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Housing and the Welfare State: An overview

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Abstract

Researchers who examine housing from a social policy perspective have tended to judge the role of the welfare state in the field as weak and declining. This paper queries that judgement on empirical and conceptual grounds. The empirical problem is that state interventions in housing are so many and varied and so often take hidden, difficult-to-quantify forms that reliable measurement is not available and does not provide the basis for firm conclusions about extent of intervention at any point in time or change over time. The conceptual problem is that analysis of the state's role in housing has been based on a simple, two-sided (state versus market) model of welfare systems. The alternative three-sided model of state, market and household which has become commonplace in welfare state theory has not been applied to housing. As a result, the implications of a central trend in modern housing – the rise of owner occupation – have been difficult to explore, since this tenure entails a form of household self-provisioning of welfare that is best examined through the lens of the three-sided model.

Introduction

Aside from the rich and their servants, most of the population of western countries in the late nineteenth century lived in private rented dwellings. Although an effective means of housing supply in many ways, this tenure produced significant social problems, especially in the form of dilapidated, over-crowded, barely affordable homes held on insecure terms by the poor in both city and countryside (Harloe, 1985). In the background was a larger pattern of uneven distribution of housing capital which, in a *laissez faire* rental housing market, could put pressure on incomes and living standards even among the middle classes (Pooley, 1994).

As the scope and interventionist ambitions of the state expanded in the twentieth century, housing increasingly came within the ambit of public policy and did so particularly in the phase of reconstruction and welfare state development that occurred after the Second World War. Public interest in housing often extended to issues such as macro-economic management and spatial planning that went beyond the concerns of the welfare state. However, a welfare focus on housing would be hard to avoid given the significance of people's homes for their living standards and the large share of household expenditures that housing accounts for. This welfare focus, as we shall see below, was expressed in a wide range of ways, but looking back from the vantage point of today, many researchers have concluded that its achievements in housing compare poorly with many other elements of the welfare state. There is a common view that the impulse towards social solidarity and equality embodied in the welfare state has been less realised in housing than in any other area of social provision, a view captured in the widely used metaphor of housing as 'the wobbly pillar under the welfare state' (coined by Torgersen, 1987). Harloe (1995), for example, concluded that in both Europe and America housing has remained the least decommodified, most market determined sector of welfare provision and that even in countries where welfare systems are well developed, most housing services are provided by the market. Since the 1980s, a sizeable literature has emerged which argues that housing services have borne the brunt of retrenchment of public welfare spending (Pierson, 1995).

In this chapter, we suggest that this view of the welfare state in housing markets as weak and declining rests on uncertain empirical and conceptual foundations and needs to be qualified, if not rejected. The empirical problem is that the role of the state in housing is so multiple and varied that neither its extent nor its distributive impact is open to the kind of quantification that would allow us to say confidently how great it is at any time or place or whether it has grown or declined over time. One of the key complexities here is that the housing market is not a single entity but is made up of a number of related sub-markets. Two of these reflect the dual nature of housing itself – one relating to dwellings as fixed, durable capital assets, which are traded in the purchase market for housing, and the other to accommodation conceived of as a service derived from dwellings, which is traded in the rental accommodation market. Two further sub-markets consist of a background enabling market in housing finance and an implicit parallel spatial market in neighbourhood (the forms of inequality in which are captured in notions of socio-spatial segregation and neighbourhood disadvantage).

States in the developed world have tended to intervene in all these sub-markets at the same time, using a wide array of policy instruments. Some of these instruments are monetised and therefore measurable, as in the case of housing allowances for tenants or capital grants for housing construction (though even here there can be problems of measuring current and capital expenditure alongside each other). But others are hidden or non-monetised to varying degrees (rent controls in the private rented sector, rent subsidies built into below-market rents in social housing, interest rate setting that favours housing finance, tax biases in favour of particular tenures, etc.) so that even to recognise and list them, not to speak of measuring their value, is a challenge. Further problems arise if we try to distinguish between policies that enhance welfare by improving either equity or efficiency versus those that are regressive or wasteful. The result of this empirical complexity is that we need to be cautious in making assertions about how strong or weak the state's role in housing is or whether it is growing or receding over time.

