

Housing and Poverty

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Celebrating John Hills' Contributions

CASE 25th Birthday Event

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Housing and income distribution

“Countries vary widely in their housing systems and the ways in which they subsidise... their housing.

“These differences affect the distribution of living standards within each country, as the benefits in kind which people derive from housing (‘housing income’) are unlikely to be distributed in proportion to other forms of income.”

– John Hills (1998)

Tenure in England and the Netherlands (2008)

Table 1. Tenure using household and individual weights

	England			Netherlands		
	Household	Individual	% HA	Household	Individual	% HA
<i>Principal tenures</i>						
Social rented	18.4	17.5	58	33.8	27.6	38
Private rented	12.3	12.9	23	7.1	5.3	14
Owner-occupied	69.2	69.5	neg.	59.2	67.1	0
<i>Sub-tenures</i>						
Mortgaged owner	34.7	41.4	–	51.2	60.6	–
Outright owner	34.5	28.1	–	8.0	6.5	–
Regulated private rented	0.9	0.6	–	5.1	3.6	–
Deregulated private rented	11.4	12.3	–	2.0	1.7	–
Total	100	100	13	100	100	11

Note: % HA = percentage of individuals (in tenure) living in household in receipt of housing allowance.

Housing Income and Housing Resources

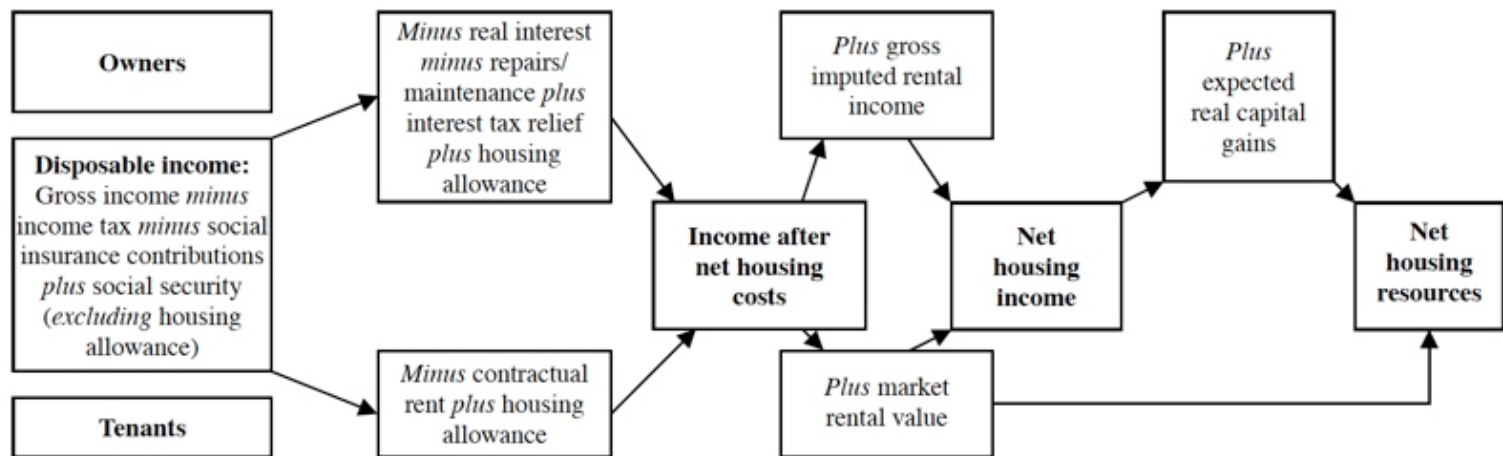
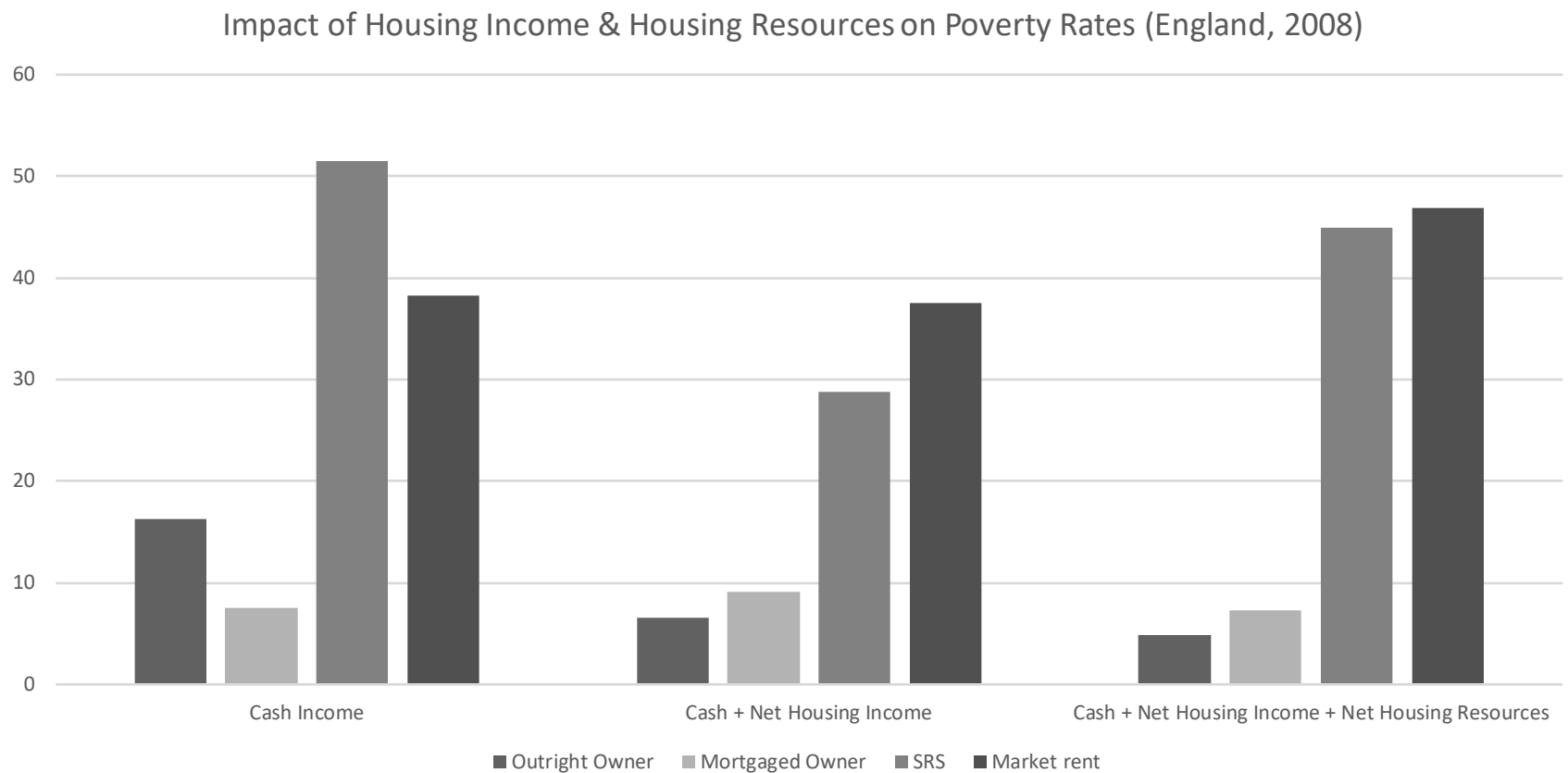


Figure 1. Housing income and housing resources.

