RESEARCH REPORT

Literature Review of International Rental Housing Policies
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Literature Review of International Rental Housing Policies

Prepared for CMHC Research Division

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Executive Summary

In recent years, the stock of rental housing in Canada has decreased as purpose-built rental starts have slowed and existing stock has been converted from rental to ownership. The objectives of this research project were to compare the Canadian rental market to those in other countries, and to explore the private rental housing programs and initiatives adopted in other countries. An overview of the rental housing stock in 13 countries found widely differing situations: from Spain where less than 10% of the housing stock was private rentals, to Germany where 60% of dwellings were rentals, most in the private market. Country specific literature reviews were completed for Australia, Germany, Ireland, New Zealand, United Kingdom, and United States. Only three countries recorded recent significant growth in the size of their private rental sectors: the United States, United Kingdom and New Zealand. The literature suggested two factors that contributed to growth of rental markets: weakened ownership markets and deliberate policies to encourage rental investment. Examination of policies and programs in other countries showed that favourable tax treatment of rental investors, and deregulation of the private rental sector can have some impact on the growth of the sector. Yet, perhaps the most compelling evidence for a strong, stable rental sector came from Germany, where policy has not shown a bias towards home ownership and instead has emphasised renting through favourable tax treatment, exception of longer-term rental properties from capital tax gains, and balanced regulation.
**Résumé**

Depuis quelques années, la taille du parc locatif du Canada diminue parce qu'il se construit moins d'immeubles locatifs et parce qu'une partie du parc existant est convertie en logements pour propriétaires-occupants. Le présent rapport fait état d'une étude qui avait pour objectifs de comparer le marché canadien des logements locatifs à celui d'autres pays et d'explorer les initiatives et programmes qui y ont été adoptés dans le domaine du logement locatif privé. Un tour d'horizon du parc de logements locatifs de 13 pays a fait ressortir des situations très différentes : à une extrémité du spectre, le parc immobilier de l'Espagne est composé de moins de 10 % de logements locatifs privés; à l'autre extrémité, le parc de l'Allemagne compte 60 % de logements locatifs, la plupart offerts par le secteur privé. Trois pays seulement ont récemment vu la taille de leur secteur locatif privé croître de manière importante : les États-Unis, le Royaume-Uni et la Nouvelle-Zélande. Des analyses documentaires ont été réalisées pour l'Australie, l'Allemagne, l'Irlande, la Nouvelle-Zélande, le Royaume-Uni et les États-Unis. Les ouvrages consultés mettent en évidence deux facteurs qui ont contribué à la croissance des marchés locatifs : l'affaiblissement des marchés des logements pour propriétaires-occupants et la mise en œuvre de politiques visant à stimuler les investissements dans le logement locatif. L'examen des politiques et des programmes de ces pays a montré qu'un traitement fiscal avantageux pour les investisseurs dans les immeubles locatifs ainsi que la déréglementation du secteur locatif privé peuvent avoir une certaine incidence sur la croissance de ce secteur. L’Allemagne offre sans doute l’exemple le plus convaincant d’un secteur locatif solide et stable, grâce à sa politique fiscale plus favorable à la location qu’à la propriété, qui prévoit des exemptions pour les gains en capital réalisés sur les propriétés louées à long terme, et à sa réglementation équilibrée.
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Introduction

For many years renters accounted for over one-third of all households in Canada. However, since 1996, the rate of homeownership has increased by 5% (64% to 69%) with a concurrent contraction in the relative size of the rental part of the housing system (down to 31%). In part this is influenced by low levels of investment in new purpose built rental housing. Since 1996, rental starts have on average been only 11% (CMHC 2014) of total new housing construction. But more significantly existing stock has shifted from rental occupancy to ownership (CMHC 2014). In part this reflects conditions that have favoured the ownership sector: demographics and high migration; strong employment and income growth; steadily declining mortgage rates; favourable mortgage amortization policies from 2006 to 2012; and tax policies such as the first time home buyer tax credit and RRSP down payment plan. These factors have abetted growth in the ownership sector and thus the relative share of rental has declined. As discussed further in the review, Canada is not unique; growing ownership rates are a phenomenon that has been replicated across many countries, at least prior to the global financial recession in 2008.

Recently, there has been increased attention on rental housing, including its role in the economy (e.g. Labour mobility effects) and as an important source of more affordable housing. The economic recession in 2008-09 and the rising cost of ownership housing have spurred some of this attention. Many national organizations have focused policy attention recently on rental housing including the Federation of Canadian Municipalities, Canadian Housing and Renewal Association and Canadian Home Builder’s Association.

Objective of research

In 1999 CMHC commissioned an international review of rental housing policies and programs: Private rental housing policies and programs: a review of the international experience. The current research is intended to help assess what has changed since the 1999 study. The objective is to conduct a literature review and environmental scan, focusing on the question: “How does the Canadian rental market differ from rental markets in other countries?” It also
explores the types of private rental housing programs and initiatives adopted in other countries.

**Research approach**

The initial phase of the literature review searched for literature published since 1999 discussing either tenure trends in any country as well as any specific research on the rental sector that examines policies and programs that have been introduced since 1999. While the research focus is on how Canada’s rental system differs from other countries, there is also an interest in whether and how other countries have managed to stabilize or grow their rental sectors, and any associated lessons for Canada. Accordingly, the literature review initially focused on identifying countries where the rental sector has expanded, with the intent of subsequently examining these countries in more detail to identify reasons for growth and any policies and programs that have been effective.

It is noted that the rental part of the housing system includes two subcomponents: the social rented sector and the private rented sector (PRS). Overall growth (or contraction) in rental housing is influenced by any programs and subsidies to expand the social sector as well as mechanisms directed more toward PRS.

The focus of this review is primarily on programs and policies that have influenced the private rental sector. However, some caution is necessary with this approach, because programs that might formally have been considered social housing are now more frequently identified as “affordable housing”, in which targeting is less deeply focused and often there are no ongoing subsidies embedded within supply programs. For example, the US Low income Housing Tax Credit facilitates new rental supply but is targeted at households below 60% of the area median income, which is roughly equivalent to Canada’s 80% of average rent. These units are targeted to low-moderate income levels, but not the low incomes of past Rent-Geared-to-Income type programs. They are also developed and owned via private equity partnerships (non-profit operators have a minor equity stake) so formally are counted as part of the private rental
sector. As well, affordability concerns are being separately addressed via personal subsidies—shelter allowances like the US Section 8 Certificate or UK Housing Benefit, which are independent of the ownership of the underlying units (which could be non-profit or private).

**Initial findings and selection of countries to examine further**

A broad search was undertaken covering both the formal academic literature using academic search engines such as Scholars Portal and Google scholar and the grey literature (e.g. government and trade association reports) using Google. As noted above, the focus was on capturing literature that discussed the current state of, and trends in, rental housing across a range of countries. The search was undertaken in both English and French.

A number of country specific research studies were identified, some of which included a discussion of tenure trends and some program details. For the purpose of identifying the relative size of the rental sector and broad trends since 1999, a number of comparative studies proved most useful—in particular Scanlon and Kochan (2011), University of Cambridge (2012) and Crook and Kemp (2014). Drawing from these sources, and adding Canada for reference, Figure 1 presents a cross section of countries, showing both social and private rental as a proportion of total housing, based on most recent data available.

![Figure 1: Relative Size of rented sector, selected countries](image-url)
Canada is a “middle of pack” country with just under one-third of dwellings rented; however even after falling five percentage points since 1996 (30% to 26%), Canada’s private rental sector remains much larger than all but two countries (US and Germany). In most western European and Scandinavian countries, with the exception of Germany, a much larger social housing sector accounts for the overall size of the rented sectors.

Of greater interest, however, is the trend over the past 20-30 years, as presented in Figure 2 charts. Like Canada, the rental sector in many countries, has been on a downward trajectory. That said, 5 of the 7 countries with declining rental sectors saw a large fall prior to the 1990’s, but more moderate declines over the more recent period. Ireland had a small rebound of 1% since 2000. Four countries have had relatively stable rental sectors over the long term and two of these – Germany and Sweden – also saw minor growth (1%) since 2000.

Only three countries have recorded recent significant growth in the size of their private rental sectors. The US and UK have experienced some volatility but have shown strong rental growth in the past decade. In the UK, private renting has grown by 6% since 2000, more than in any other country. The US had the second largest growth, with an increase of 3%, since 2000. New Zealand was not selected for inclusion in Scanlon et al (2011) or the Cambridge (2012) comparative studies, but a review of national statistics reveals that it has had the greatest growth in its rental sector and as such appears worthy of more exploration. The private rented sector in NZ expanded from 18% of all stock in 1992 to 24% in 2006. Examination of more recent data at NZ statistics suggests that this trend has continued, with private renters now accounting for over 26% of all households. This is augmented by a social sector, similar in size to Canada’s, at 5% of total stock (NZ Dept. of Building and Housing, 2010).
Figure 2: Long term trends in rented sector (Sources: Scanlon et al 2011; Statistics Canada; NZ Statistics)
This initial review uncovered a number of research studies that refer to recent trends in rental housing and discuss the policies and programs that have been implemented. The literature is especially strong in relation to the UK, Australia and the US; since the rental sectors have been stable or have increased, these countries are examined in more detail. Australia is notable as a country that is most similar to Canada (federation, Westminster parliament, large dispersed geography, similar tenure rates) and has been trying to implement policies to expand the affordable rental sector through institutional investment.

Although the initial review found few references to Germany, Ireland and New Zealand, these three are retained for more detailed examination based on the relative strength of their respective rental sectors.