While the empirical problem in measuring the state's role in housing is widely recognised, questions about the conceptual framework within which that should be done have attracted less attention. The usual approach, in housing as in other areas, is to adopt a two-sided model of state versus market and examine the fortunes of the welfare state as a matter of the shifting balance between these two sides. That traditional approach came under attack in the 1990s as being over-simplified because of its neglect of the third leg of the welfare system, the household, the importance of which was highlighted especially by feminists (Lewis 1992). The result was a new three-sided model of state, market and household in which welfare production in the household economy was given equal billing alongside welfare generation through the market and the state (Esping-Andersen 1999, 2002). However, this three-sided model has not been applied to the analysis of housing, even though major aspects of the evolution of modern housing, especially the rise of home ownership, would seem to embody the interaction of all three sides. While the rise of owner occupation can be partly understood by reference to the interaction between state and market (the usual approach in housing research), it can also be seen as a dimension of the household economy and as representing a major expansion of the household sector in developed societies in the twentieth century. A concern of the present chapter is to explore how this might be so and what it means for the way we think of the role of the welfare state in housing.

We turn in the next section to basic questions about the nature of housing provision in modern societies and follow that with a brief overview of the policy instruments that states have utilised to intervene in housing markets and sub-markets. That is followed by an assessment of the distributional impact of the state's role, keeping in mind the distinction between vertical and horizontal distribution at the household level and also the existence of a distinct axis of distribution that operates at the spatial level. Finally, we focus on the rise of owner occupation through the lens of the three-sided model of the welfare state and assess its significance in terms of the interaction between state, market and household.

Housing Provision

The term 'housing' has a double meaning in that it can refer to a service (the accommodation that housing provides) and a capital asset (the dwelling that produces this service). Economists have long recognised this aspect of housing as fundamental and have sought to incorporate it into their models of housing markets (Henderson and Ioannides 1983; Smith, Rosen and Fallis 1988), but this distinction is rarely recognised in the housing literature written from a social policy perspective.

A further key feature of housing capital is its capacity for deconcentration. Housing is the only major capital-based service which comes within the compass of the welfare state where households can purchase the capital themselves and use it to self-provision the service it produces (households cannot purchase their own hospitals or schools). Owner-occupation of housing means that accommodation, the service aspect of housing, may be removed from the market through incorporation into the self-provisioning household economy. One can think of households as purchasing a dwelling on the market and then purchasing accommodation from themselves through an implicit or shadow transaction captured in the concept of 'imputed rent'. This shadow non-monetised version of a market transaction echoes forms of self-provisioning in the household which carry a ‘shadow wage’ such as housework, childcare and elder care (Zick *et al*. 2008). The latter services are labour intensive and thus differ from self-provisioning of accommodation, which requires only self-management of housing assets and their utilisation. Yet the economic value of self-provided accommodation is large, as indicated by the size of rents in the marketed equivalents, so that its place in the household economy is real.

A consequence of the dual capital-cum-service nature of housing is that distributive public policy has the option of focusing either on the capital or the service in framing its distributive strategies. A capital distribution approach can be achieved by extending home ownership, while service distribution entails state intervention in the rental housing market.[1] Welfare states have often been classified from a housing point of view in terms of the priority they give to one or other of these strategies. English-speaking countries, along with developed south-east Asian states are commonly regarded as ‘home owner societies’ where public policy affords this tenure type preferential treatment (Roland, 2007). Following the mass privatization of former state owned rented housing in the early 1990s, most of the former communist countries of central and Eastern Europe are also in this category (Hegedüs and Tosics, 1996) By contrast northern European states generally favour state supports for rental accommodation (Kemeney, 1995). However, shifts in individual countries over time and exceptional countries that deviate from type mean that this categorisation is over-simplified. Thus for example, Norway, which is classified as a social democratic welfare regime in Esping-Andersen’s (1990) typology, stands out for its extensive and longstanding state support for home ownership (Gulbrandsen, 2004).

