



REDUCING  
HOUSING  
INEQUALITIES

# Comparative Report on Changing Welfare Regimes – Housing Systems

**ReHousIn Deliverable 4.3**

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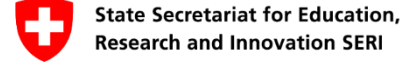
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The ReHousIn project aims to spark innovative policy solutions towards inclusionary and quality housing. To achieve this, it investigates the complex relationship between green transition initiatives and housing inequalities in European urban and rural contexts, and develops innovative policy recommendations for better and context-sensitive integration between environmentally sustainable interventions and socially inclusive housing.

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# Table of Contents

|   |            |
|---|------------|
| <b>EXECUTIVE SUMMARY</b> .....  | <b>6</b>   |
| <b>1 Introduction</b> .....   | <b>8</b>   |
| 1.1 Methodological summary .....  | 9          |
| 1.2 Conceptual Framing.....   | 10         |
| 1.2.1 Types of Welfare Regimes and Housing Systems in Europe.....                               | 10         |
| 1.2.2 Measuring de-commodification, security of tenure and multiple housing (in)equalities..... | 19         |
| <b>2 CHANGING HOUSING SYSTEMS</b> .....   | <b>24</b>  |
| 2.1 Degree of de-commodification before the 1980-90s welfare restructuring.....                 | 24         |
| 2.1.1 Socialist cluster .....   | 25         |
| 2.1.2 Social-Democratic cluster.....  | 32         |
| 2.1.3 Corporatist cluster .....   | 44         |
| 2.1.4 Familistic cluster.....   | 52         |
| 2.2 Degree of de-commodification after the 1980-90s welfare restructuring.....                  | 60         |
| 2.2.1 Corporatist cluster .....   | 62         |
| 2.2.2 Familistic cluster.....   | 71         |
| 2.2.3 Post-Socialist familistic cluster .....   | 79         |
| 2.2.4 Post-Social-Democratic Liberal cluster.....   | 96         |
| 2.3 Comparing the welfare-housing nexus and housing inequalities .....                          | 116        |
| <b>3 CAPACITIES OF HOUSING SYSTEMS TO FILTER CRISES AND PROVIDE AFFORDABILITY</b> .....         | <b>128</b> |
| 3.1 Global Financial Crisis .....   | 128        |
| 3.2 COVID-19 Crisis .....   | 134        |
| 3.3 Energy and Inflation Crisis .....   | 140        |
| <b>4 REFLECTIONS ON CHALLENGES IN THE PROVISION OF AFFORDABILITY</b> .....                      | <b>148</b> |
| 4.1 Structural conditions and historical trajectories .....                                     | 148        |
| 4.2 Regulation and policy instruments .....   | 151        |
| 4.3 Financing and subsidies.....  | 153        |

|                                  |            |
|----------------------------------|------------|
| 4.4 Multi-level governance ..... | 157        |
| <b>5 REFERENCE LIST .....</b>    | <b>160</b> |

## EXECUTIVE SUMMARY

This comparative report examines nine European housing systems through the welfare–housing nexus. It traces the ways in which changes to a) tenure-policy systems (e.g., policy programmes, regulations and financial instruments for different types of tenure), b) the housing supply system (e.g., who provides and produces housing, the profit regimes involved, and how land is provided) and c) multi-level governance arrangements shape d) multiple housing (in)equality in term of access to affordability, security and quality outcomes.

### **The first part focuses on changing housing systems in the welfare–housing nexus.**

Before the 1980-90s welfare restructuring, European housing systems were organised into four archetypal welfare-regime clusters—Socialist, Social-Democratic, Corporatist, and Familistic—positioned along a universalist–residualist spectrum according to the degree of housing de-commodification. Strongly de-commodified universalist systems (Socialist, Social Democratic) contrasted with more commodified Familistic systems, with Corporatist cases in between; Liberal regimes formed the residual pole conceptually but are not represented among the European cases examined. These configurations embedded distinct redistributive logics across tenures (owner-occupation, private rental, social rental), supply systems (public/non-profit/market provision and land regimes), and governance arrangements (vertical and horizontal), shaping affordability, security, quality and access.

Since the 1980s-1990s, welfare restructuring has generally increased (re-)commodification, though with divergent trajectories. Path change is evident in post-Socialist Familistic (Hungary, Poland) and post-Social-Democratic Liberal cases (UK, Norway), where privatisation, deregulation, and shifts from supply- to demand-side subsidies dismantled unitary designs and weakened local/state redistributive capacity, albeit with partial universalist legacies retained in the UK and Norway. By contrast, path dependency characterises Corporatist systems, such as those in Austria, France and Switzerland, which have preserved significant levels of de-commodification via social and private rental sectors, as well as Familistic systems, such as those in Italy and Spain, where persistent commodification and homeownership promotion have maintained affordability pressures. Across all clusters, changes in land and planning regimes and reduced public land provision were pivotal to re-commodification dynamics.

### **The second part focuses on the capacity of housing systems to filter recent crises and provide affordability.**

Across the Global Financial Crisis, COVID-19, and the energy/inflation crisis, a common pattern emerges: short-term protection with limited structural reform, revealing uneven regime capacities and generally eroding affordability. The GFC weakened the capacity to provide affordable housing and limited the roles of regional and local administrative bodies, with supply systems prioritising market stabilisation over non-market expansion. During COVID-19, countries deployed unprecedented yet temporary measures such as eviction moratoria, rent and mortgage deferrals, and income support, preventing immediate housing loss but largely deferring underlying affordability problems. Only a few cases (notably France and Austria) complemented protections with continued public or limited-profit housing production, with private housing supply to stabilise the overall supply. As emergency tools were withdrawn and construction costs rose, rents rebounded and affordability pressures intensified in most countries. The energy and inflation crisis further

strained housing systems. Where affordability levels have not worsened dramatically, it reflected pre-existing institutional resilience rather than new reforms. Austria diverged with direct tenant protection (rent freezes, eviction prevention), while hybrid approaches in France and Spain combined broad energy shielding with limited housing-side measures. In the UK and Norway, exposure to interest-rate increases and minimal rent intervention worsened affordability, whereas Switzerland's macro-economic and geo-political situation entailed a largely non-interventionist stance.

In summary, this report shows that cases retaining more de-commodified, (quasi-)universalist welfare–housing systems provide broader access to affordable, secure, and high-quality housing, in contrast to those maintaining or shifting toward residualist configurations, which tend to exacerbate existing inequalities. Crisis responses have mostly stabilised markets rather than rebalancing systems toward de-commodification. Where affordability pressures persisted, it was due to institutional legacies, not crisis-induced reform. Aligning tenure-policy, supply, and multi-level governance, especially land and planning regimes, remains pivotal to restoring affordability and reducing housing inequalities.

# 1 Introduction

This report examines nine European countries — Austria, France, Hungary, Italy, Norway, Poland, Spain, Switzerland and United Kingdom — and comprises two main parts: ‘Changing housing systems’ and their (re-)production of housing inequalities (Chapter 2), and the ‘Capacity of housing systems to filter crises’ and provide affordability (Chapter 3). It opens with a Methodological and conceptual framing (Chapter 1), which draws on welfare regime/housing system comparative scholarship, and concludes with ‘Reflections on challenges in the provision of affordability’ (Chapter 4).

The longitudinal and comparative analysis of changes in housing systems is organised around two major historical periods: the post-war era to the 1980-90s, and the period from the 1980-90s onward. The welfare restructuring that began in the 1980-90s introduced significant path shifts across several European welfare regimes, leading to structural transformations in their housing systems—both in tenure-policy and supply systems and their multi-governance structure—and in their capacity to provide affordable, de-commodified housing across tenures and to mitigate housing inequalities. Three successive crises—the Global Financial Crisis, the COVID-19 pandemic, and the recent energy and inflation crisis—have further exposed this welfare–housing–inequality nexus, illuminating post-2008 welfare–housing filtering mechanisms and their ability either to alleviate or to intensify the widening affordability crisis.

Central to the report is an examination of the varying degrees of housing de-commodification across the nine housing systems, supported by a process-tracing approach that identifies the mechanisms through which different forms of de-commodification and re-commodification have unfolded over the past seven decades. This includes attention to how the state–non-profit–market–family nexus produces and redistributes resources, as well as to comparative divergences, path-dependency, path change, and variations within each cluster. It also considers the vertical and horizontal governance structures that shape the capacities of the actors involved—particularly the role of the state (national and local government) and the diverse non-profit housing sectors.

The more traditional typology of welfare-regime–housing-system clusters has been revised by drawing on the detailed analysis undertaken for each country and aligning it more explicitly with an operational definition of housing inequality used in welfare–housing scholarship (affordability and accessibility, security, and quality). This revised framework incorporates new quantitative measures of de-commodification (affordability and accessibility) and security of tenure, alongside qualitative insights on housing quality drawn from the country reports. We explore to what extent higher levels of de-commodification and tenure security within a housing system are associated with a stronger capacity to respond to affordability pressures and mitigate housing inequalities.

This report draws substantially on the factual analyses prepared by each country team in D4.1 and on their interpretative insights developed in D4.2. These sources are listed in the reference section (RH1a, RH1b, 2025), but their citations are omitted throughout the text to avoid redundancy and preserve the narrative flow.

## 1.1 Methodological summary

The methodology for this report builds on a well-established body of international housing scholarship on European welfare regimes and housing systems (see Arbaci, 2019), stemming from the theoretical and conceptual frameworks developed in the mid-1990s by Kemeny and Lowe (focusing on tenure-policy systems) and by Barlow and Duncan (focusing on supply systems). This foundation provides a comparative operational approach that is longitudinal and multi-level, and can be adapted to national, regional, and local contexts, as well as across historical periods.

Until the 1980s, Europe featured four of the five distinct welfare-regime and housing-system clusters—Socialist, Social-Democratic, Corporatist, Familistic, and Liberal. Although this landscape has since evolved, shaped by shifts in regimes of accumulation, welfare restructuring, and successive crisis responses, the framework continues to offer strong comparative analytical value.

From a comparative welfare-regime-cluster perspective, European housing systems can be positioned along a universalist–residualist spectrum—from highly de-commodified *universalist* systems (e.g. Socialist and Social-Democratic) to minimally de-commodified *residualist* systems (e.g. Liberal), with others situated between these poles (e.g. Corporatist systems closer to the universalist end, and Familistic systems closer to the residualist end). These systems embed different levels of redistribution within their welfare–housing nexus, resulting in varying degrees of housing de-commodification.

More de-commodified welfare/housing regimes tend to produce lower levels of housing inequality, reflected in broader access to affordable, secure, and quality housing. Conversely, as (re-)commodification increases, so does the intensity of housing inequalities. Higher levels of commodification weaken a system’s capacity—particularly at the local level—to provide affordable, secure, quality housing across social groups. Universalist systems demonstrate stronger redistributive capacity, whereas residualist ones systematically fall short, with affordability pressures and inequality structurally reproduced by the housing system.

Central to this—and to understanding how housing systems are organised and how they have changed—is a **focus on the diverse mechanisms of de- and re-commodification** operating within the two interdependent dimensions of the housing system, which underpin the methodological framework:

- The **tenure-policy system**, which shapes—and is shaped by—how housing tenures (owner-occupation, private rental, and social rental) are organised through (i) *policy programmes and regulation*, and (ii) *instruments such as subsidies, taxation, and finance*. This dimension reveals the degree of redistribution across tenures and the relationships between them.
- The **supply system**, which shapes—and is shaped by—how housing tenures are delivered by various actors (state, market, non-profit, and family) through the (i) *provision* and (ii) *production* of housing, and further influenced by the (iii) *profit regime* associated with (iii) the *land system* (ownership structures and planning gains). Subsidies, taxation, and finance intersect with—and help structure—the operation of the supply system.

- Both dimensions reveal the centrality of the **multi-governance framework**, as it organises how the housing system is deployed through the distribution of competences (fiscal, financial, and regulatory) and responsibilities (housing as a welfare service) across tiers of government (vertical governance) and through the relationships among key actors—state, non-profit, market, and family (horizontal governance). The type of multi-governance framework in place and their changes (e.g. devolution vs. re-centralisation) either fosters or constrains the extent of de- or re-commodification of the housing system.

Tenure composition—defined by the share of owner-occupation, private rental, and social rental—and the degree of de-commodification within each tenure help reveal the mutual relationship between housing systems and their welfare-regime clusters. Together, these elements allow each housing system to be positioned more clearly along the universalist–residualist welfare spectrum. Each welfare cluster can be explored across three dimensions: (i) the **welfare-regime paradigm** (its conception of society, redistribution, and the role of the state in relation to market, non-profit, and family actors); (ii) the **welfare–housing nexus** (the extent and mechanisms of welfare redistribution embedded in the housing system); and (iii) **variations** reflecting case distinctiveness and historical trajectories within each cluster.

This framework enables the systematic tracing of changes in welfare regime - housing systems—both longitudinally within individual cases and comparatively across them—using a periodisation centred on the 1980s/1990s welfare restructuring and the three subsequent crises. The analysis draws primarily on the national reports produced by each country team for D4.1 and D4.2, which qualitatively synthesise a wide range of grey literature and interviews with key informants, and, where available, longitudinal data on tenures.

Comparative and longitudinal data on tenure remain largely unavailable, while country- and city-level quantitative data are uneven and often scarce, requiring extensive processing by the core team to render them comparable. Qualitative sources on mechanisms are particularly valuable for assessing the degree of de-commodification within each tenure and within the supply system, where published material remains limited. They are also essential for identifying synergies and tensions between vertical and horizontal governance and for assessing local policy capacity to deliver affordable housing.

## 1.2 Conceptual Framing

### 1.2.1 Types of Welfare Regimes and Housing Systems in Europe

The way societies are organised, and how they produce, transform, and distribute resources, plays a key role in shaping housing systems and determining the extent to which social groups can access affordable, secure, and quality housing—that is, the multiple degrees of housing (in)equality.

*“Central to these processes is how social institutions—state, market, family, and the non-profit sector underpinning civil society—intertwine in the deployment of resources and (welfare) services”* (Arbaci, 2019, p. 5). Drawing on Esping-Andersen’s (1990) classification of the *“ideal types of worlds of welfare capitalism”*—a foundation for European comparative

scholarship on welfare–housing regime typologies since the mid-1990s—this report employs archetypal welfare-regime clustering to structure the comparative analyses. Such clustering enables a **divergence-based comparative framework** that “*seeks to explain the position of specific countries along the dimensions of de-commodification<sup>1</sup>, stratification and programme design which comprise the ideal-typical formulation of the concept of welfare*” (Allen, 2004, p.102).

In welfare studies, **de-commodification** refers to mechanisms through which the allocation of a good or service—here, housing—is guaranteed as a social right, whereas (re)commodification denotes the transformation of goods, services, and people into market commodities. Analytically, the **de-commodification/commodification paradigm sits along the universalism–residualism axis**, reflecting the extent to which welfare-redistributive mechanisms and social rights reduce reliance on market allocation—either extensively (universalism) or only marginally (residualism). In housing systems, levels of de-commodification signal the degree of affordability, accessibility, and security of tenancy within and across tenures, thereby informing multiple dimensions of housing inequality through stratification mechanisms.

**Stratification** refers to the ways in which welfare regimes—through their redistributive mechanisms, institutional frameworks, eligibility rules, and benefit structures—structure and reproduce social divisions by granting different social groups unequal access to income, services, and protections. Thus, different types of welfare regimes differentially structure, differentiate, and reproduce social inequalities across society. In housing systems specifically, the design of tenure policies, subsidy systems, and housing supply arrangements **further differentiates social groups across tenures and generates unequal levels of accessibility, affordability, security, and housing quality within each tenure** (later referred to in section 1.2.2 as the AASQ indicators). Housing, therefore, not only reflects but also actively produces social stratification and socio-tenure inequalities.

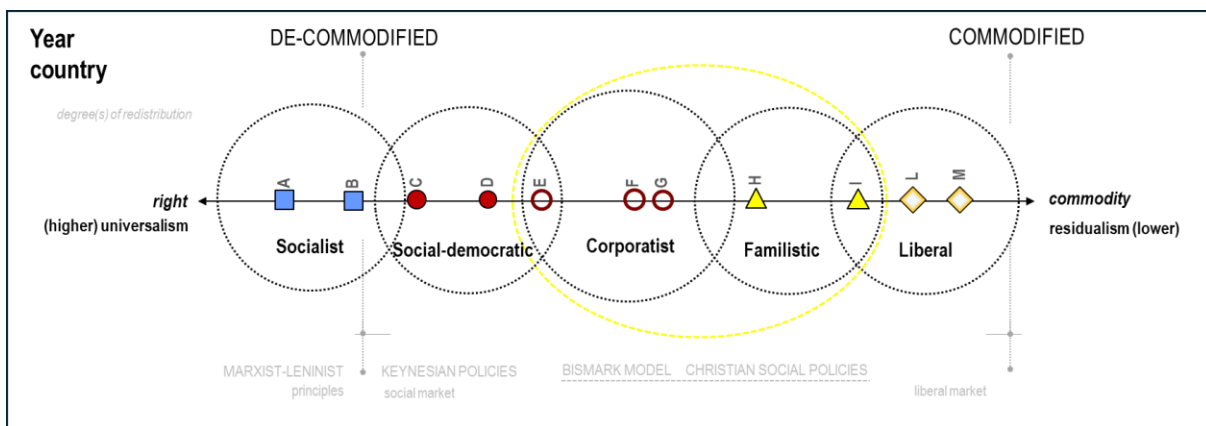
The variety of welfare regimes across Europe reflects distinct configurations of the state–market–non-profit–family nexus along this universalist–residualist spectrum (Figure 1.1). The principles underpinning each welfare regime—its conception of society and the roles assigned to the state, market, non-profit actors, and the family—shape the scope and orientation of redistributive mechanisms across welfare pillars. These institutional arrangements collectively structure the politico-economic system, determining how responsibilities are allocated, how resources and services are distributed, and how welfare outcomes are produced across national contexts. In turn, they determine the degree of **de-commodification** within health, labour, pension, education, and housing systems—whether access is organised through universal transfers in more de-commodified systems or residual benefits in more commodified ones—as well as the degree of **de-familiarisation** across welfare pillars.

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<sup>1</sup> “Decommodification occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market” (Esping-Andersen, 1990, p.21). Stratification is the process through which welfare arrangements differentiate social groups by giving them unequal rights, benefits, protections, and life chances.

In welfare studies, Esping-Andersen (2009) underscored the importance of incorporating *familialism* and the mechanisms of *de-familiarisation* to more fully capture the role of the family within the welfare mix and thus achieve a more complete characterisation of welfare regimes. **De-familiarisation** refers to “*the extent to which the household’s welfare and caring responsibilities are relaxed by state or market provision*” (Arcanjo, 2006, p.10). This dimension gained prominence only after Southern and Eastern European scholars broadened the comparative debate (Papadopoulos & Roumpakis, 2013; Szikra & Szelewa, 2010; Tomášek, 2023). Accordingly, we position welfare and housing systems at the intersection of two axes: the de-commodification–commodification spectrum and the de-familiarisation–familialisation spectrum (Figure 1.2).

**Figure 1.1** Conceptualisation for the positioning of housing systems within welfare clusters along the universalist-residualist spectrum, in Europe.



**Figure 1.2** Re-conceptualisation of welfare cluster at the intersection of de-commodification and de-familiarisation spectrum, in Europe.

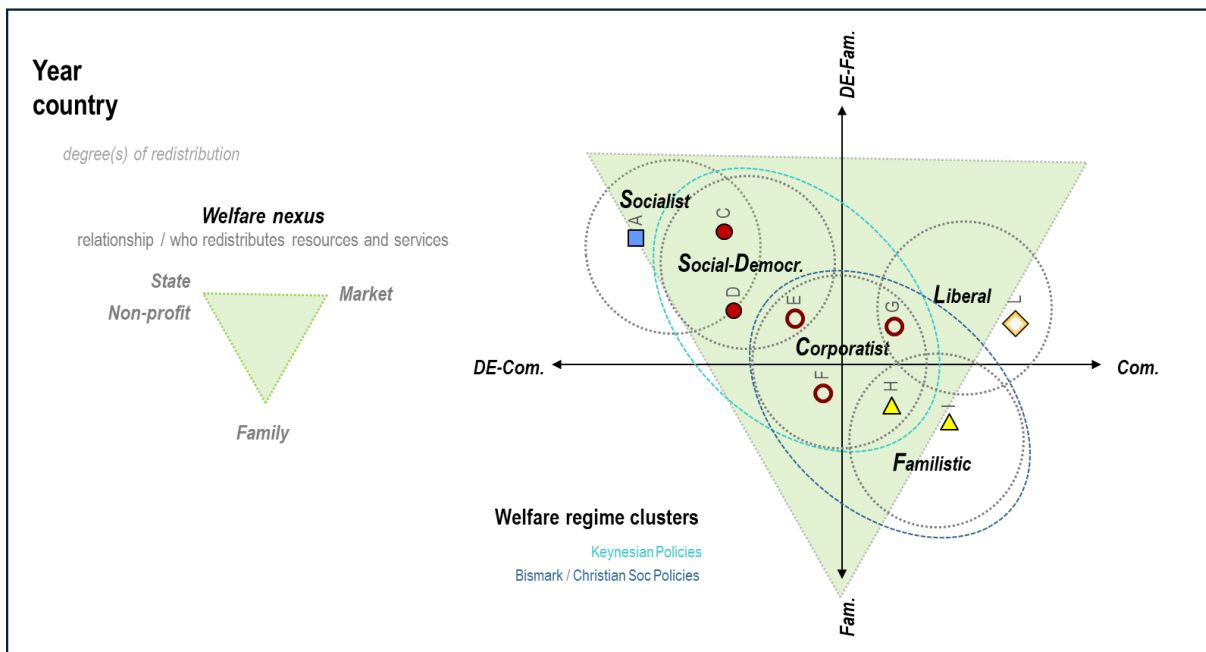


Figure 1.3 presents the five archetypal welfare-regime clusters and illustrates the mutual relationship between each welfare regime and its corresponding housing system. For each cluster, it outlines the welfare regime paradigm—how the underlying conception of society shapes the degree of redistribution across welfare pillars (e.g., the extent of universal transfers and subsidies)—and how these redistributive principles are enacted within the housing system, for example through different tenure-subsidy arrangements.

This welfare–housing nexus explains how a housing system distributes de-commodification across its tenure structure and among key actors (state, market, non-profit, and family). These patterns depend on the regime’s principles, as well as the relationships across tenures and the balance between supply-side and demand-side benefits. The framework also captures historical variations across clusters, often shaped by the maturity and scale of industrialisation (pre- and post-war) and by broader path-dependencies.

**Figure 1.3** Typology of archetypal welfare regime clusters and housing system, and positioning of the 9 countries case before and after the 1980-90s welfare restructuring.

| Socialist - welfare cluster  | Social-democratic - welfare cl.  | Corporatist - welfare cluster  | Familistic - welfare cluster  | Liberal - welfare cluster   |
|--|--|--|---|---|
| <b>Concept of society</b>  | <b>Concept of society</b>  | <b>Concept of society</b>  | <b>Concept of society</b>   | <b>Concept of society</b>   |
| <ul style="list-style-type: none"> <li>- society conceived as a <b>community of equals (**)</b></li> <li>- seeks to ensure social security, and flatten income/wealth differences to limit stratification, and reduce inequality</li> <li>- seeks to promote solidarity, collectivism (vs market competition)</li> <li>- <b>social solidarity princip.</b></li> </ul>  | <ul style="list-style-type: none"> <li>- <b>relationships between the social partners</b> in circumstances of relative labour scarcity</li> <li>- seeks to ensure that the social conditions of full employment support the well-being of society</li> <li>- <b>social market principles</b></li> </ul>  | <ul style="list-style-type: none"> <li>- groups with reciprocal rights and obligations, built on <b>class differential</b> and traditional <b>family values</b></li> <li>- seeks to ensure the participation of all within the material, social and moral order of society</li> <li>- history of full employment</li> <li>- <b>social market principles</b></li> </ul>   | <ul style="list-style-type: none"> <li>- <b>variant of corporatist, but weaker state provision</b></li> <li>- no history of full employment, (minimum proletarianisation, family enterprises and self-employment, informal labour markets)</li> <li>- <b>familialism</b> (clientelism + informality) <b>counterbalance liberal market principles</b></li> </ul>   | <ul style="list-style-type: none"> <li>- society composed of <b>atomised individuals</b></li> <li>- seeks to ensure that each person attains a minimum material standard of well-being</li> <li>- incentivise market competition</li> <li>- <b>liberal market principles.</b></li> </ul>  |
| <b>Redistribution and benefits</b>   | <b>Redistribution and benefits</b>   | <b>Redistribution and benefits</b>   | <b>Redistribution and benefits</b>  | <b>Redistribution and benefits</b>  |
| <ul style="list-style-type: none"> <li>- highly centralised</li> <li>- <b>universalism and de-commodification extended to all citizens</b> (services as state responsibility, not based on market participation, nor family resources)</li> <li>- <b>equality of minimum standards welfare for all,</b></li> <li>- non-means-tested benefit but concept of minimum standard</li> <li>- de-familiarisation (but 'family-based' relations in rural areas/smaller cities) + minimum reliance on market to limit class stratification</li> <li>- <b>state (primary welfare agent), replaces both the market and family as welfare provision</b></li> </ul> | <ul style="list-style-type: none"> <li>- <b>universalism and de-commodification extended to all social groups</b></li> <li>- <b>equality of high standards welfare for all</b></li> <li>- non-means-tested benefits and no concept of minimum needs,</li> <li>- de-familiarisation (significant), reliance on highly regulated markets</li> <li>- <b>state replaces the market as welfare provision</b></li> </ul> | <ul style="list-style-type: none"> <li>- <b>selected universalism</b> to preserve status differentials by reinforcing the <b>rights attached to classes and professions, and family</b></li> <li>- <b>familiarism</b> and fragmentation in social insurance</li> <li>- <b>state replaces the market as welfare provision, but as accordion</b> (increases in time of crisis; and reduces in time buoyancy)</li> <li style="text-align: center;">↓ ↓</li> <li>- <b>concurrent programmes for de-commodification and (re-)commodification</b></li> </ul> | <ul style="list-style-type: none"> <li>- similar to corporatist as relies on <b>family welfare, status differentiation and patrimony</b> traditions:</li> <li>- similar to liberal as stressing <b>residual benefits, limited areas of de-commodification</b></li> <li style="text-align: center;">↓ ↓</li> <li>= <b>universalism in health, education, pension (Christian social p.), but not in housing and labour</b></li> <li>- income polarisation and com. <b>counterbalanced</b> by Christian social policy (family, patrimony) and informal access to employment and resources</li> </ul> | <ul style="list-style-type: none"> <li>- <b>Residualism, as low level of universal transfers,</b></li> <li>- <b>limited benefits (safety net)</b> for low income, working-class, state dependants</li> <li>- concept of minimum needs</li> <li>- <b>state encourage the market over other forms of organisation</b> (dominance of free market and commodification)</li> </ul> |

