[44]</sup>). For instance, the most income-segregated cities in the Netherlands and France are at comparable levels with the least income-segregated cities in the United States (OECD, 2016<sup>[38]</sup>). OECD (2018<sup>[44]</sup>) found that income segregation tends to be higher in bigger, richer and more productive metropolitan areas. Segregation by income level has increased in recent decades in Europe and the United States (van Ham et al., 2016<sup>[45]</sup>; Massey, Rothwell and Domina, 2009<sup>[46]</sup>). These findings have particular importance for households with children, and suggest that interventions that focus on (young) children can have important generational effects.

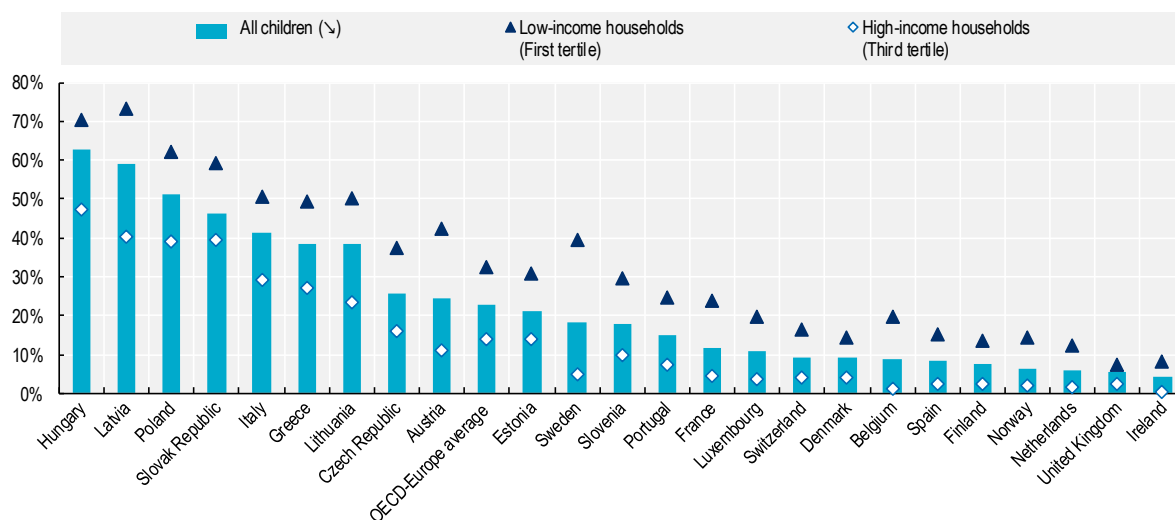
### **2.3.2. Poor children are more likely to face poor housing quality**

On average, more than 1 in 5 children between 0-17 years old live in an overcrowded household in European OECD countries, with considerable variation across countries (Figure 2.8). Over half of all children live in overcrowded households in Hungary, Latvia and Poland, compared to less than 8% in Ireland, the United Kingdom, the Netherlands, Norway and Finland. In all countries for which data are available, children in low-income households are much more likely than those in high-income households to face overcrowded conditions.

Even children who do not live in income-poor households can suffer from housing-related deprivation that relates either to the quality of the dwelling or the broader neighbourhood environment (such as noise or crime). For instance, one in five children in non-income poor households in France and Spain, and one in four non-income poor children in the United Kingdom, are faced with “multiple housing problems”, a composite measure of housing quality that includes adequate lighting, quality of roof, presence of humidity or mould, ability to keep the dwelling adequately warm (Thévenon, 2018<sup>[32]</sup>).

**Figure 2.8. Children in low-income households are more likely to be exposed to poor housing quality than children in higher-income households**

Share of children (aged 0-17) living in overcrowded households in European OECD countries, by income group, percentages, 2017



Note: 1. No information for Australia, Chile, Germany, Israel, Japan, Korea, Mexico, New Zealand, Turkey and United States due to data limitations. 2. Data for Switzerland refer to 2016.

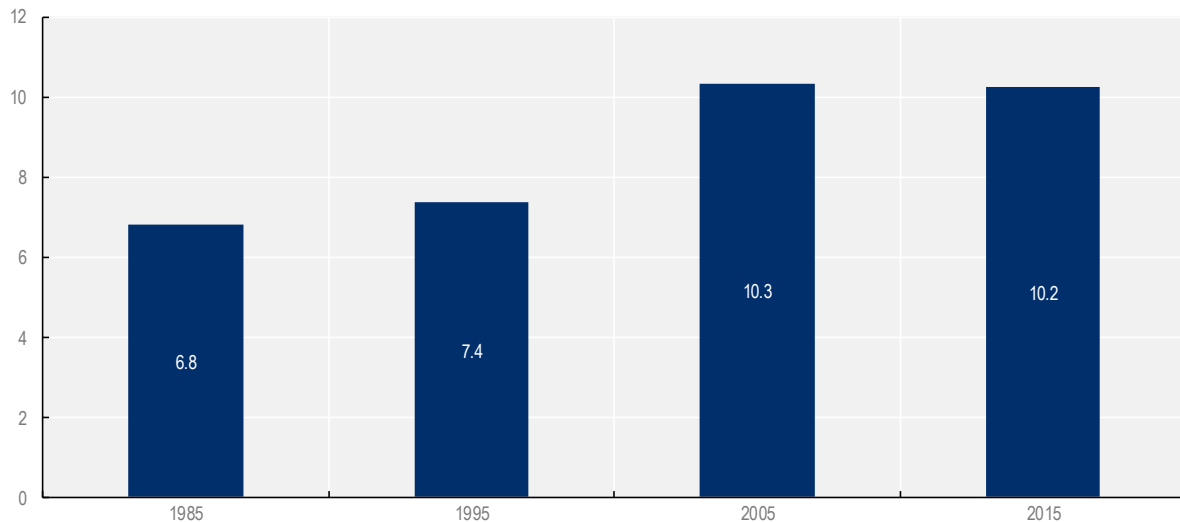
Source: (OECD, 2019<sup>[47]</sup>). OECD Secretariat calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) survey, see OECD Child Well-Being Data Portal under [www.oecd.org/els/family/child-well-being/data](http://www.oecd.org/els/family/child-well-being/data).