Furthermore, in the majority of developed countries, irrespective of welfare regime, home ownership has become the dominant tenure during the twentieth century. Table 1 demonstrates that this is now the case in 21 of the 25 European Union member states. Denmark, Sweden and the Czech Republic nominally are exceptions because of the high

[1] The concepts of ‘owning’ and ‘renting’ in this context refer to bundles of legal rights over residential property. The precise contents of these bundles are both highly complex within any legal regime and highly variable between regimes so that the two concepts have no standard detailed meaning. Sometimes, the boundary between the two becomes blurred, for example where renters have strong rights that give them long-term claims or are part-owners of their dwelling (as in the Swedish system of tenant cooperative ownership) or where owners have forms of title that are difficult to validate in court or are hedged around by restrictions through, for example, planning law. Yet, the distinction between long-term rights over housing as capital and shorter terms rights over housing as a service, which lies as the heart of the owner/renter distinction, does have some general applicability and is sufficiently meaningful in most legal regimes to be useful as an analytical shorthand.

incidence of tenancies in cooperative housing in these countries but in fact such tanants have most of the rights associated with home ownership elsewhere. This leaves Germany as the only real exception. True, in northern European states with large social housing sectors the growth in home ownership has been more restrained but even they have not been immune. There is likely to be an upper limit to home ownership in well-functioning housing markets since there is always a mobile population for whom renting is more efficient and usually also a low-income population for whom investment in home purchase is not feasible. Instability on the housing market and the rise in family breakdown and job insecurity (the 'risk society') may also have an impact in this regard and, as some authors suggest, may precipitate a decline in home ownership rates in some countries (e.g. Doling and Ruonavaara, 1996; Norris *et al*, 2007). Table 1 reveals that this happened in five EU members between 1990 and 2004 and that home ownership rates remained static in two others. However, the exact location of the upper limit of home ownership in mature home ownership societies is likely to be country specific.

Table 1 here.

The stance of public policy towards owning and renting is often used to differentiate between a strong and weak welfare role for housing. Intervention in the rental market, particularly in the form of social housing, is usually thought of as giving a larger, more controlling role to the state and as representing a prominent presence for the welfare state in the housing field. Policies to support home ownership, by contrast, are identified with domination by the market and are seen as the antithesis of a public welfare approach (e.g. Harloe 1995; Kemeny, 1995). However, if we move from the two-sided (state versus market) model of the welfare state on which this judgement rests towards a three-sided (state, market and household) model, we can nuance our understanding of owner occupied housing and its place in the welfare state, particularly if we keep in mind the dual capital-cum-service nature of housing. Owner occupation enables housing as capital to be traded in the market, influenced to a greater or lesser degree by state regulation and intervention, while accommodation as a service is not traded at all since it is taken into the household sector. Home ownership thus entails a dual outcome where housing capital is commodified but accommodation services are 'familialised' with the latter echoing echoes other forms of familial provision now routinely accepted as important elements of welfare regimes (Esping-Andersen 2002). Therefore public policies which support home ownership may be thought of as enhancing the market for housing capital but as reducing its role in accommodation in favour of an extended role for the household. (There are developed societies, mainly in southern Europe, where the market even in housing as capital is underdeveloped and a high reliance is placed on self-build, inheritance and intra-family supports for home acquisition – see Castles and Ferrera, 1996 – but this is a complication we do not have space to expand on here). The task of following through on this way of thinking about home ownership is a major theoretical and empirical challenge for research on housing in the welfare state. Esping-Andersen (2002: 6) has identified the household economy as 'perhaps the single most important foundation of postindustrial economies'. The rise of home ownership attests that this may well be true of housing as much as any other area of welfare but it remains to be worked out precisely how this may be so, a question we will refer to further below in considering explanations for the dominance of home ownership in the tenure systems of present-day developed societies.

Policy Instruments

One of the complexities that arises in analyses of the state's welfare role in housing is the multiplicity of policy instruments that can be used across the various housing sub-markets and the difficulties this poses for recognising them all, not to speak of trying to quantify their scale and impact. Table 2 below lists a number of major instruments and identifies their presence or absence in the 25 EU member states.