(continue)

| ↓↓↓   | ↓↓↓  | ↓↓↓   | ↓↓↓  | ↓↓↓   |
|---|--|---|--|---|
| in housing:<br><b>biased tenure subsidy system</b><br>(concentrate on State housing)  | in housing:<br><b>tenure-neutral subsidy system</b><br>(equal distribution across SR+PR+OO)  | in housing:<br><b>partial tenure-neutral subsidy sy.</b><br>(partial equal distr. across SR+PR+OO)  | in housing:<br><b>biased tenure subsidy system</b><br>(foster OO above other tenures)  | in housing:<br><b>biased tenure subsidy system</b><br>(foster OO above other tenures)   |
| Archetypal: Post-War Eastern Europe (Marxist-Leninist model)  | Archetypal: Scandinavian reg. (Keynesian model)  | Archetypal: Central Europe (Bismarckian model / legacy)   | Archetypal: Southern Europe (Conservative model)   | Archetypal: US (Liberal Anglo-Saxon tradition)  |
| <b>Socialist - welfare cluster</b>  | <b>Social-democratic - welfare cl.</b>   | <b>Corporatist - welfare cluster</b>  | <b>Familistic - welfare cluster</b>  | <b>Liberal - welfare cluster</b>  |
| <i>Housing system</i>   | <i>Housing system</i>  | <i>Housing system</i>   | <i>Housing system</i>  | <i>Housing system</i>   |
| <ul style="list-style-type: none"> <li>- <b>state dominated system overwhelmingly dominant state-owned SR stock, and state-control over OO and PR stock; some cooperative sy (PL)</b></li> <li>- state-based, bureaucratic allocation mechanisms</li> <li style="text-align: center;">+</li> <li>- lack of housing finance products</li> <li>- PR (rent control) → informal sublets</li> <li>- h cooperative based on occupancy rights tied to membership, not full ownership</li> <li>- <b>As state is responsible for housing, it controls land, construction, and allocation</b> (based on admin. Criteria: workplace, family size - not market forces)</li> <li style="text-align: center;">BUT</li> <li>- Informal markets/practices due to scarcity, etc. (e.g., private subletting, barter, or under-the-table payments)</li> <li>- significant OO in rural areas</li> </ul> <p style="text-align: right;"><i>Variations ↓</i></p> | <ul style="list-style-type: none"> <li>- <b>unitary rental system (a) large rental sector (cross-tenure competition with predominance of SR sector)</b> aim at tenure balance (d), (Sweden, Post-war UK, etc.)</li> <li style="text-align: center;">or</li> <li>- <b>unitary owner-occ. system (d)</b> but dualist rental system; <b>large OO sector (cross-tenure competition with predominance of cooperative sector)</b> (Norway, Finland.)</li> <li>- <b>State promotes</b> various forms of rented and/or OO cooperative housing on <b>long term</b> basis</li> </ul> <p style="text-align: right;"><i>Variations ↓</i></p> | <ul style="list-style-type: none"> <li>- <b>unitary rental system (a) predominance of PR sector</b> aim at tenure balance (c), via direct public production and/or highly regulated private production/provision</li> <li>- <b>State promotes</b> PR and SR as <b>temporary</b> measure to remedy market imperfection</li> <li>- Simultaneous deployment of de-com and re-com mechanisms</li> <li>- forms of housing self-production</li> </ul> <p style="text-align: right;"><i>Variations ↓</i></p> | <ul style="list-style-type: none"> <li>- <b>dualist rental system (c) predominance of OO</b> tenure polarisation / imbalance (d)</li> <li style="padding-left: 20px;">h. as <b>family responsibility</b>, concept of <b>h. as patrimony</b></li> <li>- <b>State fosters OO</b> (as patrimonial concept) and allows housing self-production</li> <li>- <b>State intervention</b> in rental housing is <b>very limited</b> (stigmatised provision for a residual population unable to adequately participate in markets).</li> <li>- <b>non-profit or social sector</b> is protected from the profit sector by being <b>segregated from the private market and organised as residual, stigmatised</b></li> <li>- development of <b>informal housing markets</b> (PR and OO)</li> </ul> | <ul style="list-style-type: none"> <li>- <b>dualist rental system (c) predominance of OO</b> tenure polarisation / imbalance (d)</li> <li>- <b>State fosters OO</b> and free market housing provision.</li> <li>- <b>State intervention</b> in rental housing is <b>very limited</b> (stigmatised provision for a residual population unable to adequately participate in markets)</li> <li>- <b>non-profit or social sector</b> is protected from the profit sector by being <b>segregated from the private market and organised as residual, stigmatised</b></li> </ul> <p style="text-align: right;"><i>(continue)</i></p> |

|   |   |   |  |  |
|---|---|---|--|--|
| <p><i>Variations</i></p> <p>Degrees of full or partial state-led universalism (that allow some market provision and market mechanisms).</p> <p>For E Eu countries, it follows the historical N-S cleavage, rooted in the maturity/size of industry. (+ -):</p> <ol style="list-style-type: none"> <li>1. North (+) (e.g. Poland, E. Germany)</li> <li>2. South (-) (e.g. Hungary)</li> </ol> <p>Thus,</p> <ul style="list-style-type: none"> <li>- nationalisation of land and individual property: full (1) or partial (2)</li> <li>- market mechanisms abolished (1), or limited (2)</li> <li>- private OO: often discouraged until the late socialist period (1), or limited and/or ease before late socialist period (2)</li> <li>- PR restricted (1), or marginalised (2)</li> </ul> | <p><i>Variations</i></p> <p>Two tenure-led types of unitary organisation, rooted in the maturity/size of industrialisation (including size constr. industry):</p> <ol style="list-style-type: none"> <li>1. Larger (+) mature industrial base = de-com via rental system (Post-war UK, Sweden)</li> <li>2. Smaller (-) later industrial base = de-com via owner-occupation (Norway, Finland)</li> </ol> | <p><i>Variations</i></p> <p>Provision of de-commodification as variation in the proportion of:</p> <ol style="list-style-type: none"> <li>A. direct public production and non-profit provision (institutions), and/or</li> <li>B. highly regulated private production/provision (regulation)</li> </ol> <p style="text-align: center;">+</p> <p>In all, SR is socially mixed, with eligibility as:</p> <ul style="list-style-type: none"> <li>- universalist (no-means-tested), or</li> <li>- 'quasi-universalist' (high benchmark-base incl. middle- and low-income groups)</li> </ul> <p>Three variations:</p> <ol style="list-style-type: none"> <li>1. More A and less B = Austria (Vienna at the intersection of SD cluster): larger, (quasi)-universalist SR stock <i>influences</i> PR markets (rents and quality)</li> <li>2. Mixed A and B = France: significant, quasi-universalist SR stock <i>has some influence</i> on PR markets</li> <li>3. Dominant B less A = Switzerland: smaller, but quasi-universalist SR stock <i>complements</i> the large, highly regulated PR stock</li> </ol> |  |  |
|---|---|---|--|--|

| Socialist - welfare cluster  | Social-democratic - welfare cl.  | Corporatist - welfare cluster   | Familistic - welfare cluster  | Liberal - welfare cluster  |
|--|--|---|---|--|
| <b>Historical Positioning</b>  |  |   |   |  |
| <b>Post-War to 1980-90s w.r.</b><br>Eastern Europe – PL + HU   | <b>Post-War to 1980-90s w.r.</b><br>Scandinavian region + the UK – NO + the UK   | <b>Post-War to 1980-90s w.r.</b><br>Central Europe – AT + FR + CH       | <b>Post-War to 1980-90s w.r.</b><br>Southern Europe – IT + ES   | <b>Post-War to 1980-90s w.r.</b><br>n.a.   |
| <b>After 1980-90s welf. restruct.</b><br>n.a.  | <b>After 1980-90s welf. restruct.</b><br><i>see variant of (post-)SD-liberal welfare regime:</i><br>- Norway still SD welfare regime, but entangled with neoliberalisation abroad.<br>- The UK retains legacies of SD welfare regime in the (neo)liberal turn (incl. housing). | <b>After 1980-90s welf. restruct.</b><br>- Central Europe: AT + FR + CH | <b>After 1980-90s welf. restruct.</b><br>- Southern Europe: IT + ES<br>- Eastern Europe: HU + PL as post-socialist familistic welfare regime (variant of familistic welfare regime, as housing system carries legacies from post-socialist transition and N-S variation). | <b>After 1980-90s welf. restruct.</b><br><i>Variation of</i><br>- (post-)social-democratic – liberal welfare: NO + the UK<br>- Norway reproduces SD welfare regime, but housing is re-com.<br>- The UK a (neo)liberal turn but significant SD legacies remain in welfare services and housing. |
| <p>Notes: <b>SR</b>, social rented sector; <b>PR</b>, private rented sector; <b>OO</b>, owner-occupation.</p> <p>** . Societal principles reflect ideological framings, though their implementation depends on specific historical contexts. Socialist systems often emerged through elite replacement rather than substantive social equalisation.</p> <p><b>a.</b> social and private renting are integrated into a single rental market and compete with other, no sharp segmentation between SR and PR sector; <b>b.</b> all segments of OO (coop and private individual) are integrated into a single OO market, with highly regulated prices, and equally subsidized; <b>c.</b> state controls and residualises the social renting to protect private (profit) renting from competition; <b>d.</b> relational distribution across (3) tenures (stock, regulation and subsidies).</p> |  |   |   |  |

Sources: compiled by authors; adapted from Arbaci, 2019, pp.68-69; based on Chapter 2 analyses of changing housing systems in this report.

At one extreme lie the regimes with the most comprehensively de-commodified systems—the Socialist and Social-Democratic models (Figure 1.3). Conceiving society as a community of equals (Socialist) or as a partnership of social groups (Social-Democratic), the state replaces the market and the family as the main welfare provider. These societal principles largely reflect the ideological framing; these aspirations are filtered in practice also depending by distinctiveness of historical processes and urban contexts. The emergence of socialist systems often involved a replacement of elites rather than a genuine equalisation of social positions. Extensive universal transfers/subsidies and de-commodified services (including housing) ensure a guaranteed minimum standard of living in Socialist systems and maintain high living standards in Social-Democratic ones.

Corporatist and Familistic societies—organised around reciprocal rights and obligations and shaped by traditional class differentials and family values—occupy the middle range. In Corporatist regimes, the state replaces the market in most welfare provision (or highly regulate the market as service provider within a social market model), but universal transfers are more fragmented than in Social-Democratic regimes, targeting specific classes and professions. In Familistic regimes, however, state intervention in housing, land and labour is limited, and there is an over-reliance on the family as welfare provider and economic agent.

In Familistic regimes, housing is considered a family responsibility, with the family acting as the primary agent of redistribution through care and security. The housing system relies heavily on family networks—securing owner-occupation, renting within kinship or friendship networks, and strong reciprocity and clientelism. Owner-occupation is closely tied to the notion of family patrimony<sup>2</sup>: housing is passed across generations as a source of security, intended to be retained within the family rather than traded on the market.

Liberal welfare regimes sit at the opposite end of the de-commodification scale. They view society as a collection of atomised individuals, and the state promotes market mechanisms over other forms of organisation. Market-driven ideology leads to the commodification of public services, benefits are residual and limited to the lowest social echelons, and the state provides only a minimal safety net to ensure basic standards.

Each model of society thus determines how the housing system allocates and distributes benefits in each housing tenure (owner-occupation, rental sector and social sector), within the housing market (supply-side or demand-side), and across the social groups. Thus, it influences the degree of de-commodification of the housing system. The correlation between welfare and housing is mutual and account for variations. Over time, the positioning of a country's or city's housing system may shift—either within or across welfare-regime clusters—according to mechanisms of path-dependency, path-change, and institutional legacies.

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<sup>2</sup> Patrimony 'refers directly to the specific stock of housing and land owned by a family. (...) It is something which is not exchanged or traded on markets. Rather, patrimony is something that the family conserves and keeps. (...) Patrimony, as a social institution associated with the family, is seen as being eternal, lasting, continuing much longer in time than the life of any individual within the family' (Allen et al., 2004, pp. 5–6).

## 1.2.2 Measuring de-commodification, security of tenure and multiple housing (in)equalities

**Housing systems produce and reinforce socio-tenure differentiation** — the uneven distribution of social groups across housing tenures — and also **generate intra-tenure inequalities**, such as unequal levels of accessibility, affordability (cost burdens), security (eviction risk, tenure stability), and quality (space, maintenance, environment, amenities). Thus, housing not only reflects patterns of stratification informed by broader welfare arrangements; it also actively produces social stratification in its own right. As a result, **different housing systems generate different forms and intensities of housing inequality, shaping how social groups are unequally distributed both across and within tenures.**

The novelty of the conceptual framework also lies in operationalising a set of criteria that enable robust, systematic comparison across cases—welfare clusters, housing systems, national and main-city scales, and across time—thereby supporting the development of comparative taxonomies (typologies). Concretely, we measure, in both absolute terms and relative to the comparative matrices:

- the degree of de-commodification in each tenure;
- the strength of tenure security in each tenure;
- the degrees of multiple housing (in)equalities, captured through the A–A–S–Q indicators (Affordability, Accessibility, Security, Quality).

Taken together, these metrics allow us to plot cases along the universalist–residualist spectrum and to locate them within welfare–housing regime clusters, revealing relationships between the case/cluster position, as well as the pattern and intensity of multiple housing inequalities it produces across social groups and tenures.

### *Measuring de-commodification and security*

*“When applied to housing, de-commodification can be defined as the extent to which households can provide their own housing, independent of the income they acquire on the labour market. (...) The de-commodification is translated into the following two housing aspects: housing subsidisation (both object and subject subsidies), and price regulation”* (Hoekstra, 2013, p. 4).

**Housing de-commodification thus refers to the process and mechanisms by which access to housing is partly or fully mitigated in relation to market forces—through public or non-profit provision, family support, and/or regulation and subsidies—so that people can secure adequate housing without full dependence on, and often at prices below, market levels.**

All tenures—owner-occupation and rental, both social and private—can be de-commodified to varying degrees when their production, provision, or access is supported through supply- or demand-side subsidies, the provision of public land, and/or the regulation of prices, profits, tenure security, and land use across the owner-occupation, rental, and land markets.

De-commodification also occurs when households secure housing through extensive family support, constituting a form of partial, family-led (rather than state-led) de-commodification. Familistic housing systems are therefore less commodified than liberal ones, as reciprocal family resources mitigate market forces. In familistic conceptions of housing as family patrimony, owner-occupation is initially a non-commodity—transferred intergenerationally rather than through market exchange, often resulting in outright ownership—and becomes a commodity only when sold on the private market, that is, through re-commodification.

Along the comparative universalist–residualist spectrum, we can “measure” the degree of **de-commodification** for each selected case (national and main city) by identifying **(i) what is regulated and (ii) what is subsidised in each tenure** (Figure 1.4), across both the production and consumption sides. This assessment draws on the policy instruments and mechanisms that organise each welfare–housing system (Sections 2.1 and 2.2):

- **What is regulated** (and by whom—national, regional, or local tiers):
  - **de-commodification** occurs when regulatory mechanisms *substantially* limit profits and curb speculation;
  - **partial (de-)commodification** occurs when regulatory mechanisms *moderately* mitigate profits and speculation;
  - **commodification** occurs when regulatory mechanisms *permit* profit-taking and speculation (weak regulation and regressive taxation).
- **What is subsidised** (and by whom—national, regional, or local tiers):
  - whether **direct subsidies** (financial instruments) or **indirect subsidies** (fiscal instruments) support **production** (supply-side) and/or **consumption** (demand-side).

Moreover, we developed a **taxonomy of rent regulation and tenant protection** that typifies the degree of de-commodification and security of tenure in the private rental sector (Figure 1.5). Advancing on Kettunen & Ruonavaara (2020, p. 4) and benchmarking against each case’s regulatory framework (Sections 2.1 and 2.2), we adopt their definition of “rent regulation as any type of tenancy legislation that states limitations to rent setting and/or rent increases in rental contracts in the PRS, namely the rental sector with private landlords and market-based allocation”.

**Figure 1.4** Conceptual taxonomy for measuring de-com in owner-occupation and private rental sector.

| <b>Owner-occupation (OO)</b> |  |           |            |          |            |               |               |                    |           |             |          |
|------------------------------|--|-----------|------------|----------|------------|---------------|---------------|--------------------|-----------|-------------|----------|
| Year XX                      | WHAT is REGULATED  |           |            |          |            | WHO regulate  | WHO subsidise | WHAT is SUBSIDISED |           |             |          |
|                              | PRICE  |           | TAXATION   |          |            | competence    | competence    | PRODUCTION         |           | CONSUMPTION |          |
|                              | 1 purchase   | 2 selling | 3 st. duty | 4 annual | 5 cap.gain | WR<br>N,R,M,L | WS<br>N,R,M,L | 6 land             | 7 constr. | 8 borrowing | 5 profit |
| Austria                      |  |           |            |          |            |               |               |                    |           |             |          |
| Switzerland                  |  |           |            |          |            |               |               |                    |           |             |          |
| France                       |  |           |            |          |            |               |               |                    |           |             |          |
| Italy                        |  |           |            |          |            |               |               |                    |           |             |          |
| Spain                        |  |           |            |          |            |               |               |                    |           |             |          |
| UK                           |  |           |            |          |            |               |               |                    |           |             |          |
| Norway                       |  |           |            |          |            |               |               |                    |           |             |          |
| Poland                       |  |           |            |          |            |               |               |                    |           |             |          |
| Hungary                      |  |           |            |          |            |               |               |                    |           |             |          |
| notes                        | Tiers of government: N=national, R=regional, M=metropolitan, L=local |           |            |          |            |               |               |                    |           |             |          |

| <b>Private rental sector (PR)</b> |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
|-----------------------------------|--|-----------------|-------------|-------------------|----------------------|----------------|---------------|---------------|--------------------|-----------|--------------------------|----------------------|
| Year XX                           | WHAT is REGULATED  |                 |             |                   |                      |                | WHO regulate  | WHO subsidise | WHAT is SUBSIDISED |           |                          |                      |
|                                   | RENT   |                 |             | SECURITY Tenancy  |                      | TAX            | competence    | competence    | PRODUCTION         |           | CONSUMPTION              |                      |
|                                   | 1 entry rent   | 2 rent increase | 3 rent jump | 4 length contract | 5 tenants protection | 6 capital gain | WR<br>N,R,M,L | WS<br>N,R,M,L | 7 land             | 8 constr. | 9 h. allowance (tenants) | 6 Profit (Landlords) |
| Austria                           |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| Switzerland                       |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| France                            |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| Italy                             |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| Spain                             |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| UK                                |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| Norway                            |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| Poland                            |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| Hungary                           |  |                 |             |                   |                      |                |               |               |                    |           |                          |                      |
| notes                             | Tiers of government: N=national, R=regional, M=metropolitan, L=local |                 |             |                   |                      |                |               |               |                    |           |                          |                      |

| <b>Social rental sector (SR)</b>  |  |  |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|--|--|
| <p>Typically, SR sector (by public or non-profit providers) constitutes a de-commodified and secure tenancy, though important distinctions arise in the <b>scope or breadth of eligibility across the social spectrum</b>, commonly typified as:</p> <ul style="list-style-type: none"> <li>- <b>universalist</b>: no means-testing eligibility and open to a broad social spectrum;</li> <li>- <b>quasi-universalist</b>: a high eligibility benchmark that includes both middle- and low-income groups, ensuring social mix;</li> <li>- <b>residualist</b>: means-tested, needs-based eligibility, restricted to the lowest social echelons.</li> </ul> |  |  |  |  |  |  |  |  |  |  |  |

**Figure 1.5** Typology of rent regulation: generation of rent control, in Europe.

| GENERATION TYPE   | WHAT is REGULATED   |   |   |  |                            | NOTES  |
|---|---|---|---|--|----------------------------|--|
|   | RENT  |   |   | SECURITY of Tenancy  |                            |  |
|   | 1<br>rent setting<br>(entry rent)                                 | 2<br>rent increase  | 3 *<br>controlled<br>rent increase<br>between tenancies                                 | 4<br>length<br>contract  | 5<br>tenants<br>protection |  |
| <b>1<sup>st</sup> Gen.</b><br><i>highly de-commodified</i>    | YES   | YES<br>frozen for significant<br>time   | YES   | VERY LONG -<br>illimited<br>often illimited<br>open ended<br>(even transferable<br>through generation) | HIGH / STRONG              | 3*: "Controlled rent increase between tenancies" is also referred to as "inter-tenancy rent increase caps" (EU docs) or "limits on rent resetting between tenancies" (OECD). All denote regulated rent adjustment between tenancies, i.e. restrictions on rent uplift when a new contract is issued, based on benchmarks for rent setting and/or caps on the permissible increase from the previous rent.<br><br>Most rent regulation in EU countries up to the 1980s consisted of 1st-gen rent control (with Switzerland and Norway operating 2nd-gen systems). Often introduced after WWI, these regimes continued through the post-war reconstruction period. Some were gradually softened, but major shifts occurred during the 1980s welfare restructuring. NB: the so-called "abolition of rent control" does not mean full de-regulation; it refers to the move away from 1st-gen controls (rent freezes) toward either weak or minimal regulation, or toward less stringent 2nd- or 3rd-gen systems. |
| <b>2<sup>nd</sup> Gen.</b><br><i>de-commodified</i>           | YES<br>linked to indices<br>/ benchmarks /<br>policies            | YES<br>linked to indices /<br>benchmarks  | YES<br>Since new tenancy follows<br>indices / benchmarks /<br>policies for initial rent | Standard LONG-<br>MEDIUM-TERM  | STRONG /<br>MODERATE       | It is a 'softer' form of 1st-generation rent regulation, in which a set of rules governs rent setting, in-tenancy rent increases, and rent changes between tenancies (as determined by the rent-setting framework), while still ensuring landlords a "reasonable" rate of return. This regulatory model significantly slows the pace of rent increases and speculation by providing stability and a gradual, predictable rise in rents. It is often complemented by tax relief on rental income or other subsidies/incentives that support moderate landlord profit and a stable income stream.  |
| <b>3<sup>rd</sup> Gen.</b><br><i>partially de-commodified</i> | NO<br>No legal limits on<br>initial rents<br>(set at market base) | YES<br>linked to indices /<br>benchmarks<br>and distinction<br>between short-term | NO<br>No legal limits on new<br>contracts   | Standard MEDIUM-<br>TERM (renewed)<br>(often in two stages<br>3+3, 4+4)                                | MODERATE /<br>WEAK         | Rent increases are regulated within a tenancy but remain unrestricted between tenancies. The 3+3 or 4+4 systems allow tenancy renewal <i>without</i> issuing a new contract, which means rent increases remain controlled (index-linked) throughout the extended tenancy. This reduces turnover and slows the rise of the rent-price baseline. It does not prevent rent increases or speculation entirely, but it <i>does</i> reduce their pace.   |
| <b>WEAK rent regulation</b><br><i>commodified</i>             | NO<br>No legal limits on<br>initial rents<br>(set at market base) | NO<br>No legal limits on rent<br>increases beyond<br>general rules                | NO<br>No legal limits on new<br>contracts   | Short-MINIMUM  | WEAK                       | It allows a high volume of housing <i>turnover</i> (frequent creation of new tenancies in a short period), which raises the rent-price baseline each time a new contract is issued. This fuels speculation at speed.   |

Source: own classification adapted from Kettunen & Ruonavaara (2020: 4) who "defined rent regulation as any type of tenancy legislation that states limitations to rent setting and/or rent increases in rental contracts in the PRS, namely rental sector with private landlords and market-based allocation."

The comparative estimations are presented in Section 2.3, which accounts for the distribution of tenure composition (Figure 2.5) and the ‘measured’ extent of de-commodification, partial commodification, and commodification in each tenure then aggregated (Figure 2.6). This exercise was done at two points in time: 1991, to capture the organisation of housing systems at their pre-restructuring peak, before the welfare reforms of the 1980s/1990s; and 2021, to capture subsequent changes—path-dependency, path-change, and institutional legacies—following the 1980s/1990s welfare restructuring period up to the present. Data have been drawn from D4.1 and D4.2 for each case.

The measurement of degree of de-commodification of each housing system was used:

1. To develop comparative matrices and plot the cases along the universalist–residualist welfare spectrum, thereby **advancing the typology of housing–welfare regime clusters**. Figure 2.2 (post-war to 1990s welfare-restructuring period) serves as the visual umbrella for Section 2.1, and Figure 2.4 (present period following changes since the 1990s restructuring) serves as the visual umbrella for Section 2.2.
2. To develop the **comparative matrix of multiple housing (in)equalities** in Section 2.3, we distil and layer how each welfare–housing nexus shapes different degrees of access(A) to affordable (A), secure (S), and quality (Q) housing across the cases (2020–21). The **AASQ** indicators are presented along the universalist–residualist spectrum (Figure 2.7) to show, in relative terms, the differing multiple degrees of housing equality across the selected cases.

The AASQ indicators “measure” comparatively the multidimensional nature of housing (in)equalities, drawing from Sections 2.1 and 2.2, where:

- **Affordability (A)** captures **the degree (%) of de-commodification**, partial commodification, or commodification across each tenure and the housing system as a whole (based on what is subsidised and what is regulated and how is provided/produced);
- **Accessibility (A)** reflects the scope or **breadth of eligibility across the social spectrum**, if applicable: for instance in the social rental sector, ranging from universalist (no means-testing test, broader social spectrum), to quasi-universalist (high benchmark-base incl. middle- and low-income groups, social mix), to residualist (means-tested and restricted to the lowest social echelons).
- **Security (S)** reflects **tenure security**, measured by the share of outright owner-occupation; by the strength of rent regulation and tenant protections in the private rental sector (referring to our typology of rent regulation, Figure 1.5); and by the prevalence of long-term contracts in the social rental sector.
- **Quality (Q)** broadly assesses the **distribution of housing quality**, based on the quality of construction (old stock, renovated units, or new build), the housing-standards regulatory framework, and the degree of (in)equal quality distribution **across social groups and tenures**.