### 2.3.3. Many families with children are finding it hard to afford quality housing

The rising cost of housing means that young families with children – even those with median income levels – are finding it increasingly difficult to afford quality housing, including purchasing a home. Based on price data from capital cities across the OECD, OECD (2019<sup>[71]</sup>) finds that a median-income couple with two children must spend significantly more to purchase a modest-sized flat today than they would have 30 years ago, putting increasing pressures on household budgets and making home ownership less accessible to young families relative to previous generations (Figure 2.9). Real interest rates have fallen considerably since 1985, moderating somewhat the impact of house price increases on housing costs.

### Figure 2.9. Today's families must pay considerably more to buy a flat than previous generations.

Number of years of annual income needed to buy a 60 square metre flat in the country's capital city or financial centre, for a median income couple with two children.



Note: Households composed of a couple and two children with median income. OECD average includes Australia, Canada, Denmark, Finland, France, Germany, Greece, Hungary, Israel, Italy, Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States.

Source: (OECD, 2019<sup>[7]</sup>). Calculations based on data from EU-SILC (Europe), SLID and CIS (Canada), CPS March Supplement (United States) and LIS Data Center: Global Property Guide; OECD Residential Property Prices Indices (RPPIs).

## 2.4. Youth struggle to access quality, affordable housing of their own, risking a deepening of inter- and intra-generational inequality

Housing is one of several dimensions of well-being – along with employment opportunities – that have become more challenging for young adults in recent years, and threatens to deepen inter- and intra-generational inequalities. Frequently, today's youth have access to fewer quality, affordable housing opportunities than previous generations and they increasingly struggle to become homeowners, which limits their ability to build wealth. Low-income youth face even greater challenges than their higher-income peers in securing good quality housing, because they are not able to rely on family resources for support.

### 2.4.1. Facing reduced opportunities in the housing market, most young people still live with their parents

In a context of rising rents and house prices, several features of youth living arrangements are worth noting:

- Young adults aged 20-29 (e.g. those out of upper secondary schooling) are, on average across the OECD, most commonly living with their parents, though there is wide variation across countries (Figure 2.10). The biggest shares of youth living with their parents were recorded in Italy (75% in 2017), the Slovak Republic (74%) and Greece (74%), followed by Slovenia, Spain and Portugal (each around 70%). The Nordic countries are a notable exception, as only 10-20% of youth in Norway, Finland and Sweden live with their parents; they are more likely to be living with a partner or living alone.
- The trend in youth living with their parents appears to be on the rise in some OECD countries. For instance, between 2007 and 2014, there was a 12.5 percentage-point rise in the share of youth aged 15-29 living with their parents in France; the share also increased by nearly 9 percentage

points in Hungary, nearly 6 percentage points in Italy, and almost 5 in Greece (OECD, 2016<sup>[48]</sup>; Lennartz, Arundel and Ronald, 2016<sup>[49]</sup>).

- Nearly 30% of youth (aged 20-29) live in a private rental dwelling; no other age group includes as large a share of renters. Just over two-thirds of youth (20-29) in the OECD live in owner-occupied homes (OECD, 2019<sup>[6]</sup>).
- Youth tend to move to urban areas, where housing costs have soared in recent decades. While urban areas in the OECD are attracting more new residents overall compared to rural areas, youth make up a large share of new urban dwellers. In Latvia, Estonia, Japan, Israel, Korea, Spain, Sweden, the Slovak Republic, Australia, the United Kingdom, the Czech Republic and Norway, more than 90% of young internal net migrants<sup>11</sup> moved to regions with a predominantly urban population in 2016 (OECD, 2018<sup>[50]</sup>).