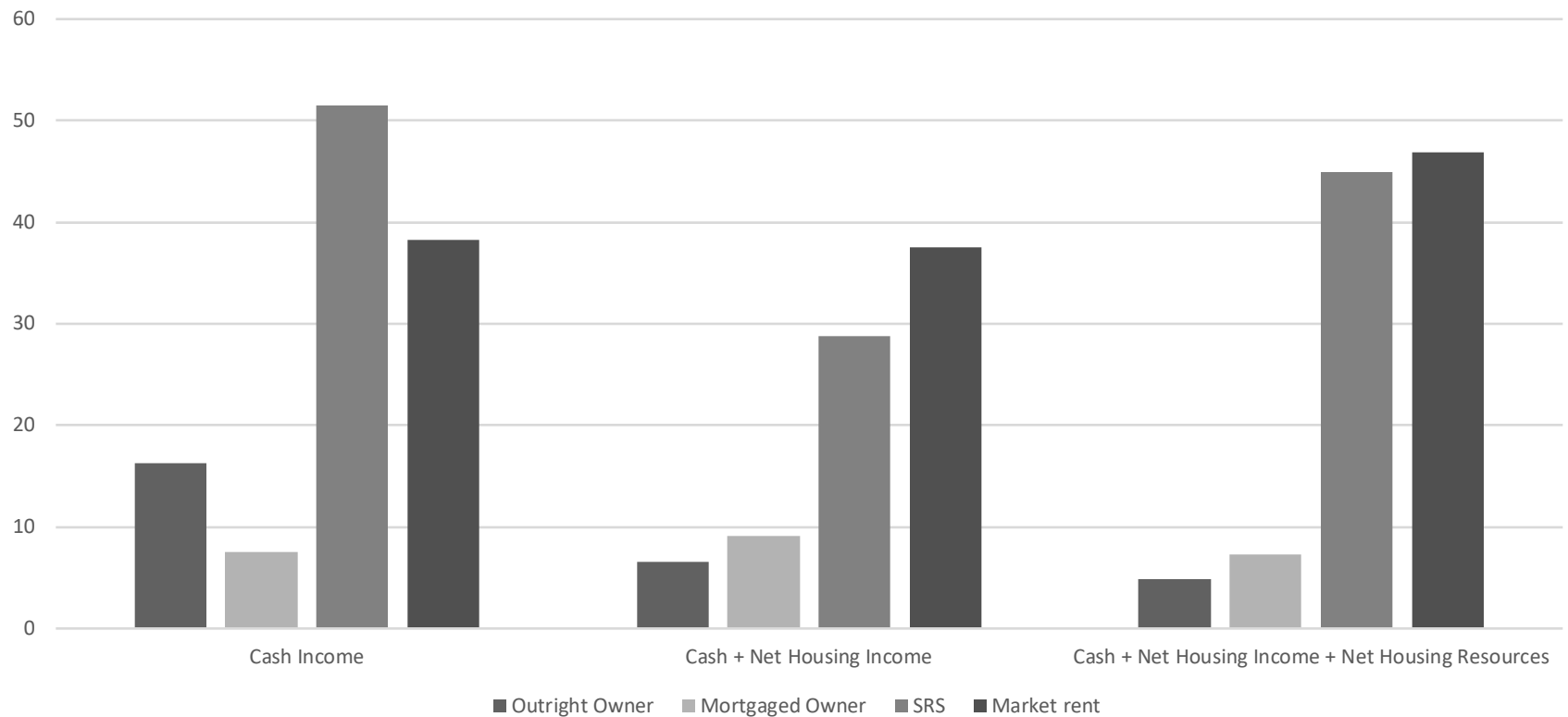
Note: Although this mode of presentation follows Hills (1998), there are some differences in concept and terminology.