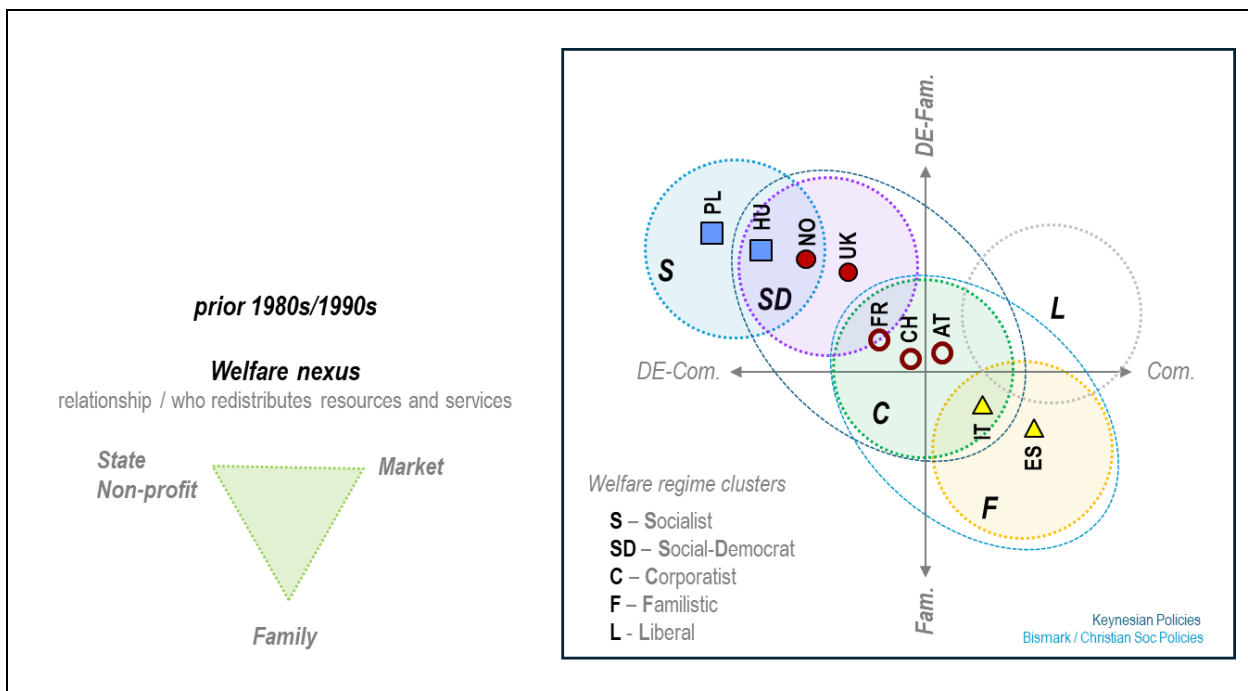
## 2 CHANGING HOUSING SYSTEMS

### 2.1 Degree of de-commodification before the 1980-90s welfare restructuring

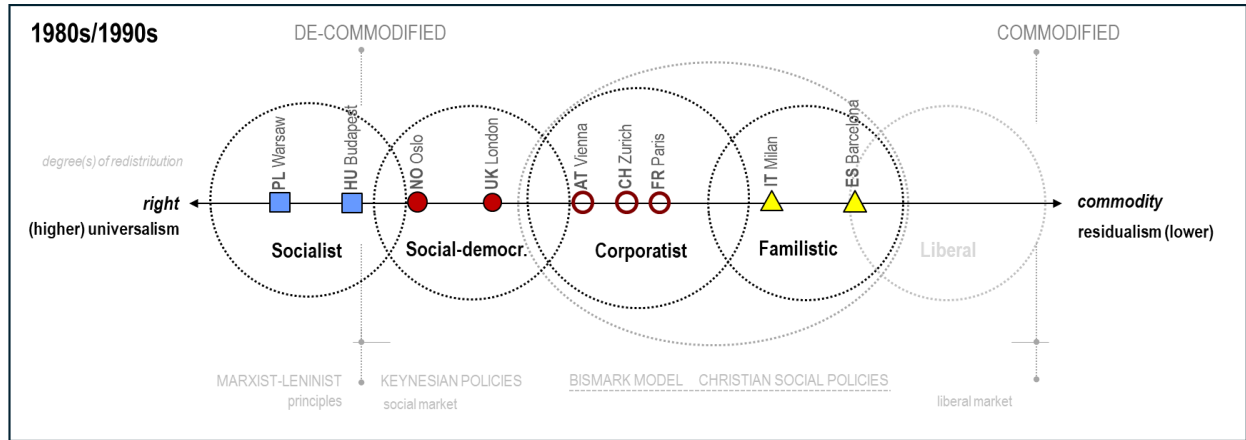
Prior to the 1980s welfare restructuring in Europe we encountered 4 distinct types or clusters of welfare regimes, which differ in terms of conception of society, distribution of universal transfer across the welfare pillars (labour, education, health, etc..) and within their housing system depending on whether housing is conceived as universal right or a good or a family patrimony. The type of welfare regime informed thus the degree of de-commodification of their housing system: in Figure 2.1 and 2.2, at the opposite ends of the welfare universalist-residualist spectrum, there are the strongly/highly de-commodified housing systems of the Socialist welfare clusters, followed by the Social-Democratic cluster; and the commodified Familistic welfare cluster; the Corporatist lying in the middle as significantly de-commodified. There were no Liberal welfare regime clusters as such (US archetype).

In this section, we take in turn each welfare cluster and the countries' housing system, and we will look at what has been de-commodified (across tenures), how and to what extent.

**Figure 2.1** Housing systems within and across welfare regime clusters, prior the 1980-90s welfare structuring, in Europe.



**Figure 2.2** Degree of de-commodification prior the welfare restructuring of the 1980-90s. Positioning clusters of welfare regimes-housing systems along the universalist-residualist spectrum, in Europe.



### 2.1.1 Socialist cluster

#### Welfare regime

Post-war Eastern European states developed a socialist welfare regime grounded in Marxist–Leninist principles, in contrast with the Keynesian politico-economic paradigm framing corporatist and social-democratic regimes in Central and Northern Europe at that time (i.e. adopting a mixed economy, demand management, and state intervention to stabilise capitalist markets, e.g., through deficit spending to support full employment). Built on the idea of society as a “community of equals”, it emphasised collectivism and the state’s responsibility for social welfare, seeking to minimise market and family influence, reduce stratification, and guarantee social security as a universal right. The state played a dominant role, ensuring benefits and services for all citizens regardless of income, occupation, or family status. However, the emergence of socialist systems in Eastern Europe often involved a replacement of elites rather than a genuine equalisation of social positions. Societal principles reflect ideological framings, though their implementation depends on specific historical and urban contexts.

Welfare provision was highly centralised within a system of state ownership and central economic planning. Means of production were largely state-owned, and economic decisions were made by planning authorities rather than market forces or Keynesian demand management. Collective consumption was promoted, with many benefits delivered through workplaces, making employment a key channel for welfare.

Redistribution was conceived as a political commitment to equality rather than an economic stabiliser. Universal transfers—such as social allowances, pensions, healthcare, and housing—were provided on a non-means-tested basis (though prioritising key workers and those in political positions), financed through general taxation and/or state revenues rather than contributory insurance schemes, further distancing welfare provision from market dependency. By prioritising collective welfare over individual accumulation, the system aimed to flatten income differences and foster social solidarity. However, the experience of de-

commodification during the socialist period also demonstrated that bureaucratic allocation does not necessarily move societies toward greater equality.

### *Welfare-housing system nexus*

As a result, a socialist welfare regime prioritises housing as a social right rather than a commodity, leading to extensive de-commodification of the housing system across Eastern European countries, though to different extents.

The extensive de-commodification is led by the state—both national and local—acting as the main provider of housing stock, with increasing control over housing finance through the nationalisation of banks (Hegedüs & Tosics, 1996). Large-scale nationalisation of land and dwellings, strict limits on private property, extension of wartime rent control (1st-generation), the abolition of for-profit housing construction and restriction of the sale of building materials reinforces state control. Support for owner-occupation remains scarce compared to state-controlled rental housing, and *property rights* are redefined to prevent profit-making, allowing only “personal property” for household needs. Publicly-owned SR and PR tenants possess life-long tenancy rights (or in some contexts even sold), inheritable security of tenure blurring the line between renting and ownership (Kováts & Kohl, 2025, p. 3575; Hegedüs, 2013; Marcuse, 1996).

Universal access is central: rents are symbolically low, and waiting lists are common due to chronic shortages. Production and allocation are embedded in centralised planning (five-year economic programs) and based on administrative criteria (workplace or family size). Market mechanisms are limited or absent, with exchanges and subletting tightly regulated, though informal markets and practices emerge under scarcity, especially in cities (e.g., widespread private subletting as no direct state control over exchanges taking place within the state housing sector or between state and privately owned dwellings; Hegedüs & Puzanov, 2017). Construction relies on standardisation and prefabrication for speed and cost efficiency, elevated the housing standard compared with the old pre-war housing stock. However, periods of resource constraints result in low-quality housing with poor standards and limited amenities. Key in these processes was the nationalisation of land, with the abolition of private ownership, and centralisation of housing provision under state control, with land allocation for new housing managed exclusively by the state and private development largely prohibited.

### *Variation: historical north-south cleavage*

An enduring north–south divide in Eastern European housing systems is rooted in divergent pre-socialist policy choices, reinforced during state socialism, and continued to influence post-1990 privatisation despite multiple transformative regime changes affecting the region (Kováts & Kohl, 2025 pp. 3575–76). Northern countries —Poland, (East) Germany, and Czechia—were historically more urbanised and industrialised under Austrian and German rule, with stronger working-class mobilisation and government support for collectively-owned housing (Bismarckian model). They developed stronger cooperative traditions and a share of housing in collective (cooperative and non-profit rental) versus private ownership, resulting in a more heterogeneous tenure structure. Poland maintained a rigid system with minimal support for private construction until the late 1980s. In contrast, the initially less urbanised and industrialised southern group—Hungary, Romania, Bulgaria, and partly Slovakia—is

characterised by weak cooperative traditions and stronger support for OO (weaker Bismarckian model more reliant on family provision). Hungary introduced flexibility after the 1968 economic reforms by allowing private self-build, yet on state-allocated plots. This trend persisted under socialism through higher rates of OO in new construction in southern countries, while northern countries prioritised large-scale cooperative and SR public housing (Hegedüs, 2020). Poland maintained a more rigid system with minimal support for private construction until the late 1980s.

The socialist welfare cluster retained thus the historical north-south variation in the tenure structures of Eastern European countries, which explains the stronger legacy of collective ownership housing provision in PL (northern group) and of individual ownership provision in HU (southern group) (Kováts & Kohl, 2025 p. 3585). After 1990, this cleavage persisted into the post-socialist period, reflected, for instance, in the divergent approaches of the northern and southern groups to the privatisation of the state SR sector into OO.

## Poland (PL)

### *Tenure-policy system*

Poland developed the **largest de-commodified post-war housing system** in Europe, driven by the post-war state-socialist regime's extensive nationalisation of land, industry, and banks — core to the shift to a centrally planned economy and universalist welfare regime. The system was universalist (treating housing as a right), but broader socialist housing policy rested on a biased tenure-subsidy structure that prioritised state-owned SR housing—through mass construction, particularly of large panel-block estates—and cooperative housing, while enforcing strict 1st-generation rent control. Consequently, OO and PR were heavily restricted until the political and economic reforms of the late 1980s—early 1990s.

Nationalisation was exceptionally far-reaching in Warsaw (90% of the city destroyed during WWII) to facilitate post-war reconstruction, resulting in almost the entire housing stock becoming de-commodified under state control and new public production. Reconstruction and state-socialist housing policies—most notably the 1945 Bierut Decree, which municipalised all urban land but not buildings—constrained OO and PR; in practice, state control of land effectively removed owners' control.

As a result, by 1980, a very large share of Warsaw's housing stock (700,000–750,000 units) consisted of **SR** housing (approx. 70%), municipally or state-owned and rented to residents at low, regulated rents; this included both newly built public housing and units taken over from private owners

**OO** was significant in rural areas, and sizable in urban areas, concentrated mainly in cooperative housing or in pre-war buildings that had not been fully nationalised. More importantly, **much of the OO stock was effectively de-commodified**, since cooperative housing was based on *occupancy rights* tied to membership rather than full ownership. Occupancy rights were secure and long-term—similar to leaseholds—and some units were rented to members who had not paid their full contribution. As a result, the boundary between

renting and the limited-ownership model within cooperatives became blurred, a distinction only re-established with the reintroduction of *cooperative ownership rights* after 1989. “*The long co-existence of **limited ownership cooperatives** and **rental cooperatives** in Poland was the result of embracing both the German-Austrian tradition of the lack of apartment ownership and the Polish-Russian tradition of apartment ownership in multi-family buildings after 1918. Consequently, Poland was the only country [in Eastern Europe] where the two types coexisted for a considerable time*” (Kováts & Kohl, 2025 p. 3590).

The **PR** sector was marginal (5–10%), reflecting nationalisation and strict limits on private property rights, which in turn drove a significant informal market (e.g., subletting within state-owned buildings, private subletting). Landlords had little capacity to raise rents, which were heavily regulated and capped, while tenant protections remained strong under 1st-generation rent control (Kozłowski, 1996).

### *Supply system*

Since housing was considered a state responsibility, the **state dominated provision** by controlling finance, land, construction, and allocation of dwellings. The housing system prioritised state-owned and cooperative housing, concentrating land and subsidies in these sectors. It relied heavily on direct public production and supply-side subsidies for construction, utilities, and maintenance, while rents were set far below cost as symbolic charges.

**Urban land de-commodification was extensive** in PL, driven by land reform and nationalisation measures (1946–47)—core pillars of the emerging socialist state—which established the foundations of a state-owned and centrally planned land and property system. The transfer of urban land into public ownership effectively prohibited private development. Housing construction became highly centralised: the state controlled land allocation and excluded private developers, while cooperatives operated only under strict supervision. Private urban landownership was effectively abolished, leaving owners and landlords with title to buildings but not to the land. Although this system enabled large-scale state housing production, it also produced chronic shortages and inefficiencies.

The housing system was financed through a **state-controlled mono-bank system**, with the National Bank of Poland as the central institution. Housing finance relied on state allocation rather than private credit—mortgage markets did not exist, and banks operated as administrative arms of housing policy rather than independent lenders. Cooperative associations and state enterprises received **funds directly from the state budget**. Private OO was not encouraged, though small loans for rural self-build were sometimes available, particularly for agricultural workers. Private landlords received no meaningful subsidies and faced strict rent controls and legal constraints, leaving the sector both small and largely informal.

### *Multi-governance*

Housing governance in PL was highly centralised, following the Soviet model. The central government—through the Council of Ministers and the Polish United Workers’ Party—retained regulatory and fiscal authority and directed housing policy through five-year plans that set

production targets, allocation norms, and financing priorities. Regional and municipal authorities implemented these plans with minimal autonomy, functioning largely as administrative extensions of the state and allocating dwellings according to centrally defined criteria such as workplace or family size. Housing cooperatives existed as formally non-state actors but were tightly regulated and dependent on state-controlled land and subsidies. Overall, decision-making was strictly top-down, leaving little room for local discretion or market mechanisms. **Centralisation was instrumental in enabling rapid, large-scale de-commodification of land and housing.**

## Hungary (HU)

### *Tenure-policy system*

Post-war Hungarian housing system undertook a significant de-commodification process, largely through the extensive nationalisation of urban land, housing, and major construction-industry firms. This occurred on a more limited scale than in PL, because the Hungarian housing system remained comparatively more supportive of individual OO than the northern Eastern European counterparts, a tendency reinforced after the 1968 economic reforms. In line with other less industrialised members of the southern group, HU maintained its traditional orientation toward OO throughout the socialist period, while non-profit rental housing and cooperatives remained marginal—both a legacy of its weaker Bismarckian welfare regime, which relied heavily on family provision.

An extensive expansion of a state-owned, municipally managed SR sector—though on a smaller scale than in PL and the northern group—was created through two waves of nationalisation. The main wave in 1948–49 brought apartment blocks, many single-family houses, and German-owned properties—initially taken over by the Soviet authorities and later transferred to the Hungarian state—into public ownership/control. This was followed in 1952–53 by more selective expropriations, limited to dwellings with more than six rooms (smaller dwellings were not nationalised), and by the creation of council-run housing management organisations (“IKV”s) to administer the expanding state stock.

As immediate post-war policies prioritised repairing war-damaged dwellings and avoiding measures that diverted resources from industrial restructuring, 1950s housing policy focused largely on redistributing the existing stock—with allocation spanning multiple social groups, often through subdivision and shared tenancies (multiple households sharing facilities)—while new construction remained minimal and administration highly inconsistent (Hegedüs & Tosics, 1996). Practices of ‘*forced private renting*’—a by-product of partial nationalisation—were also phased out (no new such tenancies could be created after 1971, though existing ones persisted). With no meaningful subsidies, strict 1st-generation rent control, and legal and financial constraints that discouraged private landlords, the PR sector contracted, remained underinvested, and operated largely informally, with a high incidence of subletting.

After the 1956 Revolution, the housing system developed a dual market structure within the centrally planned economy, in which central planning regulated finance, land, construction, building materials, and labour. The state sector operated through formal allocation channels covering both council SR housing and the new state-built, OO prefabricated stock, with income

and need shaping access (no-means-testing). In the private sector, where households were legally permitted to own only one dwelling and one secondary unit, access was determined largely by household resources and informal networks.

State support for individual OO, in fact, persisted under socialism, and after the 1968 reforms, the housing system allowed self-build on state-allocated plots, contributing to higher levels of OO new construction than in most Eastern European countries. Moreover, HU entered the 1990 transition ahead of other post-socialist states in transferring state assets into private hands since the 1980s (app. 10% of all privatised stock was sold to sitting tenants between 1980 and 1990). These long-standing path dependencies—partial nationalisation, a traditional orientation toward OO (including subsidised/de-commodified OO production) and reliance on family-based provision—shaped also the rapid and extensive post-1990 privatisation of the remaining state-owned stock.

As a result, several processes sustained the dominance of OO during socialism—reaching 66.5% nationally by the 1970s and 75% by the 1990s, and about 40–50% in Budapest (Hegedüs, 2023). These included partial nationalisation (since dwellings under six rooms were exempt), path-dependent support for individual/family ownership, and the 1968 “New Economic Mechanism,” which expanded private initiative. Though **a significant share of OO was de-commodified** through state-owned production (later privatised) and heavily subsidised OO cooperatives—largely benefiting middle-echelon groups—and through self-build schemes, especially in rural and suburban areas, subsidised through state loans, public plots, and material aid.

State-owned SR housing—managed by councils and state companies—accounted for **one third of the national stock** (33.3%) by 1970, falling to roughly 28.3% by 1980 (ibid.), due to expanding subsidised OO production and early privatisation of state-owned stock (legally allowed from 1963; policy programmes promoting it emerged in the late 1980s). **Budapest diverged** markedly from the national pattern, **maintaining a much higher share of state/municipal SR housing (around 50%)**, owing to the concentrated nationalisation of pre-war buildings and the large-scale production of new SR mass housing in the 1960s–70s. By 1991, half of Budapest’s housing stock was still state-owned, while on a national level, social rental accounted for only 20% (Figure 2.5).

The PR sector was marginal, permitted only in restricted forms (pre-war privately owned tenements and second homes that escaped nationalisation), and tightly regulated through rent freezes and strong tenant protections. Because 1st-generation rent control—introduced in the interwar period and reinforced under socialism—kept rents far below cost, for-profit and ‘forced’ private rentals became more a financial burden for landlords, requiring investment and maintenance, than a source of income. The formal PR stock thus shrank, while substantial informal renting grew (sub-letting, informal arrangements, and rural renting; Hegedüs 2023), expanding further with rising inequalities after the post-1990 privatisation and deregulation wave. Official statistics under-reported PR<sup>3</sup>, as many arrangements were hidden for tax and

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<sup>3</sup> A 1983 statistical survey found that 10% of HU’s housing stock was PR (including both forced and for-profit rentals), with a further 6% sublet. In Budapest, dwellings with some space sublet had already reached 10% by 1970 (Hegedüs, 2023).

regulatory reasons. Despite widespread informality and under reporting, official estimates put the PR sector at only about 5 % of the national housing stock in 1991 (Figure 2.5).

### *Supply system*

As in PL, the Hungarian **state dominated housing provision** by controlling finance, land, construction, and the allocation of dwellings. Since 1948, **urban land nationalisation** created a **massive de-commodified land system** in urban areas, with state-owned and state-controlled land banks. As private ownership of urban land was abolished, homeowners and landlords could own dwellings but not the land beneath them, and land for new housing was allocated exclusively by the state, severely restricting private development, while supporting production for OO cooperatives and later self-built single housing.

The 1968 economic reforms introduced limited flexibility by permitting private self-build housing, but they also reduced the share of public investment in housing while introducing a new system of subsidies (1971–1993). State-owned public developer companies (including municipal developers and large industrial enterprises) built both SR and OO housing, allocated by councils and state-owned companies that built or managed these units. Cooperative housing likewise served as a state-steered mechanism to expand OO (most of its stock built between 1955 and 1985), with the state controlling financing and allocation through heavily regulated, subsidised schemes on state-owned land. Since 1970, about half of all new single-family housing was self-built by future owners (as no professional private developers operated in the system), subsidised and on state-allocated plots. Thus, all permitted forms of **housing production were de-commodified and subsidised**.

The housing system was financed through the **centrally controlled state-owned bank** (National Savings Bank, OTP), state budget allocations, and, as a supplement, contributions from state-owned companies (Hegedüs & Tosics, 1996). OTP functioned as the state's **designated institution for savings and housing loans**, operating under central directives; loans were issued on administrative, not risk-based, criteria — consistent with a mono-banking system. The state-managed sector was financed primarily through budget support and generous state loans, while the private sector was also subsidised—though to a lesser extent—through low fixed-rate state loans (1.5–3% over 35 years) and mandatory savings (cash down payments). Eligible households and cooperatives were automatically granted subsidies and loans without a proper underwriting process. State-owned firms and organisations—such as the police, the military, and political bodies—could obtain preferential access to housing allocations (Bismarckian corporatist legacy). Because official salaries were guaranteed and enforceable through wage garnishment under a system of full employment, lending posed minimal risk to OTP.

### *Multi-governance*

Housing governance was highly centralised: the central government and the ruling Party exercised dominant regulatory and financial/fiscal<sup>4</sup> control over housing policy, setting funding

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<sup>4</sup> HU taxation was negligible for individuals during socialism (1949–1989), as wages and prices were controlled. The system relied on redistribution through central planning rather than market-based taxation. State enterprises transferred surpluses to the state budget; taxes were embedded in accounting rather than levied separately. The

provision through state budgets, construction quotas, including allocation of land for self-built schemes and cooperatives. Municipalities built and allocated state SR housing but operated under strict central guidelines, leaving them with minimal autonomy. Since 1968, economic reforms expanded the role of large state enterprises (and cooperatives) in housing provision, granting them greater flexibility to co-finance and develop housing, mainly for their own workforce. This strengthened a corporatist–local nexus in which employers influenced allocation to secure labour. Despite these reforms, local governments remained implementers rather than autonomous decision-makers. As in PL, centralisation was key in driving the mass de-commodification of land, housing and housing production (SR and OO).

### 2.1.2 Social-Democratic cluster

#### *Welfare regime*

In the post-war decades, Scandinavian countries and, to a significant extent, the UK developed welfare regimes inspired by social-democratic principles and underpinned by Keynesian full-employment strategies during the Fordist regime of accumulation. These regimes were grounded in universalist welfare principles that viewed society as a set of negotiated relationships between social partners—state, employers, unions and labour—operating under conditions of relative labour scarcity. The state expanded its role by superseding the market and, increasingly, the family as the main provider of welfare, aiming to ensure that full employment supported wider societal well-being, while preventing/reducing the socio-economic and residential inequalities that had escalated in the interwar period.

**Universalism and extensive de-commodification of welfare services** (universal access to e.g. healthcare, education, childcare, pension, labour, transport, and housing and land) were extended **broadly**, with entitlements framed around citizenship rights rather than minimum-needs assessments. **De-familiarisation** was **significant** (yet not to the extent of socialist welfare regimes), as state-provided welfare services reduced households' dependence on family care structures and family-based housing provision, while regulated markets further supported welfare security.

A **de-commodified housing system was a central** welfare pillar of Keynesian full-employment strategies (and the associated social pact) in industrialised societies: it sustained the de-commodification of labour and pension systems by compensating low yet secure wages with universal access to welfare services, thereby supporting high industrial productivity, competitiveness, and social mobility. The de-commodification of labour and housing were mutually reinforcing: housing de-commodification depended on strong labour protection, while labour de-commodification was sustained by affordable, secure, and de-commodified housing within the Fordist regime of accumulation. Since the welfare restructuring of the 1980s, countries that most extensively re-commodified their labour and land systems have found it increasingly difficult to maintain previous levels of de-commodified, affordable and secure housing, leading to a stark rise in residential inequalities.

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state provided services (housing, health, education) without direct tax funding. After the 1968 economic reforms, some market elements appeared, but taxation remained marginal until the post-socialist transition.

Within the broader social-democratic family of universalist welfare systems, the Scandinavian variants were built on **social-market foundations, strong corporatist coordination, high union density, and institutionalised wage bargaining, producing notably egalitarian outcomes**. A high degree of redistribution was designed to ensure equality through high-standard, non-means-tested benefits for all social groups (high universal transfers). The UK, however, differed from the Nordic model. Although it shared post-war universalist aspirations—most notably through the creation of the Beveridgean social insurance<sup>5</sup> and NHS (free, universal healthcare)—it retained elements of its liberal tradition, including more selective and flat-rate, contribution-based benefits, weaker corporatist structures, and a more fragmented system of social protection. The UK thus represented a more liberal variant—universalist in principle and in key institutions, yet less comprehensive and less coordinated than the social-democratic models developed in NO and the other Nordic countries.

### *Welfare-housing system nexus*

The high degree of de-commodification in social-democratic housing systems reflected universalist principles of equal redistribution, delivered through extensive fiscal, regulatory and subsidy transfers to secure high housing standards for all groups and across all tenures. Grounded in commitments to social equity, these systems treated **housing as a universal right** and thus a core societal responsibility (Lowe, 2011), which required, above all, a de-commodified land system to keep housing production costs low for state, non-profit and market providers by curbing land speculation and reducing the weight of land in overall production costs.

The welfare–housing nexus thus required a **‘tenure-neutral’ policy system that distributed subsidies and regulations evenly across all tenures to prevent speculation**—especially in the PR sector—and secure affordability. Full or partial **de-commodification of the housing supply system across all tenures**—through supply-side subsidies for public, non-profit and private providers (e.g., brick-and-mortar subsidies and public land provision) as well as direct state production—was fundamental to sustaining this tenure-neutral approach.

In particular, the **de-commodification of the land and planning systems** (which entailed subsidised land, extensive public land provision, and a profit regime and planning regime designed to curb land speculation and ensure quality in production) was essential to sustaining high levels of de-commodification across the whole housing system. By controlling and reducing the cost of land within the overall supply system, the state, market and non-profit sectors were able to keep housing production costs low—a mechanism that played a central role in mitigating housing crises, from post-war reconstruction (reducing shortages and poor-quality housing) to ensuring long-term affordability.

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<sup>5</sup> Beveridgean social insurance is a universal, tax-funded, flat-rate welfare system that guarantees all citizens a basic minimum income and essential services. Flat-rate contributions and benefits ensure subsistence rather than earnings replacement. This model underpins core elements of the British welfare state, including the NHS (free, universal healthcare), flat-rate state pensions, universal unemployment and sickness benefits, and child benefits. As a tax-funded system, it contrasts with the Bismarckian (corporatist) model, which is employment-based, earnings-related, and primarily financed through payroll contributions. Comparative welfare studies regard the Beveridge model as a more liberal variant of a universalist welfare regime (Esping-Andersen, 1990).

*Variation: unitary rental system vs unitary owner-occupation system*

Social-democratic redistributive regimes organised their housing systems along two main variants, shaped by levels of industrialisation, existing institutional traditions, and dominant tenure trajectories.

**Variant A (unitary rental system).** In the larger, more industrialised countries with stronger traditions of municipally-led housing production, and/or labour-movement-led universalism—most notably the UK, Sweden and Denmark—governments fostered the **expansion and de-commodification of the rental sector**. This took the form of a unitary rental system, where a **large, dominant SR sector** open to all or most social groups (universal, non-mean-tested) and a **strictly regulated PR market** (1st-generation rent control) compete within a single rental market. To a very large extent, unitary rental systems have been able to **control ‘affordability, quality and security of housing’**<sup>6</sup>, while reducing residential inequalities during the Fordist-Keynesian period. Local governments (or municipal housing companies) played a fundamental role, either through direct construction, or public land provision and subsidies for non-profit rent providers (housing associations and/or cooperatives), as well as private landlords, in order to compete in a unitary rental market. Although rental housing was predominant, these regimes remained tenure-neutral, **supporting OO** (credit support, serviced land) to limit segmentation and maintain system-wide affordability. The UK, in particular, pursued tenure-neutral policies since inheriting a substantial OO stock rooted in liberal traditions.