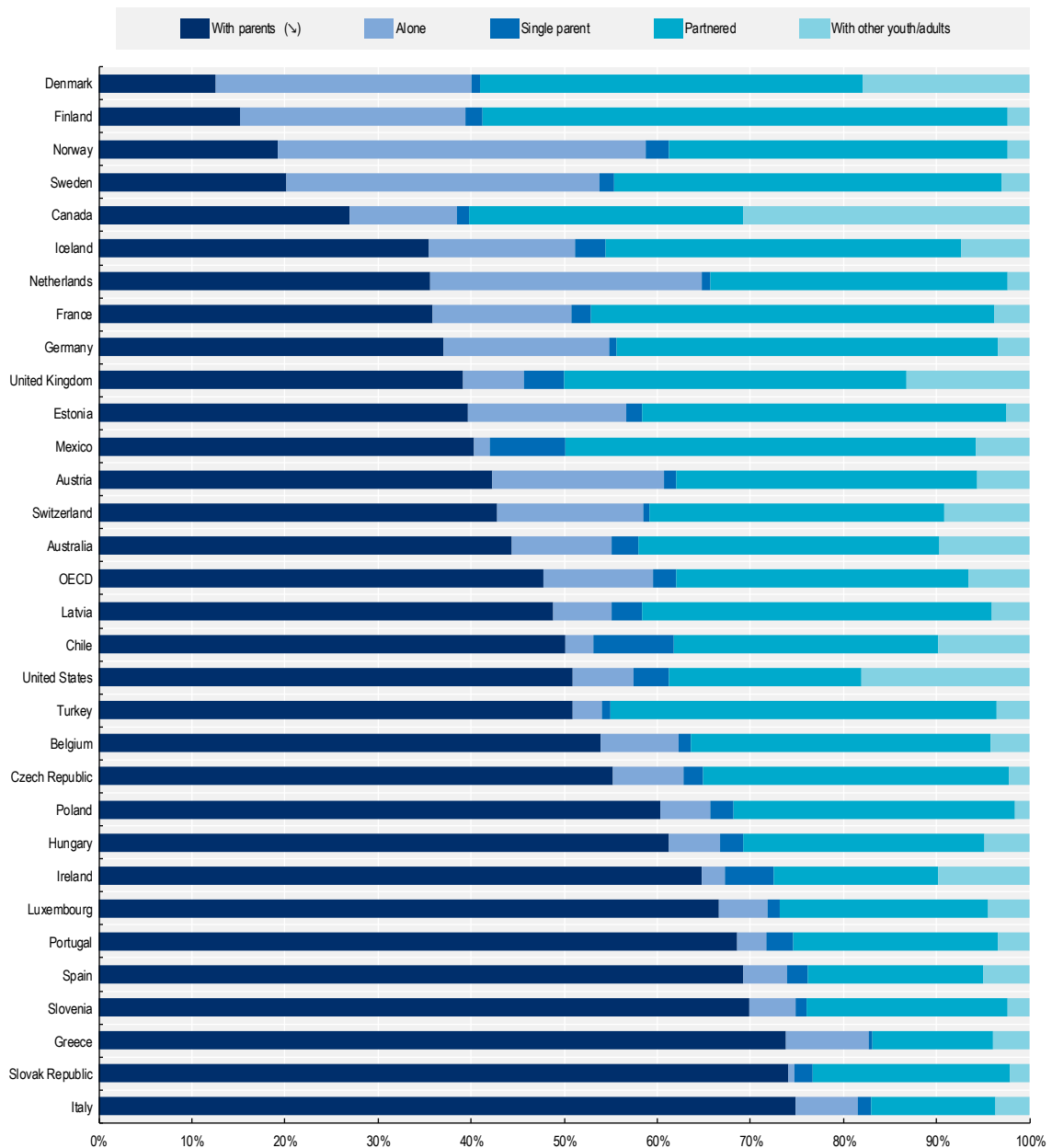
In some countries, both low- and middle-income young households are finding home ownership increasingly out of reach. For instance, in the United Kingdom, home ownership rates among youth have dropped overall, and most significantly for those in the middle-income bracket: 65% of middle-income youth were homeowners in 1995-96, compared to just 27% two decades later (Cribb, Hood and Hoyle, 2018<sup>[51]</sup>). Clarke et al (forthcoming<sup>[27]</sup>) find that, relative to their peers in the past, younger people accumulate wealth less quickly, which may result from the rising age at labour market entry, less stable labour market prospects and slower earnings growth in the aftermath of the economic crisis.

Several factors have contributed to the decline in home ownership among young households, including high house prices, high transaction costs, insecure employment and low income levels (Whitehead and Williams, 2017<sup>[3]</sup>). On the one hand, rising house prices have made ownership increasingly unaffordable for young households, particularly relative to their income. For instance, in 2015-16, the average regional house price was four times the income of almost nine out of ten young adults in the United Kingdom; two decades earlier, this was true for less than half of young adults (Cribb, Hood and Hoyle, 2018<sup>[51]</sup>). On the other hand, notably in the aftermath of the Global Financial crisis, access to mortgages has become more difficult (particularly due to lower loan-to-value caps), while greater insecurity in economic and job conditions for youth are additional barriers to buying a home. Whitehead and Williams (2017<sup>[3]</sup>) suggest that the latter appears to have had a greater effect on home ownership rates among youth than the former. Arundel and Doling (2017<sup>[2]</sup>) argue that the decline in home ownership is not a temporary consequence of the global crisis, but given the increasing insecurity in the labour market (which especially affects youth) declining home ownership rates represent a more structural and sustained change in housing tenure arrangements.



**Figure 2.10. In many OECD countries, youth most commonly live with their parents**

Composition of household types amongst 20-29s in 2017, percentage



Note: Data refer to 2016 for Iceland, Ireland, Mexico, Switzerland, and United Kingdom 2015 for Turkey and 2011 for Canada. No information for Japan, Korea or New Zealand due to data limitations.

Source: OECD Affordable Housing Database (<http://oe.cd/ahd>), Indicator [HM1.4](#). OECD calculations based on EU-SILC, HILDA (Australia), SLID (Canada), CASEN (Chile), ENIGH (Mexico) and CPS (United States).