**Research Questions for Detailed Review**

The second phase of the review focused on the six identified countries: Australia, Germany, Ireland, New Zealand, UK and the US. It extended the search with the objective of more carefully examining the literature for each country, including government publications, to address the following questions:

1. What are the key features of the country’s housing sector and in particular the rental market; how does it differ from that in Canada?
2. What factors are identified as contributing to the growth or size of the country’s rental market (e.g. is growth a consequence of intentional, specific policies; or is it an indirect outcome due the circumstances elsewhere in the housing system such as collapse in ownership demand)?
3. Have any specific programs or policies been implemented for the purpose of stimulating rental construction or investment?
4. Are key indicators such as vacancy rates, cost to rent versus cost to own, and total volume of rental construction identified or discussed.
Key highlights from extended literature review

Appendix A presents the annotated bibliography for each of these six countries. The reviews identify research that can help to explain the reasons underpinning the tenure trends illustrated in the preceding section. These are briefly summarized below. Appendix B summarizes the results of the initial review for those countries not included in the core six covered here and also includes a number of comparative reports covering multiple countries.

It is important to note that tenure trends have been affected more by changes in the ownership of the existing occupied stock and flows in occupancy back and forth between tenants and owner occupants; new construction has been a small influence as it adds only a small increment each year to the total housing stock of each country. It is investment in the existing stock (not new construction) and shifting financial circumstances of occupants that have been the primary drivers of tenure patterns.

1. Key features of country rental sectors compared to Canada

The four former Anglo-colonies – Australia, Canada, NZ, and the US are fairly comparable on the basis of the overall distribution of their stock by tenure. All have ownership rates in the high 60’s and by international standards, fairly large private rental sectors and small social rented sectors. Germany is an outlier, with a traditionally large and stable rental sector. The UK and Ireland have a similar ownership rate as Canada so the total rental sector is similar to Canada’s, but the key difference is that the UK and Ireland have much larger social rented sectors and relatively small private rental markets, albeit growing ones.

Of the 6 countries, all except the US are characterized by a predominance of small-scale investors and a built form that includes primarily detached and low-density dwelling types. In New Zealand most rental landlords own 1-3 properties (Thorns 2009); in the UK only 1% of landlords own more than 10 homes (Montague 2012) and in Australia individuals or family partnerships also dominate and three-quarters of such investors own only one investment property (Hulse 2014). So even though the private rented sector in Australia and NZ is similar in scale to Canada the form of rental tenure and nature of investors is very different (although
with the rise of investor rentals in Canada’s condo sector, Canada is becoming more like these other countries).

Only the US (and Canada) has any significant presence of large-scale corporate developers creating and holding large portfolios of multi-unit properties. And similarly, an extensive participation of large-scale corporate and institutional investors (pension funds, life insurance companies) is found only in North America.

In efforts to reinvigorate and grow their private rented sectors, it is notable that both Australia and the UK have identified the potential of institutional investment and have accordingly devised policies (tax treatment) and programs targeting this type of investor. This included a number of tax incentive initiatives in the 1980’s as well as more recent initiatives such as examining the potential for REITs in 2007. To date these have not resulted in any significant increase in this source of investment (Montague 2012).

2. **What factors contributed to the growth of the country’s rental market?**

Focusing on the six countries covered in more detail, the literature suggests two sets of factors at play that contributed to the changing percentage of rental markets: weakened ownership markets and deliberate policies to encourage rental investment (discussed more in the next section), with the former being far more pervasive. As outlined above, none has continuously expanded, more often the percentage has fluctuated, but the focus here is on those have seen at least a modest increase in the recent decade. Germany has had a large sector for decades and this has recently increased a little.

Circumstances in the homeownership sector, especially following the global financial crisis (GFC) of 2008, have had a default effect on the rental sector. In all but Germany, rental has expanded mainly to fill the void left by collapsing home-ownership markets. In NZ more favourable tax treatment of rental investors augmented weakening ownership demand. Initially, large-scale mortgage default and foreclosure resulted in many former owners moving into rental homes (and the homes themselves left vacant or rented out by the lenders that had foreclosed). This was especially prominent in Ireland, the US and the UK. Subsequently, as the
economy weakened, increasing unemployment undermined consumer confidence and ownership demand was further weakened. As the recession ended and governments, central banks and financial institutions sought to engineer a recovery, many countries introduced or reformed mortgage qualifying criteria and tighter credit rules (macro-prudential lending policies), which constrained access to financing for new buyers. This acted to slow the flow in and growth of ownership, and thereby had the effect of expanding the rental sector.

New Zealand presents a remarkable, and largely under researched trend and set of circumstances. It has the largest and longest running growth in renting commencing in 1991 when the homeownership rate peaked (at 73%). Between 1991 and 2014, private renting has grown from 22% to 28% of housing. Much of this increase occurred prior to the 2008 GFC; the overall rental rate (including social housing, which adds 5%) was 29.6% in 2008 and has since risen to 31.8 in 2014 (NZ Statistics).

Thorns (2009) provides a useful assessment of the decline in ownership in NZ. In addition to the aforementioned tightening of access to credit for high ratio new buyers, he notes continued price appreciation, which has pushed prices beyond the reach of new buyers. Unaffordability of ownership is the key cause in the decline in ownership rates (and rise in renting). And this lack of affordability has been influenced by higher mortgage interest rates than those in Canada.

The characteristics of rental investors are an equally important influence in stalling a price correction in NZ. Because small individual investors dominate and purchase the same homes that would otherwise be owner-occupied, there is little stock differentiation between the rental stock and owner occupied properties. Demand from these investors (many of whom are mortgage free owners, investing for a retirement asset) has sustained price inflation. And with strong capital appreciation, and no (or only limited) capital gains tax in NZ, returns to investors are enhanced – this is more important than rental income in determining their yield (Morrison 2008). Demographics and a lower propensity to own among younger traditional buyer cohorts (who tend to rent before buying) as well as high migration especially from 2001-2006 have sustained demand for rental options. A further, more minor effect has come from a strategy of
Housing NZ to sell part of its portfolio and manage renter affordability via a shelter allowance, the Accommodations Supplement.

Similarly in Ireland, conditions have favoured renting with strong demand, especially from Eastern European migrants, favourable tax treatment on investor income, rising rents and capital appreciation creating an attractive investment, and, improved tenancy regulation.

Weak ownership conditions and credit tightening, especially for new buyers, were key factors in the increased proportion of renters in the US and UK.

This was also significant in the UK where a deeper recession also caused weak demand for ownership housing. However, in the UK, the increase in private renting was also influenced by a targeted policy encouraging investors to participate in the rental market (Buy to Let, discussed below).

While relatively stable over the long term (fig 2), Germany more recently had a minor upward trend attributed to minor adjustments in the tax allowance for homeowners as well as the sale of some public rental stock to private investors.

3. Have any specific programs or policies been implemented to stimulate rental construction or investment?

The review found very few new policy or program initiatives targeted toward rental housing construction or investment in the PRS. Most of these (such as regulatory and tax policies; and the capital grants in Ireland), date back to the mid to late 1980’s, but in the face of contracting ownership have perhaps become more prominent. Only Australia had a specific policy initiative directed at attracting new investors and growing the rental sector. Introduced in 2008, the National Rental Affordability Scheme (NRAS) is a tax deduction offered to private investors and community organisations for building rental housing to be leased to targeted households at below market rents for at least 10 years. Drawing on the US Low Income Housing Tax Credit success, the NRAS was an attempt to attract institutional investment into the rental sector, with a dual focus on rental production and affordability. The initiative was terminated in 2014 having failed to achieve its targeted production of 50,000 new rental units and failing to attract the
type of large-scale institutional investment it was designed to attract. It did result in
stimulating nearly 22,000 new homes owned by small-scale investors (including family trusts
and self-managed retirement funds) and not-for-profits.

Of the six profiled countries, only Australia and the UK, have at different times identified small
or declining private rental sector as a policy concern, and have commissioned various research
and policy studies to examine opportunities. Australia and the UK have both observed the
different type of investment patterns in North America and highlighted the role of institutional
investors as well as the concept of Real Estate Investment Trusts (REITs) as potential options in
their countries. Earlier initiatives to attract institutional investment in the UK, discussed in
Pomeroy, Lampert and Mancer (1999) were unsuccessful. More recent tax incentives designed
to attract REIT growth appear to have been equally unsuccessful, mainly because the large-
scale existing multi-unit holdings that institutional investors and REITs acquire simply did not
exist (Montague 2012).

Another policy shift in the UK was the deregulation of the private rental sector (Housing Act
1988) in an attempt to make it more attractive for private investment (earlier regulatory
frameworks have emphasized security of tenure and tenant protection). An important outcome
of the deregulation was a more favourable treatment of the asset in event of a loan default;
this gave rise to the development of a new mortgage product, the Buy to Let Mortgage. This is
not a government program, it is a mortgage product developed by private sector lenders, albeit
influenced by favourable reform to rent regulation. The Buy to Let program offers mortgage
loans to investors for properties that they intend to “let” or rent out to tenant occupants. To
reflect the perceived greater risk of these loans, interest rates are above those available to
owner buyers. The availability and pro-active marketing by lenders of these Buy to Let
mortgages is credited with the resurgence of the private rented sector, which has expanded
from a low of 7% in 1991 to 16.5% in 2013.

Ireland had some capital grant and concessionary loan programs in the mid 1980’s through the
90’s however these had no significant impact in growing the PRS. In the most recent decade,
the minor increase (private renting up 1% since 2000) was not generated by any specific policy
change. A shelter allowance (Rental Assistance Scheme) introduced in 2004 did increase effective demand from lower income households, but these were already renters.

In the US, the Low Income Housing Tax Credit (LIHTC) introduced in 1986, has contributed to the moderate production of roughly 1.6 million dwellings since inception and so has had some effect in the rental supply and overall rental rate in the US. However, the recent growth of the private rental sector in the US had more to do with constraints and contraction of the ownership market that it did with this specific program.