**Variant B (unitary owner-occupation system).** In the smaller, relatively later-industrialising countries shaped by strong agrarian, cooperative and family-centred welfare traditions—all three relying heavily on OO—particularly Norway and Finland, governments fostered the **expansion and de-commodification of OO**. This model relied on the large production of subsidised, price-regulated owner-occupied dwellings, delivered through **cooperative and non-cooperative schemes, both competing in a single OO market under closed-circuit finance** (earmarked loans, revolving funds) and **stringent price benchmarks** (strict resale and price-cap controls). Unitary owner-occupation systems have also been able to **control ‘affordability, quality and security of housing’** to a large extent since they position regulated (cooperative/non-profit) OO and market OO in one field of competition under shared price benchmarks, while keeping a highly regulated **PR market** (mostly 2nd-generation rent control) to prevent high-rent market bypasses. The state and municipalities deploy preferential credit, land at controlled prices, cost-based construction standards and resale restrictions to keep OO prices aligned with social benchmarks; eligibility is broad (not mean-tested), so the regulated OO segment anchors market prices rather than serving only as a safety net. Tenure-neutrality

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<sup>6</sup> Control over affordability, security and quality: broad-eligibility, cost-rent (or cost-benchmark) principles and municipal/non-profit supply discipline overall price formation, while allocation via open waiting lists (non-means-tested) and public standards keeps quality and access from residualising. Municipalities (or municipal housing companies) shape supply through direct construction, public-land assembly, and supply-side subsidies and public land provision to non-profit associations and cooperatives; rent-setting rules and tenancy protections bind the private segment to the same affordability and stability norms, yielding cross-tenure price convergence.

meant that SR also received some policy attention, but **municipal SR provision** tended to be more means-tested, targeted at lower-income groups and smaller in scale.

In both variants, the core mechanism is **cross-tenure competition**: when non-market (or regulated market) supply is sufficiently **large and open to all/most social groups**, it disciplines prices (affordability), tenure security and standards (quality) across the whole system, ensures broad social access, and prevents the stigmatisation and residualisation of public and non-profit provision. The local government role, large public land bank and highly regulatory planning instruments (incl. compulsory purchase and public land release) are pivotal to reproducing both types of unitary systems by controlling land and production costs and raising construction standards. These mechanisms enable sustained production across public, non-profit and private sectors while keeping residential inequality in check in what would otherwise be highly costly housing systems.

## Norway (NO)

### *Tenure-policy system*

Rooted in social-democratic universalism, the Norwegian government developed one of Europe's largest de-commodified post-war housing systems, centred on OO as a universal welfare good and supported by state-led housing supply and public land policy, OO cooperative models, price regulation, and subsidised loans (Annaniassen, 1991; Kohl & Sørvoll, 2021).

By conceiving housing as a right, the welfare-housing system channelled substantial universal transfers—state subsidies, loans, and land—primarily into a model of “social homeownership” (Kemeny, 2006; Sandlie & Gulbrandsen, 2017). This system sought to address post-war housing scarcity, poor quality, and reconstruction needs, while fostering social integration and upward mobility across society. Norway thus developed what scholars describe as a “*social-democratic home-owning society*” (Annaniassen, 2013), shaped by a distinct social-democratic philosophy of private ownership and a cooperative tradition differing from the rental-cooperative systems of Central Europe, thereby promoting OO in a non-speculative context.

As in other social-democratic welfare states, the PR sector was viewed as a locus of speculative activity which required anti-speculative regulation to protect tenants. Policy priorities, however, diverged: in NO, the goal was, in Torgersen's words, to ‘*organise the exodus from the Egypt of private tenancy*’ into OO (variant B), whereas in Sweden, Denmark, and the UK this shift was directed primarily into the SR sector (variant A).

The tenure-policy system rested on two main pillars. First, the **expansion of the OO cooperative sector**, which since the 1930s and the post-war period had been central to NO's social-democratic housing policy and supply, with cooperatives acting as major building agents for both cooperative and state provision. Second, the establishment of a **unitary OO system** (variant B) that prioritised a large, de-commodified OO sector—where cooperative and

non-cooperative schemes competed within the same regulated and subsidised market—**supplemented by a small, regulated PR sector** (1st, later 2nd-generation rent control) and a **small, means-tested municipal SR sector**. Price regulation on purchase and resale ensured OO de-commodification by preventing speculation, while subsidies supported cooperatives, private developers, and owners equally. The **subsidy system was tenure-neutral**: all tenures were regulated for standards and affordability (considered at 20% of wage/average income) and produced through large subsidies and de-commodified land, financed by the Norwegian State Housing Bank (*Husbanken*), which has played a central role in both post-war de-commodification and post-1980s re-commodification.

## OO sector and OO cooperatives

As a result of the unitary OO system, by the early 1990s OO cooperatives constituted a very large share of Oslo’s housing stock (around 50% of the city’s 330,000 dwellings), which corresponded to roughly two-thirds of all owner-occupied housing in the city (with OO representing about 70% of the total stock). Their share was lower at the national level (OO representing about 84% of the total housing stock), because single-family homes dominated outside the major cities.

Cooperatives were established as non-profit, non-speculative organisations operating in a closed circuit, where resales occurred only within the cooperative. They followed both the ‘*cost-price*’ principle<sup>7</sup> (a non-profit operating system in which prices and fees reflect actual costs) and the ‘*selling-at-cost*’ principle (a pricing mechanism requiring dwellings to be sold at their regulated cost), ensuring no profit extraction and positioning OO as a right rather than an asset. Until the 1980s, cooperative dwellings were tightly regulated, with strict price controls and allocation rules favouring seniority and families with children. Deregulation in the 1980s opened cooperative apartments to free-market sales, ending both price controls and seniority rules and triggering significant changes, though the cooperative backbone endured. The Norwegian cooperative model (see Kronborg, 2014) is *sui generis*, characterised by a **two-tier cooperative structure**—with building cooperatives and housing cooperatives operating in a parent–child arrangement—and by its deep integration with state and municipal land and financing systems.

**Building cooperatives** (*boligbyggelag*) such as OBOS, TOBB, and BOB are ‘parent organisations’ responsible for land acquisition, project planning, and housing development. Established nationwide after 1945, following the OBOS model of 1929, many were initiated by municipalities and worked closely with the State Housing Bank. Although they played a central role in post-war housing provision, they are private membership organisations. Importantly, they do not retain ownership of the dwellings they construct: newly built units are sold to newly formed housing cooperatives, whose members purchase shares tied to specific dwellings. **Housing cooperatives** (*borettslag*) are independent, resident-owned cooperative companies,

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<sup>7</sup> Building cooperatives applied the cost-price principle during construction: the combination of land cost, construction cost, administration, and shared debt determined the initial selling price (with no profit), after which the units were transferred to housing cooperatives. Housing cooperatives applied the cost-price principle in their management: monthly fees reflected actual operating costs, shared-debt repayment, and no profit extraction; and before 1980s de-regulation, they also required units to be sold at cost when transferred between members.

created as separate legal entities for each completed project. Residents become shareholders with rights to their own dwelling, and the *borettslag* manages the buildings collectively.

This shareholder-based model is complemented by a privately led sector that includes independent cooperatives and joint-stock companies. **Independent cooperatives** (*frittstående borettslag*) are non-profit housing cooperatives established by private commercial developers but legally organised as cooperatives. They are member-owned (one member = one vote), operate according to cost-price principles, and do not permit profit extraction. Shares are restricted and tied to occupancy rather than freely tradable, and ownership provides a right of occupancy rather than an investment asset. Any surplus is reinvested in the cooperative to reduce costs for residents. **Joint-stock companies** (*aksjeselskap*), by contrast, are profit-oriented commercial firms owned by shareholders. The company owns the buildings, while shareholders hold freely tradable investment shares. Ownership is proportional to the number of shares held, voting rights follow capital rather than persons, and the purpose is profit generation, with dividends distributed to shareholders.

The unitary OO system was key to ensuring low-cost production, affordability/accessibility, security, and quality for a broad spectrum of society; however, it also generated housing inequalities that had to be offset within the regulated rental sector. Because buying into housing cooperatives or joint-stock companies required a deposit, allocations favoured seniority and families with children, and OBOS memberships could be inherited or transferred within families, the model excluded low-income earners with insecure jobs, single households, single parents, pensioners, and newcomers (Kronborg & Brodey, 2024). As a result, those unable to access OO throughout the post-war period relied on the PR market, while the most vulnerable were allocated means-tested municipal SR housing—a pattern that, in principle, remains unchanged today.

As price regulation ended earlier for private single-family homes (1969) than for joint-stock and cooperative dwellings (1982), two parallel housing markets emerged in the 1970s. The declining legitimacy of the regulated owner-occupation sector fuelled debates that paved the way for the deregulation of the 1980s and the reduction of State Housing Bank subsidies (loans and land), which dismantled the unitary OO system and transformed it into a dualist one (e.g., cooperative and non-cooperative markets no longer competing). However, the re-commodification of the housing system became evident only after the early 2000s (Aarland & Sørvoll, 2021), nearly three decades after the first lifting of price caps.

## PR sector

The PR sector was also de-commodified but kept small. It has long been tightly restricted and regulated to prevent landlord exploitation, equalise access, and stabilise the rental market. Profit-driven renting—“*owning other people’s homes as a field of private enterprise*”<sup>8</sup>—was deemed unacceptable (Annaniassen, 2013; Kettunen & Ruonavaara, 2020). The national state

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<sup>8</sup> Trygve Bratteli’s statement in the parliament in 1951. Trygve Bratteli (1910–1984) was a major Norwegian Labour Party politician, newspaper editor, resistance fighter during WWII, and twice Prime Minister of NO.

set the regulatory framework, and municipalities implemented allocations and oversight. 1st-generation rent regulation, introduced in 1915, was later replaced by a more flexible yet still de-commodified 2nd-generation system in which local rent boards set permissible annual increases—typically in line with CPI growth but from already low rent levels. Larger increases were permitted when properties were upgraded, subject to approval by the rent committee (Oust, 2018, p.446). Evictions were difficult to carry out, and the conversion of rental flats into owner-occupied units was tightly restricted. Rent boards also oversaw the setting of rents for new dwellings, and whether landlords coordinated with them or set rents independently, the final rent had to comply with regulation; otherwise, tenants could demand a reduction (Kettunen & Ruonavaara, 2020).

## SR sector

Unlike in other social democratic states, the SR sector remained minimal and residualist throughout the post-war period. A brief experiment with direct public housing construction occurred in the interwar years, but by the mid-1930s, local governments had shifted their support to OO cooperatives, regarded as the most cost-efficient way to house low-income groups (Sandlie & Gulbrandsen, 2017). After the war, most municipal SR housing was supplied through the purchase of existing dwellings from cooperatives or private developers. The sector was means-tested, targeted at vulnerable groups, and never developed into a universal alternative to OO; moreover, its management was considered burdensome. In 1951, Oslo City Council sold most of its municipal SR housing to sitting tenants to take advantage of State Housing Bank subsidies for OO. By 1976, stricter means-testing governed new SR allocations, and from the late 1980s, tenants' security of tenure was significantly reduced, further residualising the sector.

### *Supply system*

Since housing was considered a universal right, its provision had to be organised within a non-speculative framework across all tenures, production types, and social groups. Preventing land speculation—through a de-commodified land system and public land provision—kept land costs down and enabled affordable production by cooperatives, joint-stock companies, private developers, and at times municipalities, across both single-family and multi-family housing, supporting economies of scale in NO's small and medium construction sector. State support through supply-side subsidies, combined with price regulation from production to resale, curbed speculative pressures, limited inflationary spillovers, and contained rising production costs until de-industrialisation. This **de-commodified supply system** was fundamental to building a social-democratic home-owning society, but to function effectively, it also required demand-side subsidies to keep housing deposits and mortgage costs low.

Foundational to the system was the **State Housing Bank** (established in 1946), which served **as the main financier of housing and the central supply- and demand-side instrument**. It provided below-market (“cheap money”), price-regulated loans, underwriting most post-war housing production and making OO widely accessible; it financed up to 80% of all new homes

at its peak in the 1970s. It also subsidised demand-side borrowing—primarily mortgages for homeowners, though not for private landlords—through favourable, non-means-tested loans in a strictly regulated credit market. All financing was also subject to strict standards/dwelling regulation (with minimum and maximum limits to curb the use of luxurious materials; Kohl & Sørvoll, 2021). This **regulated financing regime**, together with the two-tier cooperative model, helped standardise and raise construction quality nationwide and control affordability. The State Housing Bank was the key mechanism behind the unitary owner-occupation model, since enabling affordable, cross-tenure competition within a highly regulated market.

**Municipalities** also played a crucial role by acquiring land, preparing sites, and providing urban infrastructures. Many established municipal companies to buy and service land, and then sell at regulated prices or lease the plots to cooperatives and private developers.

The **twin cooperative structure** became the core mechanism for delivering large-scale, affordable urban housing, particularly in Oslo, complemented by medium-scale private developments also on municipal land, financed through construction loans. Working closely with the State Housing Bank and municipalities, **building cooperatives** were entrusted with major construction responsibilities since municipalities needed efficient, professional developers during the post-war housing shortage. Municipalities supported OBOS by guaranteeing construction loans and, in return, received a share of its flats. They also purchased many OBOS-built units, including entire complexes then converted into SR housing.

Overall, until the mid-1980s, municipal land policy within a de-commodified land system—combined with State Housing Bank financing on both the supply and demand sides, price regulation, and a tightly controlled credit market—created a de-commodified and affordable housing system. This system ensured broad affordability, accessibility, tenure security, and quality, keeping housing inequalities very low. By the late 1970s, however, rising material prices and wage growth pushed construction costs to record levels, so Housing Bank loans covered only about half of total costs. Deposits rose sharply, generating widespread dissatisfaction among home seekers, builders, and politicians (Bjørnsen, 2015).

### *Multi-governance*

The construction of the Norwegian social-democratic welfare state and its de-commodified housing system required strong **re-centralisation** in the post-war decades (1945–1960s). The national government assumed strict regulatory control over the economy, finance, infrastructure, and welfare provision (incl. housing), coordinating large-scale reconstruction in an economy dominated by small and medium-sized firms, since historically lacking a heavy-industrial base.

Meanwhile, the **historically autonomous municipalities**—endowed with regulatory, tax-raising, and administrative capacities and embedded in local networks—were recognised as key actors in local governance operating within centrally defined frameworks. They served as authorised implementers of national legislation and housing policy on the ground (e.g., regulation and control over price and rent, and cooperative price rules) and played pivotal roles

in land policy, acquisition and planning, and housing allocation. Municipalities collaborated closely with the state (via the State Housing Bank) and with local actors—most notably cooperatives and local rent boards—to govern both the OO and PR sectors, rather than, as in other social-democratic states, developing a large SR sector.

At the core of this multi-level governance system was the financing architecture built around the State Housing Bank (est. 1946), which channelled universal, subsidised loans across all actors in the housing supply chain. This centralised financial model endowed municipalities with well-resourced mandates and ensured coordination and alignment across governance levels. The Bank's funding model was marked by heavy state intervention and strict financial regulation. It drew on direct national-budget allocations, government-designated funds, and extensive state bond issuance—reinforced by credit regulations requiring private banks and insurance companies to invest in its bonds. This framework channelled substantial private capital into public housing finance and enabled the Bank to maintain interest rates well below market levels.

NO's post-war multi-level housing governance was distinctive for its historically rooted corporatist collaboration and **clear division of responsibilities** between the state, municipalities, the cooperative housing movement, and private actors—**strategically enabled by the universalist mandate of the State Housing Bank**.

## The UK

### *Tenure-policy system*

The UK entered the twentieth century with a large majority of private rental housing, a far smaller percentage of private property owners, and negligible public rent (legislation had been passed in 1866 allowing local authorities to erect and improve dwellings, but this was not funded by the central state). Tenure policy in the early twentieth century had the effect of de-commodifying the housing stock, particularly anti-speculative regulation protecting private rental tenants, and increasing public house building, to create cross PR-SR competition (initial ideas for a unitary rental system). 1st-generation rent controls and legislation expanding security of tenure were implemented in 1914. Opinion is divided as to whether this was intended to support security of tenure, a more cynical move to maintain low costs of living and thereby low wages, or simply the necessity of a wartime economy. Nevertheless, the impact was to create a structural shift in the housing system that de-commodified PR.

### **SR and PR sector: unitary rental system**

Local council housing construction grew through the 1910s, and in the 1919 Housing Act authorities were compelled to provide for any local housing need and began receiving subsidies for this purpose. Subsidies were increased in the 1924 Housing Act and, by 1945, the government was promoting council housing 'for everyone', increasing subsidies and council housing completions further. The 1945 White Paper 'Housing' anticipated the huge levels of demolition and construction that would be required to address housing need as a result of the war, as well as the need for central government funding in the face of inflated

building costs. In stark comparison with later housing policy statements, housing policy at this time made little reference to the division of tasks between public and private enterprises. Housing need was considered the main priority, and meeting this was pursued through both public funds and support for private industry across tenures. The result was that even while pursuing the expansion of OO (as detailed below), the UK effectively employed a broadly tenure-neutral housing policy to develop a unitary rental system, while distributing subsidies and support across the three tenures, with a significant production of (quasi)-universalist SR for all social groups (more than 50% of new housing production) and 1<sup>st</sup>-generation rent controls for PR.

Prior to the 1988 Housing Act, PR tenancies were ‘**protected tenancies**’, meaning: **1) security of tenure**: Tenants have the right to remain living in a PR property for life, unless breaching the terms of their tenancy agreements; **2) no-fault evictions were not possible** (it was necessary to apply for a court order); and **3) tenants paid a ‘fair rent’** determined by government. There were some efforts to re-commodify PR housing during the 1950s, for example, by removing rent controls and revising PR rents upwards, under the guise of addressing poor quality housing, which, it was argued, private rents were insufficient to guarantee. Nevertheless, the mechanism of ‘fair rent’ continued until 1988, designed to keep the rents of local authority houses at a level comparable with private rents as part of a unitary rental model.

## **OO sector**

The rent controls introduced in the 1910s limited the profitability of PR housing at that time, and OO started to expand from previously small numbers, as landlords sold properties to sitting tenants as a means of achieving greater liquidity. A subsequent shift by building societies into offering amortised mortgages, which extended the term of repayment for mortgages and made them easier to repay for low or middle-income earners, allowed more people to access the market for OO than ever before, but also made higher house prices more manageable and acceptable. In the 1950s, there was a second period of ownership expansion, spreading from the middle class to large sections of the working class, underpinned by indirect national funding (demand-side subsidy) as detailed below. Private renting still accounted for the largest housing tenure, but was in decline with households moving into both OO and SR. The fostering of OO thus remained part of a broad tenure-neutral subsidy programme in which all tenures were supported by central government finance, and SR and PR remained competitive with one another. Nevertheless, by the 1960s, **OO had emerged as the dominant tenure**, and a cross-party consensus emerged in support of owner-occupiers (financial details of which are provided below), incentivising OO in relation to other tenures.

### *Supply system*

The housing stock in the UK is relatively old, and new production represents a fraction of the entire housing stock. Thus, the provision of housing has often been determined more by property rights regimes and previous ownership than by new production. With regard to new production, the primary actors in the first half of the twentieth century were local authorities and private housebuilders. Finance was drawn by local authorities from central government

subsidy, and by private housebuilders from building societies (represented by the Building Societies Association or BSA, also a significant lobby group and proponent of OO expansion). Private housebuilders were involved in construction for OO predominantly; local authorities built largely for SR, although also for OO, as local authorities were also able to sell properties and recoup costs through mortgages for further council house building. It was not until later in the twentieth century that banks were drawn into the mortgage market.

Direct subsidy for all tenures was offered by the central government from 1919 onwards, starting with council construction and later that year extended to private builders. Local authority subsidies were revised upwards throughout the first half of the twentieth century, remaining an essential part of housing production and provision into the 1970s.

Alongside this, the UK Government specifically underwrote the expansion of OO from the 1950s onwards, not only through grants to building societies (supply-side subsidy for the supply of new housing) but also through indirect national funding (demand-side subsidy). Owner occupiers were increasingly incentivised to buy housing and move into OO (out of PR), thereby ensuring the demand for mortgage finance and supporting building societies indirectly. The Government House Purchase Scheme of 1956 gave OO higher priority than other forms of social investment. In the early 1960s, the removal of the Schedule A tax on imputed rent removed competition between rental tenures (PR and SR) and OO, emphasising the investment attributes of housing for individual homeowners. During the 1970s, the government created a '**mortgage stabilisation**' scheme, using grants to enable Building Societies to raise their interest rates while offering their investors a better rate, enabling them to attract a greater flow of finance.

Individual demand for mortgage finance was also encouraged through mortgage interest tax relief (MITR) (tax relief on all loans had been available since the 19th century, but in 1969 this was ended for all loans except for business purposes and for home buyers). The option mortgage subsidy scheme (1967) extended subsidies to house buyers whose income was too low to qualify for MITR. This was later refreshed as mortgage interest relief (MIRAS, 1983). Both MITR and MIRAS can be considered demand-side subsidies to owner-occupiers. Covering transaction costs and making house purchase easier for those with more limited financial resources meant that the cost of owner occupation was increasingly divorced from previous income requirements (in other words, house prices could rise without the imperative that incomes follow them). MIRAS (previously the option mortgage subsidy scheme) was aimed particularly at low-income groups, to lift them into OO that they could not afford without subsidy.

In 1974, the government set up an inquiry into housing finance (both OO/PR/SR), which was made necessary by the mortgage interest subsidies (and thereby Exchequer expenditure on OO housing) rising sharply (caused by rising interest rates). There was a recognition at this time that OO required an unsustainable level of public investment. The strategic aim of this review was the continuation of a tenure-neutral housing policy; however, it was recognised that this would require withdrawing support to owner occupiers and risked disrupting the household budgets of the majority tenure (a political impossibility). Tax relief on mortgages was therefore retained, despite its regressive character being recognised, and continued until

2000. It was then limited “to the basic rate of income tax from 6 April 1991, restricted to 20% from 6 April 1994, to 15% from 6 April 1995, and to 10% from 6 April 1998 [...and...] abolished from April 2000” (House of Commons Library, 2001).

**Post-war land de-commodification** in the UK was driven by a post-1945 social democratic consensus that prioritized state control, public need, and national reconstruction over private market speculation. This process was primarily achieved through the implementation of rigorous planning controls, compulsory land acquisition, and massive investments in social housing. The landmark Town and Country Planning Act of 1947 nationalised development rights and removed the automatic right to develop land. This effectively split land value into its current use value and its potential development value. The state took ownership of the value of potential future development, requiring development charges for changes in land use, thus curbing speculative price increases. Compulsory purchase and state acquisition of land were also significant mechanisms. Local authorities were able to use extensive compulsory purchase powers to acquire land for slum clearance and public housing development. The New Towns Act of 1946 allowed the state to acquire large areas of land to develop new, planned communities, removing them from the private speculative market. In order to maintain food security, the government also acquired and managed agricultural land that had been used during the war for food production under the Agriculture Act 1947. Similarly, to secure publicly accessible areas for recreation and the conservation of nature, the government designated large areas of land as National Parks, enforcing protections against private development through the National Parks and Access to the Countryside Act 1949. These designations for new towns, agricultural land and National Parks prioritised specific public/welfare goods provision over the extraction of market value through land policy. Nevertheless, this process was not permanent. The Land Compensation Act 1961 required local authorities to pay closer to market value for acquired land, accelerating the (re)commodification of land.

### *Multi-governance*

From the post-war period until the 1980s, there was a relatively **aligned strategy between national and local governments’ actions** in the **creation of a de-commodified housing system and land system** in the UK. This was part of a broader reconfiguration of the UK’s social democratic welfare regime led by a Keynesian full-employment strategy. Local authorities were funded by the central government in order to implement the national housing policy, which privileged a tenure-neutral approach and prioritised housebuilding and meeting housing needs over specific divisions of tenures. Neither private nor public finance for housing production or provision was given explicit policy priority until the 1974 housing policy review and resulting Green Paper, which, for the first time, created a conceptual and accountancy-based separation between private investment, framed as ‘necessary’, and public investment which should be ‘withdrawn’, despite the fact that both came at great public expense. This division between public and private finance ultimately paved the way for a prioritisation of private tenures over council provision, and for a divergence between local and national levels of government. Local authorities, still concerned with local housing need, would increasingly be at odds with the central government, which by the late 1970s was more concerned with the balance of public and private finance in housing provision and production.

### 2.1.3 Corporatist cluster

#### *Welfare regime (conception of society and redistribution)*

Corporatist welfare states conceive society as an ordered set of status-based groups with reciprocal rights and obligations, rooted in traditional family values and class differentials. Policy seeks to ensure the participation of all within the material, social, and moral order, drawing on a legacy of full employment and 'social market' principles. Redistribution is organised as selected universalism that preserves status differences by reinforcing rights attached to occupations and family position; welfare is therefore segmented rather than strongly redistributive. The state is fairly active and capable of displacing the market as provider, but often operates like an accordion—expanding in crises and retrenching in buoyant times—while families and private non-profit organisations (churches, unions) play important roles alongside the state (Hoekstra, 2005, p. 478). The Bismarckian social insurance model dominates, linking paid employment to entitlements and frequently excluding non-working spouses; the overall redistributive effect is limited (Oschmiansky & Berthold, 2020). Corporatist welfare systems preserve status differentials with rights attached to class and status; private insurance is marginal, traditional familyhood is supported by the principle of subsidiarity, and family benefits encourage motherhood, while services like day care remain underdeveloped (Esping-Andersen, 1990, p. 27). De-commodification is defined as the capacity to maintain a socially acceptable standard of living independent of market participation, while stratification denotes the segmentation of entitlements by occupational status (Esping-Andersen, 1990, p. 37).

#### *Welfare-housing system nexus*

These principles map onto a distinctive welfare–housing nexus. Corporatist institutions mediate interests, and the state regulates markets in an ordoliberal fashion, facilitating competition between cost-rental providers and for-profit landlords to produce integrated, unitary rental regimes that offer a credible alternative to homeownership (Kemeny, 1995). Empirically, corporatist countries show a clear tendency toward integrated rental markets, and Austria and Switzerland rank high on corporatism and unitary rental integration (Kemeny, 2006, p. 10). Within this framework, decommodification in housing is substantial but coexists with pronounced status-based stratification. Families and private non-profit organisations retain considerable influence, and state regulation is functionally decentralised and incremental.

The general objectives include **preserving social stratification, favouring the traditional family, and encouraging households and other private actors to take the initiative in the housing market**. Subsidisation is segmented with specific arrangements for specific groups. Price setting is subject to moderate state influence designed to correct negative market effects, and allocation involves targeted state intervention that may favour certain groups. Provision operates under moderately strict spatial planning, while private actors such as households and small firms commonly initiate new construction (Hoekstra, 2003, p. 62). Corporatist systems pursue a unitary rental system with a predominance of the private rental sector and an explicit aim of tenure balance across private rental, social rental, and owner-occupation. In line with the broader welfare logic, they commonly run concurrent programmes that both de-commodify and re-commodify housing rather than pursuing one logic exclusively. In housing finance and

support, this appears as a partial, tenure-neutral subsidy system that distributes support across social rental, private rental, and owner-occupation rather than concentrating it in a single tenure. The state promotes private and social rental as temporary measures to remedy market imperfections, combining direct public production with highly regulated private provision. Forms of housing self-production, including household-led building, complement the regulated supply. Where highly regulated private rental dominates, the social rental sector is typically small and means-tested, and its influence on the wider market is limited to a marginal dampening of profit rents, as observed in Switzerland and similarly in Germany.

### *Variation*

The three cases in this study differ in the balance between direct public and non-profit production on the one hand and highly regulated private provision on the other. Austria leans toward a stronger role for direct public and non-profit production. A large, universalist social rental sector serves a broad social spectrum, especially in major cities, placing Vienna at the intersection of the corporatist and social-democratic cluster. France blends social housing production with tightly regulated private provision. Its social rental sector is likewise oriented toward a broad social spectrum, leaning toward mixed-income provisions within the unitary rental logic. Segmented subsidies, together with moderate price regulation, are used to correct market failures without dismantling stratification. Switzerland relies more on highly regulated private provision and less on direct public or non-profit provision. The private rental sector predominates, the social rental stock is comparatively small, residual, and means-tested for lower-income groups, and functional decentralisation, together with private initiative in new construction, is particularly pronounced. In this setting, social rental mainly tempers profit rents at the margin. Taken together, these patterns underscore the corporatist cluster's core characteristics. Welfare is status-preserving and employment-linked; insurance is fragmented and family-centred under subsidiarity; and the state is active yet (often) decentralised in provisioning. In housing, the system leans toward a unitary and corporatist approach, combining segmented, partly tenure-neutral subsidies, moderate regulation, and a mixed public, private, and self-provisioned supply that aims to maintain tenure balance while correcting market imperfections.