#### **2.4.2. Deepening intra-generational inequalities among youth who can rely on financial support from their families and those who cannot**

In some OECD countries, young households increasingly rely on financial support from their families to purchase a home, which can in turn exacerbate intra-generational inequalities. In France, there is a growing gap in access to home ownership among affluent and low-income young households (aged 25 to

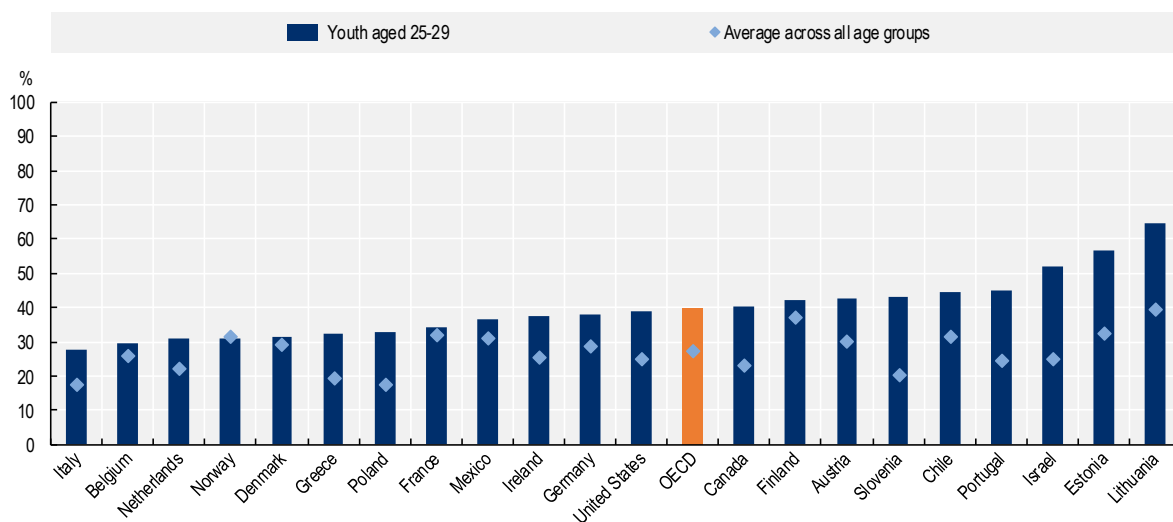
44): 32% of low-income young households were homeowners in 1973, compared to just 16% four decades later (Bonnet, Garbinti and Grobon, 2019<sup>[52]</sup>). This is in part driven by affluent young households increasingly benefitting from personal family financial support in the 2000s, which contributed to their capacity to purchase a home, while low-income households did not have similar levels of family support. Family support to buy a home also increased significantly in the United Kingdom: in 2014-15, three times as many buyers relied on support from inheritance relative to 1994-95 (Social Mobility Commission, 2016<sup>[53]</sup>). In Australia, around half of first-time buyers need financial support from their parents (Whitehead and Williams, 2017<sup>[3]</sup>).

### 2.4.3. Younger generations are more worried about their housing opportunities

It is not surprising, then, that access to quality affordable housing is a chief concern of young people. According to the 2018 OECD *Risks That Matter* survey, which asked over 22 000 people in 21 OECD countries about their social and economic risks<sup>12</sup>, housing concerns were highest among younger people. On average, around a third of respondents aged 20 to 34 reported that securing or maintaining adequate housing was among their top three short-term concerns, with the share peaking at 40% among 25 to 29 year olds (Figure 2.11) (OECD, 2019<sup>[54]</sup>). In all countries but one (Norway), the share of youth identifying housing as a top short-term concern was higher than the share of the overall population. Israel, Lithuania, Estonia, Slovenia and Portugal recorded a more than 20-percentage point difference between youth and the overall population. These countries, in addition to Chile, Austria, Finland and Canada, registered the largest share of youth (e.g. over 40%) identifying housing as a top short-term concern.

**Figure 2.11. Housing is a top concern for younger generations**

Percent of respondents identifying “securing or maintaining adequate housing” as one of the top-three greatest short-term (over the next year or two) risks to themselves or their immediate family, by age group, unweighted cross-country average, 2018



Note: Respondents were asked to identify the three greatest risks to themselves or their immediate family from a list of seven risks. Respondents had the option of selecting zero, one, two, or three risks.

Source: OECD Secretariat estimates based on the OECD *Risks That Matter* survey (OECD, 2019<sup>[54]</sup>).

#### **2.4.4. Looking ahead: Youth in the face of increasing economic and housing instability relative to their peers of the past**

Higher levels of vulnerability and instability among youth in the labour market have important implications for housing. When labour market instability is accompanied by lower wages or greater wage volatility, people face challenges to secure affordable housing in the rental housing market, where prices have continued to rise. Youth (aged 15-29), who were hit disproportionately hard by the Global Financial crisis, are more likely to work in temporary and atypical contracts that are easier to terminate (OECD, 2016<sup>[48]</sup>). Aurand et al. (2019<sup>[55]</sup>) reported that a minimum-wage worker would have to have three full-time minimum-wage jobs to afford paying rent for a two-bedroom apartment anywhere in the United States in 2019. Longer term employment instability can in turn weigh on opportunities for home ownership. Arundel and Doling (2017<sup>[2]</sup>) suggest that the decline in well-paid jobs with secure contracts – particularly among young adults – is reducing youth’s access to home ownership. One reason is that secure job contracts are most appropriate for taking out housing loans. A study of six European countries finds that higher levels of employment insecurity reduce the chances of holding a mortgage in all countries (Dotti Sani Collegio Carlo Alberto et al., 2018<sup>[56]</sup>). Prospective homeowners are not the only ones made more vulnerable by increasingly flexible employment contracts, as landlords often require employment stability from prospective tenants.