As outlined above, the primary basis for growth of rental housing has been the indirect impact of weak ownership sectors. The corollary to this is Germany. Germany stands out, among these six countries, as well as more broadly as one of the few countries that has not had a policy bias in favour of the ownership sector. If anything, there is a slight emphasis on renting, including favourable tax treatment, exception of longer-term rental properties (beyond ten years) from capital gains tax, and balanced regulation. The consequence is one of the lowest rates of homeownership in the OECD and a large, vibrant and marginally growing private rental sector.

4. Key Rental market statistics
The earlier introductory section presented levels and trends in tenure rates. Other statistics such as rent-price ratios, rental vacancy rates and levels of rental construction were not consistently found in the literature. Isolated statistics were included in some reports, and where present, these are noted in the reviews. However the literature review did not furnish useful comparable statistics, beyond tenure rates.

Identifying and presenting comparable statistics can be a challenge due to different ways in categorizing rental housing (e.g. distinguishing social vs. private) and different forms of data. Canada is relatively unique in undertaking a large-scale semi annual rental survey to collect rent and vacancy data. No other country has a comparable source. For example, New Zealand and Australia have a rental deposit system that requires new tenancies to post their security deposit (bond) with a state-managed agency and this is the source of data on rent levels and turnover.
More detailed research of statistical sites in each country would be required to generate such comparable statistics and this was beyond the scope of a literature review.
Appendix A: Country Specific Literature Reviews

- Australia
- Germany
- Ireland
- New Zealand
- UK
- US
The purpose of this paper was to outline potential measures that could help increase institutional investment. The paper was written before the housing policy reform of 2007/2008. It claims that there is too much perceived risk in the sector for larger investors to want to participate, and thus “mum and dad” investors are most common. Cited risks include “capital risk on the value of the dwellings; interest rate and inflation risks; rental yield risk; operating cost risk; and political risk associated with possible changes to relevant government policies” (p. 91). The absence of larger investment has negatively affected the low-income housing supply.

With housing affordability as an issue, and few subsidy measures available, Barry and Hall propose a policy model that could help remove barriers and encourage institutional investment, though it would require significant funding from the government (p. 106).


The study focuses in on the state-provided private rental support programs (PRSPs) in Australia and how these solutions (bond loans and rental deposits managed by states) are helpful, but are merely a short-term solution to a long-term problem, especially for renters with low incomes struggling with the rising cost of housing. These bonds/rental deposits vary in regulation, with some requiring regular repayment, some payment at end of tenancies, and others with no repayment at all. This assistance is described as “one-off” and distinct from Commonwealth Rental Assistance (CRA), which provides ongoing subsidy, rather than the one time up front assistance under PRSPs (p. 904). These programs, which assist in accessing housing by helping to cover initial deposits do however complement the CRA.

This paper examines all of the government incentives as of 2010 with emphasis on homeownership, including limitations of this tenure in meeting needs of low-moderate households. Australia’s housing market has changed much since 1996, largely because of a number of new incentives; notably the National Rental Affordability Scheme (NRAS) tax incentive for investors to add new affordable rental supply.

The paper noted that for many years and through the nineties housing was not a priority policy issue. With the election of the Australian Labour Party in 2007, housing policy began to get attention (p.328), including the introduction of new policies and incentives.

The National Rental Affordability Scheme introduced in 2009 encouraged investment in new affordable rental construction through an annual $6000 tax credit and $2000 state government contribution, each available for 10 years. However, after 10 years, no regulation on ongoing affordability applies and the dwelling may be sold (p. 330). It is too early to know how this will evolve at the 10 year maturity of these incentives, especially for properties developers by private sector investors.

The Nation Building Jobs Plan Social Housing Initiative, or (NBJP), was introduced in 2009 to create 20,000 new social house dwellings and support the refurbishment of 2,500 current units (by 2012). The issue here was whether development could meet these deadlines.

More broadly the National Affordable Housing Agreement (NAHA), which is a renewing framework agreement between the commonwealth and States, allocating annual funding to states to deliver a range of affordable housing programs. Worries here are whether states will follow though, and that allocations are not needs based but based on past services and incentives (p. 330).

Though this incentive is not new, originally introduced in the 1950’s, the Commonwealth Rent Assistance (CRA) for renting pensioners does not fully address the needs of poverty reduction either (p. 339).
The paper concludes that despite these newer incentives, more government intervention is needed to address the affordability gaps and look to the long-term. Challenges not yet addressed include: weak regulation, Indigenous housing, and intergenerational access to homeownership barriers (p. 341).


This brief document looks at how rent levels, relative to the cost of ownership influences consumer decisions to rent, and more particularly, decisions to invest as a small landlord. It is important to note that in Australia the ownership and rental stock are one and the same – units may be owner occupied or rented, so price changes in this stock impact both the rental market and ownership sector. Over the past 15 years, the rate of rent increases accelerated, due in part to lower vacancy rates (p. 1). In 2013, the vacancy rate was 3.5%, (p. 2), down from an upsurge in 2007, but relatively stable around that level. Migration and interest rates are also identified as important factors influencing rents. Though incomes have increased alongside rental prices, the proportion of earnings used to cover rent also increased. (p.4)


This report summarizes panel meetings of key stakeholders and potential investors on how to encourage institutional investment in rental housing in Australia. It compares current Australian institutional investment schemes and ideas to those of other Western countries. The paper discusses how other forms of government support are needed to complement the current National Rental Affordability Scheme (NRAS) initiative, which has not achieved the intended objective of attracting large-scale institutional investment. It suggests that the traditional “mom and pop” investors that, to this point, have been the dominant form of investment are not enough to sustain the rental sector in the long run.
In 2008, the NRAS was created by the federal government with tax deductions offered to private investors and community organisations to build and sustain rental housing at below market rents for at least 10 years. The success of the scheme is, as yet, unclear (p. 2). There is a surge of collaborations across sectors for private finance with for-profit developers, non-profits and investors, which could prove to be useful; investor interest is building (p. 2)


Morris presents a qualitative study looking specifically at the older demographic of Australians and their current trend towards private rental housing. The lack of social housing is noted as an issue for this often financially constrained population that has no choice but to move from homeownership to private rental. Private rental is still deemed difficult to afford, especially without regulation on landlords and their ability to raise rent.

The private rental market has been commonly seen as the tenure of choice for young adulthood where funds for a home are being accumulated (p. 49). The lack of social/affordable housing is a main reason why the older Australians interviewed found themselves in the private rental market (p. 49). Many, in fact, find themselves on waiting lists for social housing (p. 51).

As a result of the GFC, funds for 19,300 social homes were allocated in 2009, but this effort was unremarkable in comparison to the lack of affordable housing (p. 56). The NRAS also did not help senior renters because in general they cannot afford the rents for these new private rental units. Similar to the targeting of Canada’s affordable housing investments (rents at or below median levels), the rents under the program remain too high for very low income households and seniors (p. 56). The paper concludes by suggesting that more discussion is needed around housing affordability for everyone, not just older generations.

This book discusses the private rental markets in several countries in context of social and economic factors, current taxation policies, regulations and subsidies. This chapter presents the situation in Australia.

In Australia the private rental stock has increased gradually over time. The table on page 153 shows current stock at 26.3% in 2011, up from 20.6 in 1981, but lower than 30% in 1954. This said, the size of the PRS has been relatively stable compared to other countries. Reasons for the increase from the early 1980's include changes in lifestyles and demographics (lower marriage and child rates), a higher incidence of lone person households and an influx of migrants. (p. 148).

Access to ownership has become increasingly unaffordable, with house prices increasing faster than income. A limited stock of social housing means that many lower-income households reside in the private rental sector. (p. 152). Meanwhile, middle-income earners are living in lower-income housing, which leaves lower-income households with limited options (p. 155).

Through the National Affordable Housing Agreement of 2009, States manage public housing and regulate non-profit housing; incentives range from region to region.

In the 1980’s, rental investors became eligible for ‘negative gearing’ (ability to write off costs of borrowing against other income), and in 1999 they were eligible for a 50% discount on capital gains tax (p. 158). This has been a very significant incentive, effectively creating tax-sheltered retirement income for rental investors through their property asset. Most small investors buy existing rather than new properties and this is reflected in mortgage lending data for investor-owners: only 10% of investor lending in 2011 was for newly constructed homes; down from 21% in 1991 (p. 166). So the current form of investment does not lead to a significant increase in new construction of rental housing.

Though foreign investment has been on an upswing since relaxed rules in 2008, the government has not allowed foreign investors to buy more than year old properties for rent, so this has a small impact in encouraging new construction.
Australia

Beyond the state bond loans (i.e. assistance in providing security deposit for new tenancy) and guarantees for renters, those who are in receipt of income support also receive Commonwealth Rent Assistance (CRA) from the federal government. This is 75 cents to the dollar of rent above a minimum rent and up to a cap that is calculated by the household size (p. 158). The states are also responsible for tenancy regulation; this regulation is weak and landlords can end a periodic tenancy without reason (p. 161).

Despite these weaknesses, Australia’s housing system remained stable in the wake of the global financial crisis, though this has led to even less of a focus on housing policy and attention to problems of availability, affordability and regulation (p. 169).


This recent report looks in-depth at all current Private Rental Support Programs (PRSPs) in Australia, defined as any federal or state support for private rental housing. Private rental is a central form of housing in light of rising house prices, a growing population and changing lifestyles and demographics (p. 1). In fact, from 1981 to 2011, the number of households in the private rental market has increased from 918,250 to 1,801,464. Of long term renters, 45% are low-income (p. 11) which suggests that state support for renters is much needed.

The main PRSP measures are Commonwealth Rent Assistance (CRA), the national Rental Assistance Scheme (NRAS) and various smaller state and territorial programs. Commonwealth Rent Assistance or CRA is a non-taxable rental allowance for those on income support (and not accommodated in public housing), and rates vary depending on the nature of household and rent paid (p. 19). Both CRA and state implemented incentives have been around prior to housing reform in 2007. State incentives were previously funded under the Commonwealth-State Housing Agreement rather than the National Affordable Housing Agreement which has superseded the CSHA (p. 20). The regulation and implementation of the state programs vary in
Australia

each state or territory, with Queensland, South Australia and Victoria serving the most households. Programs include bond loans, non-profit supports, relocation assistance and subsidies (p. 21).