Table 2 here.

Some of the longest established and most intrusive policy instruments have to do with regulation of the private rented sector, at least in regard to building standards and tenancy conditions but often extending also into rent controls. Many of the countries in Table 2 apply rent controls but in recent decades rigid 'first generation' rent controls put in place after World War 1, which fixed the rents which could be charged for specific properties have been abolished, and replaced with more flexible ‘second generation’ of controls which for instance limit the number of occasions on which rents can be reviewed or link increases to the market average, have been introduced or in some cases rent controls have been abolished for new tenancies (O’Sullivan and De Decher, 2007). Rent controls entail no public expenditure but can seriously distort markets and lead to hidden wealth transfers. For example, in Stockholm the discounts on economic rents caused by rent controls are so great that the supply of apartments has been severely constrained and half of apartment exchanges in 2005 involved significant black market payments by prospective tenants (Hüfner and Lundsgaard 2007).

Explicit and implicit expenditures

Interventions that are costed in public expenditure accounts make up the estimates of public expenditure on housing normally used in international comparison, as shown for EU countries in Table 2 where the average public expenditure on housing for 2004 was 0.5% of GDP. However, when it comes to hidden expenditures of the types mentioned earlier, no standardised estimates of their value across countries are available.[2] It is evident that in many cases their value is large and may dwarf direct public expenditures on housing. In the United States, for example, a country widely assumed to have small public supports for housing, tax expenditures on mortgage interest deductions and non-taxation of imputed rent from owner occupation amounted to 0.85 per cent of GDP in 2007 (OECD, 2007). Thirteen of the 21 EU countries in Table 2 for which information on this item is available provide tax relief on mortgage interest. Surprisingly, outside of the US, some of the most generous schemes are found in northern Europe where home ownership sectors are relatively small and there is a strong emphasis on social housing (the Netherlands and Denmark being cases in point). In general, however, the trend in Europe since the 1980s has been for tax relief on mortgage interest to be reduced (Scanlan and Whitehead 2004).

[2] The OECD has made an effort to estimate the value of ‘tax breaks for a social purpose’ in OECD countries and to include these in estimates of total social expenditures. However, only health and pension related tax breaks are included and no estimates are provided for tax expenditures relating to housing (Adema and Ladaique 2005).

Intervention in credit markets

Other even more opaque instruments also play a major role and many of these take the form of interventions in financial markets in order to affect the supply of credit to the housing sector. In fact, in most developed countries, credit is among the state's primary means of shaping the housing system and housing services are delivered by agents either inside or outside government who respond to these policy driven credit incentives. The market failure which state intervention is designed to correct in these instances may have to do with either capital allocation (making sure that enough – but not too much – capital flows into the housing sector) or social distribution (making sure that housing is available to those who need it as well as those who can pay for it). Credit policy in much of post-war Europe, even when directed towards social housing, was often more concerned with capital shortages and the under-supply of housing than with distributional issues – and in fact succeeded in producing a rapid, general and much-needed improvement in overall housing availability and standards (Harloe 1995).

Credit policies may be designed to support either social or private housing or either rental or ownership tenure. In north western Europe, state subsidies for social house building and refurbishment in recent years increasingly take the form credit supports (preferential state-backed interest rates, guarantees of borrowings by social landlords or borrowing on their behalf by state intermediaries) rather than direct government capital grant aid (Gibb, 2002). In these instances, social housing can be thought of as the working face of the state's housing credit policies.