Housing Income reduces poverty rate (Housing Resources less so)

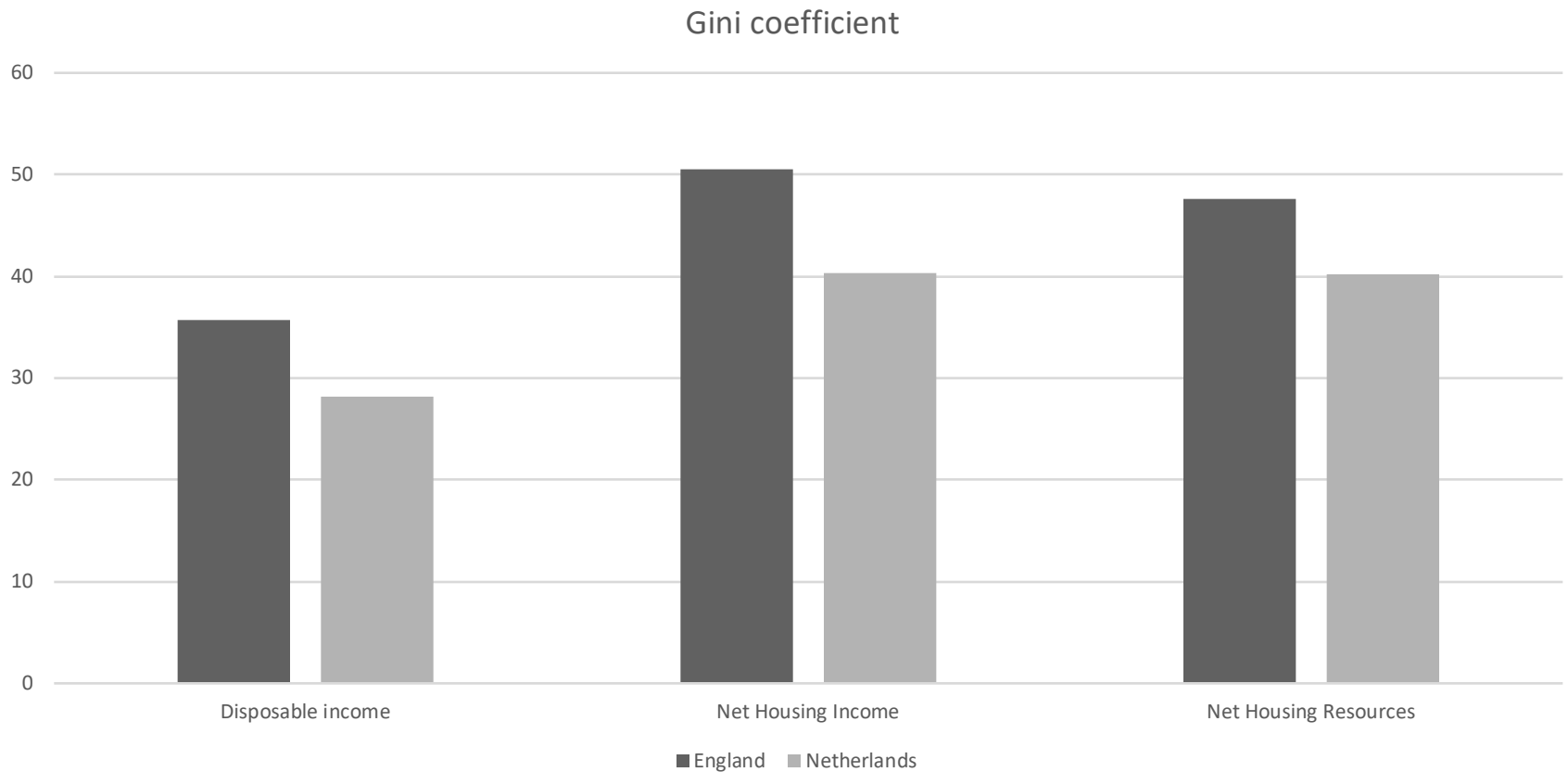


Distinct tenure patterns

Impact of Housing Income & Housing Resources on Poverty Rates (England, 2008)