Looking ahead, increased instability in housing, employment and other aspects of life for youth not only risks changing the structure of home ownership patterns in the future, but also exacerbating inter-generational inequality. On the one hand, Arundel and Doling (2017<sup>[2]</sup>) report that the cumulated trends of “delayed labour market entry, increased educational indebtedness, and a lack of well-paid and stable job opportunities” have created obstacles for youth to make traditional transitions into adulthood, including for housing. As a result, youth are struggling to get on a stable, quality housing ladder – including, but not limited to, home ownership. This can result in delayed household and family formation, and can also affect their access to quality schools (for their children), employment opportunities and wealth-building opportunities through home ownership. On the other hand, while rising house prices create challenges for young generations, older home-owning households tend to reap the benefits, which may ultimately exacerbate inter-generational disparities (Meen, 2018<sup>[57]</sup>).

## **2.5. The vulnerable elderly face exclusion as populations age and housing prices rise**

### **2.5.1. Housing vulnerability among seniors who do not own their homes outright**

At first glance, housing is, for many seniors in the OECD, a source of economic stability and an important asset in old age. Yet, for the more than a third of seniors in the OECD who do not own their home outright, housing can represent a major source of vulnerability. Across the OECD, on average, 14% of seniors live in owner-occupied dwellings with a mortgage, with another 14% in rental housing in the private market, 5% in subsidised (social) housing, and 5% in some type of institutionalised or communal housing. However, there is significant cross-country variation (Figure 2.12). More than one in ten seniors who do not live in homes that are owned outright<sup>13</sup> are overburdened by housing costs. In some countries, the share of seniors paying over 40% of their disposable income on housing can be much larger, reaching around 20% of all seniors in Australia, Belgium, Chile, Greece, Japan, Sweden and the United States, and 18% in the United Kingdom. There are important cross-country differences (see Table B.1 in Annex B). Seniors living in private rental housing are especially sensitive to increases in rental prices, as their income from pensions tends to increase more slowly than rent.

Because the majority of seniors own their home outright, they tend to be overrepresented among the “income-poor but asset-rich” households, and are more likely to be able to rely on their real estate assets

in old age, even if their income does not continue to increase (Clarke, Fernandez and Königs, forthcoming<sup>[27]</sup>). This is a big difference compared to seniors who are *both* income- and asset-poor and are likely to suffer from old-age poverty because they cannot compensate their low incomes by drawing on wealth; this group may also find it harder to pay for caring expenditures (Clarke, Fernandez and Königs, forthcoming<sup>[27]</sup>). Heightened housing and economic vulnerability among seniors can have significant consequences, and in the most extreme cases, can lead to homelessness (see discussion below).

### **2.5.2. Large gaps in access to health and transport services among the elderly**

There are large inequalities in access to health and transport services for elderly populations in the OECD, with considerable regional variation across countries (OECD, 2017<sup>[58]</sup>). For instance, OECD (2017<sup>[58]</sup>) found that the regional distribution of hospital beds and doctors does not match the localities where older people live in most OECD countries, and that physical proximity to the nearest hospital also varied widely across regions and is especially a challenge in more rural areas. In terms of access to public transport, which can facilitate the integration of older people into society as well as their ability to access health care and social and other services, there are important disparities in the share of the elderly population who can access public transport services within walking distance (OECD, 2017<sup>[58]</sup>).

### **2.5.3. Looking ahead: A housing stock that is ill adapted to an ageing population, and the implications of changing tenure patterns on wealth inequality**