## **Austria (AT)**

### *Tenure-policy system*

Subsidies before and after World War II were channelled through the Federal Housing and Settlement Fund (1921), the Housing Reconstruction Fund, and regional housing funds. The Housing Subsidy Act of 1954 introduced long-term interest-free loans, while the 1968 Act unified funding streams and replaced pure loan support with a mix of public loans, capital market loans, equity, and annuity grants. Housing benefits were added for low-income households and large families.

OO expanded through post-war reconstruction finance and supply-side subsidies. The Condominium Act of 1948 established the legal basis for separate unit ownership, and the Housing Reconstruction Fund played a central role in supporting condominium construction in

the early phase. From the 1950s, the contract savings scheme *Bausparen* provided households with a stable co-financing channel. In the initial period, private capital played only a minor role. OO housing, particularly condominiums, was mainly financed through the Housing Reconstruction Fund and partly through the 1954 Housing Subsidy Act, with only limited involvement of private capital.

The Housing Subsidy Act of 1954 introduced interest-free loans covering total construction costs with very long maturities. The Housing Subsidy Act of 1968 unified earlier national and regional funds and transferred implementation to the federal states. Funding thereafter combined public loans, capital market loans, and equity, complemented by annuity subsidies and means-tested housing benefits, and income ceilings were introduced for the first time. Regional priorities diverged, with many federal states promoting single-family homes and ownership apartments, while Vienna prioritised subsidised rental housing.

**SR** consolidated around two pillars: municipal housing and the limited-profit sector. After 1945, both were strongly institutionalised. The Limited-Profit Housing Act of 1979 formalised this framework by binding associations to cost-rent principles, a 3.5% profit cap, asset binding, annual audits, and tax advantages in exchange for reinvestment and non-profit activity. Cost rents cover land, construction, maintenance, utilities, and debt service. Tenancies are long-term and secure under this framework, supplemented by general tenancy law where applicable. Municipal housing expanded substantially, especially in Vienna, where the stock grew from about 7% of dwellings in 1945 to roughly one quarter of the city's housing stock.

**PR** was first regulated in 1922 through the Tenancy Act, which introduced rent restrictions based on pre-1914 reference levels and strong legal protection against eviction. It also established rights of tenancy transfer within families and inheritance of tenancy, while limiting the use of fixed-term contracts. In parallel, state regulation of housing allocation was introduced. The Second Housing Requisition Act of 1925 allowed municipalities to allocate dwellings that had remained vacant for more than three weeks to homeless households and remained in force until the end of 1955.

The Tenancy Act of 1981, which came into force in 1982, incorporated many existing tenant protections. It introduced rent ceilings based on dwelling categories and maintenance contributions for units still subject to earlier rent regulations, as well as a comprehensive prohibition of key money payments. It fully applied to multi-apartment buildings constructed before 1953 and partially to most newer private rentals. Until 1994, rents were regulated through a category rent system (*Kategoriemietzins*), which set maximum rents per square metre based on the dwelling's category and quality standards (e.g., Category A: €3.60 per m<sup>2</sup>).

### *Supply system*

Austria rebuilt its housing system after severe wartime destruction: in Vienna about 41% of the housing stock was damaged, and nationwide around 12.5% (one in eight) of approximately two million dwellings were totally or partially destroyed. Reconstruction began in 1948 with the

Housing Reconstruction Act, mobilising ERP and Marshall Plan funds through the Housing Reconstruction Fund and providing un- or low-interest loans with maturities of up to 100 years. By 1976, about 200,000 dwellings had been enabled under this programme, roughly half of them OO condominiums.

From the early 1950s, a permanent subsidy system supported new construction through earmarked contributions and revolving loan funds. These resources were primarily directed to the limited-profit sector, which became a central provider of new housing. By the mid-1950s, this sector had expanded significantly and delivered large volumes of dwellings in the following decades.

Provision was dominated by municipalities and limited-profit housing associations, which acted as non-market developers and landlords. Private actors were more active in OO housing and parts of the PR market. OO dwellings, especially condominiums, were mainly financed through public funds, with only limited reliance on private capital in the early decades.

Land policy played an important role in sustaining supply. In Vienna, active land acquisition and later land banking secured a continuous pipeline for social and subsidised housing development. Combined with strong regulation of the existing rental stock, this contributed to maintaining affordability and limiting the exposure of housing to market forces.

### *Multi-governance*

The federal level set the core legal framework through the Condominium Act (1948), the Limited Profit Housing Act (1979), and the Tenancy Act (1981) while the federal states (Länder) implemented housing subsidies—initially under federal legislation and, after the 1984/85 reforms and the late-1980s “regionalisation” (*Veränderung*), with growing autonomy, whereas municipalities remained pivotal in land policy, development, and allocation. In this period, de-commodification was broadly fostered by federal legal frameworks and strong municipal/Länder supply systems. At the same time, increasing regional autonomy and selective PR liberalisation introduced the first curtailments at the margins.

## **France (FR)**

### *Tenure-policy system*

Post-war France developed a mixed “generalist” housing system anchored in a strongly state-steered (but market-integrated) apparatus: extensive planning capacities and a tradition of public land banking underpinned large-scale, state-coordinated urban development, while policy instruments supported all three tenures, keeping the rental system broadly unitary in principle (Le Galès, 1995).

A crucial change came in the mid-to-late 1970s with the 1977 “Barre reform”. Framed in the context of fiscal retrenchment following the 1973 oil shock, following the reforms, the core of housing subsidies shifted from supply-side “brick-and-mortar” subsidies (*aides à la pierre*) toward demand-side housing allowances (*aides à la personne*) (Driant, 2015). While this

reform reoriented France's state-steered generalist housing regime from supply-side grants to demand-side allowances, support for all three tenures, owner-occupation, private rental and social housing was kept. Nevertheless, with this new approach, policymakers increasingly treated social housing as a stage on the way to OO over the life course (Driant, 2015). As a consequence, in the late 1970s, early 1980s, homeownership became the dominant tenure (Satsangi, 1998).

This ascent in **OO** occurred under a policy mix that preserved or extended institutional influence over the private and social rental sectors. After World War II, the 1948 Rent Act consolidated controls from the interwar period, imposing strict rent ceilings and strong security of tenure while setting rents centrally at levels designed to yield only about a 1% net return, further weakening investment incentives (Satsangi, 1998, pp. 302–303). From 1959 onward, gradual decontrol was introduced in small communes, for new lettings and vacant dwellings, while temporary rent freezes reappeared in the 1970s as part of a broader anti-inflation policy (Satsangi, 1998, p. 303). In the 1980s, three major rent laws reshaped the sector: the 1982 *loi Quilliot* strengthened tenant protections and regulated rent setting for new and renewed leases; the 1986 *loi Méhaignerie* moved toward greater liberalisation by allowing rents for new tenancies to be set more freely; and the 1989 *loi Mermaz-Malandain* reintroduced tighter regulation, including longer lease terms and limits on rent increases (Satsangi, 1998, pp. 303–304). Together, these shifts reflected ongoing political oscillation between tenant protection and market liberalisation.

In the post-war period, the French social housing system followed a largely generalist model, not exclusively targeting the poorest households but aiming to accommodate a broad spectrum of income groups. The French social rental sector was organised around a mix of public and private limited-profit housing providers, collectively known as *Habitations à Loyer Modéré* (HLM). These included public bodies controlled by local authorities (Offices Publics de l'Habitat) and private non-profit organisations (*Entreprises sociales pour l'habitat*), all operating under the *Code de la Construction et de l'Habitation* (Hoekstra, 2013). In addition, *Sociétés d'Economie Mixte* (SEMs) and other public or semi-public bodies (such as municipalities and public companies) also contributed to social housing provision (ibid). Historically, social housing (HLM) was developed as part of a welfare-oriented national housing strategy and expanded significantly during the post-war decades, becoming a generalist tenure rather than a residual safety net (Scanlon et al., 2014, pp. 123–128). The sector included different product types targeted at varying income levels, including standard social housing and housing for middle-income households, reflecting its integrative rather than residual character (Scanlon et al., 2014).

Prior to the 1990s, rent-setting in the French **SR** sector (HLM) was structured around cost-based principles linked to subsidised loan schemes, meaning that initial rents were determined by the financing arrangements (e.g., type of state-supported loan), construction costs and nationally defined ceilings rather than market prices (Hoekstra, 2013, pp. 7–9; Haffner et al., 2009, pp. 118–119). State support for the social rental sector combined direct grants, tax breaks, and regulated long-term loans (via the state-owned national development bank CDC), but the balance shifted over time: the 1977 reform reoriented funding from supply-side subsidies toward demand-side allowances, and later austerity further reduced grants, pushing

providers to rely more on loans and rental revenues. Nevertheless, also rent increases for sitting tenants in the SR sector were regulated by the state and typically indexed according to nationally determined rules (Haffner et al., 2009, p. 119). Also, the tenant security was strong, with leases generally of indefinite duration, and eviction was possible only under strictly defined conditions (e.g. on non-payment of rent or serious breach of contract), reflecting the sector's welfare-oriented and generalist character (Haffner et al., 2009, pp. 119–120).

### *Supply system*

Prior to the 1990s, housing delivery was predominantly state-steered, with social housing providers (HLMs) building and managing stock under a financing regime of long-term loans and subsidies; the 1977 *Barre* reform began shifting support from supply-side grants to demand-side allowances, while keeping the HLM sector central to delivery.

FR managed land for housing through a state-steered planning system with robust public landholding. Local governments and semi-public development bodies used tools such as eminent domain (the compulsory purchase of private property for public purposes) and concerted development zones (ZACs) to set land-use policies and secure developer contributions for public amenities, while public land agencies (EPF) and other (local) state-owned urban development corporations (EPA, SEM) assembled and prepared sites. Rather than a separate land-policy track, these instruments were embedded in centralised planning and housing delivery, with public actors steering land and development through legal and financial tools. Hence, land mobilisation occurred primarily through municipal planning authorities and the supervisory role of local governments over social housing providers (Haffner et al., 2009).

Instead, land entered the policy framework mainly as a component of development cost within state-supported financing schemes. The expansion of the SR sector was supported by subsidised long-term loans and capital grants, with total development costs, including land acquisition, incorporated into cost-based rent-setting structures (Hoekstra, 2013). In this way, land costs were indirectly regulated through financial ceilings and administrative controls rather than through direct land-market intervention.

By 1991, the structure of France's housing stock was predominantly characterised by OO (55%), followed by PR (27%) and SR (18%) (Figure 2.5).

### *Multi-governance*

Prior to 1990, housing in FR operated within a strongly centralised but multi-level governance structure. The central state defined national housing objectives, established the legal framework (including the *Code de la Construction et de l'Habitation*), and controlled the main financial instruments, notably capital subsidies and subsidised long-term loans that structured social housing development (Hoekstra, 2013, pp. 2–4). Local authorities played a crucial intermediary role: municipalities were responsible for urban planning and land-use regulation, provided loan guarantees for social housing organisations, and often supervised or participated in public and mixed-economy housing bodies (Haffner et al., 2009, pp. 104–108). Social housing providers (HLM organisations, including public offices and semi-public

companies) acted as the primary implementing actors, developing and managing dwellings within the nationally defined financial and regulatory framework. Thus, while strategic steering and financing were concentrated at the central level, housing production relied on coordinated action among the state, municipalities, and semi-autonomous housing organisations.

## Switzerland (CH)

### *Tenure-policy system*

Prior to the welfare restructuring debates of the 1980s/1990s, Switzerland exhibited a housing system characterised by a dominant private rental sector operating within a legally regulated, territorially decentralised governance structure. Unlike many Western European welfare states, CH did not develop a large-scale municipal social housing model. Instead, it maintained what Kemeny (1995) conceptualises as a “unitary” rental market, in which private and non-profit providers operated under largely similar regulatory conditions rather than being institutionally divided into sharply distinct market and social sectors.

Rental housing formed the core of the Swiss housing system, with homeownership comparatively low by European standards. This historically low ownership rate was not primarily cultural but institutional. Strong tenant protection, legally bound rent increases, and open-ended lease structures reduced pressure toward homeownership as a form of welfare security (Kemeny, 1995). A notable institutional marker in the pre-1990 landscape was the introduction of condominium ownership in 1965, which broadened the legal pathways to ownership but did not fundamentally overturn rental dominance in major cities, setting the stage for a gradual, path-dependent evolution rather than an abrupt tenure restructuring. In addition, conservative mortgage lending practices, high equity requirements, and the absence of large-scale state mortgage subsidisation limited the rapid expansion of owner-occupation (Bourassa & Hoesli, 2008). The taxation of imputed rental value (*Eigenmietwert*) further reduced the fiscal advantages of ownership, reinforcing rental tenure as a socially legitimate and economically rational long-term option.

Historically, rent regulation evolved through repeated phases of emergency intervention. Between 1946 and 1970, rent control and rent supervision remained in place, with administrative approval required for increases and restrictions on termination (Rohrbach, 2014). Following the abolition of direct rent control in 1970, the federal government introduced the Federal Decree on Measures Against Abuses in the Rental Sector (BMM) in 1972. This marked a shift from administrative price control toward a system based on the prohibition of abusive rents. Rather than requiring prior approval for increases, tenants were granted the right to challenge rents before conciliation authorities (Rohrbach, 2014). The constitutional reform of 1986 provided a permanent federal mandate to legislate against abusive rents and unjustified terminations, independent of housing shortages (ibid.) The 1990 revision of the Code of Obligations incorporated these abuse provisions into ordinary law. The concept of “*missbräuchliche Mietzinse*” (abusive rents) was retained: a rent is abusive if it yields an excessive return or is based on an inflated purchase price. At the same time, exceptions were

codified, including cost increases, inflation on risk-bearing capital, and reference to local market rents. The tenancy law thus combined elements of cost-rent logic and market-rent logic.

Tenant security was significantly strengthened in the 1990 reform. Written-form requirements were introduced, and conciliation authorities were granted decision-making powers, whereas abusive terminations became contestable and extension rights were broadened (Rohrbach, 2014, pp. 8–9). Swiss tenancy law thereby institutionalised permanent legal protection against rent abuse and unjustified dismissal without reverting to administrative price fixing. However, Swiss tenancy law places the burden of contesting abusive rents and evictions on tenants. This requires knowledge, financial security and the willingness to challenge a landlord from whom one is highly dependent (Debrunner et al., 2025). This is hardly ever done, especially with initial rents, and there is evidence that returns on rents are higher than permitted by Federal Court rulings (Schärrer et al., 2022).

Alongside this regulated PR market, housing cooperatives represented a modest but institutionally significant segment. Supported through federal loan guarantees under the 1974 Housing Promotion Act, cooperatives operated under cost-rent and reinvestment principles (Lawson, 2009), though they did not displace the market-dominant structure.

Against this institutional backdrop characterised by a regulated but market-dominant rental sector, limited expansion of OO, and only a modest cooperative segment, CH's housing stock in 1990 was composed predominantly of PR (63%), followed by OO (31%), while SR accounted for only 4% (Figure 2.5).

### *Supply system*

Housing production was primarily market-led and privately financed. Private developers, small-scale landlords, pension funds, and insurance companies dominated construction activity (Kemeny, 1995). Public authorities rarely acted as direct builders. Instead, state involvement occurred through financial support schemes and regulatory frameworks.

Land mobilisation was decentralised and embedded in Switzerland's federal planning system. The 1979 Federal Spatial Planning Act introduced coordinated land-use planning, but cantons and municipalities retained substantial autonomy over zoning and development permissions. Most housing was built on privately owned land within designated building zones. In larger cities, municipalities occasionally supported cooperative housing through long-term leaseholds (*Baurecht*), facilitating non-profit development without transferring land ownership (Lawson, 2009).

### *Multi-governance*

Swiss housing governance prior to 1990 reflected strong subsidiarity. The Confederation provided the legal framework for tenancy law and the control of abuse (Rohrbach, 2014), but did not centrally plan housing production. Cantons coordinated spatial planning and regulatory oversight, while municipalities exercised decisive control over zoning, building permits, and infrastructure provision.

The 1986 constitutional reform strengthened the federal mandate to regulate rent abuse nationwide, replacing the earlier system that limited federal intervention to municipalities experiencing housing shortages (Rohrbach, 2014, p. 8). Nevertheless, implementation remained highly decentralised through conciliation authorities and local courts. Overall, pre-1990 CH combined market-based housing provision with permanent legal tenant protection and decentralised land governance. Rather than a classical welfare-state housing regime based on public provision, it institutionalised a form of regulated rental capitalism grounded in abuse control and strong tenancy security (Kemeny, 1995; Rohrbach, 2014).

#### 2.1.4 Familistic cluster

In the familistic welfare cluster, society is organised around the primacy of the family as both the primary provider of welfare and a core institution reproducing the political economy — an understanding that extends beyond care to the stewardship of patrimony (Papadopoulos & Roumpakis, 2013; Allen, 2000, 2004). Conceptually, this regime is a variant of corporatism with weaker state provision, shaped by limited histories of full employment, dense self-employment and informality, and by liberal market principles counterbalanced by familialism, clientelism and informal practices. In Italy and Spain, archetypal Southern European cases from the post-war era through the 1980s and after subsequent restructuring, the family's and patrimony's role are central pillars of political economy, and housing plays a key role in the production and reproduction of both family structure (Zanfi et al., 2020) and patrimony (Acciari & Morelli, 2022).

Redistribution and benefits combine family welfare, status differentiation and patrimonial traditions with residual benefits and limited de-commodification — a pattern that resembles corporatist logics in its reliance on kinship and status, and liberal logics in its restraint of universal social rights. While universalism is relatively stronger in health, education and pensions (often influenced by Christian social policy), housing and labour are not covered to the same extent; income polarisation and commodification are partially offset by family-centred redistribution and informal access to work and resources, including housing (Chiodelli et al., 2021). In practice, familistic welfare thus hinges on family networks and patrimony — homes and land conserved across generations rather than traded — providing security (Allen et al., 2004).

##### *Welfare-housing system nexus*

In the familistic cluster, housing is integrated into the broader political economy that prioritises the family as the main source of security, as homes and land are considered patrimony that is produced to be preserved and passed on to future generations rather than being traded (Allen et al., 2004). Clearly, homeownership has become a primary driver of this culture and political economy. In IT and ES, the prominence of OO was politically fuelled under the dictatorships of Mussolini and Franco, where the concept of a 'homeowners' society' was promoted to stimulate capital formation and maintain social order (Di Felicianantonio & Aalbers, 2018). Following the collapse of these regimes (in 1945 in IT and later in 1974 in ES), both countries were still divided in terms of tenure – between PR and OO –; the powerful Catholics political and cultural bloc promoted homeownership – also as an alternative to raising communism in Eastern Europe – and democratic governments largely maintained an homeownership-

dominated provision in the reconstruction and boom period and, more in general, policies characterised by strong commodification, weak redistribution and limited state intervention in housing and labour. The result is a tenure structure dominated by OO, a dualist rental market and a residual state/social/non-profit segment – with considerable differences between ES and IT, the latter retaining a higher (though still low) share of public rental housing. Benefits are fragmented and selective rather than universal, leaving family networks to ensure housing security through patrimonial OO, intra-family renting and informal practices, rather than the state acting as a comprehensive de-commodifying provider (Papadopoulos & Roumpakis, 2013). Production is driven by small or small-medium firms or even self-promotion in a fragmented, often speculative land regime with weak public land control (Pizzo, 2023). This constrains non-profit provision and keeps social housing marginal. Overall, the familistic welfare-housing nexus — particularly evident in IT and ES — organises housing more as a familial responsibility embedded in patrimony than as a universal social right, resulting in low de-commodification and pronounced tenure stratification.

### *Variation*

Within both IT and ES, considerable internal variation exists, mainly depending on the historical extent of industrialisation and scale of *latifundism*. Industrialisation has been greater in Northern Italy than in any other part of Southern Europe (vs ES, PT and GR), in addition to being a legacy of Austrian domination. Also, due to this, to support large post-war industrialisation, the State fostered the expansion of a (social) rental market (together with considerable support to OO), with SR provision mimicking corporatist-central EU countries but with less state involvement and more residualist. Indeed, for example, in Milan, the share of public housing is relatively high (around 8%) for Southern European standards. Instead, ES, PT and GR only expanded OO – also with public subsidies – to respond to housing needs and push economic growth. Large latifundia in ES and South Italy (vs microfundia in IT, PT and GR) ended up supporting large (family) landowners, developers, and investors (family and corporations), and hindering other forms of provision. So, Italy (and especially Northern Italy) is still considered familistic but closer to corporatist, while Spain is familistic but closer to liberal.

## **Italy (IT)**

### *Tenure-policy system*

Before the major waves of welfare restructuring, Italy's housing system was a classic example of Southern European familistic welfare cluster (with hybrid affinities to corporatism and relevant regional variations; Allen et al., 2004; Arbaci, 2019). In this context, the Italian tenure-policy system aligns with the dualist rental model, typical of familistic (and liberal) clusters: the SR and PR sectors are strongly institutionally separated, and the SR sector is residualised and stigmatised rather than integrated into a single competitive rental market. The tenure structure and subsidy logic have favoured OO as both a patrimonial concept and a key socio-political goal: direct state provision has strongly contributed to the promotion of OO, while intervention in SR remains very limited and largely confined to those unable to participate in the market. The institutional logic of the system linked housing access to market participation and

within-family solidarity, while state intervention tended to be confined to a small, residual sector for households unable to compete effectively in the market.

Since the early twentieth century, public authorities in IT have promoted OO as a socio-political goal and as a more convenient solution to the ‘social question,’ also aiming to remove housing from the labour movement’s discourse (Poggio & Boreiko, 2017). The post-war economic boom in IT was accompanied by a significant increase in housing construction, with strong state help, particularly during the 1960s and 1970s. Although OO was a central strategy of the fascist regime and persisted as a societal value, it did not become the predominant tenure until the 1970s, when, eventually, as is characteristic of the familistic welfare cluster, owner-occupation emerged as the dominant tenure. The expansion of OO resulted from several factors, including a historical policy bias in its favour and the significant role of families in the production, financing, and transfer of owner-occupation (Baldini & Poggio, 2014). Purchasing a home (or even self-promoting it) became the standard way to access housing. The idea that OO was the best option for nearly everyone shaped public and political discussions (Poggio, 2012). This belief influenced policies and slowed the growth of strong, long-term alternatives in the rental market. By 1991, almost 70% of Italians owned their homes, and this rate has stayed about the same since then.

As mentioned before, renting was the main tenure in post-war Italy, with 60% of the population renting in 1951 (Istat Census, 1951). Rental housing, mainly owned by private landlords, was for most of the 20th Century the predominant tenure form, and rent control had a crucial role in keeping rents affordable before being completely deregulated during the 1990s. In the post WWII period, the PR sector was quite important, housing more than half of the population, and “*various rent control laws had put on the private rented stock the burden of offering housing at very low rents, sometimes for long periods*” (Padovani, 1996, p. 202). By the time, renting came to be seen as a short-term option, mainly for students and young workers. The PR sector operated in a context where rent regulation and tenancy law played a strong role, but it progressively moved toward greater market exposure as the system evolved. In the seventies, there was a de-commodification attempt of the sector, with the ‘fair rent’ housing reform. Introduced in 1978 (Law 392/1978), the ‘*equo canone*’ system imposed a comprehensive national rent-control regime and overcame a previously segmented rental market. This 1st-generation of rent control set cap rents through a formula rather than through market bargaining. In practice, rents were determined as 3.5% of a calculated ‘rental value’ — a value derived from public-housing construction cost parameters and adjusted by coefficients. Standard leases were fixed for 4 years, renewable at the option of the landlord/tenant. Although the measure temporarily stabilised rent levels, its contract structure contributed to a large wave of evictions after the first four-year cycle, especially in cities like Milan, as many landlords declined renewal; this turned eviction into a major emergency and pushed municipalities to divert much of their public-housing capacity to rehousing evicted households (Padovani, 1996). “*Many local governments, especially those in the larger urban areas with high incidences of evictions, had to face acute problems and ended up utilising almost all the public-sector resources in housing families evicted from the rented sector. This further weakened the already low capacity of the public sector to satisfy the growing demand from the areas of severe housing stress*” (Padovani, 1996, p. 194). As a result of these dysfunctional effects, rent control was deregulated in the 1990s, when, additionally, the funding

source for public housing was gradually reduced and funding decreased significantly, as explained in the next section (Storto, 2018). Even before welfare restructuring, the Italian trajectory points to a shrinking, increasingly pressured rental tenure, with affordability risks concentrated among tenants and a growing reliance on limited, often weakly effective instruments.

At the beginning of the twentieth century, public authorities first shaped a social-housing agenda in reaction to labour-movement self-help and socialist municipal initiatives, with the aim — among others — of neutralising housing as a terrain of political consensus for the socialist movement (Poggio & Boreiko, 2017). The first nationwide plan was implemented in 1949 — the Ina-Casa program — designed to alleviate housing shortages and stimulate construction. Since the 1960s, intense regulation activity changed the juridical panorama of public action in the Italian housing production, which was reorganised around three main forms (Padovani, 1996): public rental housing (*edilizia sovvenzionata*); subsidised owner-occupied housing (*edilizia agevolata*); special programs including subsidised rental housing by private developers (*edilizia convenzionata*). Since then, the SR sector in Italy has been primarily represented by the public rental housing sector (ERP, *Edilizia Residenziale Pubblica*). The financing system evolved with the 'Gescal' tax (Law 60/1963, *Gestione Case per i Lavoratori*) — a national fund fed by mandatory payroll-type contributions from employees and employers of cumulatively 1% of salaries — closely linked to newly introduced planning instruments for socially oriented development, as parallel laws introduced land provision mechanisms for public and affordable housing together with this new financing mechanism (Padovani, 1996). The resources channelled were tied to the season of PEEP planning (*Piano di Edilizia Economica e Popolare*), which enabled municipalities to organise land and development for socially oriented housing production and supported a phase in which public housing could represent a significant share of new production (notably during the 1960s). PEEP plans gave municipalities the authority to enact compulsory purchase of private land for public housing, and legislation mandated them to reserve land for public and affordable housing that could satisfy between 40% and 70% of the expected total housing demand in the planned period, aiming to reduce land speculation and promote affordable housing provision, in a framework of cities' expansion. In this period, a significant share of newly produced housing was public or subsidised (e.g., around 20% in Milan). In the 1990s, the Italian public housing stock was composed of around one million dwellings, while around 850.000 dwellings built by private initiative had been privatised, highlighting the relevance of a public housing policy ultimately designed to favour owner-occupation and marketisation (Padovani, 1996). In 1980, the public housing model's effectiveness was eroded by a Constitutional Court ruling requiring land acquisition at market value, which, together with the parallel growth of OO and a perception that the housing crisis was solved, shifted policy from expansion to regeneration/refurbishment. In the first phase, ERP adopted a universalist approach for workers, but it never reached a consistent percentage of the housing stock. The presence of public housing has been historically concentrated in major urban areas, with sizeable shares of the housing stock still today: around 10% in Trieste and Milan, and around 6-7% in Bologna, Rome, and Naples. The stock was sizeable in absolute terms, but structurally insufficient relative to need (with growing waiting lists and waiting times for allocation reaching also 10 years), and it is a tenure increasingly associated with low-income households and with economic sustainability constraints — well before later waves of retrenchment. ERP did not

operate as a broad, de-commodified pillar but increasingly as a narrow “safety net” channel for municipalities to deal with the most vulnerable populations (e.g., households evicted or with disabilities) with limited capacity to redistribute housing opportunities across classes. Nevertheless, the earlier framework ensured a continuous financial stream of resources, allowing for allocating housing via income-based criteria and rents calculated through a cost-to-income logic (e.g., SR linked to household resources rather than market prices) to large shares of Italian low-income workers. Public housing production relied on the availability of policy tools that could support the affordability and security of this tenure (including land-related instruments), but these became progressively harder to use as judicial and political conditions changed.