Housing income is *more* unequally distributed than Disposable Income



How Net Housing Income reduces Poverty Rate

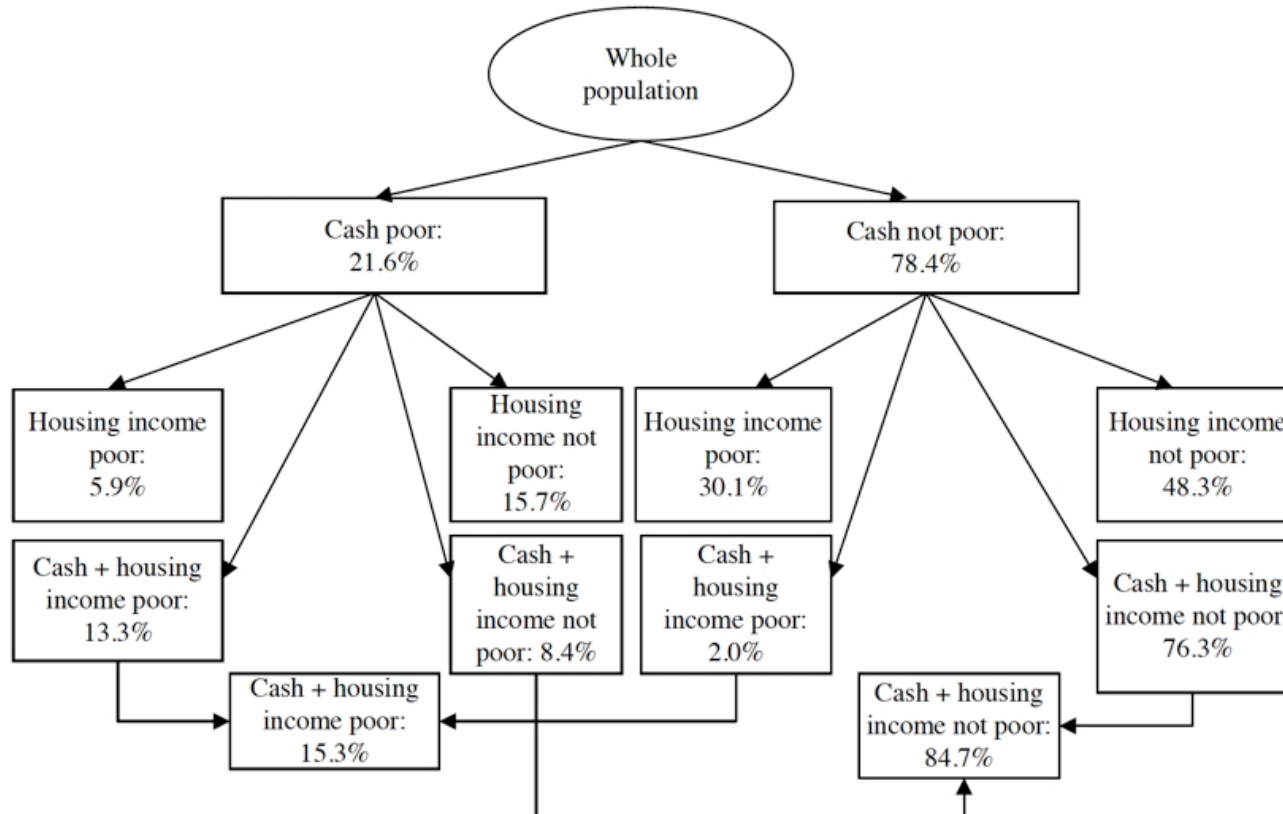


Figure 4. Housing income and poverty dynamics (England)

Conclusions

- Changes since 2008 (esp. growth in PRS + capital gains) likely to mean impact of housing less progressive.
- Regional differences also likely to be marked.
- JH was right: “not only are there strong arguments ... for allowing for ‘housing income’ when comparing income distributions between countries, but also that doing so will have significant effects on the shape of income distributions...”

References

Hills, J (1998) Housing, Tenure and International Comparisons of Income Distribution, in Kleinman, M, et al (eds.), *European Integration and Housing Policy*, Routledge

Stephens, M & Van Steen, G (2011) 'Housing Poverty' and Income Poverty in England and The Netherlands, *Housing Studies*, 26(7-8): 1035-1057

Yates, J (1994) Imputed Rent and Income Distribution, *Review of Income and Wealth*, 40(1): 43-66