The paper also explores the importance of Private Rental Brokerage Programs, which are found through state programs and through other social service organisations, and are a service to inform and guide low-income households such as how to prevent eviction or loss of their home in the future.

Expanding affordable rental housing in Australia through institutional investment AHURI

This research report examines the issues and constraints on large-scale institutional investment in rental housing in Australia. It involved interviews and round tables with industry experts and stakeholders in the context of growing demand for rental housing (both market and affordably priced rentals), juxtaposed against low levels of new construction and diminished government funding for social-affordable housing. It suggests that the dominant small-scale investors serve the mid- and upper-income renter market well but leave the lower end renters underserved. It is suggested this is a potential niche for institutional investors, if an appropriate incentive structure can be developed. The authors suggest this market segment is likely to be better served by institutions prioritising long-term stable income returns rather than unpredictable capital gains. They also observe that the long-held aspiration of government to reconnect institutional finance with rental housing has remained elusive. The report cites four key reasons for this disinterest:

- Lower yields than for competing investment options
- A lack of industry knowledge of rental housing products and performance
- The small scale and fragmented nature of deals on offer, coupled with insufficient liquidity, and
- Changeable and uncertain or, in some instances, unsuitable government policy settings
Usefully, the report also summarized the National Rental Affordability Scheme (NRAS, which was terminated in 2014) and as bulleted above identified the reasons that it was unsuccessful in attracting institutional investors. It did result in stimulating nearly 22,000 new homes (from a target of 50,000) owned by small-scale investors (including family trusts and self-managed retirement funds) and not-for-profits, but it had yet to attract institutional finance.
Germany


The authors look specifically at regulation in the private rental markets in Europe, and acknowledge the variations in regulation in each country in context of economic globalisation and other factors. In particular, it includes a summary of the major regulations since 1980 for each of the countries being compared (page 100). It makes note of dual-system countries (i.e. those in which there are distinct social and private rental sectors), which have trouble regulating the private rental sector when their social housing sector is struggling (p. 112-113).

There were no major regulatory changes introduced in Germany since 1999. The only major regulation change in the rental sector was the introduction of an upper limit of a 30% increase in rent in a three-year period for a sitting tenant (1983) which was subsequently reduced to 20% in 2001. As well, rent escalation clauses and rent contracts linked to a price index were permitted and the notice period for tenants reduced to three months.


This paper looks at the changes in the size of the social rented sector and how this has impacted total rental stock.

Between 1968 and 2002, social housing declined from 19.4% to 7.1%, while private rental housing increased from 44.1% to 48.4% (p. 85). In other European countries, the social sector stock ranges from 17% to 35% and the owner occupied sector well exceeds the private rental (p. 86). The social rental sector in Germany is sometimes defined to include subsidized private rentals which are still under agreements (and thus rents are constrained) and other times as the stock that remains owned and operated by non-profit (municipal) and coop organizations.
The most recent legislation is under the Housing Subsidy Act of 2001, which gives federal states the discretion to provide subsidies. By 2007, social housing was put entirely into the hands of the states as part of Federal reform (p. 89). Supply subsidies have terminated and the current policy focus (since 1990’s) is on housing allowance subsidies for households struggling to find adequate housing.

With the time commitments of subsidies (to private landlords), there are less subsidy commitments added than removed recently, and thus the size of the social housing stock has been declining (p. 88).


This study seeks to explain Germany’s low homeownership rate, relative to other countries, at 43% of the housing stock (p. 356). The study compares Germany to several other countries, including England.

One of the key features of the German housing market is the absence of incentives for ownership, which is a key factor in the decline of rental across many countries. And in further contrast, the policy environment tends to favour rental investment, including provisions that permit small investors to use depreciation losses against other income, a regulatory framework that balances the interests of landlords and tenants and a housing allowance subsidy that is tenure neutral.

A tax allowance for homeowners was abolished in the last decade (p. 370), which may further decrease the rate of ownership. However this may be offset by an increase in pension provisions and decline in interest rates which have potentially made ownership more attractive (p. 368).

Similar to Voigtlander (2009) this article aims to address the reasons why private renting looks so different in the UK and Germany. England’s own private renting has increased due to factors such as free market rent and weak security of tenure, in contrast to Germany’s strong and stable private rental market.

One main difference cited between Germany and England is that Germany’s social programs aim to provide *income maintenance*, whereas England’s programs are focused on *poverty relief*. Another difference is investment motives. German landlords benefit from and are more interested in tax benefits, equity capital bank credits and subsidized credit. Since 1997, major investors have been interested in purchasing former public housing stock (p. 390). In England, investment motives include yield prospects and resale intentions (capital gains). Finally, regulated rents in Germany offer better returns to investors than is the case in the UK where there is a far more complex set of rental regulations.

This study is a good reminder of the unique external social and cultural factors that are at play in each country; while certain regulatory, subsidy or tax measures may work for private renting in one nation, it does not mean the same measures will work in another.


This book seeks to understand how to sustain the rental sector in the UK, which has increased rapidly in the past 20 years, and identify lessons from other countries that could be useful for the British context. It presents a series of articles that examine the policy tools used in countries such as the US, Ireland and Germany, focusing on income tax treatment, subsidies,
Germany

rent regulation, leases and security of tenure, quality and organization of maintenance in the private sector.

In Germany, renting is seen as a favoured alternative to ownership housing which stands at 43% of the total housing market. In most other countries there is a natural push towards home ownership and often a stigma towards rental as the inferior option. The long tradition of renting as the predominant form of tenure in Germany is supported by strong regulation, which secures against eviction by the landlord in most cases and against unexpected rent increases (p.53).

In terms of investment, much of the housing in the private rental sector (PRS) is owned by small landlords. The scale of the stock is less attractive to major institutional investment. Property that is rented out is taxed as an investment while owner occupied homes remain an item of consumption (p. 54).


This study looks at regulation of the private rental sector across eleven European countries over the last thirty years including the UK, Germany and Ireland. It looks for patterns of regulation over time and across countries and how these patterns of regulation relate to the size of the private rented sector in each country. The study develops a typology of regulation, which was used to categorize the system in each country, completes an analysis of the relationship between the strength of regulation and the scale of private rented sectors across countries, and considers other factors such as subsidy, taxation, investment and broader issues of economic policy.

With respect to Germany, since 1950, subsidized loans have been provided, first through what was known as the West German First Housing Law. These were for any investor, regardless of tenure, and the subsidies qualified them as social housing. Once the commitment of the
subsidies had been fulfilled, houses that were privately owned became part of the PRS. This gives Germany a unitary housing market (not two distinct private and social sectors).

Little has changed over the post-war period. In 1999 the holding period requirement to qualify for capital gains tax exemption was increased from two to ten years.

New rent regulation was introduced in 2001 in an attempt to contain the rate of rent increases. The upper limit on rent increases of 20% over three years, which had previously applied only to properties constructed before 1980, was extended to all private rented houses.

In 2001 the Housing Subsidy Act (Wohnraumforderungsgesetz), shifted the funding focus from bricks-and-mortar to demand-side subsidies for those in more need. The report speculates that eventually, there will be an increase in owner-occupation, with lower depreciation allowances and lack of subsidies for landlord investors. For now, regulation remains strong and quality of the rental stock is generally good; the PRS remains a dependable tenure of choice. From 1982-2006, private rental housing grew from 45% to 49% (p. 57).


This paper looks at the benefits of nurturing a private rental sector and examines four countries: Germany, Finland, the Czech Republic and the Netherlands. It acknowledges both strengths and weaknesses in each country’s housing market, including a shared difficulty in creating a “level playing field” across all housing tenures. Unlike other countries, the German housing market did not suffer significantly from the global financial crisis. Owner occupied and rental prices have been rising (p. 13).

Like other studies, the paper also discusses the unique lack of distinction between Germany’s private and social rental sector. In the private sector, there are no longer any state subsidies and social housing is irrespective of ownership: both public and private actors can receive
subsidies. After the subsidy period ends the dwelling moves automatically to the private rental sector. While households are assisted via a housing allowance, this does not sustain a stock of social housing (p. 33).

Regarding rental regulations (p. 15) the paper shows that Germany offers strong security of tenure, and balances both landlords’ and tenants’ best interests. For landlords in Germany, renting is a low risk investment that also offers generous tax deductions, and an ability to increase rent after upgrades, which has helped maintain the quality of the stock.


Voigtländer speaks mostly to the housing phenomena of Germany and its relatively stable housing prices compared to other European countries, especially in light of the global financial crisis. This is especially remarkable as “real estate is the most important collateral in an economy” (p. 588). Credit here is given to a prudent lending system for mortgage-owners, and the positive perception of rental housing throughout the country. Those international investors looking for “safe” opportunity will likely increase their profile in Germany in coming years (p. 584). The favourable tax treatment of landlords and a competitive market result in these favourable tax advantages being passed on to tenants and thereby makes private renting more appealing for everyone than homeownership (p. 592).


This is a single chapter (focused on Germany) in a comparative book on private renting. Like the other chapters in the book, the authors discuss the rental sector historically, and its current taxations, regulations and subsidies. Germany has a social market economy, and “supports rather than replaces the market” (p. 27). In light of the Second World War many buildings were
Germany

irreparably damaged; as result much of the housing sector in West Germany remained state controlled, which came with rent control, security of tenure and subsidy for new supply. Between 1953 and 1967 a lot of new housing stock was built, but a move away from rental did not happen as it did in many other countries (p. 30). The housing “ladder” that most countries find, wherein people will trade up for a first “starter home” and then more expensive homes, does not exist in Germany – most buy and remain in their original home. Homeownership, if aspired to at all, is merely a once in a lifetime aspiration (p. 34). Thus, as of 2012, the private rental market remains dominant at 52% the total housing market (p. 29).