### *Supply system*

IT’s housing supply system combined limited public provision with a large market sphere: public actors financed and allocated a constrained stock of publicly produced housing, while most production and access remained dependent on private provision and tenure-biased policies that favoured ownership. As typical in the familistic cluster, production processes depended on small or small-medium firms and households’ self-promotion, operating through fragmented, often speculative land development (except for PEEP plans), while the lack of large-scale public intervention prevented the creation of a comprehensive rental sector (Barlow & Duncan, 1994). In the 1970s, debates over land and planning reforms drew attention to what Parlato (1972) described as a “pro-building bloc”: a broad, heterogeneous coalition that brought together small property owners, medium- and large-scale landlords, and major real estate actors. Interestingly, in 1963, the left side of Christian Democrats (DC) promoted an attempt to fully socialise development gains via a new planning legislation, which was however, aborted after widespread media laments and disruption from the right side of the same party, and planning remained largely linked to speculative goals, actors and processes (Pizzo, 2022).

These mechanisms contributed to generating limited tenure mixing and pronounced socio-tenurial inequalities. Central in these processes is the absence of substantial public land control and the persistence of patrimonial land ownership, which prevents the widespread de-commodification of housing (Barlow & Duncan, 1994; Arbaci, 2019), a problem that still prevents the Italian housing system from producing extensive affordable housing today (Peverini, 2023).

Urban land control, in fact, was not built on nationalisation or comprehensive de-commodification. Instead, affordability-oriented supply relied on planning tools that could temporarily reduce land costs — most notably the PEEP mechanism with compulsory land purchase at below-market (rural) prices, as mentioned before — a condition that made large public developments feasible until it was undermined by the 1980 Constitutional Court shift requiring market-value land acquisition, which sharply reduced the effectiveness of public supply-side strategies. These conditions, given the privatisation and marketisation logics of most policy instruments, constrain non-profit provision and keep social housing residual within a dualist tenure order oriented to owner-occupation (Arbaci, 2019; Kemeny, 1995).

### *Multi-governance*

In the post-war decades, Italy's housing system was anchored to a publicly oriented reconstruction-and-expansion phase, in which the State retained a key role in setting national objectives and mobilising resources for large housing programmes, while implementation relied on a growing constellation of sub-national and sectoral actors. In this phase, public housing agencies (historically the IACP network, later differentiated in legal status across territories) operated as the core institutional machinery for producing and managing the public housing sector, alongside municipal involvement in land and urban services linked to new developments. Over time, however, the governance architecture became increasingly multi-level: major post-war housing instruments and planning tools progressively embedded regions (created in 1970) as actors responsible for territorial programming, housing and investment steering, while municipalities were central in local delivery (land preparation, implementation of plans, allocation/management responsibilities where applicable). This pre-restructuring arrangement is consistent with the broader familistic welfare–housing profile identified for Southern Europe: state intervention in housing remained limited compared to universalist regimes, while the system structurally privileged OO and kept the SR sector comparatively residual.

## Spain (ES)

### *Tenure-policy system*

The Spanish tenure-policy system underwent a dramatic transformation during the second half of the twentieth century. Under the Francoist regime (1939-1975), Spain was transformed from a country of tenants to one of owner-occupiers. The immediate post-Civil War era, characterised by emergency interventions and state control, laid the foundation for the subsequent development of the housing sector. The fascist regime paved the way for the consolidation of an ownership-led model, which perdures today. The pre-democratic restructuring decades marked a shift towards a more liberal approach, characterised by the preservation of strict rent controls for legacy contracts and the liberalisation of new contracts.

OO expanded dramatically from the 1920s to the 1980s, evolving from a tenure minority into the backbone of the national housing regime, through an explicit state project that turned property into the default welfare channel while marginalising renting. After the Civil War, the dictatorship reframed housing scarcity as both a social threat and a political opportunity, elevating home purchase to a nation-building goal; the creation of the Housing Ministry in 1957 under José Luis Arrese — who declared the aim of “*a country of homeowners, not proletarians*” — signalled the shift from emergency provision to a durable owner-occupation strategy (García-Lamarca, 2023). This strategy relied on legal and financial structures that reduced entry costs and encouraged tenants to become owners.

Throughout the 1960s, as ES entered a “developmentalist” phase, residential construction became a key economic engine fuelled by the arrival of tens of thousands of migrants from rural Southern Western ES to large cities. The 1960 Horizontal Property Act enabled individual apartment sales, before forbidden, directly encouraging tenant-to-owner conversion. Crucial was the *Vivienda de Protección Oficial* (VPO) scheme, which was introduced in 1963, providing private developers and buyers with access to affordable land, favourable credit —

often via the Spanish Mortgage Bank (BHE) — and administrative support (Alberdi, 2014; García-Lamarca, 2023). These measures allowed working-class households to access ownership in unprecedented numbers, even as the poorest groups remained excluded. The ownership rate lifted from 45.9% in 1950 to 73.1% in 1980. By the late 1970s and early 1980s, ES had effectively consolidated an OO-dominated housing system, one in which state-supported mortgaged OO replaced rental housing as the principal pathway to residential security and household welfare (García-Lamarca, 2023).

Spain's private rental (PR) sector in the twentieth century underwent a series of reforms that created a tenure divided between strong 1st-generation rent control and full liberalised tenancies. The rent control regime, that later came to be known as *renta antigua* (“old rent”), had two pillars: the compulsory renewal clause and a post-war rent freeze, which together locked many tenancies into indefinite duration at controlled rents, with subrogation rights for family members — features that produced a highly de-commodified, even if shrinking and blocked for new tenants, rental segment through the 1970s and into the 1980s. Some of these units still exist throughout the country.

In the early 20th century, the introduction of a compulsory renewal clause (1920) resulted in the establishment of indefinite lease extensions, thereby embedding long-term security as a core feature of rental contracts. In the aftermath of the Civil War, the state intensified its interventionist policies; a 1946 law froze rental rates at the level stipulated in the initial contract. This legislative measure consolidated a strong form of rent control that would persist for decades, resulting in the establishment of a substantial pool of low-rent, long-duration tenancies. This strict control regime began to shift in the mid-1950s, when the 1955 reform allowed almost unrestricted bargaining on contracts signed after 12 May 1956, marking the first legal distinction between the legacy of controlled tenancies and newly liberalised ones. The decisive turning point came with the 1964 Urban Leases Act, which fully sanctioned this dual track. Rents for post-1964 contracts were to be determined by market dynamics, with annual ceilings in place to regulate rent rises. In contrast, all units prior to 1964 remained under government authority for rent adjustments, thereby establishing a pronounced divide between the “controlled” and “liberalised” PR housing sectors.

The overall size of the rental housing sector decreased in favour of OO: the proportion of dwellings that were rental housing fell from 52% in 1950 to 25% in 1980. This shift occurred as investment moved into owner-occupancy and as public policy failed to support the construction or maintenance of rental housing. Spain's PR sector had become a highly stratified market, composed of low-rent, strongly regulated pre-1964 contracts alongside market-based post-1964 tenancies. Significant distributional inequalities in the benefits of rent control are evident, and the share of rental housing in the overall housing system has been steadily shrinking.

SR in ES has historically been small, and it remained residual from the interwar years through the 1980s because the core instruments of “social” policy were designed to channel households into subsidised ownership rather than to build a permanent public rental stock. The already commented above *Vivienda de Protección Oficial* (VPO) scheme was mainly structured for sale, combining cheap or public land, favourable credit and administrative facilitation for private developers and purchasers; rental VPO arrived later and remained

secondary. The SR sector consisted of a heterogeneous public and subsidised segment — dwellings either directly built by the state or, far more often, produced by private actors with public subsidies, tax breaks, and regulated rents below market levels — whose expansion accelerated after the late 1950s but without forming a large, permanent public rental pillar. By 1980, over four million dwellings ( $\approx 30\%$  of the stock) had received either subsidies or direct public production, yet only 10–15% of these remained public; the rest were privately built under subsidy schemes, a composition that helps explain why large public and subsidised housing output did not consolidate into a broad social rental sector (and why access frequently reflected ability to pay).

The SR sector was more prominent in urban Spain: in the Metropolitan Area (1974), public and subsidised housing accounted for 25.6% of the rental sector, with average rents below market levels (Peña & Ruiz-Castillo, 1984). Within the social rented sector, public units tended to be cheaper and more affordable than subsidised ones; later production (1969–1974) showed higher rents, underscoring the program’s internal stratification. Distributionally, SR delivered sizeable advantages, but targeting was weak: until 1976, the main eligibility test for most SR dwellings was simply the capacity to pay the regulated rent or price. Taken together, these patterns show that, before the 1980s, Spain’s SR sector remained residual and uneven: sizeable in urban areas, but structurally dominated by subsidised private provision, only partially discounted relative to the market, and weakly targeted, which limited its role as a robust, enduring social rental tenure within the national housing regime.

### *Supply system*

Spain’s housing supply system developed through a path shaped by post-war interventions, and strong (re)construction, but strongly tenure-biased towards OO. Housing production after the civil war expanded rapidly, particularly between the early 60s and mid 70s: the national stock grew from 6.37 million dwellings in 1950 to 12.85 million by 1980, with 43% of all dwellings built after 1960 according to the census. Public intervention played a substantial quantitative role — by 1980 more than four million dwellings (30% of the total) had been publicly built or (mainly) subsidised through land provision, direct construction, tax incentives, and preferential finance — yet only 10–15% of this output remained public housing, as most subsidised units were sold at below market prices rather than retained in a public rental stock. Ownership-oriented construction, boosted by policy incentives, increasingly dominated new development.

### *Multi-governance*

During the fascist regime, housing was governed through a highly centralised system in which the central state set the legal framework and controlled delivery, with the Ministry of Housing (1957) consolidating the housing bureaucracy and steering expansionist urbanism, protected housing, and finance via provincial delegations. Municipalities acted mainly as implementers — processing land-use and permit functions and executing site development — while no regional tier mediated between the central and local governments. De-commodification was ambivalent: rent controls fostered it, but it was curtailed by prioritising subsidised OO (VPO for sale) and by keeping municipalities as executors rather than autonomous regulators. The regime fostered OO as a social order and welfare substitute, a path that later governments

maintained by favouring purchase subsidies over rental provision. Overall, central investment backed below-market ownership rather than a durable public rental sector, with housing governance becoming multi-level only after 1978 under the Autonomous Communities.

## 2.2 Degree of de-commodification after the 1980-90s welfare restructuring

The welfare restructuring of the 1980-90s marked a key turning point in the reconfiguration of welfare–housing systems and in the growing fragilization of middle- and lower-income and other vulnerable households. These shifts weakened the state’s redistributive capacity and undermined the universalist paradigms that had framed most post-war welfare regimes. Across all nine countries and their major cities, housing systems have become increasingly (re)commodified, driving the persistent rise in multiple housing inequalities over the past three decades and intensifying the affordability crisis. Yet the extent, degree, and pace of re-commodification—or further commodification—vary significantly across the cases.

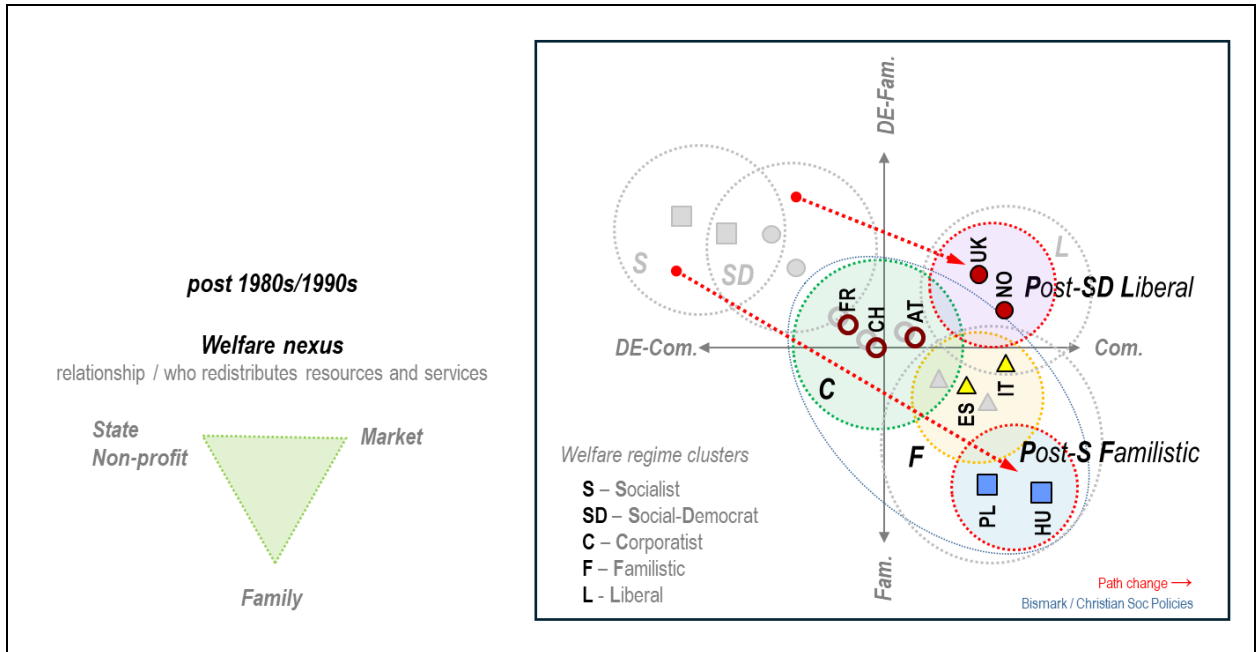
Thus, central to policy recommendations is not the question of whether European housing systems are re-commodifying—since not all are at the system level—but rather *how* and *where* re-commodification is occurring or has occurred, at which pace, and with which impacts on housing inequalities (Figure 2.7). Across the nine cases, re-commodification and residualisation of the housing system represent either a path-change or a path-dependency, with opposite impacts on the welfare regime restructuring (Figures 2.3 and 2.4).

A **path-change** occurred in the case of Post-Socialist welfare regimes (PL, HU), Social-Democratic welfare regimes (the UK and NO), marking a shift from universalist to more residualist welfare regimes.

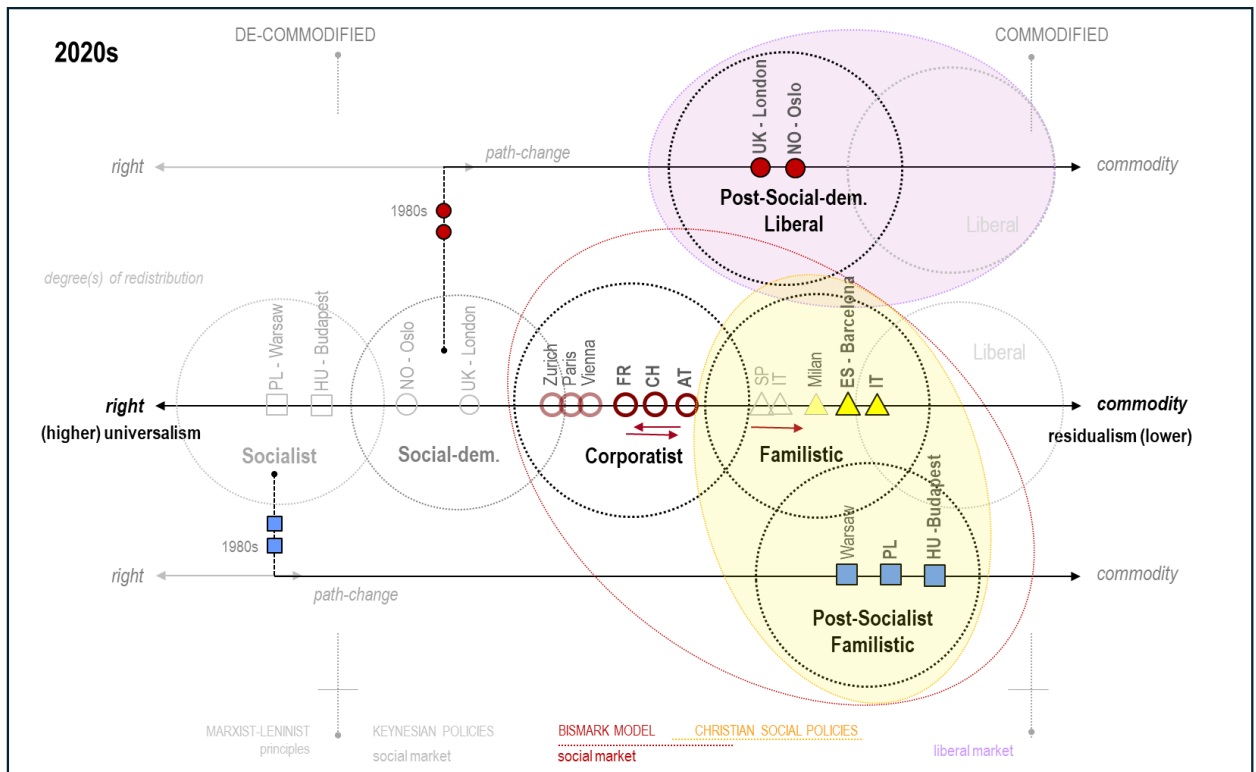
A **path-dependency** trajectory was observed in Corporatist welfare regimes (FR, CH, AT) and Familistic welfare regimes (IT, ES), reproducing a significant level of de-commodification in the Corporatist cluster, and of (re-)commodification in the Familistic cluster.

In this section, we take in turn each welfare cluster and the countries’ housing system, and we will look at which of the previously mentioned parts (across tenures) have been kept de-commodified or commodified, adapted, or re-commodified, how and to what extent.

**Figure 2.3** Changes of housing systems within and across welfare regime clusters, after the 1980-90s welfare structuring, in Europe.



**Figure 2.4** Degree of de-commodification in the 2020s (after the welfare restructuring of the 1980-90s). Positioning clusters of welfare regimes-housing systems along the universalist-residualist spectrum.



## 2.2.1 Corporatist cluster

### *Welfare system*

Austria's welfare state has evolved since the 1990s through continuity and gradual, path-dependent adjustments rather than paradigmatic shifts. Following the expansionary phase of the early 1990s (e.g., the 1993 long-term care scheme), policy priorities shifted toward cost containment from the mid-1990s onward, combining selective cuts, non-indexation, and structural changes. At the same time, family and long-term care policy tilted toward more universal, cash-benefit-oriented designs that broadened recipient choice while curbing costs (Österle & Heitzmann, 2016, pp.12, 22). Social expenditure remained broadly stable from the mid-1990s to the late 2000s, apart from a crisis-related spike in 2008/09; pensions and health continue to dominate spending and thus consolidation debates (Österle & Heitzmann, 2016, p. 13). Throughout this period, federalism—shared responsibilities between national and provincial levels—has shaped reform trajectories, both impeding and fostering change through intergovernmental conflicts and selective provincial innovations (Österle & Heitzmann, 2016, p. 21). In line with a conservative welfare regime, strong federalism, corporatism, and increasingly formalised public–third sector cooperation (e.g., performance-related payments replacing subsidies) frame service provision (Österle & Heitzmann, 2019, p. 25). From the late 1990s onward, phases of retrenchment and expansion alternated; nevertheless, reforms remained incremental and less path-departing than in many other European countries (Österle & Heitzmann, 2019, p. 27).

A similar pattern of gradual transformation characterises France. Since the early 1990s, its welfare state has undergone an incremental “recalibration” rather than an abrupt change. Structural reforms introduced new benefits to address social exclusion, adjusted financing to be more employment-friendly, and strengthened the state’s role at the expense of social partners. These developments occurred alongside retrenchment in pensions, health insurance, and unemployment insurance, as well as a growing Europeanisation of policy. Increasingly, the system has been grounded in personal social rights—universal healthcare coverage, expanded means testing in family benefits, new non-contributory protections, and disability rights—while the high legitimacy of the *Sécurité sociale* and sustained social mobilisations helped keep reforms gradual and mitigated the social impact of the GFC (Hassenteufel & Palier, 2019, p. 203). Introduced at the margins and carried by broad yet cross-purposed coalitions—e.g., different actors supporting the same measures for different reasons—these reforms have progressively moved the system away from its Bismarckian bases toward a more universal, tax-financed, and state-governed model (Hassenteufel & Palier, 2019, p. 216).

Switzerland, by contrast, has largely maintained its subsidiarity-based, federal mix of public and civil-society provision since the 1990s, characterised by categorical design and extensive means testing across municipal, cantonal, and federal levels (Kakpo & Cattacin, 2012, p. 4). Although globalisation, new poverty, and demographic ageing posed pressures after the 1980s, their impact was more limited than elsewhere, as CH was already highly export- and globally oriented. The policy response reinforced subsidiarity by empowering organisations against exclusion and introducing stronger elements of personal responsibility (e.g., workfare), while migration contributed to easing ageing pressures (Kakpo & Cattacin, 2012, pp. 5–6).

Cooperative federalism continues to structure the system: the Confederation guarantees major social insurances, whereas cantons and cities finance and implement many policies; social assistance and family policy remain largely local or cantonal responsibilities (Kakpo & Cattacin, 2012, p. 6). More recently, however, a gradual reorientation has placed greater emphasis on family services, care for older people, and active labour market policies, complementing the traditionally strong income-replacement programmes (Bonoli & Champion, 2015, p. 8).

### *Welfare-system housing nexus*

Austria's welfare–housing nexus reflects a historically stable institutional framework anchored in de-commodified rental provisions, yet shaped by politically contingent interpretation and mobilisation of core instruments: the Limited-Profit Housing Act (WGG), the National Tenancy Act (MRG), and federal/state housing subsidies. Social-democratic governance, especially in Vienna, emphasises tenant protection, subsidised rental expansion, municipal land banking, and zoning instruments, supporting a universalist rental segment. Over the past decades, AT has experienced gradual re-commodification trends in the private rental sector, facilitated by deregulation of new units, attic conversions, reference-value rent surcharges, and temporary leases, particularly in urban areas. These market-oriented dynamics coexist with strong de-commodified structures, including municipal and limited-profit rental housing, cost-rent regulation, and rent caps in pre-WWII stock. Vienna exemplifies sustained de-commodification, with nearly 80% of its housing stock rented (42% SR, 41% PR, Figure 2.5) and ongoing municipal construction supported by public land banking, whereas other federal states increasingly rely on market-led provision and liberalised tenure practices. Housing subsidies and welfare instruments complement tenure interventions: earmarked subsidies and means-tested housing benefits (*Wohnbeihilfe*) buffer low-income households against affordability pressures, while social assistance programs cover basic housing needs. In sum, AT combines institutional continuity and political pluralism. Its welfare–housing nexus is mediated less through structural reform than through coalition-driven reinterpretation of existing instruments. The system simultaneously sustains universalist, affordable housing in municipalities like Vienna and fosters market-oriented commodification elsewhere, generating a politically fragmented yet resilient housing regime.

France's welfare–housing nexus reflects the hybrid and recalibrated character of its corporatist welfare regime, combining strong institutionalisation of social rights with increasing market-oriented governance. The housing system is characterised by a relative equilibrium between OO (57% in 2021, Figure 2.5), PR, and a stable SR sector (18%, Figure 2.5). Post-1990 reforms entrenched a layered system blending de-commodifying and re-commodifying elements. Persistent state support for homeownership and successive tax incentives for private buy-to-let investment stimulated market supply but reinforced spatial selectivity and uneven affordability. While social housing production remained significant throughout the 2000s (Gimat, 2017), austerity measures reduced brick-and-mortar subsidies and housing allowances, placing providers under financial strain and encouraging diversification strategies, including sales, intermediate rental products (LLI), and partnerships with private developers (Gimat & Halbert, 2018). At the same time, FR reinforced de-commodifying elements. The enforceable right to housing institutionalised housing as a social right, while the 25% social housing quota for urban municipalities remains a central inclusionary instrument. Rent controls were introduced experimentally in tight markets such as Paris, though limited in scope and

duration. Nevertheless, multiple developments point toward increasing commodification pressures. Estate regeneration programmes (PNRU) combined demolition and reconstruction with the introduction of private units, sometimes resulting in net losses of low-rent stock. Fiscal consolidation reduced public expenditure on housing relative to GDP (Driant, 2024), eroding the financial autonomy of local authorities and pushing them toward negotiated arrangements with private developers. Land policy increasingly operates through planning gain, contractual development, and public–private bargaining, while large-scale infrastructure projects such as the Grand Paris Express intensify land value dynamics and displacement risks (Clerval & Wojcik, 2024). Taken together, the French housing system reflects a negotiated corporatist model in which strong institutional legacies of social housing and housing rights coexist with intensifying fiscal austerity, financialisation, and land commodification. The welfare–housing nexus thus remains hybrid: formally anchored in social rights and redistributive instruments, yet increasingly shaped by market logics and multi-actor bargaining (Guironnet, 2025).

The Swiss welfare–housing nexus reflects the broader subsidiarity-based and federal welfare architecture, characterised by decentralised responsibilities and limited direct federal redistribution (according to sources cited above). Between 1990 and 2020, the housing system followed a strongly path-dependent trajectory, with no substantial restructuring of tenure or supply arrangements. OO increased moderately (31% to 36%, Figure 2.5), while PR remained dominant and SR slightly declined. However, beneath this institutional stability, gradual commodifying dynamics have intensified. The discontinuation of federal subsidies under the Housing and Property Promotion Act (WEG) and its replacement by the Housing Promotion Act (WFG) formalised federal responsibility for non-profit housing but provided only modest financial support (Lawson, 2009). At the same time, ownership structures in the rental sector shifted markedly: private companies increased their share from around 30% in 2003 to 41% in 2021, reflecting growing investment by pension funds and institutional actors. Although tenancy law formally protects against abusive rents and unfair dismissal, enforcement remains weak, and contracts can be terminated with limited justification, constraining effective security of tenure (Debrunner et al., 2024). Rent-setting remains linked to the mortgage reference interest rate, a politically contested but persistent regulatory mechanism (Duyne Barenstein et al., 2025). Overall, CH combines welfare-state continuity with a slight but discernible trend toward commodification. This shift is driven less by explicit tenure reform than by financialisation and evolving ownership structures operating within a market-oriented and federally fragmented framework.

### *Variation*

Across the corporatist cluster, AT, FR, and CH share path-dependent and mixed housing regimes, yet they vary in tenure balance, the weight of social rental, and how tenant protection works in practice. AT combines a sizable SR pillar with a balanced tenure mix and strong protections in older, regulated private rentals, while newer segments are more market-responsive. This gives AT a comparatively strong de-commodifying anchor, especially in Vienna, where SR is around 42% of the stock. FR is more hybrid. OO is the majority tenure (57%), SR remains around 18% but operates under tighter budgets, and policy uses targeted rent controls in tight markets and rights-based tools to protect access. Much delivery happens through negotiated public–private arrangements that blend de-commodifying goals with market finance. CH leans most toward a market-oriented, unitary rental system. OO has grown

but remains lower than in FR and AT, SR is small at around 3-4%, and PR is strong in cities like Zurich. Tenants have formal protections, and rent setting is linked to the federal mortgage reference rate, yet effective protection can be weaker due to short notice periods and limited grounds for contesting terminations. In short, AT's strong social and limited-profit rental pillar, FR's hybrid mix with maintained but budget-constrained social rental and targeted controls, and CH's locally driven tools within a broadly market-based rental system illustrate the main variations within the corporatist cluster.