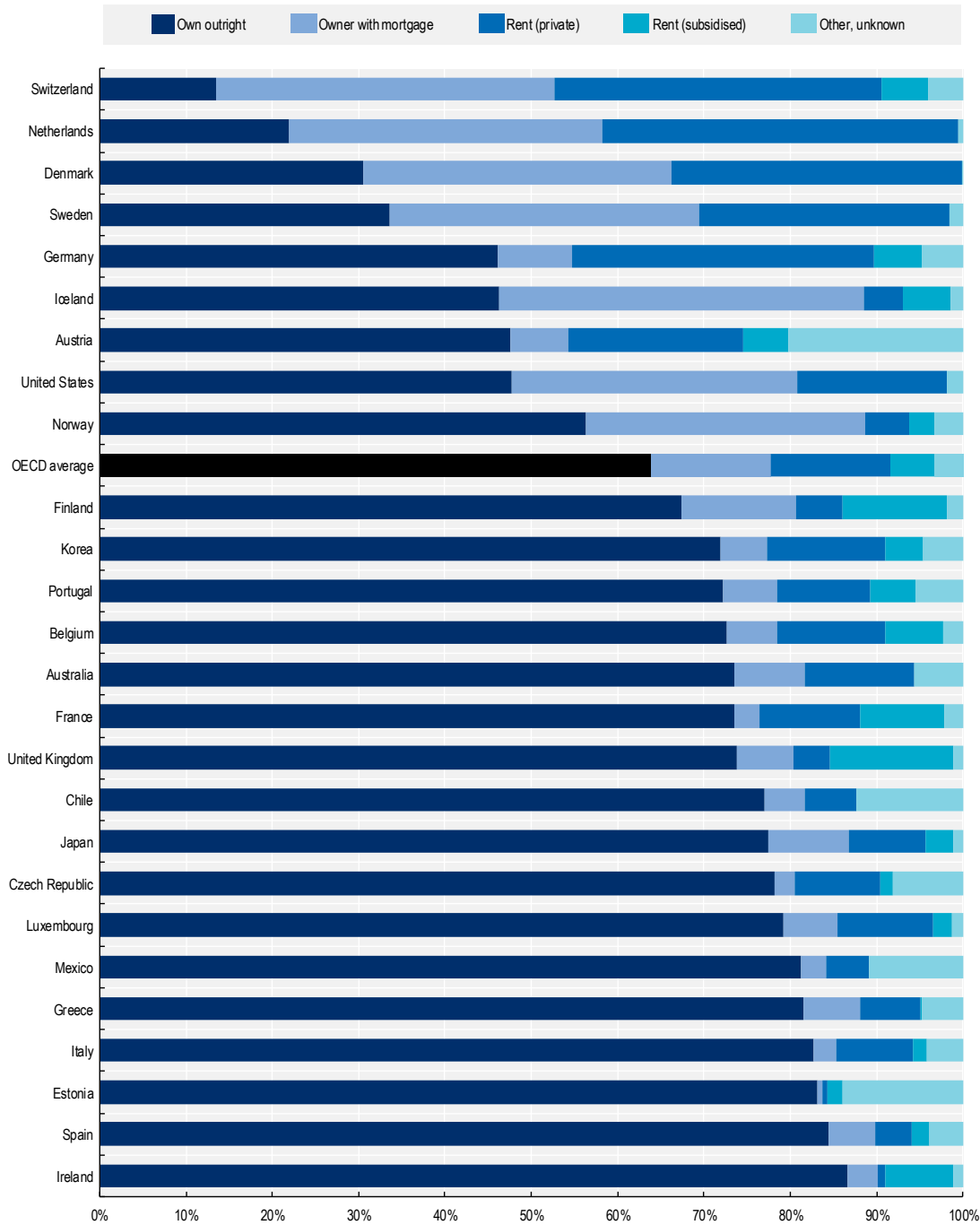
As populations across the OECD age (OECD, 2019<sup>[47]</sup>), the current housing stock appears ill adapted to the evolving needs of an ageing society. While housing quality and accessibility are important for all households, senior households have particular needs that may evolve over time. For elderly or disabled residents, the physical aspects of a dwelling can facilitate or hinder their daily activities. Well-adapted housing can enable ageing households to remain independently housed for longer, thereby reducing the need to transition to more costly supportive or institutionalised care (Slaug et al., 2017<sup>[59]</sup>). Adaptations to the dwelling can include eliminating stairs, widening doorways to allow for wheelchairs, ensuring that walls can withstand grab rails and providing an entrance-level toilet. Accessibility investments can have important health benefits, and do not necessarily imply significant net costs.<sup>14</sup>

Yet while data are far from comprehensive, much of the housing stock in the OECD is not equipped to allow seniors, to age in place (that is, to continue to live in their own homes) for as long as feasible, which is their preferred housing arrangement (OECD, 2017<sup>[58]</sup>). The Canada Mortgage Housing Corporation found that only one-quarter of all households and one-third of senior households had an accessible entrance (Canada Mortgage Housing Corporation, 2017<sup>[60]</sup>). Adapting dwellings or moving to a more suitable housing arrangement that meets the needs of seniors will be more difficult among ageing households who are poor.

Moving forward, housing for the elderly will be an increasingly pressing policy priority, given the current affordability pressures combined with ageing and inequality trends. Across the OECD, the risks of increasing inequality among the elderly have been building up, as demographic change and fiscal constraints are changing life prospects in old age (OECD, 2017<sup>[58]</sup>). In the OECD, on average one in seven people over the age of 76 is poor, and in many countries the over-76s are the age group most at risk of living in poverty (OECD, 2017<sup>[58]</sup>).

**Figure 2.12. Seniors are most likely to live in dwellings they own outright**

Share of the over-65 population by tenure status, 2017 or last year available



Note: OECD unweighted average.

Source: OECD calculations based on European Union Statistics on Income and Living Conditions (EU SILC) survey 2018 except for Ireland, the Slovak Republic, and the United Kingdom (2017), and Iceland (2016); the Household, Income and Labour Dynamics Survey (HILDA) for Australia (2017); Encuesta de Caracterización Socioeconómica Nacional (CASEN) for Chile (2017); the Korean Housing Survey (2017); Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) for Mexico (2016); American Community Survey (ACS) for the United States (2016).

## 2.6. The homeless population in some OECD countries is growing and increasingly diverse

### 2.6.1. The drivers of homelessness are multiple

The drivers of homelessness are multiple and complex, resulting from structural factors, institutional and systemic failures, individual circumstances – or a combination of these.

- **Structural factors** include tight housing market conditions, labour market changes, poverty, a shrinking social safety net, increased migration and, in particular, reductions in housing allowances. Research has identified a correlation between homelessness and rising housing costs; other studies have pointed to a link between homelessness levels and increasing rates of poverty and evictions.
- **Institutional and systemic failures** refer to the higher risk of homelessness and housing instability among people transitioning out of institutional settings, such as foster care, the criminal justice system, the military, or hospitals and mental health facilities. In France, for instance, around one in four homeless adults born in the country was previously in foster care or known to child welfare services.
- **Individual circumstances**, including traumatic events, such as an eviction or job loss, a personal crisis (family break-up or domestic violence), child poverty, and health issues (mental health or addiction challenges) are also correlated with homelessness.