While the early post war period did provide subsidy to stimulate construction, these have with some minor exceptions terminated. Social housing, now only 4.2% of stock, provides subsidies only for certain types of construction and modernization (p. 31). The primary form of subsidy is now in the form of housing allowances (Wohngeld), initially established in 1965. This allowance is available for all dwellings, regardless of “need” and is based on size of household and income (p. 37). Those receiving social assistance are not eligible for this allowance but receive separate housing benefit (mainly to cover high heating costs).

Finally, in terms of new construction, current income tax law currently does not contain any general tax incentives for new rental housing construction but landlords are eligible for certain operating tax benefits, including capital gains exceptions tax after 10 years, depreciation allowances, mortgage interest tax relief and negative gearing (p. 38). These help to encourage long-term investment.
This document summarizes the changes and trends in housing policy in Ireland from 1990 until 2002. It offers specific details on policy schemes relevant to private and social rental housing, including the Capital Assistance Scheme (CAS), the Rental Subsidy Scheme or Capital Loan and Subsidy Scheme (CLSS). (See Grant Thornton’s review below for current details of these schemes.) The document goes into some detail on the regulations in the 1992 Housing Act and provides some thoughts as to why the private rental sector in particular shifted from 7% to 11% during the period of 1991-2002. Reasons include: “tax reliefs for investors in private rented accommodation, such as those available under urban, town and rural renewal schemes; house price inflation, coupled with rising private rents during the second half of the 1990s[...] increased demand for private rented accommodation among, for example, households unable to access social housing, which would have helped to ensure a ready supply of potential tenants” (pg. 64). It also mentions briefly welfare rent supplements, which provide enough monetary support so that income does not fall below “the level of supplementary welfare allowance minus €12” (p. 69).


This paper emphasizes the policies on sustainable development in Irish housing and current lack of commitment in this area, with comparison to international sustainable development initiatives and potential effects on housing trends. With an emphasis on homeownership in Ireland, the article gives little notice to rental housing trends. It does acknowledge, however,
that in the rise of owner occupation “due to a range of significant financial supports in the tenure” (p. 58), social housing in particular takes a fall from 18% to 7% in 40 years (1961-2002). It also implies the importance of sustainable development on quality of housing, which complements discussion in other articles on recent rental regulation of housing standards.


This report examines the impact of rental housing allowances. There are an increased number of claimants for housing allowance initiatives for private rental. Though this is explained in the study through a marked increase in immigration, as well as incentives for part-time work, it also suggests that changes to the policy are imminent. The discussion of the increase in claimants suggests a deeper issue with unemployment and supports for new immigrants, and how the Rental Accommodation Scheme (RAS), or long term social housing leases, merely stalls the issue at hand (p. 107).

The study notes that the rent supplement claim for private tenants was established in 1976, which preceded growth in private renting, so this does not necessarily associate with the recent increase in the PRS.


This study reviews two funding mechanisms intended to stimulate investment in a subsector of rental housing. It highlights the national funding expenditure for housing is to be the “second largest infrastructure plan after transport” from 2007-2013 under the National Development Plan (p. 2). Two schemes, the Capital Assistance Scheme (CAS), introduced in 1984, and the Capital Loan and Subsidy Scheme (CLSS) provides funding for 95% to 100% of voluntary and cooperative building projects, respectively. Through questioning of cooperative and voluntary housing organisations in Ireland, the study concludes with a recommendation
Republic of Ireland

of removal of CLSS as it is not cost-effective, as well as noting voluntary and cooperative bodies seek more diverse methods of funding.


This is a comparative analysis of the private rental sectors in Northern Ireland and the Republic of Ireland, in terms of changes through historical context and policies, under the frameworks of path dependency prior to independence from British rule and convergence as influenced by globalisation.

It is a helpful summary of their respective rental housing sectors. For instance, the Republic of Ireland’s private rental sector has improved lately in part due to an economic boom and rising house costs (p. 430). However, regulation introduced in the early 2000’s for security of tenure (four year cyclical tenancies after a period of 6 months (p. 433) and quality of living in private rental spaces were imperative to the improvement of the sector. Social housing is now on the decline (though still larger than PRS), despite the Rental Accommodation Scheme of 2004. This Scheme involves long-term leases for rent supplement recipients from private landlords to local authorities, under the wing of the housing ministry, as opposed to welfare. This blurs the line between social and private rental sectors, but tends to support the growth or stability of the PRS in favour of the social sector. In addition, the Social Housing Leasing Initiative uses long-term leasing of units from the private sector as opposed to the “traditional buy and build” (p. 432).

The main question this book seeks to answer is how to sustain the rental sector in the UK, which has increased rapidly in the past 20 yrs. It seeks to identify lessons from other countries that could be useful for the British context. This series of articles examines the policy tools used in countries such as the US, Ireland and Germany, focusing on income tax treatment, subsidies, rent regulation, leases and security of tenure, quality and organization of maintenance in the private sector.

A chapter specifically on Ireland provides some details and explains recent trends. In Ireland, there is emphasis on individual landlords and small investors (p. 22), which may account for some of the PRS’ struggle to grow. The PRS was also hit hard by the global financial crisis, when employment fell by 8.3% in Ireland between 2007 and 2009 and rents fell by 30%. This made private renting more affordable to tenants, but removed any incentive for new investors in the sector (p. 41).

The paper also speaks to the long-time emphasis on owner occupied and social housing in terms of subsidies and other government incentives. The tax treatment for the PRS was largely unchanged until recently, when allowances on income tax relief were actually diminished. In 2011, it was announced that private tenant’s rent relief tax credit would be slowly withdrawn over the next seven years (p. 120). However, ‘Section 23’ tax incentives introduced between 1985 and 2006 for purchase of office or residential spaces in run-down neighbourhoods meant small resurgence in the PRS. The current tax incentive, known as "Scellier", is a tax reduction of between 22 and 32% of investment (p. 136).

And, housing allowances for private tenants started to diminish the social sector’s role as early as 1975 as main provider for low-income households (p. 120). Ultimately, however, and as most other articles will note, it was regulation and the Rental Accommodation Scheme that helped to strengthen the private rental sector and blur the line between private and social rental housing.

This brief overview of the current housing situation stressed that though home ownership is probably the most desired form of tenure, it is important to frame policies for each tenure to make sure there is a comfortable and affordable choice for everyone. It notes the step up in regulation on the private rented sector in the form of the Residential Tenancies Act for security of tenure and accommodation standards, and plans to further strengthen this, especially in terms of the “illegal retention of deposits by landlords”. It also mentions the Rental Accommodation Scheme (RAS) and supplements as vital supports for social housing at present and in the future.


This study looks at regulation of the rental sector across eleven European countries. The purpose of the publication is to examine the experience of the last thirty years to see whether there were clear patterns of regulation over time and across countries and how these patterns of regulation relate to the size of the private rented sector in each country. The main arguments for and against regulation (primarily rent control) are on the one hand that regulation constrains investment and excludes potential tenants; on the other hand, regulation offsets market failures and provides a more secure environment for investors and tenants. The publication investigates 11 European countries including UK, Germany and the Republic of Ireland.

Despite having a large private rental stock 70 years ago, Ireland has experienced a dramatic decline until recent years. The modest revival of late is not significant, against the longer term decline. The Residential Tenancies Act of 2004 and the Housing (Standards for Rented Houses)
Regulations of 2008 are assumed to hold responsibility for the improvement of quality and security of tenure, and therefore recent revival of growth in the PRS.

Ireland is deemed as an unusual case in this study because historically, the PRS had low regulation in a small sector; and the social housing sector is also currently bigger than the PRS at 12% (p. 77). Now, Ireland’s PRS is roughly 10% of the housing stock, which is similar to what it had been through the 1990’s, before falling to 9% in 2004. This dip in the early 2000’s is attributed to economic difficulties experienced before new regulatory measures were implemented. The taxation discussion notes that in Ireland, like most other European countries, operating costs can be deducted from rental income (p. 73). However losses and depreciation cannot be deducted against other sources of income.


This article revisits Kemeny’s 1995 study that examines dualist tendencies (distinct private rental market segments and social rental segments serving lower income assisted renters) of the Irish rental market and how the market has changed to reflect a unitary housing system, contrary to Kemeny’s thoughts.

For the purpose of this literature review, the chart chronologically outlining all of the public subsidies and regulation for housing in Ireland (p. 628) is most notable. For example, in 1992 regulations of minimum dwelling standards for social and private rental housings were introduced, and in 1996 regulations required landlords to register with government, which checks compliance to housing standards. It also notes the housing capital budget for social housing as reduced by two thirds in 2009.
**United Kingdom**


This report was commissioned by the Secretary of State for Communities and Local Governments. The author examines the role of social housing in England and evaluates the effectiveness of the housing policies. He identifies three types of social housing: “means-tested Housing Benefit”, “provision of social housing at below-market rents” and “favourable taxation of owner-occupiers” (p.6). After the lengthy evaluation, some reforms of the actual system are proposed.

This report provides interesting data regarding the evolution of the housing stock between 1996 and 2005 including new build, acquisition, transfers and demolished properties. Some data on national expenditures for policies are provided, in particular concerning the demand-side subsidies. The trends in social housing tenants are also examined through data as well as quality of units (measured through a satisfaction survey). The focus of the report is however exclusive on social housing and does not directly speak to the private rented sector, other than through the indirect consequences of trends in social renting and access to the Housing Benefit.


This paper focuses the possible effects of introducing Real Estate Investment Trusts (REITs) to the UK to stimulate the private rental sector. The article is also interesting for the historic portrait of housing policy.

REITs are used in other countries, particularly the United States and Australia, which have (respectively) successfully and unsuccessfully sought to introduce this form of investment. The
author sought to identify and transfer some conclusions to United Kingdom. (REITS were in fact introduced in England in 2007, after the publication of this article.)

