PH7.1 MEASURES TO FINANCE HOUSING IMPROVEMENTS AND REGENERATION

Definitions and methodology

This indicator presents an overview of measures to finance housing improvements and regeneration of existing residential dwellings as reported by responding countries to the 2021 OECD Questionnaire on Affordable and Social Housing (QuASH 2021). The scope of this indicator encompasses grants, subsidised loans or loan guarantees, tax relief or other types of support to finance improvement and regeneration of housing. These can include improvements of energy efficiency, repairs, expansion, adaptation / accessibility improvements and other interventions.

Countries report a wide range of measures; the full list of measures and a summary of the main characteristics are provided in Table 7.1.1. Countries are most likely to use grants to promote improvement and regeneration of existing residential dwellings, and grants are usually targeted at owner-occupiers. Stipulations on the types of dwellings eligible for support and the types of improvements or regenerations supported are more likely to vary across countries.

This indicator also provides information on support for improvements and regeneration of existing housing in response to the COVID-19 pandemic.

Key findings

Countries provide a range of supports to finance housing improvements

Measures financing housing improvements and regeneration can be distinguished according to the type of housing support (grants, tax relief, loans, etc.) or the type of beneficiaries they support (see Table PH7.1.1 in the separate online Annex and online .xls worksheet).

Measures range in terms of the type of housing support provided:

- 31 countries provide *grants* to promote improvement and regeneration of existing residential dwellings: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Cyprus, the Czech Republic, Estonia, Finland, France, Germany, Hungary, Ireland, Israel, Latvia, Lithuania, Luxembourg, Malta, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Switzerland, Turkey and the United States.
- 17 countries provide *loans* (often at preferential rates) to promote improvement and regeneration of existing residential dwellings: Australia, Austria, Brazil, the Czech Republic, France, Germany, Iceland, Korea, Latvia, Lithuania, Luxembourg, the Netherlands, New Zealand, Poland, Portugal, the Slovak Republic and the United Kingdom.
- 13 countries provide *tax relief* to promote improvement and regeneration of existing residential dwellings: Belgium, Denmark, Finland, France, Germany, Greece, Israel, Italy, Japan, Luxembourg, Poland, Portugal and Sweden.
- Several countries provide *other types of support*, such as loan guarantees, reduced VAT rates, or discounts on government-owned land.

Measures may target different types of beneficiaries (e.g. homeowners, landlords of rental properties, local governments, etc.):

- Owner-occupiers are eligible for support in 38 countries: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, and the United States.
- Landlords of rental properties (natural persons) are eligible for support in 24 countries: Austria, Belgium, Canada, Chile, Cyprus, the Czech Republic, Estonia, Finland, France, Germany, Greece, Iceland, Italy, Latvia, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Switzerland, and the United States.
- Landlords of rental properties (legal persons) are eligible for support in 22 countries: Australia, Austria, Belgium, Canada, the Czech Republic, Estonia, Finland, France, Germany, Iceland, Italy, Latvia, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Switzerland, the United Kingdom, and the United States.
- Municipalities / local governments are eligible for support in 15 countries: Austria, Belgium, the Czech Republic, Estonia, Finland, France, Germany, Israel, Italy, Luxembourg, Poland, Portugal, the Slovak Republic, Switzerland, and the United States.

Measures may target different types of dwellings (e.g. poor quality dwellings, dwellings in a specific area or built in a specific period etc.):

- All dwellings are eligible for support in nine countries: the Czech Republic, Germany, Hungary, Israel, Italy, the Netherlands, New Zealand, Norway, and Spain.
- Poor quality dwellings are eligible for support in 10 countries: Austria, Canada, Chile, Colombia, Costa Rica, Latvia, Lithuania, Mexico, Portugal, and Slovenia.
- Dwellings in a target geographic area are eligible for support in seven countries: Belgium, Canada, Chile, the Czech Republic, Italy, New Zealand, and Portugal.
- Dwellings of a minimum or maximum value are eligible for support in four countries: Chile, Colombia, Israel, and the United States.
- Dwellings of a minimum or maximum size are eligible for support in four countries: the Czech Republic, Israel, Mexico, and the Slovak Republic.
- Dwellings built in a specific period are eligible for support in nine countries: Belgium, the Czech Republic, Israel, Lithuania, New Zealand, Poland, the Slovak Republic, Slovenia, and the United States.

Eight countries have created a measure to finance affordable housing improvements and regeneration of existing residential dwellings in response to COVID-19, some explicitly targeted at job creation in specific sectors. Existing policies have been expanded in Chile, France, Germany, Italy, Latvia, and the United States, often through supplementary funding for these schemes from COVID-19 recovery funds. In Australia and Lithuania, new measures have been set up in response to COVID-19. In Australia, a general dwelling construction and renovation programme was instated (HomeBuilder), Lithuania set up a scheme for subsidising solar power installations.