## Austria (AT)

### *Tenure-policy system*

The core framework laws introduced in the post-war period continue to govern the present. Condominium ownership is regulated by the Condominium Act (WEG). Limited profit housing is regulated by the Limited Profit Housing Act (WGG), and PR is regulated by the National Tenancy Act (MRG), with the General Civil Code ABGB applying where MRG does not apply.

**Private renting (PR)** functions as a split regime under the National Tenancy Act (*Mietrechtsgesetz*, MRG 1981), as regulatory coverage varies by building type and age. The MRG defines three categories of application: full application, partial application, and full exclusion (*Vollausnahme*), each entailing different levels of tenant protection. Full application primarily covers older multi-unit buildings constructed before 1945. These dwellings are subject to rent regulation and strong tenant protections, including regulated rent formation and strict eviction safeguards. Partial application generally applies to buildings constructed after June 1953. In this segment, rents may be formed more freely, while core provisions—particularly regarding termination protection—remain in place. Certain properties are entirely exempt from the MRG, including rental units newly created through attic conversions or building extensions based on a building permit granted after 31 December 2001. These units are not subject to MRG rent regulation or specific eviction protections. Instead, rental agreements fall under the General Civil Code (*Allgemeines Bürgerliches Gesetzbuch*, ABGB). In such cases, there are no statutory rent ceilings, fixed-term contracts cannot be terminated early by tenants unless explicitly agreed, and landlords may terminate contracts according to general civil law provisions. In **1994**, the category rent system was replaced by the regionally differentiated, inflation-indexed reference value rent. The reform introduced quality-related surcharges and deductions and, crucially, the location premium, which ties permissible rents to neighbourhood quality. As a result, even within the regulated sector, rent formation became more sensitive to market signals through consumer price index adjustments and location-based (*Lagezuschlag*) surcharges. The reform also facilitated temporary leases, usually three to five years in length, with a statutory discount on regulated rents for fixed terms. While the discount aimed to compensate for shorter durations, the change normalised fixed-term contracts, increasing turnover and renegotiation frequency compared to open-ended leases. In combination, location-sensitive pricing and easier use of fixed-term tenancies favoured commodification in parts of the private rental sector, even as strong de-commodifying protections continued to apply where MRG covered the legacy stock in full.

Nationally, the PR share grew from 21 to 25% of the housing stock between 1991 and 2021 (Figure 2.5), driven by expansion in partially regulated and unregulated segments, while strong tenant protections continue to apply where MRG covers the legacy stock in full.

**Owner-occupation (OO)** remains dominant nationally—56% in 2021—but plays a subordinate role in Vienna (18%). Tax rules shape ownership incentives: since 2012, real-estate gains face a special 30% tax with main-residence and producer exemptions and differential acquisition-cost rules for pre-/post-2002 properties; recurrent property taxation (Grundsteuer) remains modest due to outdated assessed values, while several states apply second-home and vacancy levies. Subsidies vary by federal state, but in some states de-earmarking reduces dedicated housing budgets.

**Social rent (SR)** stabilises at 22% nationally, with municipal stock slightly declining and limited-profit provision expanding (Figure 2.5). Key recommodifying moves include the ongoing rent-to-buy pathway (introduced in 1993), a 2000 federal decision enabling withdrawal of LPHA status, and a 2004 sell-off of federally owned LPHA stock to financial investors, removing LPHA status from 58,000 rentals. Vienna preserves a large social housing footprint (about 42%), resumed municipal construction in 2019 via city-owned entities, and limits sell-offs. Tenancies in the limited profit sector remain highly secure under WGG through cost rent, profit limits and asset binding with annual audits, and strong tenant protection regulated under the full application of the MRG.

### *Supply system*

LPHAs and municipalities remain central producers of social housing, joined by commercial developers, who have had access to subsidies since 1990. Vienna's developer competitions, introduced in 1995, open subsidised plots to both limited profit and private firms and award projects based on economy, architecture, ecology and social sustainability. Vienna's land policy continues to anchor the de-commodification. The Housing Fund Vienna, established in 1984, banks land and allocates it on favourable terms for subsidised development. Since 2018, a zoning category for subsidised housing requires that two-thirds of residential space in newly zoned areas be dedicated to subsidised projects, which curbs speculative land dynamics. Elsewhere, land and subsidy practices vary across federal states and municipalities.

Two federal finance reforms reshaped subsidy governance and directly affected brick-and-mortar capacity. In 2001, earmarked housing subsidy transfers were relabelled as investment contributions for housing, environment and infrastructure, which loosened earmarking and broadened eligible uses. In 2008, the Housing Subsidy Purpose Grant Act was repealed, which abolished earmarking entirely and converted transfers into general state revenue. This two-step change enabled some federal states to redirect funds away from housing and weakened guaranteed supply-side investment, while others, notably Vienna, maintained robust brick-and-mortar support. Since 2018, housing subsidies have been treated as federal state revenue. Housing benefits were extended by federal states from the 1990s, including to the private rental sector, surged between 2003 and 2010 and were subsequently restrained through tighter access and formula adjustments, which reduced average support despite rising rents.

For the lowest-income households, minimum income schemes can complement housing costs.

### *Multi-governance*

In Austria's multi-level governance structure, the federal government sets the central legal framework through the National Tenancy Act and the Limited Profit Housing Act and determines tax policy. The Länder (federal states) design and finance public housing subsidies (*Wohnbauförderung*). Municipalities are responsible for land banking, zoning for subsidised housing, and allocation institutions. De-commodification is fostered where strong municipal land policy and sustained brick-and-mortar subsidies persist, notably in Vienna. It is curtailed where Länder (federal states) redirect subsidy funds, and deregulation in the PR sector broadens unregulated segments, increasing affordability pressures

## **France (FR)**

### *Tenure-policy system*

Post-1990s reforms entrenched a layered housing policy system blending elements of de-commodification and re-commodification. OO consolidated its dominance, exceeding half of the dwelling stock by accounting for 57% in 2021 (Figure 2.5), under a persistent policy emphasis that nonetheless maintained instruments for both PR and SR tenures. The national policy instruments combined tax relief for ownership with continued housing allowances for renters, and reinforced (albeit partially and time-limited) rent regulation through rent controls and local rent caps in designated tight housing markets, such as Paris. This reflects the system's hybrid and path-dependent character. Over time, however, austerity pressures curbed the generosity of demand subsidies, with a first significant reduction in housing allowances in 2017, signalling a recalibration of support and exposing low-income owner-strata and renters to tighter budgets.

The PR sector has grown in absolute terms but shrunk in relative share, from 27% to 25% of main residences (Guironnet, 2025). This trajectory was shaped by successive fiscal incentives for individual buy-to-let investment, which channelled production of housing into geographies where land was cheaper and public intermediation less strict. These instruments sustained new supply yet contributed to spatial selectivity and uneven affordability outcomes across territories. In parallel, the growth of short-term rental (STR) platforms and corporate landlords' residential stock off-selling practices generated conflicts in tight markets with lease terminations in some instances; Paris became a focal point of contention, including negotiations and threats of eminent domain to curb displacement and secure residential use.

The historically framed "generalist" SR sector has been under intensifying fiscal and regulatory pressure. Budgetary consolidation and the long-term shift from supply-side to demand-side support reduced direct subsidies, squeezing social housing providers (SHPs) and pushing them toward organisational restructuring, rent extraction strategies, and greater reliance on capital markets to stabilise financing. A "right to buy" agenda that had long existed in law was revived in 2018 with reforms to accelerate sales, while austerity measures on housing

allowances further constrained providers' rental income, tightening their operating margins. Nevertheless, despite these pressures, the social rental sector remained stable over the past three decades, consistently accounting for 18% of the housing stock in 2021 (Figure 2.5), and succeeded in defeating plans of reforms to financialise the sector, e.g., open to corporate landlords (Gimat et al., 2025).

At the same time, FR reinforced housing rights: the “right to housing” gained constitutional footing and was operationalised through the 2007 enforceable right (DALO), allowing eligible households to litigate for access to social housing, though caseloads concentrated in Île-de-France highlight implementation asymmetries. New intermediate rental products (LLI) sought to attract institutional capital back into the rental market; while designed for private actors, SHPs—especially private-status entities—accounted for a sizeable share of approved units between 2014 and 2020, within a legal cap limiting such activity to a fraction of each provider's stock, underscoring the blurring of boundaries between social and “below market” segments.

### *Supply system*

Social housing providers continued to deliver substantial volumes through new construction and, increasingly, through partnerships with private developers (e.g., forward sales/VEFA), which were scaled up counter-cyclically during crises (including large CDC Habitat purchases). Estate regeneration (PNRU) added private units to enforce “social mix” and rebuilt part of the social stock, but with net losses of traditional low-rent units in some areas and relocations outside original neighbourhoods. On the PR side, successive tax incentives from the 1980s onward sustained delivery via individual landlords and later sought to attract institutional investors, with mixed results. Overall, post-1990 delivery reflects a negotiated, multi-actor system: HLM providers under fiscal pressure, private developers engaged through contractual instruments, and municipalities leveraging planning to secure affordability in tight markets.

Municipalities, especially Paris, used planning and bargaining tools (and at times the threat of eminent domain) to densify and secure below-market and social units, while facing lobbying from corporate landlords and conflicts over lease termination related to the off-selling of residential stock. Land policy increasingly operates through negotiated development, planning gain, and quota-based obligations. The 25% social housing quota for urban municipalities, established in 2001, remains a central (if contested) lever for inclusionary outcomes, even as compliance varies and periodic reforms seek to narrow its scope. Strong traditions of public landownership and planning enable municipalities, particularly in attractive markets near Paris, to bargain with private developers, leverage eminent domain, and set local fiscal parameters to secure social housing delivery or cap prices in private schemes. Dedicated public land agencies (EPF, EPA, SEM) and municipal competencies over permitting and taxation anchor these practices, although fiscal consolidation and market pressures complicate consistent application across territories. More recently, densification agendas and zoning revisions, such as Paris's PLU-B, have brought public and private interests into sharper conflict, especially where institutional investors hold underused non-residential assets and resist conversion to housing deemed less profitable.

## *Multi-governance*

France's multi-level governance has evolved toward negotiated central–local regimes and intensified public–private bargaining. Paris has both mirrored and led national trends, pioneering rent control and pushing densification, while the metropolitan periphery faces accelerating pressures to commodify, tied to major transport investment (e.g. the Grand Paris Express). Vertical and horizontal tensions arise around STR regulation, densification, and affordability mandates, which are now constitutive of the housing governance landscape, with the central state's austerity stance and municipalities' adaptive strategies shaping outcomes on the ground.

## **Switzerland (CH)**

### *Tenure-policy system*

Switzerland's housing trajectory since the 1990s has been marked more by continuity than rupture. In general, tenure shares have shifted incrementally: OO rose modestly from 38% to 43% between 1991 and 2021, while PR slightly declined from 63% to 58% (see Figure 2.5). The share of SR remained stable at 6% for Switzerland. Following this national trend, the tenures in Zurich developed in similar directions, though with different starting points. The share of OO rose from 6% to 8%, while the PR segment dropped from 69% to 67%. As with CH, the share of SR remained stable at 25%. Hence, a clear divergence in the overall direction is not signalled.

The result is a persistent unitary rental system, with subject-oriented help focused on renters and continued urban–rural contrasts in tenure structure. In essence, Switzerland's housing system has maintained its market-oriented structure while adapting several key regulatory and support measures to address affordability pressures. The federal framework remains anchored in tenancy law that protects tenants against abusive rents and unfair dismissals, while rent adjustments are legally linked to the mortgage reference interest rate published by the Federal Office for Housing (BWO), which has been updated quarterly since 2008 to reflect average bank mortgage rates. This can be used by landlords to justify rent increases even for fixed or non-mortgaged properties (Duyne Barenstein et al., 2025). Attempts to decouple rents from interest rates have been politically contentious and unsuccessful, leaving this interest-linked system as a core regulatory mechanism (Duyne Barenstein et al., 2025). National housing allowance schemes remain means-tested and administered at the municipal level, with variations in eligibility and benefit levels across communes (Duyne Barenstein et al., 2025).

Tenants continue to enjoy relatively strong protections: open-ended leases remain standard, and tenants can challenge rent increases or contract terminations in court through organisations such as the Tenants' Association (*Mieterinnen- und Mieterverband - MV*), which has been active in rent and housing rights advocacy since the 1990s (MV, n.d.). However, Debrunner et al. (2025) argue that despite formal legal avenues to contest rent increases or evictions, Swiss tenants experience comparatively weak effective protection, as open-ended contracts can be terminated with relatively short notice and without substantive justification.

National support to non-profit housing has remained limited, reflecting a federalist policy in which cantons and communes are considered primarily responsible. However, multiple attempts to strengthen national intervention through popular initiatives have been rejected in nationwide votes, often due to rural opposition to measures championed by urban centres. Nevertheless, the SR sector's non-profit providers (cooperatives, foundations, associations) continue to operate on a cost-rent basis and reinvest gains, whereby cooperatives are excluded from commercial activities. Municipalities and city-linked foundations play a direct role in de-commodifying segments of the stock. For example, Zurich's PWG foundation (for the preservation of affordable residential and commercial premises in the city of Zurich) purchases properties to withdraw them from speculation and lets them at cost rents. Financing in this sector remains mixed, including private bank loans and non-profit instruments, but the absence of a strong federal redistributive policy keeps expansion of this stock largely contingent on local political will, land access, and the financial capacity of both non-profits and municipalities.

### *Supply system*

Housing production continues to be driven mainly by private developers and institutional investors, with cooperatives and non-profit providers playing a minor but locally significant role, especially in large cities. Data indicate that cooperatives constitute only a small share of the housing stock nationally but have grown in cities such as Zurich and Geneva since the 1990s (Duyne Barenstein et al., 2025). While federal supply instruments like the Housing and Property Promotion Act (*Wohnbau- und Eigentumsförderungsgesetz, WEG 1974*) were succeeded in 2003 by the Housing Promotion Act (*Wohnraumförderungsgesetz, WFG*) to modernise housing promotion policy, direct federal production of non-profit housing remains limited, and housing subsidies are typically object-oriented, granted through cantonal and municipal schemes. Land and planning policy have become more central to supply outcomes since the revision of the Federal Spatial Planning Act (RPG) in 2014, which prioritised densification and limits on urban sprawl. Municipalities now strategically deploy land policy instruments, including negotiated development obligations and coordination of building zones, to influence where housing is built and to secure affordable units through planning processes.

Land continues to be mobilised through negotiated sales and inheritance, alongside public building rights leaseholds that retain land ownership within the public sector while steering use toward affordability objectives (e.g., in the non-profit sector). Municipalities can tie leases to specific purposes and record them separately, potentially securing long-term affordability without direct public development. In parallel, cantons and municipalities possess tools to activate underused building zones (*Baulandmobilisierung*) through incentive taxes, rezoning, or obligations attached to property rights if sites remain undeveloped within statutory periods. Some cantons, such as Vaud and Geneva, hold rights of first refusal that facilitate non-profit Cantonal and municipal governments deploy two main regulatory pathways to expand affordable housing. First, acquisition-based instruments such as rights of first refusal (e.g., in Vaud and Geneva) facilitate the transfer of land or housing assets to non-profit actors. Second, quota-based planning instruments impose affordability requirements on new developments. Zurich and other cities apply density bonuses through special land-use plans (*Sondernutzungspläne*), granting higher plot utilisation in exchange for a fixed share of

affordable units. In Geneva's designated development zones (*zones de développement*), at least one third of new dwellings must be non-profit housing (Duyne Barenstein et al., 2025).

### *Multi-governance*

Switzerland's federal structure, with significant power decentralised to the cantons, also makes it different from other corporatist systems. The welfare system is fragmented across different levels of government, with social assistance varying between cantons. The federal constitution enshrines federalism and outlines the roles of the Confederation, cantons, and municipalities, with housing policy intersecting with tenancy law, land-use planning, and social support systems. The Confederation sets the legal and framework conditions (e.g., tenancy law, publication of the reference mortgage rate), while cantons coordinate spatial planning and implement state housing programmes, and municipalities exercise decisive control over zoning, permitting, housing allowances and, increasingly, local supply strategies tied to planning and land policy instruments.

### **2.2.2 Familistic cluster**

Since the 1980s/90s, the familistic cluster has largely followed a path-dependent trajectory. In Southern Europe, the legacy of Christian Social Policies continues to permeate the broader welfare regime, market-oriented logics persist, and the family remains the central pillar of welfare provision (Papadopoulos & Roumpakis, 2013, p.208).

Long-standing patterns endured rather than being overturned, and reforms tended to reproduce existing arrangements rather than shift them toward broad de-commodification. Italy and Spain exemplify this continuity, where policy change has generally consolidated inherited orientations instead of recasting the overall balance between state, market, and family. Commodification deepened, and policy instruments increasingly filtered support through families and status rather than expanding de-familiarised services.

At the same time, local initiatives have emerged that call for stronger regulation and some degree of de-commodification, signalling a potential discursive shift even if their scale and systemic effects remain modest. Overall, the familistic regime after restructuring is characterised by incremental adjustments and limited redistributory expansion, with national frameworks continuing to set the outer boundaries within which sub-national actors operate.

Rather than moving toward tenure neutrality or universal service expansion, both countries retained selective redistribution and low de-commodification, with the family functioning as the primary welfare provider and the state's role concentrated in fragmented, residual interventions. The spatial imprint remained consistent with the pre-restructuring period — persistent inequality —highlighting that reforms largely recalibrated existing familistic arrangements instead of dismantling them.

### *Welfare-housing system nexus*

In the familistic welfare–housing nexus (notably Italy and Spain), policy has continued—also after welfare restructuring— to foster commodification by systematically prioritising owner-occupation (OO) over other tenures. This occurs through a biased tenure-subsidy system in which subsidies, tax incentives and mortgage support are channelled to OO rather than invested in rental supply; in downturns, programmes have reinforced new OO production and tenure shifts from private (PR) and social rented (SR) sector into OO, including via rent-control abolition and social-rental privatisation (especially in IT in the 1980s).

The outcome has been a high and stable share of outright OO across social groups, low housing turnover (limited buying/selling), and stronger intergenerational dependence, as OO functions as patrimony that transmits wealth and entrenches inequalities. Meanwhile, PR deregulation has tended to convert households into OO rather than expand a robust rental sector—leaving PR scarce, expensive and speculative. Social rent has been privatised or kept residual and means-tested—with limited production in IT and near absence in ES, where support is often routed through subsidised OO. This architecture has shown a longstanding inability to resolve affordability crises—a feature intrinsic to the model’s reproduction—though recent local responses (e.g., in Barcelona and Milan) have begun to press for re-regulation of PR and selective de-commodification, signalling a nascent paradigm shift in discourse and tools.

A notable recent path-change in ES is the 2023 reform that established an explicitly multi-level rent regulation system. The state established national rent update caps (2% in 2022–2023, 3% in 2024, and a tighter index from 2025), while the autonomous communities were empowered to designate stressed areas and implement stricter caps, with municipalities responsible for implementation and monitoring. However, activation is voluntary and uneven across autonomous communities, with some progressing rapidly (e.g., early 2024 designations in Catalonia) and others exhibiting resistance. Consequently, the broader familistic pattern of heavy reliance on owner-occupation and limited systemic de-commodification remains dominant.

### *Variation*

As highlighted below, in the democratic period, Spain’s housing governance shifted from a centralised model to important regional devolution, establishing a multi-level (regional) structure that relocated key powers from the centre to sub-state tiers while retaining an overarching national framework. Autonomous Communities now hold competencies in housing, urban planning and social services, which shape which regions will have more progressive (e.g., Catalonia) or less progressive (e.g., Balearic Islands, Andalusia) housing policies to protect affordability and security for tenants as well as for moderate-income homeowners or buyers. The combination of devolved powers with market-oriented reforms has entrenched uneven capacities and legal tensions across regions (Garcia-Lamarca, 2023). Housing policy in IT has evolved into a multi-level system. However, vertical coordination remains fragile due to limited guidance and funding, often leading to fragmented responsibilities and inconsistent services, as will be discussed below.

## Italy (IT)

### *Tenure-policy system*

Italy entered the 1990s with a strong path dependency in favour of homeownership, rooted in a political–cultural valorisation of housing as a fundamental societal value that perdures today (Gaeta & Cucca, 2018), and a public discourse that increasingly equated renting with economic vulnerability (Wolfgring & Peverini, 2024). OO is the dominant tenure, accounting for a stable 70% of the population, with a comparatively large share of outright owners (58%). In 2024, only 41.6% of residential purchases involved a mortgage, signalling a market dominated by wealthier buyers rather than workers entering the housing market as first-time buyers. The policy mix continues to favour OO, primarily through tax-based incentives and fiscal welfare mechanisms (Figari et al., 2019), and through a Mortgage Interest Tax Relief that remains among the more generous in OECD countries (OECD, 2023). Recent national measures target specific buyer groups — notably under-36s, first-time purchasers, and workers with unstable jobs. Notably, on the property-tax side, in the early 2000s, as part of a reform with high public support, the main municipal property tax (IMU) on first-owned residences was cut by a centre-right government, regardless of income, wealth, or dwelling type, except for luxury properties. Local authorities have been left without one of the most strategic funding channels, and the tax burden on owner-occupiers has been lifted while the tax remains on rented properties.

The PR sector shifted from strict regulation — the 1st-generation of rent control known as ‘fair rent’ (*equo canone*) — to market liberalisation, developing the current 3rd-generation rent control system. The sector was reformed with Law 431 of 1998, which eliminated rent control in the private market and introduced the so-called “agreed rent” (*canone concordato*) segment. This is a voluntary, incentivised agreement in the private rental market, where rents are set within a range established by an “agreement” among local stakeholders (usually tenants’ unions, landlords’ associations, etc.) in exchange for tax benefits. Implemented at a time when efforts to boost homeownership were still highly active, the agreed rent contract was intended to serve as the primary incentive to keep rents low in the private rental sector. This shift is part of a longer path-dependency toward homeownership, with renting progressively residualised and commodified, and the housing question progressively depoliticised (Tulumello & Caruso, 2021; Gaeta & Cucca, 2018). The tenure data illustrate this trend: the proportion of rental housing (both private and public) has progressively decreased from 25.3% in 1991 to 17.0% in 2021. This trend underscores a long-term decline in rental occupancy relative to homeownership, with noticeably higher rates observed in major cities — for instance, Milan’s rental rate declined from 44.3% in 1991 to 25.4% in 2021. The 1998 reform implemented a system centred on long-term tenancies (4 years, which automatically renew for another 4 years if not terminated) with initial market-based rents, and rent increases regulated only within tenancy (indexed to ISTAT/CPI in standard contracts, and frozen if the landlord opts for the optional flat-tax regime), but there is no cap between tenancies. Alongside the standard contract, the aforementioned voluntary ‘moderated-rent’ / ‘agreed-rent scheme’ (*canone concordato*) was introduced. While this scheme offers tax reliefs to landlords and below-market rents for tenants, it remains a residual option at the national level (with local exemptions). Additionally, a recent phase of new territorial agreements with higher rents has limited their moderating effect locally while also making them more attractive to landlords. Governance operates through a hybrid model. The national level establishes the primary legal framework,

including the Civil Code and tenancy law, but does not impose general rent caps. Regions and municipalities assume complementary responsibilities, recently including short-term rentals, and facilitate the above-mentioned territorial agreements. Certain cities are designated as “stressed areas” to promote the adoption of these agreements. However, there is no comprehensive, nationwide cap on entry rents or rent increases.

While renting became increasingly marginalised and often regarded as suitable only for students or as a temporary solution for young workers transitioning to homeownership, public housing (ERP) emerged as the main housing option for low-income families (Padovani, 1996). In 1998, the Gescal funding mechanism (described in the section on pre-welfare restructuring) was finally discontinued, after having been halted in 1990. This major turning point left Italy’s public housing system without its main stable source of financing. Along with the dismantling of land policies by judicial decision in 1980 and the introduction of right-to-buy and sales policies, the public housing system has increasingly shifted from a universal system for workers to a safety net for the most vulnerable. This shift occurred gradually, reflecting a broader trend in welfare restructuring (Bricocoli, de Leonardis & Tosi, 2008). In fact, the EU integration process aligned with the decline in public housing investment and the implementation of right-to-buy policies. However, across European countries, initial conditions played a crucial role in shaping the effects of EU integration policies on the housing system. In Italy, EU integration happened within a context of already weak public policies in the housing sector, as public housing supply in IT has traditionally been limited (Padovani, 1996; Tosi, 2017).

This situation has resulted in an unsustainable business model for providers, as public housing (ERP) effectively functions as a welfare policy without dedicated funding (Wolfgring, 2024). Consequently, public housing (ERP) neighbourhoods have experienced stigmatisation and significant media attention, often becoming the focus of security and policing measures, as well as urban renewal and rehabilitation initiatives.

At the same time, a new sector of intermediate and financialised ‘*housing sociale*’ (ERS) has emerged (Belotti & Arbaci, 2021). Legislation introduced in the early 2000s established a division between public housing (ERP) and social housing (ERS), with each sector operating under distinct mechanisms and serving different target populations. Although the reform was intended to desegregate public housing (ERP) and increase rental supply, it primarily facilitated commodified owner-occupation and resulted in a residual, time-limited rental stock (Belotti & Arbaci, 2021). The concurrent processes of public housing (ERP) residualisation and re-commodification, exemplified by right-to-buy schemes and stock sales, alongside the introduction of financialised actors and mechanisms for ‘*housing sociale*’ (ERS), have intensified the marginalisation of the traditional public housing (ERP) sector and facilitated the financialization of social housing (ERS) in IT.

### *Supply system*

Since the 1990s, housing provision in Italy has become increasingly market-driven. The two main pillars supporting public housing production have been dismantled. As previously mentioned, the PEEP mechanism was limited by the Constitutional Court in 1980, which mandated market-value compensation for the acquisition of private land. Subsequently, the

Gescal funding stream ended in 1998, but it had already been significantly weakened in 1990. As a result, supply has been mainly controlled by private speculative actors, especially in the secondary market — primarily managed by small landowners — where most affordable housing options are now concentrated (Bricocoli & Peverini, 2024). New public housing delivery remains minimal, and a consistent portion of publicly owned dwellings is held back due to disrepair and organisational or financial challenges (Gaeta, 2017; Saporito, Perobelli & Bricocoli, 2024). The aforementioned new financialised approach called ‘social housing (ERS, *Edilizia Residenziale Sociale*)’ was introduced, replicating public-private real estate ventures pioneered in Milan (often involving bank foundations). ERS production has stayed limited and continues to reflect market-based logic within ‘social’ housing (Belotti & Arbaci, 2021), diverting already scarce resources away from the public housing (ERP) sector. In parallel, the land and profit regime shifted through privatisations, the sale of public land, the leasing of rights, and a state-led move toward “valorisation” and the securitisation of public assets, turning real estate into financial assets.

After the COVID-19 induced crisis, the government launched a large housing retrofit subsidy program — the 110% Superbonus, which provided 110% of the value for energy retrofits to housing estates for developers and owners — as a way to boost activity in the construction sector, a common approach in familistic welfare-housing systems during crises. This led to a sharp rise in supply-side subsidies — from about 0.5% of GDP to approximately 3.3% in 2022 — but most funds have been used to retrofit privately owned homes without restrictions on tenure or use, effectively increasing property values rather than expanding the de-commodified housing stock. Locally, public entities such as regions, municipalities, and utility companies with strong administrative capacities have managed to address some of these distribution issues by redirecting the subsidy to benefit more residents (for example, focusing on condominium buildings rather than single-family homes, as seen in other parts of Italy), thereby widening access to a broader and more diverse group of beneficiaries. However, at the national level, clear territorial differences have emerged between regions with well-established public-private stakeholder networks, highlighting structural variations in local institutional strength. In contrast, area-based regeneration programs (notably the PINQUA) and municipal initiatives (e.g., public-land tenders for new ‘social housing’ ERS in Milan) have been smaller in scale and uneven in scope. The post-1990s supply system focuses on private development and financialised entities, operating within a commodified land/profit framework and heavily relying on subsidies for stimulation. These factors together maintain the OO-centred, market-driven path-dependence in supply.