After examining REITs in the United States and Australia, The author concludes: “REITs are a very attractive property investment medium but the establishment of residential REITS requires a thriving rented sector and local markets with depth and is facilitated by the existence of large scale landlords.” (p.395) Because the United Kingdom has a very low percentage of corporate landlords, the author doubts the effects of REITs on the rental housing market in the UK would be substantive.


This article examines the consequences of the long-run effects of deregulation and privatization in the housing market in England during the 1980s and 1990s. The author concludes that the political-economy philosophy that was followed at that time did not allow the sector to achieve its goals.

The report presents evidence that deregulation accentuated, if not created, an affordability crisis because the demand for housing remained high. In fact, the deregulation policies had the effect of slowing down the construction of new dwellings. “New construction in England in 1979 was 209,000 dwellings and this figure had not been reached again by 2008” (p.540).

In addition, there is no evidence of a positive effect of deregulation on the private sector for a decade. The growth in rentals started later and the author associates it with some other factors (similar to conclusions of Crook and Kemp 2014). Finally, another measure emerging in 1980’s was the end of the council estate. The effect of it was a “narrowing of private rentals on these estates”(p.542). Otherwise most results of this policy remain uncertain.
This document presents the Governmental Strategy for Housing. It first recognizes that the inadequacy of the offer for housing compared to the demand. It reports that, prices are too high either for those who want to buy or rent. The quality of homes is also unsatisfying. For those reasons, the England government compels all the actors to do more. Basically, more homes must be built. To that end, a number of solutions are proposed.

With respect to the rental market, the offer must also become bigger, more flexible, innovative and of higher quality. Again, many solutions are identified. The Government intends to increase interest by decentralizing more power to local authorities. A reform of social housing is also announced.

This report has been called the Montague Report after the name of its author. He reviews the private rental sector in England, identifies most important challenges and addresses them with recommendations for governmental actions. The report follows the announcement of the Government Housing Strategy in 2011. Montague’s first goal is to boost housing general supply because of the increasingly important role of the private rental sector.

The Montague report outlines crucial elements of the private rental market in England. This market relies mostly on private investors and mostly small investors. For instance, only 1% of investors own more than 10 properties. Also, the central government always had the will to decentralize housing administration to local authorities. Finally, in the context of the international financial crisis, housing in seen as an important factor contributing to economic
growth. To that end, the report encourages new construction of homes to rent and promotes large-scale investment.

Montague presents a portrait of the rental market. The total size (2010) is of 3.6 million households. This represents an impressive growth from only 2.0 million households in 1980. The report also highlights the fact that approximately 20% of households have lived in the same location for 5 years or more. According to the author, this shows that rental housing represents a long-term option for families, which seems like a new phenomenon as well as an opportunity for a growing market economy.

There are 5 final recommendations to the report:

1. Local authorities should take advantage of the actual “planning system to plan for and enable developments of privately rented homes” (p.19).
2. The intervention of the central government is needed to increase the number of new build homes. According to the report, the “Government has committed to release public sector land with capacity for 100,000 homes by 2015.” (p.20).
3. The Government should provide incentives for developers in order to “reflect both the product and the scale that investors are looking for.” (p.21)
4. The report recommends the creation of an enabling Task Force.
5. The first job of this task Force would be to “develop voluntary standards that could be adopted across the build to let sector” (p.23).


This note aims to describe the Housing Stimulus Package announced by the United Kingdom government in September 2012. This package is the government’s response to a growing need for housing. Most of the measures are intended to encourage homeownership. Nevertheless, the government recognizes the need for an increase in the supply of good quality rentals. The Montague Report is cited as the “blueprint for reform of the PRS” (private rented sector) (p.8). The building of 5,000 additional market rental units was announced in the Housing Stimulus Package.

This note was written for the Library of the House of Commons and reports on the evolution of two demand side housing policies in United Kingdom. The first one is called Housing Benefit (HB), which eventually was amended and separated to create the Local Housing Allowance (LHA). The author presents background, technical features of both public policies and concludes with observations on the future of those housing policies.

The Housing Benefit (HB) was launched in 1988, slightly before the deregulation of the private rental sector in 1989. This subsidy is given to low-income households and administered by local authorities. Residents in both social and private housing are eligible to apply for the benefit, which is based on income. The amount of the subsidy is determined by various factors related to the household (size, composition, location and income).

The Local Housing Allowance (LHA) is also a subsidy for low-income households. The LHA is not a benefit in its own right, but is the way in which the rent element of Housing Benefit (HB) is calculated for tenants living in the deregulated private rented sector. It was launched in 2008 as a modification to the HB and subset of the HB. It is addressed to new claimants in private rentals. The government made minor adjustment to the policy in 2011. The LHA is a flat rate allowance determined by the size of the households and the area. The LHA has much in common with the HB, but is easier to administer and aimed to correct some loopholes in the HB. It appears like it will slowly replace the HB.
Heath, Sarah, House of Commons Library (2013) *Rent control in the private rented sector (England)*

This brief seeks to inform the policy debate by reviewing the history and impact of rent controls and regulation in England. Stimulated by the resurgence in private sector renting and upward trend in rents, government is becoming concerned about the effects of deregulation and whether it is necessary to revisit the policy and tighten rent control.

The brief provides a comprehensive review of the trends in the relative size of the private rented sector (PRS), noting its revival from a low of 7% in 1991 to 16.5% in 2013. It also examines data on the rate of rent increase against wage inflation, and notes that rents are rising faster than incomes and renting is becoming less affordable, especially in London. A number of proposals to regulate rents have been issued, but to date, none implemented.

The brief also discusses the “rent to buy” phenomenon and cites the Treasury paper on *Investment in the Private Rented Sector* (2010) asserting that it was mortgage financing under Buy to Let schemes that was primarily responsible for the expansion of the private rented sector, not the deregulation of rents. “Buy to Let” is a relatively recent phenomenon that grew rapidly, with the number of outstanding mortgages increasing ten-fold from mid-2000 to reach over one million by 2007. That said, “Buy to Let” schemes arose as a positive reaction to rent deregulation which made it easier for landlords and thus lenders to recover a property pledged as loan security through a new “assured short-term tenancy”.


This is a brief statistical report of dwellings in England and its districts. The document does not discuss housing policy but suggests the statistics would be useful for such discussion.

The report provides data on the size of the housing stock. In 2013, there were 23.2 million dwellings in England, an increase of 125,000 or 0.54% over the previous year. As for social and affordable stock, the increase was 19,000 dwellings, and 93,000 dwellings for private rental stock.
In total, there are 19.1 million private dwellings either occupied by owners or tenants and 4.0 million social or affordable rented dwellings. The proportion of owners-occupied dwellings declined from 69% in 2001 to 64% in 2012. During the same years, the proportion of private rental dwelling increased by 9%, in part from a decline in ownership, but also due to contraction in the relative size of the social rental housing sector.

One important conclusion that can be drawn from this report is the ineffectiveness of the Government’s Housing Strategy to increase significantly the number of dwellings, both owner-occupied and rented. The trend from 2011 to 2013 (2012 in some cases) shows that there was no increase in the number of dwellings available after the strategy was released.

Crook, Tony and Peter A.Kemp. 2014. “England”, Private Rental Housing: Comparative Perspectives, Tony Crook and Peter A.Kemp, ed., Edward Elgar Publisher, United States and United Kingdom, p.174-197.

This chapter is one in a comparative book and focuses specifically on England (which differs from other parts of the UK). The chapter describes the details and outcomes of the institutional arrangements in the rental market in England. It notes that this market has changed a lot in the past few decades and not always in a linear way. For instance, the price of houses has increased and decreased substantially in different cycles. The chapter provides data mostly concerning the size of market (and its evolution), type of dwellings (and its evolution), socio-demographic characteristics of households, type of landlords, the number of properties they own and the number of privately rented households (and its evolution since 1981).

The chapter describes the kind of housing activity in which the Government is involved: “English Housing policy is mainly (and increasingly) the responsibility of central government which deals with taxation, subsidies, public capital expenditure, rent regulation and security of tenure. It provides local authorities (municipalities) with (mainly) discretionary powers to deal with the enforcement of repairs and related housing standards. Local authorities are also central government’s agency for the payment of housing allowances to all tenants.” (p.176).
Nevertheless, in England, homeownership tenure is still prioritized and also by far the more important, both among consumers and from a policy perspective.

The authors identify trends that are associated with shifts in tenure patterns. One is the tendency to deregulate the housing market. It has been true with regard to both the rental sector and the security of tenants. Some have argued that deregulation has created growth in the rental sector (making it more attractive to investors). The authors suggest that rather than deregulation, what attracted investors was the “prospect of capital gains from house price inflation at a time when interest rates were very low.” (p.174). Of course, the period being discussed was the beginning of the 2000s, when prices were rising rapidly. There was also a change in the public image of rented units which has improved in past years.

According to the authors, another trend is the new political consensus on the need for a “commercially viable rental market” (p.174) and the various attempts since the 1980s, to encourage corporate landlords. These initiatives failed and in addition to the lack of a corporate presence, the data presented show clearly that there continues to be more individual small-scale landlords regardless of how policies have changed.

Finally, the authors note the large social housing sector. In sum, in 2011-12, 65% of households were owner-occupied, 17% were private rental and 17% were social housing.
United States


Although now somewhat dated and precedes the real estate collapse of 2008-09, this report identifies broad challenges in the rental housing market in the United States.

The first challenge is the affordability of rental housing. According to the Joint Center for Housing Studies, in 2005, 47.5% of households were spending more than 30% of their total income on housing costs. (p.3) This growing problematic is due to a “widening income inequality” (p.3).