Government intervention in mortgage markets for home owners is another major type of support. In some instances, the state acted as direct lender, as in the case of the State Housing Bank in Norway (Gulbrandsen 2004) and the system of mortgage provision by local authorities in Ireland (Fahey and Maitre 2004). However, state-backed loan guarantees for private lenders are now more common though the details vary greatly between countries as does the scale of coverage (Elsinga, Priemus and Cao, 2009). The US system of loan guarantees originated as part of the New Deal in the 1930s and matured after the Second World War, mainly under the aegis of government agencies such as Fannie Mae (Green and Wachter, 2005). The US government's loan guarantee was for a long time self-supporting, while other major national schemes (of which that in the Netherlands was the largest) involved some element of subsidy (Elsinga, Priemus and Cao, 2009). As credit became more abundant and cheaper in the US in the 1990s, private lenders sought to emulate the effect of government guarantees by means of elaborate mortgage-backed securities where it seemed that private investors had devised effective means of risk mitigation even in dealing with sub-prime borrowers. This system won the US mortgage market widespread approbation as the pinnacle of efficiency and good financial service to both home purchasers and investors (Green and Wachter, 2005; OECD, 2007). However, it came crashing down in 2008 and sparked off the present financial crisis has shaken the global economy to its foundations and caused enormous and general damage to human welfare (Hatzius and Marschoun 2009; IMF 2009). It is now evident in hindsight that sub-prime lending is an effective instrument of housing policy only where it treated as a dimension of welfare support (as was often the case in Europe). However, even in Europe the record of governments in managing investment flows into housing has been patchy at best and have frequently generated cycles of boom and bust in housing markets that have prefigured the present crisis. [3]

Convergence or divergence?

In recent years the comparative housing policy literature has been dominated by a debate about the convergence or divergence of housing systems (Kemney, and Lowe, 1998). Among these viewpoints the former is currently dominant and a consensus is developing that housing systems in western countries are converging around an 'Anglo-Saxon' model of minimal state intervention in housing (eg. Clapham, 1995, Scanlon and

[3] This recent experience is but an extreme example of a more general pattern of house price volatility which has been little noted in social policy research even though its welfare outcomes are likely to have been large. It is especially notable that this volatility has been pronounced in some of the northern European states with strong welfare provision and reflects the dubious record of public policy in managing investment in housing. Even before the recent house price collapse, Finland, Sweden and the Netherlands each had two housing slumps in the period 1970-2005, as did Switzerland, Italy, the UK, Spain and France (a housing slump is defined as a real price fall of 15 per cent or more) (Ball 2009: 10). The maximum house price fall in these slumps reached 50 per cent in Finland, 38 per cent in Sweden and 37 per cent in Denmark. The Netherlands and Norway each had one house price slump in this period, with a price fall of 50 per cent in the Netherlands and 40 per cent in Norway (Ball 2009: 10). The housing slump in Finland and Sweden in the early 1990s caused falls in GDP of 8-10 per cent and five per cent respectively (Hoeller and Rae, 2007: 24)

Whitehead, 2007). However, the policy instruments in this field are no numerous and complex and their development over time so varied that positions in this debate are strongly influenced by the sub-set of policies focused on. The view that housing systems are converging in the direction of an Anglo-Saxon model is predicated largely on analysis of levels of social housing provision and subsidisation. However as the preceding analysis demonstrates the housing interventions employed by governments are much wider than this. In addition, Dodson (2006) questions whether the contraction of the social rented sector in Australia, New Zealand the UK constitutes a withdrawal of state involvement, since it has been accompanied by much closer regulation of social landlords and tenants.

Distributive impact

If it is difficult to quantify how much the state intervenes in housing markets, it is also difficult to measure the overall welfare impact of whatever intervention occurs. A complexity that arises here echoes that found in other areas of the welfare state, namely, that distribution at household level can be either vertical or horizontal (and this is to set aside for the moment the issues of spatial distribution that arise at neighbourhood level). It has been suggested as a rule of thumb that the distributional impact of the welfare state is primarily horizontal (distributing resources from one stage of the life course to another, as is the central function of social insurance) and only secondarily vertical (taking from the rich and giving to the poor) (Esping-Andersen & Myles 2009: 640). However, assessment of distribution in housing policy tends to lean towards a vertical-only basis for judgement. That is one reason for the privileged position usually accorded to social housing in welfare terms – it can and often does place great emphasis on providing good housing for the least well off.

