

In 2013 Levitin and Wachter argued that whereas, for years, the overall housing policy in the US was focused on increasing home ownership which conveniently covered the lack of coordination of housing policy and finance, now it is not clear if it should be targeted at maximizing home ownership, maintaining home ownership at a particular level or facilitating rental stock [3]. Their arguments are supported by Wyly who finds that neo-liberalization pushes working-class and middle-class households to struggle into home ownership while borrowing to the limit to buy as much real estate as possible [10].

Policy to increase homeownership led to indebtedness and housing deprivation. According to Scanlon et al. policies to encourage mortgage lenders were general macroeconomic policies increasing the money supply and reducing interest rates, but in 2009 policy turned towards assisting borrowers in payment difficulties. These policies were reductions in interest rates, temporary government assistance with mortgage payments on behalf of the unemployed, freezing payments, changing the terms of loans, etc. [11].

Along with tenure split, housing policy is concerned with housing assistance. Subsidies can be classified in the manner in which they are provided, whether they are targeted to housing consumers or producers, to renters or owners. Yates sees government assistance as market-supplementing and market-supporting actions [12]. Multiple approaches are reasoned why government might intervene in the housing market.

Broadly, government assistance is classified as demand-side or supply-side intervention. From the demand side, governments might try to increase incomes by using some sort of income supplement, subsidizing consumption of housing, making credit cheaper and available, introducing tax allowances for interest payments or a combination of these policies.

Supply-side approaches involve subsidies, which are usually given with conditions. In Germany, social housing subsidies have been available to a variety of private and public-sector landlords. In the UK, subsidies have gone to support local authority housing and thus large municipal landlords have been the main suppliers of social housing. However, in 1990, there was a strong shift from social housing construction to housing allowances. This move away from supporting the supply towards

supporting the demand was most visible in the UK [13].

In Greece and Spain, social housing subsidies have supported owner-occupation, not social renting [14]. In Denmark, housing allowances recipients are families with children and pensioners. In Finland, there are general housing allowances, allowances to pensioners and students. In Sweden, general housing allowances and allowances to pensioners.

To conclude the subchapter, it can be said that though neo-liberal housing policy supports homeownership, it always leaves space for households not able to fulfill their housing needs and homeownership at any cost may lead to indebtedness and social exclusion.

3 Housing Affordability

A key question of housing market sustainability is affordability and housing cannot be sustainable unless it is affordable. Affordable housing is defined in the Housing Europe Review as: “generally housing that is available for purchase or rent at a market value affordable for the majority of the population”, but the term is also used to describe housing provided at sub-market prices to households on low income [15].

Broadly, affordability means the ability to acquire a housing unit and sustainability refers to the capacity to pay for it over the longer period (mortgage length). Housing affordability is dependent on the economic development of a country (or region) and reflects the ongoing cost of housing in relation to household income. The ongoing cost of housing is either rents or monthly mortgage payments [5]. A broad definition of sustainable housing is that everyone, including everyone today and in future generations, has a decent place to live [16]. So sustainability starts with affordability and housing cannot be sustainable unless it is affordable. Usually house price variations influence the choice between renting and buying and the strategic decision of property investment. However, emerging markets are extremely inefficient and buyers continue to purchase houses regardless of their rising price [17]. Buying as an investment reduces the purchasing power of people in lower income classes and forces prices upwards. Reza Kazemi et al. confirmed that house price fluctuations and house price rises mainly occur in economic downturns resulting in investors` tendency to invest in the housing market as in capital merchandise [18].

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