The second challenge is the “constrained housing supply”. According to the Joint Center (2006), “[a]lthough the overall housing supply is still expanding, its growth is not keeping pace with population and households growth, so that the net stock of low-to moderate-cost rental units is steadily shrinking.” (p.4) An increase in prices is the main market consequence but other factors also contribute. The two first challenges are often combined, especially in metropolitan areas. In these regions, they observe an increase in the cost of rental housing along with a diminishing offer for affordable rentals over time. The third challenge is called the “neighborhood distress problem” and concerns “[t]he clustering of affordable rental housing in central-city neighbourhoods [that] has served to reinforce concentrations of poverty and exacerbate racial segregation.” (p.7) To justify all those challenges, data is provided.

This report also offers an overview of the federal housing policies in the last decades. Firstly, since the 1930’s, there were production programs aiming to stimulate the construction of affordable rentals. Then, since the 1970’s, policies were implemented for demand-side rental assistance, basically a subsidy for low-income family to afford privately owned housing. The
third public policy appeared in the mid-1990’s with the “demolition and replacement of distressed public housing”, through revitalization programs such as Hope VI.

The actual problems in the rental housing market are then discussed. The authors argue that additional federal programs must be implemented to solve them.

**Joint Center for Housing Studies of Harvard University. 2008. “America’s Rental Housing: The Key To a Balanced National Policy”, Harvard University, 36 pages.**

The paper discusses the increasing home mortgage foreclosure situation due to the 2007 financial crisis and the growing pressure that this added to the rental housing market.

The authors claim that there is already an affordability crisis in this sector and urge the governments to take action in order to limit the consequences on the population, mostly the lower-income families.

With the recent increase in the interest payment on some sub-prime mortgages, as well as a general increase in default rates, many families were forced to leave their homes, creating a demand for rented units. This demand or tenure shift is detailed in the paper.

Also, the evolution of the growing rent prices is explained and data are provided to this end. Finally, this report presents data on single-family of multi-family rental units. In this case, there might be some parallels with Canada’s rental housing market (i.e. the growing influence of multi unit condominiums and role of investor owners).

**McCue, Daniel. 2008. “Focus on Critical Rental Housing Policy Experiments: Framing The Discussion for February 13th”, Joint Center for Housing Studies, Harvard University, July, 37 pages.**

This was drafted as a background discussion paper to prepare participants for a discussion to be held at the Joint Center for Housing Studies. The meeting sought to explore other possible outcomes of rental housing on individuals and families. For instance, the report mentions what
should be explored “[h]ow to use rental housing assistance to encourage improved labour, mental health, educational, and other social and economic outcomes.” (p.3) Those effects were observed in the past but was not reported in a scientific context because of the lack of available and reliable data.

The author identifies two main alternatives goal that could be pursued via housing policies: encouraging self-sufficiency among rental-aid recipients and improving their access to opportunities. To that end, he presents a literature review and proceeds to the evaluation of all federal policies related to those core goals. These evaluations provide interesting data. The report finishes on several questions to be debated further at the following symposium.


The intent of this article is to provide an evaluation of all housing policies available at the federal level in the United States and articulate advice in order to improve their effectiveness. Some of those policies encourage homeownership, while others help low-income families to afford rental housing. In addition, the Fair Housing Act and all its components aim to put an end to residential discrimination.

The article provides data on all federal programs: the total expenditures (in 2008), the percent of total housing outlays, the kind of subsidy approach (demand or supply side) and the kind of clientele that are targeted with each programs.

Concerning the rental sector, the conclusions are that the voucher program should be regionalized or “converted into an entitlement program that works through the income tax system”(p. 319). Concerning the LIHTC, the authors recommend reform of some of the rigidities of the program. Finally, they recommend selling the public housing projects to non-profit organizations whenever possible.
Joint Center for Housing Studies of Harvard University. 2011. “America’s Rental Housing: Meeting Challenges and Building on Opportunities”, Harvard University, 56 pages.

This report aims to explain the affordability problem in the rental housing sector in the United States. This market faces a growing demand as well as a diminishing supply of affordable rental units. Several reasons are detailed in the report that urges action from all levels of government.

Background data are available through this report on the rental housing sector. The percentage of rental households (includes social and private) is estimated to be at least 30%, even during the home buying boom starting at the end of the 1990’s until 2007. In 2010, the rental vacancy nationally was estimated at 9.4%, which demonstrates, according the authors, a declining rate. The report also describes the evolution of rent, energy costs and median renter income since 1980. The data on the size of the market are disaggregated depending on the type of units provided. For instance, the reports claims that 7 millions of families were federally assisted by housing units which represent only 25% of the lowest-income renters eligible for assistance.

As well, the report detailed the effects of the Low-Income Housing Tax Credit (LIHTC), in particular the number of new construction and substantial rehabilitation of existing properties supported.

The report concludes that there will likely be a growing number of renter households - between 360,000 and 470,000 annually between 2010 and 2020. Based on these projections the authors stress the need for public intervention to help with the affordability problem and to help build and renovate rental units.


This report examined one of the most important federal policies in housing, the Low-Income Housing Tax Credit (LIHTC), which impacts both general rental supply and affordable supply. The LIHTC is addressed to investors that commit to specified affordable rents for a minimum of 15 years. According to this program, the investors get a credit of tax in exchange for keeping
the units available to low and moderate-income families. It has been over 15 years since the program started and HUD examined what is happened with the affordable rental units when the program conditions on affordability come to an end.

The report concludes that most LIHTC units remain affordable. Some exceptions arose in certain cases due to local housing market conditions. Other exceptions concern events that occurred after the fifteenth year of the program. Some investors decide to recapitalize with tax credits. Nevertheless, in all cases, all properties face the challenge of meeting capital requirements.

**Joint Center for Housing Studies of Harvard University. 2013. “America’s Rental Housing: Evolving Markets and Needs”, Harvard University, 52 pages.**

This reports aims to depict an exhaustive portrait of renters in the US mainly following the recent major financial crisis. The authors claim that action must be taken to face the affordability crisis in the rental housing sector in the United States. Also, they argue that there is a growing need for low-income housing and a strong need for governmental intervention.

This report provides data on a growing rental rates. For instance, in 2004, this rate was 31% compared to 35% in 2012. A detailed portrait is presented on the characteristics of renters. Recent vacancy rates are provided as well. In addition, data are shared on the range of rental housing options that are available.

The problem of mismatch between the supply of and demand for low-cost housing is discussed. The authors argue the “gap between the number of lower-income renters and the supply of [lower rent] affordable units [that] continues to grow. In 2011, 11.8 million renters with extremely low incomes competed for just 6.9 million rentals affordable at that income cut-off – a shortfall of 4.9 million units. The supply gap worsened substantially in 2001-11 as the number of extremely low-income renters climbed by 3.0 million while the number of affordable rentals was unchanged.” (p.6)

In this chapter of a comparative book, the author draws a portrait of the rental housing market in the United States. There are over 90 million renters in United States, living in about 40 million households. There is an overall preference of homeownership, but the rental sector still represents about a third of the dwellings in the country.

The rental sector in the US is “almost entirely privately owned” (p.298). In 2010, there were just over 1 million units in public housing and about 2 million units offered in a combination of private and public housing (including private housing with vouchers, and tax credit projects).

One important constraint is the sharing of the power between the federal, state and local levels of governments. According to the author, the two last levels have a more significant effect on local housing policies. For instance, California, Maryland, New Jersey and New York are the only states which “have regions of rent controls” (p.199). Nevertheless, a quarter of the nation’s population live in those states and they represent 28% of all rental housing.

There are two important federal programs effecting rental housing. First, there are demand-side subsidies, mostly the Housing Voucher Choice Program that account for almost all of the $30 billion in budget of the Department of Housing and Urban Development (HUD).

Second, there are the supply-side subsidies, mostly the LIHTC, which represent $6 billion in tax credits given to developers. Those credits are for construction and renovation of units that are targeted to low-to moderate-income households. The credits are allocated to developers, either private or non-profit corporations, then sold to private investor corporations as a way to attract private equity investment, with ongoing affordability conditions imposed in return.
Some other policies also influence the rental sector, namely federal taxation aimed at owners, supply side restrictions by local governments and regulatory frameworks for landlord-tenant relations.

Finally, the author examines the effects of the financial crisis in 2008 on the housing sector. He provides data to that end and identifies further challenges that must be faced in the next years or decades.
Appendix B: Initial reviews for other countries not included in phase 2.

Denmark


This paper takes the view that the increase in rental housing is unusual. It focuses on the “desire” for homeownership compared to the actual rate of homeownership which is much lower. It sees an increase in the demand for rental housing, but curiously does not speak of the declining rate of private rental housing as mentioned in Scanlon and Kochan (2011), though it mentions a “stagnant rate” of 58% for homeownership (p. 236). Is this social, or “cooperative housing” that is increasing? There is little on housing policy and more emphasis on the current and future demand for rental housing.

Finland


This paper looks at the deregulation of the Finnish rental housing market between 1990 and 1994. It also discusses current rental housing numbers for Finland. Though private rental housing does not account for much of the stock, social rental is quite significant. The article does not get into detail on (1) the reason why regulation was cut, and why it has remained so, and (2) how it has affected Finland’s rental sector.

France


This report includes a chapter “Improving the Functioning of the Housing Market”. The first section is on the construction industry; the second on the consequences of house prices; and the third on housing policies. With respect to policy, the report suggests the existence of “sizeable distortions [that] persist in the housing sector” (p.75) and describes them. The chapter concludes with several recommendations to end these market distortions.

The authors attempt to identify an “ideal type” of operational arrangement in co-operative housing. They first attest to the diversity of the institutional arrangements in co-operative housing in France. Using an historical perspective, they show how co-operative housing has evolved since the nineteenth century. They focus on the region of Grenoble which has diverse experiments in co-operative housing. They conclude that three ideological principles lead to success in the co-operative housing sector: sharing, environmental awareness and citizen participation. In fact, instead of being an ideal type, those are rather common values shared among co-operative housing initiatives that work well.