State promotion of owner occupation, on the other hand, is often thought to fare poorly in vertical distribution (perhaps wrongly in some cases, as for example in the highly progressive methods for promoting home ownership in Norway – Gulbrandsen 2004). But even so, the claim of home ownership to consideration in welfare terms could also be asserted on the basis of possible horizontal distribution, particularly in the case of elderly households that enjoy economic security and savings on household expenditures by virtue of having invested in home purchase at an earlier stage in their lives (Castles 1998). The argument could thus be advanced that state-supported home ownership has a quasi-social insurance function which complements the social assistance-type function of social housing, and even if the parallels are sometimes shaky, one needs to consider both before reaching conclusions on the distributive impact of housing policies (Castles 1998, Castles and Ferrera 1996, Conley 2000, Fahey, Nolan and Mâitre 2004, Ritakallio 2003).

Explaining home ownership

The twentieth century converted the mass of the population in the western world from renters into home owners. This was not a complete transformation since large blocks of renting remain in all societies but nevertheless it represents a more-or-less general trend. Amidst the mass of detailed change in housing policy and housing outcomes referred to in the present chapter, this is the closest that we can observe to a single central, universal development. It is also one that is difficult for research on the welfare state to come to terms with. It might be read as a consequence of the triumph of the market and the roll-back of the state following a temporary advance of social housing during the short golden age of welfare after the Second World War. Or one might be struck by how widely it is a product of public policy as much as of market forces – as if home ownership, as much as social housing or rent allowances, is a characteristic expression of the state's role in the housing field.

In order to sketch out how future research might seek to resolve this issue, it is necessary first to identify what home ownership is and how it fits into the welfare state. Here, as suggested earlier, two conceptual devices are helpful, first, the distinction between housing as capital and accommodation as a service, and second the three-sided framework of market, state and household within which much recent thinking on the welfare state is couched. Home ownership means that housing as capital remains as capital – a form of wealth that is accumulated and distributed through the market, perhaps influenced to a greater or lesser degree by public policy but not directly controlled by the state. It also means that accommodation as a service is removed from the market into the self-provisioning household economy. It thereby becomes a non-monetised activity which in contrast to the rental systems it replaces is hard for both pure market forces and the taxing powers of the state to reach. Research on housing in the welfare state has said much about home ownership as wealth accumulation but little about its place in the household economy – and indeed the focus on the household as the third leg of welfare in recent theory of the welfare state has largely missed out on the significance of self-provisioned accommodation for that perspective. The growth of home ownership, then, could be interpreted as an instance of long-term expansion in the role of the household sector in welfare production and thus as something other than the advance of either market or state.

As we try to explain that outcome, we might seek to analyse the wealth accumulation represented by home ownership in the usual terms, that is, as a product of the forces of market and social class. However, such an approach might not suffice in explaining why *housing* rather than any other asset class is so widely selected by households as the form in which to hold their wealth, nor why they confine that wealth-holding to homes they live in themselves rather than housing in general. To deal with that question, we might draw on the notion advanced by Henderson and Ioannides (1983) in their seminal paper on the economics of housing tenure, namely, that ownership has certain competitive advantages over renting. They propose that renting is subject to a 'rental externality' arising from the incentive tenants have to over-utilise their dwelling and the response landlords make by building an appropriate premium into the rent. Home ownership enables householders to avoid that externality since they become their own landlords – and in most circumstances you can have no better landlord, or no better tenant, than yourself. The two major exceptions are (a) where you are too mobile for it to be efficient for you to take on the contracting costs involved in home purchase, and (b) where you live in multi-household dwellings where there is an advantage in having a landlord manage the overall structure and common spaces in the building. Otherwise, it is in the home owners' interest to protect the asset value of the dwelling and there is no requirement for an external landlord to manage the asset or its use by the household, all of which leads to efficiencies in the provision of accommodation.