### 2.6.2. Homelessness is on the rise in a third of OECD countries

Homelessness is the most extreme form of housing and social exclusion. Homelessness has emerged as a pressing challenge across the OECD, in view of the increasing number of homeless people in many – but not all – OECD countries. According to the latest national statistics, there are roughly 1.9 million homeless people across 35 countries for which data are available, representing less than 1% of the total population in each country.<sup>15</sup> Due to methodological challenges and definitional differences across countries<sup>16</sup>, this figure is likely an underestimate. In recent years, homelessness has risen in around one-third of OECD countries, and fallen or remained stable in a quarter of OECD countries. In many OECD countries, homelessness is concentrated in big cities. For instance, Dublin accounted for around 66% of the national homeless population in Ireland in 2019, even though it only represents about a quarter of the country's total population.

National trends in homelessness can also mask different developments across regions and cities within a country. For instance, a number of large metro areas have seen their homeless populations swell, even as national averages record more modest changes. In England (United Kingdom), despite a levelling off of rough sleepers nationally, their number has been increasing in London, Birmingham and Manchester. In Canada, homelessness rose in Toronto by 24% between 2008 and 2014, whilst decreasing in Calgary and Metro Vancouver by 62% and 39%, respectively. In the United States, homelessness increased by 57% in Los Angeles County and by 31% in New York City between 2012 and 2017, even as national trends were much more subdued (OECD, 2020<sup>[61]</sup>; 2019<sup>[6]</sup>).

### 2.6.3. The faces of the homeless are increasingly diverse

Policy makers must also keep in mind that people experience homelessness in different ways. A smaller, but more visible, share of the homeless population experiences prolonged periods of homelessness, or may transition in and out of homelessness over the course of several weeks, months or years (typically known as the “chronically homeless”). A larger share of the homeless population in most countries is

“transitionally” or “temporarily” homeless, in that they are homeless for only a short period before finding a more stable housing solution.

In addition, the faces of the homeless are becoming increasingly diverse. Traditionally, single men have been more likely to be homeless. Although data on homelessness are hard to come by and difficult to compare across countries, homelessness among youth, families with children, and seniors has increased in some countries for which data are available. Further, in Australia, Canada, New Zealand and the United States, Indigenous populations are overrepresented among the homeless. Migrants make up a significant share of the homeless, but data are scarce.

Homelessness among families with children has risen – in some cases, significantly – in several OECD countries that monitor family homelessness. Homelessness among families with children almost quadrupled in Ireland between 2014 and 2018, from 407 to over 1 600 households (OECD, 2019<sup>[61]</sup>). Family homelessness in New Zealand increased by 44% between 2006 and 2013, representing nearly 21 800 individuals in 2013 (OECD, 2019<sup>[61]</sup>). Family homelessness in England (United Kingdom) increased by 42% between 2010 and 2017, representing over 44 000 households in 2017 (OECD, 2019<sup>[61]</sup>). In the United States, families with children represented one-third of the homeless population in 2018 (over 180 000 people in more than 56 300 families). Moreover, some U.S. states saw a significant rise in family homelessness: between 2007 and 2018, Massachusetts and Washington, D.C., experienced an increase in homelessness among families with children of more than 90%, while New York saw a rise of 51% over that period (US Department of Housing and Urban Development (HUD), 2018<sup>[62]</sup>). By contrast, family homelessness declined in Denmark and Finland in recent years (OECD, 2019<sup>[61]</sup>).

Children in homeless families are much more likely to suffer from negative impacts to their physical and mental health, and have a higher likelihood of poor educational outcomes (OECD, 2019<sup>[63]</sup>). Further, housing insecurity (which can take the form of housing unaffordability, frequent moves and homelessness) can contribute to child maltreatment, independent from poverty and economic hardships (Warren, 2015<sup>[64]</sup>). Lack of access to affordable and adequate housing compromises parents’ ability to meet children’s basic needs through material deprivation (OECD, 2019<sup>[63]</sup>).

Youth homelessness (among youth aged 15-29, unless otherwise indicated) is a growing concern in a number of OECD countries. However, in New Zealand, homeless youth represented around 1.1% of the total youth population in 2013 (11 076 homeless youth). In Australia, the share of homeless youth represented 0.77% of all youth in 2016 (38 277 homeless youth); 0.49% of the total youth population in Canada in 2016 (34 209 homeless youth); roughly 0.21% of all youth in Denmark in 2019 (1 928 homeless youth aged 18-29); and less than 0.15% of all youth in Finland and Ireland in 2018.

Further, among countries for which government data are available over time, youth homelessness has increased in Australia, Ireland and New Zealand, among others (OECD, 2019<sup>[61]</sup>). Ireland reported the largest increase, with a jump of 82% over just a four-year period, from 2014 to 2018. Denmark experienced an increase in youth homelessness (aged 18-29) of 43% between 2011 and 2017, but it has since declined between 2017 and 2019 (VIVE - Knowledge of Welfare The National Center for Welfare Research and Analysis, 2019<sup>[65]</sup>). Youth homelessness grew by 20% between 2011 and 2016 in Australia and by 23% between 2006 and 2013 in New Zealand (OECD, 2019<sup>[61]</sup>). In each of these countries except Ireland, youth homelessness grew faster than the growth in the overall homeless population. In some countries, youth ageing out of the state care system (such as foster care), for lack of transitional solutions upon becoming adults, end up homeless: in France, for instance, around one in four homeless adults born in the country was previously in foster care or known to child welfare services (Fondation Abbé Pierre, 2019<sup>[66]</sup>). Meanwhile, homelessness dropped among youth in Canada (by 17% between 2011 and 2016), Finland (by 25% between 2019 and 2018), and England (United Kingdom) (by 20% among 16-24 year olds between 2010 and 2017) (OECD, 2019<sup>[61]</sup>).