This paper examines the key policy initiatives of the private rental housing market and the evolution of the rental market in France in the post-Second World War era. The methodology relies on two components. First, the author digs into the literature offered by a few research institutes in France as well as governmental sources. In addition, interviews were conducted to complete the research. After giving a chronological history of the policies in the private rental housing sector, the article provides an analysis, including tax and subsidy policies. A portrait of the rental sector, mainly its size, condition, ownership and tenants’ patterns is presented. Finally, this article concludes with an evaluation of the attractiveness of this sector for further investments.


The French Government created this Website in order to share information on varied subjects of public interest including public housing. This particular section of the website offers a complete chronology of public policies on social housing since 1948. There is also information available regarding financing coming from the public sector or other sources.


Focusing on the metropolitan area of Paris, this short report presents the portrait of social housing. It includes data related to different public policies on social housing as well as on the demand for subsidized housing. All the data are reported by region within Paris.
Other countries


This paper studies the model of social housing in France, currently called “habitations à loyer modique” (HLM). This model is studied through a deep economic and technical analysis. The author concludes model will be viable in the long term for three major reasons: the management of HLM relies on non-profit organizations; the model developed assures the sustainability of the infrastructures; and there is a very low level of financial risks associated to its development and maintenance.


This paper focuses on the rental housing market in France. It describes a limited supply of rental housing and, as a consequence, high prices particularly in the highly economically attractive areas. The authors studies three public policies used by the French government to regulate this market: the regulation of landlord-tenant relations, social housing and subsidized housing measures. The paper aims to identify some reforms in all those three sectors. To that end, it offers some data on the rental housing market.


This is a practical guide addressed to mayors and elected officials in France about housing policies in France. The guide explains policy goals and how they can be implemented.


Section 7.1 of INSEE’s 2015 annual report is about Housing (Logement) and the section 7.2 is called Renters and tenants (Propriétaires-locataires). Up-to-date data on the French rental market is presented, including the total stock of market rental and subsidized housing, vacancy rates, and other detailed data.
Other countries

Italy


The paper looks at and assesses three current policy tools for housing in Italy: a tax credit for renters, a housing allowance scheme and social housing. Italy’s rental stock is 20% of all housing stock, half the size of the private rental stock forty years ago. Social housing is very small, at 5%. These details and the varied policy instruments and their effectiveness are interesting, though the paper does not examine in detail how the rental stock has changed.

Netherlands


One of the countries with a dramatically low private rental sector that continues to decline is the Netherlands. This article looks into the reasons behind this decline, including higher rent-to-income ratios. So far, it is not entirely clear whether emphasis should be placed on the issue of income, housing expenses, or overconsumption. At this point, it appears that state subsidies have not helped to increase the rental supply.

Norway


The public housing market in Norway is very limited, forcing many into the private rental sector. However, it is the higher income households that are recipients of social assistance, with differences in how social housing regulations work on a municipal case by case basis. This paper speaks in particular to the importance of housing market differences among cities, with emphasis on Oslo and Trondheim. Part of the issue, the study claims, is having public housing make up barely 4% of the country’s housing stock.
Other countries

Portugal


This paper focuses on Portugal’s housing trends as compared with the EU, with an emphasis on market prices. The paper includes some discussion of rental housing and provides a helpful chart on housing stock by tenure. Compared to other EU countries, Portugal’s rental market has never been significant. This paper does not highlight a movement towards increasing rental stock or changing policies for low-income households. Instead, it emphasizes that citizens tended to lean towards cohabitation in owner-occupied dwellings as homeownership became more difficult. The paper does not provide a close examination of Portugal’s specific housing policies and its rental stock over time.

Spain


The housing market in Spain is dominated by owner-occupied housing and has been for decades. This chapter evaluates the public policies related to housing in Spain, including rented-housing, and its consequences on the market from an historical perspective. It also includes data and figures on the proportion of homeowners versus tenants from social-rented housing and private-rented housing.


According to this paper, 81% of the Spanish dwellings are occupied by owners and 11% by tenants. Social or subsidized housing is mostly offered through the owner-occupancy sector, which appears as a particularity of Spain among the European countries. That paper discusses the recent variation of that policy throughout Spain. In fact, at first, owner-occupancy housing was subsidized for a certain period of time during which it could not be sold on the free market. Increasingly, in some regions, the subsidized housing is considered as an independent and permanent tenure instead of a temporary arrangement.
Other countries


This paper focuses on policies related to subsidized rental housing and rent control in Spain. Taking as a case study the example of the region of Madrid, it studies how economic benefits are distributed among the population.


This document from the Bank of Spain analyzes the effects of a transfer of the fiscal treatment given to homebuyers to the rental market in order to improve it, as proposed by the government. By eliminating the subsidies for house purchase, they propose to create a “comparable subsidy to rental payments” (p.18) and other measures to stimulate the rental housing market. This study also analyzes the consequences on the construction market in Spain but does not look at the effects on different populations.

Instituto Nacional de Estadistica. “Como Es Espana?” Censos de poblacion y Viviendas 2011, 55 pages. [online]  
(Consulted March 5, 2015)

This report presents the data on housing obtained from the last census, in 2011. Data is available on the proportion of homeowners, tenants or living in other forms of tenure. As well, it includes proportion of people holding a mortgage on their house.

Sweden


This brief paper captures changes in the Swedish rental sector from 1945-2005. Since 1945 rental housing has declined substantially as a proportion of the total stock, but gone up marginally since 1990. The paper reviews the policy framework in the private rental sector and its relationship social rental. The unitary nature of the sector is seen as driving higher quality stock and management.
Comparative Research (Multi country)


This is a book review of a recent study by Crook and Kemp. It suggests this would be a useful reference book as it covers the state of the private rental sector before and after the global financial crisis and covers eight countries - Australia, Denmark, England, Germany, Netherlands, Norway, Spain and the USA. The review suggests that changes in the scale of the private rental sector have been largely impacted by the collapse and constraints in the ownership sector.


This mainly theoretical paper concentrates on the changes in social rental housing and the competition between private rental and social rental sectors, with regional case studies in the UK and Netherlands. There is little discussion of specific policies in each country.


This paper looks at four countries: Germany, the Netherlands, Finland and the Czech Republic to consider how successful policy in the private rental sector can stimulate the housing market as a whole. While these four countries’ experiences vary, each also has their own efficiencies. Details of current private rental sector policy incentives and recommendations for each country are highlighted.


This study puts emphasis on housing policy as a whole, and particular focus on what it means for immigrants in Denmark, Finland, Norway and Sweden. It provides housing statistics that are helpful to compare to 1996 for the countries involved.

Other countries

Another look at what large-scale institutional investment and funding could do for the housing market, this time in both Australia and the UK. With an emphasis on rejuvenation after the global financial crisis, this paper summarizes the most recent housing policy measures in these countries. However, though it would improve the quality and reputation of the sector, institutional investment on its own cannot necessarily provide affordability for households without further measures, including government subsidies.


This study looks at regulation of the rental sector across eleven European countries. The purpose of the publication is to examine the experience of the last thirty years to see whether there were clear patterns of regulation over time and across countries and how these patterns of regulation relate to the size of the private rented sector in each country. The main arguments for and against regulation (primarily rent control) are discussed. On the one hand, regulation constrains investment and excludes potential tenants; on the other, regulation offsets market failures and provides a more secure environment for investors and tenants. The publication investigates 11 European countries. The study develops a typology of regulation which was used to categorize the system in each country, completes an analysis of the relationship between the strength of regulation and the scale of private rented sectors across countries, and considers other factors such as subsidy, taxation, investment and broader issues of economic policy.


The main question this book seeks to answer is how to sustain the rental sector in the UK, which has increased rapidly in the past 20 yrs. It seeks to identify lessons from other countries that could be useful for the British context. This series of articles examines the policy tools used in 16 countries including the U.K., Australia, U.S, and many European countries, income tax treatment, subsidies, rent regulation, leases and security of tenure, quality and organization of maintenance in the private sector. The book then presents more in depth views of the private rental sector in Germany, Netherlands, US, Denmark, Ireland and France, with some emphasis on social housing.


This book reviews historic trends in private rental housing in Britain over the past three decades and the factors that led to a reversal of the sector from one in significant decline to one that
Other countries

experienced strong growth. The book specifically looks at the impact of programs initiated under Margaret Thatcher (1979) and recent developments and trends. The private rental stock in Britain has made a turnaround from a sector in decline, to one that is growing. This book explores the factors that contributed to the change, selling off of council housing, changes to rent regulation, buy to let schemes, etc.


This article addresses the reasons the private rental sector is so different in the UK and Germany. England’s private rental market has increased due to factors such as free market rent and weak security of tenure, the opposite policy situation to Germany’s strong private rental market. This study is a good reminder of the unique external social and cultural factors that are at play in each country. While a certain regulatory, subsidy or tax measure works for private rentals in one nation, does not necessarily mean it will work in another.


This comparative piece examines the institutional settings of housing policy in the UK and Australia, and what measures might be needed to give this sector more of a boost for the lower-income households, in context of a declining social housing sector. The current policy details will be of use here, as will the comparative aspects and current difficulties the governments show in changing institutional settings.


This paper presents a comparative study focusing on rent regulations in some European countries. The rental housing system in France, England, Germany, Spain, Sweden and the Netherlands is described. The intent of the authors is to see the effects of public policies on the rental housing market. To that end, it also examines quickly the evolution of the rental market.


A World Bank report, this detailed study posits that households in eastern Europe have difficulty accessing affordable housing, and that these countries should work towards strengthening housing policy. It compares six countries: Armenia, Poland, Lithuania, Romania,
Other countries

the Russian Federation, and Serbia. These countries are not looked at in most other studies as they are institutionally weak. There is some info comparing them with “mature market countries”.


This paper discusses varied social housing policies in the European Union. Data are shared on the size of housing stock whether it is owner-occupied or rented (social or private) for each of these countries. It sees certain tendencies in the housing market depending on region: Western and Central, Northern, or Southern Europe.
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