Acting as one's own landlord can give rise to certain inefficiencies also, mainly arising from the risk of under-utilisation of dwellings, as in the case of empty-nest households that continue to live in homes that have become too large for their needs. Owner-occupiers do not ruthlessly treat their homes as capital assets from which they seek to extract maximum profit. In the absence of price signals in the form of rent they can be slow to adjust their residential space to their needs – they do not appreciate the opportunity cost of ownership of excess housing. The result is that they can short-change themselves on income, as frequently happens with households that are asset rich (in the form of housing) but income poor. On the other hand, gains can be made from the household's willingness to forego income from an under-used dwelling. These gains take the form of enhanced security and continuity in their homes. Once the dwelling is securely owned, the accommodation it provides, as a service generated within the household, is protected from market forces and from the risk and uncertainty that reliance on the market brings. It thus serves as a form of social insurance, not primarily as an asset that can generate income (though it can be drawn upon to play that role) but as a dwelling that guarantees accommodation, one of the most basic of household needs.

Conclusion

This chapter has sketched the multiple structure of the housing market, the many forms of intervention in that market which are possible and widely occur, and the consequent difficulty in summing all interventions together in order to assess either the extent of state involvement in housing or the net distributive impact of all interventions taken together. Nevertheless, it seems safe to draw two general conclusions. One is that the state role in housing continues to remain very large, especially if one takes into account its influence in the sub-markets of housing finance and the spatial or neighbourhood distribution of housing as well as its more direct engagement with the rental and home purchase sub-markets. It is difficult in that context to see signs of a roll-back of the state in the housing field, even if it is equally difficult to make judgements on how progressive or otherwise the state's impact is. The second conclusion is that in light of the general ascent of home ownership in the western world in the twentieth century, the household economy must be recognised as having a particular significance for housing. One implication is that future research in this area should pay greater attention to the three-sided model of welfare state analysis, encompassing market, state and household, in place of the simpler two-sided (market and state) model that has prevailed in this field up to now. Another is that in spite of the formidable difficulties involved in measuring the state's role in housing, comparative welfare state research should seek to bring housing much more into the picture.

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Table 1 Occupied Dwellings by Tenure in European Union Member States (%), 1990, 2004.

Country	1990					2004				
	Private rented	Social rented	Owner Occupied	Co-operative	Other	Private Rented	Social rented	Owner Occupied	Co-operative	Other
Austria	19	22	55	0	4	18[1]	23[1]	52[1]	0[1]	7[1]
Belgium	27	6	67	0	0	23	7	68	0	2
Cyprus	13	0	64	0	23	14[1]	0	68[1]	0[1]	18[1]
Czech Republic	0	40[4]	38	19	3	9[1]	20[1]	47[1]	17[1]	7[1]
Denmark	23	17	54	5	1	19	19	49	7	6
Estonia	Nav	Nav	Nav	Nav	Nav	3	1	96	0	0
Finland	11	14	72	0	3	18	15	63	0	4
France	22	17	54	0	7	23	17	57	0	3
Germany	47[2]	10[2]	43[2]	0[2]	0[2]	51[3]	6[3]	43[3]	0[3]	0[3]
Ex GDR	0	74[4]	26	0	0					
Greece	20	0	76	0	4	20	0	74	0	6
Hungary	0	26[4]	74	0	0	3	3	93	0	1
Ireland	8	10	79	0	3	13	8	79	0	0
Italy	20	6	68	0	6	14	4	73	0	9
Latvia	0	79[4]	21	0	0	18	1	77	4	0
Lithuania	Nav	Nav	Nav	Nav	Nav	7[1]		91[1]	0[1]	0[1]
Luxembourg	30[5]		64	0	6	29[5]		68	0	3
Malta	Nav	Nav	Nav	Nav	Nav	26[5]		70	0	4
Netherlands	17	38	45	0	0	10	34	56	0	0
Poland	Nav	Nav	Nav	Nav	Nav	13	12	57	18	0
Portugal	21	7	67	0	5	17[1]	4[1]	75[1]	0[1]	4[1]
Slovak Republic	0	28[4]	49	22	1	1	4	85	7	3
Slovenia	0	0	61	0	39	3	6	84	0	7
Spain	13	2	78	0	7	11[5]		82	0	7
Sweden	22	22	39	17	0	27	18	38	17	0
United Kingdom	10	25	65	0	0	11	20	69	0	0

Source: Norris and Shields (2004) and Ministry of Infrastructure of the Italian Republic and Federcasa (2006).