While cross-national data are scarce, homelessness among seniors has risen in several OECD countries. In Canada, while seniors make up only a small share of users of homeless shelters, the number of seniors

using emergency shelters increased by about 50% from 2005 to 2016 (Government of Canada, 2019<sup>[67]</sup>). England (United Kingdom) recorded a ten-year high of homeless people over the age of 60 in 2018, with the share of homeless seniors more than doubling in eight years (Bulman, 2018<sup>[68]</sup>). In New York City, homelessness among seniors has more than tripled over the past decade, with the waiting list for affordable senior housing reaching up to seven years in some cases (CBS New York, 2019<sup>[69]</sup>).

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## Notes

1 Governments identify groups at risk of housing exclusion differently. For instance, in the United States, some groups (determined by colour, disability, familial status, national origin, race or ethnicity, religion or gender) are legally protected from housing discrimination, as defined in the Fair Housing Act. Other countries identify specific target groups to be supported by housing policies: female head of households, people who have been displaced or lost their homes due to natural disasters (Brazil); people with disabilities, seniors, victims of domestic violence, indigenous communities (Canada); people living in extreme poverty, people who have been displaced, including by natural disasters, people living in areas at risk (Colombia); victims of gender violence or victims of terrorism (Spain); low-income households, the homeless, seniors, and households with children (Germany); young families (Lithuania); people with disabilities, seniors, the homeless (Luxembourg); victims of natural disasters, low-income households, seniors, people with disabilities, people caring for others, among others (Latvia); low- and moderate-income households (Poland); low-income households, young people, seniors, victims of domestic violence, the homeless (Portugal) (based on country responses to the 2019 OECD Questionnaire on Affordable and Social Housing, QuASH)).

2 Please refer to (OECD, 2019<sup>[7]</sup>) for further details on the consumption estimates cited in this report.

3 Austria, Belgium, the Czech Republic, Finland, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and Turkey.

4 Austria, Belgium, Finland, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal and Sweden.

5 There are significant cross-national differences in housing spending trends among households. Since 2005, the share of household spending on housing has increased in all OECD countries for which estimates are available, yet the pace of the increase varies considerably across countries. This points to differences in how the global economic crisis affected housing consumption in different countries, and that national policies make a difference. It is also important to note that country averages hide huge within-country differences in levels of household spending on housing, as well as in their evolution over time, which have significant effects on the impact of housing on inequality. More research is needed to understand the drivers of these differences across and within countries.

6 Housing costs can refer to: i) a narrow definition based on rent and mortgage costs (principal repayment and mortgage interest); or ii) a wider definition that also includes costs of mandatory services and charges, regular maintenance and repair, taxes and utilities, also referred to as “total housing costs.”

7 Austria, Belgium, the Czech Republic, Finland, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and Turkey.

8 Austria, Belgium, Finland, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal and Sweden.

9 The authors define higher opportunity neighbourhoods as a commuting zone or county in which the children whose families are already living in the neighbourhood (e.g. sitting residents) have higher average incomes as adults (Chetty et al., 2015<sup>[71]</sup>).

10 Australia, Brazil, Canada, Denmark, France, Ireland, Mexico, the Netherlands, New Zealand, South Africa, the United Kingdom, the United States.

11 The net migration rate is the difference between the number of immigrants and the number of emigrants (people leaving an area).

12 The survey, conducted for the first time in two waves in the spring and autumn of 2018, draws on a representative sample of 22 000 people aged 18 to 70 years old in 21 OECD countries: Austria, Belgium, Canada, Chile, Denmark, Estonia, Finland, France, Germany, Greece, Israel, Ireland, Italy, Lithuania, Mexico, the Netherlands, Norway, Poland, Portugal, Slovenia and the United States. Respondents are asked about their social and economic concerns, how well they think government responds to their needs and expectations, and what policies they would like to see in the future.

13 This estimate excludes individuals living in homes that are owned outright (i.e. there is no longer a mortgage to pay off) in order to better assess the share of individuals who, among those who have something to pay for housing, pay more than 40% of their disposable income.

14 One study from the United States found that the presence of safety and accessibility features reduced the likelihood of a serious fall among the elderly by 20 percentage points; in addition, estimates suggested that investments in home safety and accessibility features in housing were largely offset by a nearly equal reduction in medical costs (Eriksen, Greenhalgh-Stanley and Engelhardt, 2015<sup>[70]</sup>).

15 The OECD Affordable Housing Database (indicators HC3.1 and HC3.2) and the OECD Policy Brief, “Better data and policies to fight homelessness in the OECD” (OECD, 2020<sup>[61]</sup>) document recent cross-national trends in homelessness and discuss the data and definitional constraints in measuring homelessness across countries.

16 There is no internationally agreed upon definition of homelessness, and countries do not define or count the homeless in the same way. Authorities may use administrative data (such as registries from shelters and local authorities), point-in-time estimates (such as street counts, which are often conducted annually at a given time of year), or a combination of both. Both methods provide only a partial picture of homelessness, and neither effectively captures the “hidden homeless” – people who may not be visibly homeless or appear in official statistics, either because they do not seek formal support or they seek shelter with family or friends, or live in their car. Definitional differences drive some of the variation in the reported incidence of homelessness across countries; these differences hamper international comparison and an understanding of the differences in homelessness rates and risks across countries. There are also a number of challenges in the scope, frequency, consistency and methods of data collection that might affect measuring the full extent of homelessness. For further details, refer to indicators HC3.1 and HC3.2 in (OECD, 2019<sup>[6]</sup>) and (OECD, 2020<sup>[61]</sup>).



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