Renovation programmes concern energy efficiency upgrades, repairs, accessibility upgrades and dwelling expansions

Measures target different types of improvements:

- Energy efficiency upgrades are supported in 25 countries: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, New Zealand, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Switzerland, and the United States.
- Repairs are supported in 23 countries: Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Estonia, Germany, Greece, Hungary, Ireland,

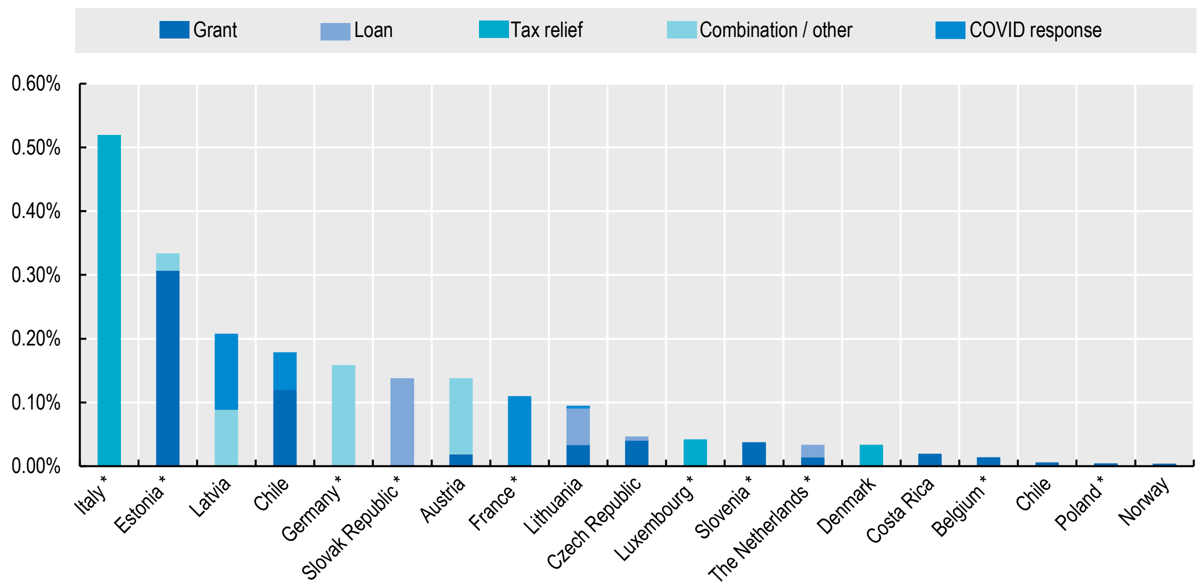
- Israel, Italy, Lithuania, New Zealand, Poland, Portugal, the Slovak Republic, Turkey, and the United States.
- Accessibility adaptations (e.g. for people with disabilities) are supported in 20 countries: Austria, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Estonia, Germany, Greece, Hungary, Ireland, Italy, Norway, Portugal, the Slovak Republic, Spain, Turkey, and the United States.
- Dwelling expansions are supported in 17 countries: Austria, Belgium, Brazil, Canada, Chile, Costa Rica, the Czech Republic, Germany, Greece, Ireland, Israel, Italy, Norway, Portugal, Turkey, the United Kingdom, and the United States.

Public spending on housing improvements varies widely across countries, with many data gaps

Public spending on measure to finance housing improvements varies widely across OECD countries with available spending data (Figure PH7.1.1). Spending as a share of GDP is by far the highest in Italy (around 0.5% of GDP), followed by Estonia and Latvia, at around 0.3% and 0.2% of GDP, respectively. In most countries that report spending data, the share amounts to between 0.00% and 0.2% of GDP.

Figure PH 7.1.1. Public spending on measures to finance housing improvements

Estimates on government spending as a % of GDP, 2020 or latest year available



Note: * The marked countries have at least one more measure to finance housing improvements for which no public spending data are available For Italy, data also include deductions corresponding to sisma bonus.
Source: Country responses to 2021 and 2019 OECD QuASH; Italy: (Ministry of economy and finance). Statistical Analysis.

Data and comparability issues

Measures presented in this indicator generally complement but sometimes overlap with other policy measures described under other policy-related indicators in the OECD Affordable Housing Database.

Nevertheless, expenditure on measures to finance housing improvements and regeneration is not fully covered by this indicator for different reasons. First, in some countries, expenditure figures are missing for one or more programmes at national level. As a result, the amounts presented are lower than the actual total expenditure. Second, expenditure at regional and/or local levels is largely unreported by countries in the OECD QuASH, with some exceptions.

Further, it is not always straightforward to compare the different types of public support for housing improvements and regeneration across countries. Grants consist of financial assistance (typically upfront) that is non-repayable. By contrast, loans are repaid by borrowers, along with an interest rate, over an agreed period of time. In the case of preferential loans (as for instance those granted by public bodies or by publicly owned agencies/funds), the subsidy element is hard to identify: it mainly consists of the difference in interest payments compared to rates that apply to a commercial loan, which vary significantly over time. Furthermore, preferential loans often imply a number of other advantages that cannot be quantified, such as a longer repayment period, the delayed start of repayment, and/or a relatively small down-payment.

In addition, the quality of estimates on revenue foregone (for instance through tax relief) can vary, and using such estimates simultaneously with administrative data on budgetary outlays on grants is not straightforward.

Sources and further reading

OECD (2021), "Building for a better tomorrow: Policies to make housing more affordable", Employment, Labour and Social Affairs Policy Briefs, OECD, Paris, http://oe.cd/affordable-housing-2021.

OECD (2021 – forthcoming), *Brick by Brick: Building Better Housing Policies,* OECD Publishing, Paris.

European Commission (2021), European Green Deal, https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

European Commission (2020), Renovation Wave, https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/renovation-wave_en.