Note: Nav means not available. GDR means German Democratic Republic. Data for Bulgaria and Romania are not available. [1] = data refer to 2000. [2] = data refer to 1995. [3] data refer to 2002. [4]: all rented housing is categorised as social housing, on the grounds that it was mostly state owned in 1990 and although this the two sectors are not entirely equivalent, they share many key characteristics in common. [5]: disaggregated data on households living in the private and social rented sectors are not available.

Table 2 Government Housing Interventions in European Union Member States, 2004/2005

		Austria	Belgium	Cyprus	Czech Republic	Denmark	Estonia	Finland	France	Germany	Greece	Hungary	Ireland	Italy	Latvia	Lithuania	Luxembourg	Malta	Netherlands	Poland	Portugal	Slovak Republic	Slovenia	Spain	Sweden	United Kingdom
Direct Public Subsidies																										
Public Expenditure on Housing as % of GDP	1990	0.1			0.0[1]	0.6		0.2	0.7	0.3[1]	0.5[1]		0.6[1]	0.0				0.3[1]	0.3		0.0	0.0[1]		0.1	1.1[1]	1.3
	2004	0.1	0.1	0.4	0.1	0.7	0.0	0.3	0.8	0.4	0.5	0.4	0.4	0.0	0.1	0.1	0.2	0.3	0.3	0.1	0.0	0.0		0.2	0.6	1.4
Households Receiving Housing Allowances (%)						21		20	23	7	0.6		5.0	0.5	5.9				14	6.4		0.7	0.5	12	6.3	19
Social housing subsidies	For construction	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
	For management	N	Y	Y	Y	N	N	N	Y	N	N	Y	Y	N	N	N	N	Y	N	N	Y	N	N	N	N	
Indirect Public Subsidies																										
Tax Relief on Mortgage Interest for Owner Occupiers		N	Y		Y	Y		Y	N	N	Y		Y	Y	N	Y	Y	Y	Y	Y	Y	N		N	N	N
Taxes																										
Capital Gains Tax on the Sale of Owner Occupied Dwellings*		Y	N			N		Y	N	N	N		N	N			N		N		N			N	Y	N
Tax on Imputed Rent for Owner Occupiers		N	Y		N	Y		N	N	N	Y		N	Y	Y	Y	Y	N	Y	N	N	Y		N	N	N
Indirect Taxes (VAT) on New Dwellings (%)		10 - 12	21		5	25		22	19.6	16	11 - 13		13.5	4	18	18	3	0	19	7	0	19		7	25	0
Indirect Taxes on Refurbishment and Maintenance (%)		20			5	25		22	5.5				13.5	10			3			7		19			25	
House purchase tax (stamp duty) (%)		6	5 - 12.5			1.5		4	2 - 3	3.5	11 - 13		0 - 9	3			7 - 10		6			0.8			1.5 - 3	1 - 4
Regulation																										
Rent control for new private rented tenancies*		Y				Y		N	N	Y	N		N	N					Y					N	Y	N
Control of social housing rents		Y	Y		Y	Y	N	Y	Y	Y		Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Social housing is targeted at low income or vulnerable households		Y	Y		Y	Y	N	Y	Y	Y		Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	N	
Stronger legal protection for social tenants than private renters		N	Y	N	N	Y	Y		Y	N	N	Y	Y	Y	Y	Y	N	Y	N	Y	Y	N	N	N	N	
Privatisation of social housing is permitted		Y			Y		N	Y	Y			Y	Y	Y	Y		Y	Y	Y	Y		Y	Y	Y	Y	Y

Sources: European Central Bank (2003); Eurostat and Ministry of Infrastructure of the Italian Republic and Federcasa (2006).

Note: Y= intervention exists; N = intervention doesn't exist, blank field = information is not available. [1] = 1995 data; *= 2001 data. Data for Bulgaria and Romania are not available.