### *Multi-governance*

Housing policy in Italy operates as a multi-level system led by the regions. Responsibility for housing primarily falls on the Ministry of Infrastructure and Transport, while regions regulate key policies and municipalities handle implementation at the local level. Following the Bassanini reforms (Legislative Decree 112/1998), the national government maintains high-level functions, such as defining welfare rights and setting minimum service quality standards. The regions have gained significant administrative powers, including the ability to establish eligibility criteria and rent levels for public housing. The 2001 reform of Title V of the Constitution further reinforced this transfer of authority by assigning ‘territorial governance’ to concurrent legislation and retaining public housing (ERP) under regional control. In summary,

the national government provides guiding principles and overarching frameworks. Regions are responsible for legislative, planning, and implementation activities, whereas municipalities oversee local delivery, welfare services, and urban planning, including calls for applications, allocations, and daily administration. However, vertical coordination within the system remains fragile. Insufficient guidance and limited, fragmented national funding often led to ‘passive devolution,’ resulting in fragmented responsibilities and inconsistent service quality across regions. Housing policy has increasingly devolved from the central government to more complex arrangements, empowering local authorities despite their financial restrictions. In this context, public housing (ERP) agencies and municipal providers are under growing pressure to manage residual stock and respond to local emergencies rather than to expand universal access.

## Spain (ES)

### *Tenure-policy system*

In democratic Spain, the social rented (SR) sector has remained very small within the housing system. Nationally, SR accounted for ~1.1% of dwellings in 1991, relatively growing to 1.5% in 2021. In absolute terms, the stock grew from ~151,000 (1991) to ~296,000 (2021). A key reason is Spain’s predominant “public” model (*vivienda de protección oficial* - VPO) that historically subsidised OO with time-limited protections, allowing much stock to flow to the open market rather than remain as SR. Post-2008 policies and funding (e.g., rental incentives in 2009–2012 and later NextGen-backed programmes) sought to expand social/public rental, with Autonomous Communities managing and co-financing and municipal/metropolitan bodies (e.g., Barcelona’s CMH) implementing, but volumes remain limited. More recently, following paradigm shifts both at the local and national levels, attention for SR housing rose again in the wake of the disruptive social effects of the 2008 financial crisis, which in ES triggered a high level of mortgage defaults, foreclosures and evictions of households and individuals.

Owner-occupation (OO) has remained Spain’s dominant tenure—peaking at 80.6% in 2007 with a long-run average over 75%, alongside a marked shift from outright to mortgaged ownership. Post-1975 policy shifted “from state to market rule”: mortgage-market deregulation (1981) expanded access to credit (loan-to-value up to 80%) (García-Lamarca & Kaika, 2016); the 1985 Boyer Decree dismantled rent controls and reinforced purchase incentives (López-Rodríguez & Matea, 2020); tax reforms in the 1980s–1990s favoured owner-buyers, and the 1998 Land Law further liberalised development, while the 1998 PIT reform removed deductions for renting but kept those for home purchase.

Spain’s “public” housing provision also privileged OO: roughly 5.8 million VPO homes were built (1960–2010), mostly with time-limited price protections (20-30 years); over 80% have since become unprotected, leaving only ~2–3% to currently protected VPO today.

The rise of real estate values during the 1990s and early 2000s was especially strong in ES, and expanding financialisation and mortgages triggered a strong boost to the construction and (especially) housing sector. A huge supply of housing was built – primarily by private developers, backed by household-led mortgages – in the framework of private-led urban

developments. VPO system acted as a public support to this expansionist cycle, partly mitigating exclusionary dynamics by supporting low-income access to OO.

After 2008, tighter credit, mass foreclosures and the 2013 end of mortgage-interest tax relief shifted policy attention toward renting (Van-Halen Rodríguez, 2016; Delclós Gómez-Morán & Caroz-Armayones, 2024); the 2018–2021 State Plan largely limited purchase aid, and the 2019 Real Estate Credit Law further restricted mortgage access. High front-loaded acquisition costs—ITP/VAT and AJD plus fees—push typical up-front outlays to ~30–35% of price, while annual property taxation is relatively low, a combination that disadvantages first-time buyers and favours cash purchasers. Reflecting this, since 2022 over 50% of home purchases have been without a mortgage, signalling an increasingly investor-driven OO segment.

Nationally PR declined from 15.4% (1991) to 11.4% (2001), then rose to 12.1% (2011) and 15.9% (2021), with consistently higher levels in big cities (Barcelona (roughly 30–34% over 1991–2021)). The urban leases act (1994), dismantled rent control and tenant protections, inaugurating a liberalised rental framework (López-Rodríguez & Matea, 2010). Between 1994–2015, initial rents were market-based, rent increases had no statutory cap, and security was weak/short, though a legacy of pre-1980s “*renta antigua*” contracts (1st-gen control) persisted with very strong protections. In 2015–2022, entry rents remained market-based, while annual increases followed Consumer Price Index (CPI) (with the possibility to exceed CPI if explicitly allowed in contracts until 2019; after March 2019 updates could not exceed CPI), and typical fixed terms were 3 or 5 years, yielding an overall weak–moderate regime.

A paradigm shift happened in 2022, when Spain’s PR sector moved from weak rent regulation to a dual regime combining national 3rd-generation controls (2022) and 2nd-generation caps in stressed areas (post-May 2023). Spain introduced temporary rent-increase caps (2022–2023) as inflation relief and, with the 2023 Housing Law, tightened regulation nationally by replacing CPI with a new rent-update index (IRAV/IRA) from 2025; initial rents stay market-based, but within-tenancy increases are now linked to IRAV/IRA, security standardised at 5–7 years, and tenant protections/anti-eviction safeguards are strengthened — a 3rd-generation system (controls within a tenancy, no cap between tenancies). From post-May 2023 in “stressed residential market areas”, ES overlays a 2nd-generation model: annual increases capped by IRAV/IRA, new leases cannot exceed the previous rent (with only small permitted adjustments), and large landlords must comply with reference price ceilings; security follows 1 + 5/1 + 7 (automatic renewals to 5 or 7 years), with tenant termination allowed after 6 months and moderate protections.

Governance also shifted to a multi-level system: the national law sets tools and general caps, Autonomous Communities designate stressed zones and decide whether to activate controls, and municipalities implement and monitor—cementing the post-2023 turn from weak regulation to 3rd-generation nationally and 2nd-generation in designated areas. However, conflicts over authority remain open. In 2020, the Catalan Parliament adopted the Catalan Rent Regulation Law 11/2020, aiming to **cap rent increases in “tense housing markets”** (areas with high rents and housing pressure, including much of the Barcelona metropolitan region). However, in March 2022, the Constitutional Court of Spain annulled most of the law, arguing that regional governments do not have the authority to regulate rental price ceilings, which falls under state competence in civil and contractual law.

Lastly, the new rent control measures applied in Catalunya during the 2020s have shown some effects in keeping rents low, though they have been partly jeopardised by spillover into the medium-term rental market. Now up to 40% of all real estate apartment rental ads are geared towards 1-11 month temporary contracts, creating a new housing price bubble in large cities and more vulnerabilities for the tenants.

### *Supply system*

As is typical in the familistic cluster, production processes depend on small or small-medium firms and self-promotion operating in a fragmented, often speculative development, while the lack of large-scale public intervention prevents the creation of a comprehensive rental sector (Barlow & Duncan, 1994). These mechanisms generate limited tenure mixing and pronounced socio-tenurial inequalities. Central in these processes is the absence of substantial public land control and the persistence of patrimonial land ownership, which prevents the widespread de-commodification of housing (Barlow & Duncan, 1994; Arbaci, 2019).

Housing provision in ES has been led by the private development cycle alongside the historically dominant VPO model— conceived mainly to subsidise OO for low-income households —with public and non-profit providers playing a comparatively smaller role; responsibilities are split across national (frameworks and plans), Autonomous Communities (co-financing, regulation, agencies) and municipal/metropolitan bodies that implement projects and plans (e.g., PAUs, Barcelona’s Consorci Metropolità de l’Habitatge).

The land/profit regime was reshaped by the 1998 Land Law, which liberalised developable land and fed large-scale, speculative production and urban sprawl during the real estate boom. An intermediate form of development was that of the PAUs, private-led negotiated implementation plans for medium- and large-scale new developments during the 1990s and 2000s that triggered large quantities of new financially-driven market OO and shares of VPO – the case of Madrid shows the massive scale of these new developments. After 2008, SAREB’s portfolio disposal and public/PPP acquisitions became a relevant channel for bringing land and distressed assets back into the supply pipeline, while the progressive de-protection of VPO (over 80% of historical VPO stock) shifted a large tranche into the open market.

On the supply-side subsidy front, the system combines State Housing Plans and regional/municipal programmes — including tax reliefs and financing for VPO housing — with more recent EU NextGeneration resources that co-fund construction/rehabilitation and enable public or community providers (cooperatives, foundations) to scale specific projects. Over time, national plans moved from higher VPO outputs in the late 1980s to a decline in protected production by the mid-1990s, later adding rental-oriented lines (2009–2012) and rehabilitation/energy lines (2018–2021), while regions tailored grants, guarantees and public-land cessions to local needs. Today’s pipeline is therefore a mixed economy of supply — private developers (including institutional capital), regional/municipal agencies and non-profits — operating within a liberalised land market but increasingly reliant on targeted public land, financing and EU-backed subsidies to deliver below-market units.

### *Multi-governance*

In the democratic period, Spain's housing governance shifted from a centralised model to significant regional devolution, establishing a multi-level (regional) structure that relocated key powers from the centre to sub-state tiers while retaining an overarching national framework. Autonomous Communities now hold competencies in housing, urban planning and social services—developing their own laws and plans—while municipalities implement through urban and metropolitan plans, site-specific plans, building permissions, public-land disposition and local fiscal/land tools; the central state retains broader authority over housing policy, property rights and macro-economic policy. The democratic era also marked a move from state to market rule—via rental deregulation (1985 Boyer Decree), home-purchase tax incentives, land-use liberalisation (1998 Land Act) and mortgage-market deregulation/securitisation—consolidating a homeownership-led, market-driven regime. The devolution has created an asymmetrical power and often concurrent relation: overlapping competences among autonomous communities and central government have produced fragmented strategies, uneven enforcement and legal conflict (e.g., Catalonia regional rent control struck down, 2020), making coordination hard. There is the risk of regional disparities, since policy uptake and enforcement vary across territories, so outcomes diverge spatially and depend on intense multi-level intergovernmental cooperation (Pareja-Eastaway, 2025). The combination of devolved powers with market-oriented reforms has entrenched uneven capacities and legal tensions across regions (Garcia-Lamarca, 2023).

The emphasis on OO—along with tax benefits—has shifted toward policies promoting rental housing and gradually supporting tenants' rights and security of tenure. OO has largely been de-emphasised, aside from some subsidies for younger, first-time purchasers in some autonomous communities, while renting has become more dominant, along with more regulation of rental contracts and a shift toward a renter model of social housing provision.

Following a new wave of policies, SR began rising slightly, especially in Catalunya and the Barcelona metropolitan area and, at the national level, there are significant discussions about converting part of the foreclosed stock into SR housing. Since 2023, through the Right to Housing Law, the Spanish state and (some) autonomous communities (Catalonia, Navarra, Basque Country) have made major advances in promoting tenants' rights, controlling rental prices, mobilizing SAREB properties toward social rentals, and increasing the public provision of new social rental housing – with funds initially almost exclusively focused on autonomous communities where regional governments have put into place Right to Housing Law protections, namely the designation of tense rental market areas

### **2.2.3 Post-Socialist familistic cluster**

#### *Welfare regime*

Following the collapse of communist regimes and the onset of post-socialist transformation in the early 1990s, the welfare regimes of Poland and Hungary departed from the socialist model and initially embraced neoliberal reforms. These reforms—introduced to facilitate integration with Western institutional and economic structures—were strongly shaped by the policy

frameworks and conditionalities promoted by international organisations such as the IMF and the World Bank (Cerami & Vanhuyse, 2009).

In the wake of the Global Financial Crisis, however, both countries' welfare states and governing coalitions began to retreat from neoliberal policy orientation, and reoriented their welfare regimes toward a more conservative Bismarckian tradition. This approach—anchored in social insurance and contribution-based entitlements—places renewed emphasis on conservative, family-centred welfare measures and fiscal transfers to compensate for a reduced state role in direct service provision. Although PL and HU diverge in the specific design and intensity of their reform (Tomášek, 2023), both have strengthened the family's redistributive role as a primary provider of care and social security.

This broader conservative–familistic reorientation reflects the enduring institutional legacy of relatively well-developed welfare infrastructures across the Visegrad region—Poland, Hungary, Czechia, and Slovakia—whose foundations lie in the pre–First World War Bismarckian social insurance schemes of Germany and Austria-Hungary (Kováts & Kohl, 2025, p. 3576).

In Poland and Hungary, this emerging welfare regime, which we term “post-socialist familistic regime”, is characterised by significant public expenditure on social protection—higher for families, children, pensioners (and health)<sup>9</sup>—alongside persistently low investment in direct welfare services. It combines state-driven cash benefits and/or tax allowances for families, with limited expansion of care infrastructure, a configuration described as “implicit familialism” in Poland and “optional familialism” or “maternalist tradition” in Hungary (Szikra & Szelewa, 2010).<sup>10</sup> Similarly, “both countries have initially retained high social insurance spending levels, mostly concentrated around pensions. Early retirement schemes were widely used in the post-transformation period to deal with the high unemployment” (Boguslawski, 2023), though these schemes never re-introduced during subsequent crises.

More broadly, post-1989 welfare reforms across Central and Eastern Europe supported a wider process of re-familialisation, in which the state shifted from producing welfare services (production-side investment) to subsidising - directly and indirectly - the consumption side of welfare through families. This transformation positioned the family “as a key institution for

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<sup>9</sup> “Social expenditure HU's public expenditure on social protection under Fidesz decreased from 21.8% of GDP in 2010 to 16.4% of GDP in 2019, whilst PL's spending under PiS increased from 19.0% of GDP in 2015 to 20.9% of GDP in 2019 (Eurostat, 2022). HU's spending fell in all but two areas (...). In PL, notable increases included family and children expenditure, which doubled between 2015 and 2019, and health expenditure. Old-age expenditure also rose, after PiS cut the minimum retirement age to 60 and 65 years for women and men, respectively, and implemented a 30% increase in the state-financed minimum pension.” (Tomášek, 2023)

<sup>10</sup> “Familialism takes different forms and can drive different sets of policies depending on the historical, institutional context. We argue that HU and PL represent two different types of familialism as a result of the historical development of their family policies, more generally, the different relationship between the state, the market and the family. We would classify the Polish version of familialism as ‘implicit’ due to its general low(er) support for the family on all fronts (...), which leave(s) the responsibility for childcare mainly with the family. This contrasts with the Hungarian version of familialism, where different elements of family support allow us to call this policy mix ‘optional familialism’. (...) Families have more flexibility to choose between different kinds of childcare arrangements, but this “optional familialism” is only available to middle class and better off families. Poor families are generally excluded from crèches in both countries, and they are extensively segregated into low quality kindergarten and primary schools in Hungary” (Szikra & Szelewa, 2010, pp. 82-92).

sustaining the familistic political economy“, reinforcing its central role in welfare provision (Papadopoulos & Roumpakis, 2013, p.208)

More recently, both countries have been described as undergoing an illiberal turn in politics and economic governance (Boguslawski, 2023). Yet their welfare trajectories diverge, shaped in part by historical differences in welfare and housing outcomes that predate state socialism (Szikra & Szelewa, 2010; Kováts & Kohl, 2025; see Tomášek, 2023 for a comprehensive account<sup>11</sup>). HU’s welfare regime has retrenched, reducing provision and becoming more residualist and selective (e.g. tax allowances disproportionately benefit middle- and higher-income households). PL, by contrast, has expanded more universalist social transfers, most notably large non-means-tested family benefits. In both cases, however, ‘pronatalist cash instruments’ have been central: HU relies heavily on tax breaks and cash incentives, while PL has prioritised schemes such as “Family 500+”. Across both regimes, active cash transfers (parental benefits, tax allowances) have been favoured over investment in care services, resulting in limited expansion of childcare (especially under-3 years old) and elderly care services. This reflects a broader preference for extending parental leave entitlements rather than developing the service capacity needed to support dual-earner or de-familialised care arrangements.

#### *Welfare-housing system nexus*

The familistic turn is increasingly visible in current housing-tenure policy systems. Housing is reframed as a family responsibility, with OO primarily regarded as a form of family patrimony. This embeds reliance on family-based housing security—through outright OO, family-supported down-payments, renting through kin and friendship networks, and practices of reciprocity and/or clientelism. Policy instruments reinforce OO’s dominance, contributing to the residualisation of the SR sector and the de-regulation of the PR sector, where modest forms of tenant protection persist within an otherwise weak regulatory framework that does not curtails/limits speculation.

While these patterns align with the path-dependent familistic housing trajectories characteristic of Southern European countries, in PL and HU they mark a path-change: a shift away from socialist welfare-housing regimes toward a post-socialist variant of familistic archetypal regimes. Here, for instance, very high levels of outright OO in urban areas do not reflect long-standing patrimonial traditions and historical family-driven housing supply, but result from the rapid, large-scale privatisation of state and municipal SR housing after 1989. This transformation built directly on socialist legacies and represented a decisive regime shift.

Longitudinal analyses of Eastern European housing further highlight the persistence of both state-socialist and conservative Bismarckian legacies, with a much weaker direct state

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<sup>11</sup> “Family benefits are another important factor. In HU, a new generous family tax allowance system was established in 2011 that clearly favours the richer, cohorts, with low earners and the unemployed unable to use tax allowances. People in the two bottom deciles, even those with three children, became worse off as a result of the PiT and family tax allowance reforms, while net incomes of those in the highest two deciles increased considerably. In PL, the Family 500+ programme, introduced in 2016, is the most significant cash transfer since 1989, and has reduced both poverty and income inequality (Tomášek, 2023).

intervention relying on a substantial redistributive role assigned to families. According to Kováts & Kohl (2025, p. 3577), this dual inheritance shaped post-1989 housing policies by “*preserving privileges for former long-term public/municipal housing tenants by keeping low rents*” (below maintenance cost), and by “providing them with the (outright) ownership of their rental units at give-away prices. [At the same time, the restoration of strong property rights, the restitution process, combined with] slow development of mortgage markets, limited housing allowances and residual, means-tested public rental housing, signalled the absence of a coherent market-based housing model, thereby reinforcing reliance on families for housing access (Hegedüs, 2020; Lux & Sunega, 2020; Stephens et al., 2015; Tsenkova, 2009)”.

Since the 1990s welfare restructuring, post-socialist housing systems have been reshaped by all-tenures-encompassing processes of re-commodification—though nationally varied, driven by ‘biased-tenure subsidy systems’ that prioritise OO over all other tenures. This prioritisation has been enacted through both processes of housing and land privatisation, and a combination of housing, urban and financial/fiscal programmes that channel investment, subsidies, tax incentives and mortgage support toward OO, while under-investing in both rental sectors, and further residualising SR housing.

As a result, outright OO is widespread across social groups, which provides security for family and society, but contributes to low mobility and limited housing market turnover, deepening intergenerational dependence. Access to OO increasingly relies on transfers of family wealth, making housing a key mechanism through which inequalities are reproduced across generations. Informal housing support—including gifting property, co-residence, or multi-generational households—compensates for a residual welfare regime where the state’s direct role is limited, and assistance is often provided through family-targeted cash transfers or tax relief. Meanwhile, PR markets remain weakly regulated and insecure, and new SR provision is marginal and heavily means-tested. As in other familistic welfare regimes, these housing systems are structurally unable to address affordability pressures and alleviate structural residential inequalities—indeed, affordability crises are integral to the reproduction of the familistic housing regime itself.

### *Variation*

The historical North–South cleavage that long predates WWII also shaped the post-1990 housing response. This historical divide influenced the ways in which countries differently approached large-scale privatisation under a weak mortgage market—resulting in the so-called ‘super-homeownership’ societies (Stephens et al., 2015; Hegedüs, 2020; Tsenkova, 2009)—, the restitution of housing nationalised under state socialism to former owners or their heirs, and the tenure structures.

Southern countries (e.g., HU) pursued rapid “give-away” privatisation, granting tenants the right-to-buy public SR housing at deep discounts, creating a fast-track outright OO regime. Northern countries (e.g. PL), by contrast, devolved privatisation decisions to municipalities, preserving a higher share of non-profit and cooperative housing (for both rental and limited ownership, since not all cooperative stock was converted into OO), as well as a higher portion of the SR sector, alongside the growth of PR and outright OO through selective privatisation (Kováts & Kohl, 2025, p. 3576). Pre-socialist housing policies and local agency—shaped in

part by pre-WWI industrialisation and urbanisation levels, which were lower in the southern group— “have had a significant influence on the later development of housing ownership patterns until the present day.” Yet, as Kováts and Kohl (2025, p. 3590) note, differences in tenure structures *“between the two groups of countries could easily vanish in the coming decades, and divisions are re-emerging along different lines.”*

## Poland (PL)

### *Tenure-policy system*

The Polish housing system underwent major path changes—from a universalist to a residualist regime—following the 1989 transition to a market economy and welfare restructuring, which introduced a new property regime and market housing mechanisms. Land and housing re-commodification was significant, given Poland’s exceptionally large post-war de-commodified stock, and was reinforced by substantial new private development—especially in Warsaw (from total stock of 800,000 units in 1991 to over one million by 2021). Yet the process was neither rapid nor comprehensive: with decisions on privatising public and cooperative housing devolved to municipalities, and housing restitution<sup>12</sup> governed by a decentralised patchwork of laws, housing re-commodification proceeded selectively and more slowly than in Hungary. Since national regulation focused primarily on cooperatives, and demand for their privatisation was much stronger than for state rental housing, the cooperative sector underwent more radical change and deeper re-commodification than the state rental stock (Kováts & Kohl, 2025).

With limited direct state provision for the SR sector, government programmes have prioritised support for OO—mainly through subsidies and mortgage incentives—and have consolidated a dualist rental system (small nationally but more significant in Warsaw), marked by a clear separation between the de-regulated PR sector and the regulated non-profit and municipal SR sector, the latter based on stricter means-tested criteria.

Subsequent attempts to rebuild the SR sector did not reverse this trajectory but adapted it by introducing new non-profit actors and financial mechanisms to expand regulated non-profit production, yet keeping SR supply and land de-commodified rather than externalised to private developers. Re-commodification has had cumulative effects that, despite recent policy innovations, leave social and affordable housing supply far below demand and still lacking comprehensive tenure-policy programmes to address the affordability crisis.

Overall, the post-1990 housing system shifted incrementally toward a residualist regime, shaped less by investment in a robust SR or non-profit rental sector and more by tenure policies that reinforced OO through financial support, tax advantages, as well as the conversion of cooperative housing and targeted programmes that positioned the family household as the primary beneficiary. The expansion of OO further strengthened the link between familistic welfare policy, housing policy, and household self-provision.

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<sup>12</sup> Restitution in PL has been handled through a decentralised administrative and judicial process, rather than a single national programme, with municipalities and state courts both playing key roles. Because PL never adopted a comprehensive national restitution law—unlike other post-socialist EU states—claims have been resolved case by case under a patchwork of legal provisions.

## SR sector and rental cooperatives

Since no national right-to-buy law was introduced, municipal authorities set their own privatisation rules (without any national mandate to privatise), and restitution operated under a patchy legal framework. As a result, three concurrent re-commodification processes emerged from the early 1990s, producing slow, incremental changes in tenure structure, converting public/non-profit stock into the private market (Hegedüs, 2013a). First, a significant part of the public SR stock was restituted to former owners after the regime change, creating a sizable PR sector. Second, a large share of the SR stock remained in municipal ownership and privatisation progressed slowly. Third, the transformation of non-profit, cooperative rental sector was gradual, first shifting tenure within its de-commodified segment (from rental to limited ownership), then re-commodified into full ownership and open market (from rental and/or limited ownership).

Municipalities that retained public SR stock not subject to restitution inherited rents too low to cover maintenance. Even with sharp early-1990s rent increases, revenues remained insufficient, pushing municipalities lacking state support into gradual privatisation and residualisation (Lux & Sunega, 2013; Muzioł-Węclawowicz, 2013). Instead of a radical post-socialist shift, the SR sector has been reshaped incrementally through institutional ‘drift’ driven by disinvestment and political non-decisions (Streeck & Thelen, 2005).

As a result, despite the decline of SR housing in PL—from 27% in 1991 to 10% in 2021—and in Warsaw—from 45% to 15% over the same period—it still retains a significant role, accounting for 15% of the housing stock in the capital and 10% nationally in 2021 (Figure 2.5). Yet it has become increasingly residualised and means-tested. Municipalities continue to manage the sector, but -with limited resources and growing demand- access has tightened further, reinforcing its residualist character.

Instead, the **re-commodification of the rental cooperative sector** has been gradual but profound: in 1990, 57% of cooperative dwellings were rentals, falling to 25% by 2002 and becoming almost negligible by 2025. Since the 2017 amendment for *rental-to-limited-ownership* and *limited- to-full-ownership* conversion, rental cooperative units have been steadily shifted into limited-ownership (a tenure change that remains de-commodified) requiring cooperatives to compensate departing members at full market value. At the same time, the possibility to convert limited-ownership units and cooperative shares into full-ownership titles marked a decisive rental cooperatives re-commodification.

However, *“as the drawbacks of home ownership are becoming more and more apparent, and there is a resurging interest in rental cooperative housing and non-profit rental housing in the region (Gagyi, 2019), collective housing institutions may again play a more significant role in housing provision. Despite the recent transformation of PL (...) rental cooperatives into de facto limited-homeownership, members own cooperative shares, but not the apartments, therefore rental cooperatives could be recreated much more easily here by simply allowing cooperatives to limit the sale of cooperative shares” (Kováts & Kohl, 2025, p. 3591) and reverse the 2007 ban for new limited-ownership cooperatives.*

Since the 1990s, PL has in fact reintroduced **state-supported measures (programmes and supply-side instruments) to expand SR sector via its regulated non-profit segment**. However, these interventions remain limited in scale (or conceived as a pathway to OO), keeping the non-profit rental sector peripheral within the broader housing system.

The creation of *Social Housing Associations* (TBS, 1995) marked the first post-privatisation effort to rebuild affordable rental supply, providing regulated-rent housing for low- and moderate-income households, financed through local authorities, the national development bank (BGK), and state subsidies. Following the Global Financial Crisis, *Social Housing Initiatives* (SIM, 2010) expanded and partly replaced TBS, increasing long-term affordable rental provision through preferential loans, grants, stronger local-government involvement, and, after 2021, a regulated pathway to OO. *Social Rental Agencies* (SAN, 2017) were introduced as intermediaries between private landlords and low-income tenants, enabling households to access rent subsidies such as the Housing Start (MnS) programme.

### **OO sector and limited-OO cooperatives**

Since the 1990s, the privatisation of the state/municipal SR sector and the cooperative reform sharply increased OO rates in PL, rising from 55% in 1991 to 81% in 2021 (Figure 2.5). De-commodified forms of OO — mainly limited- and full-ownership cooperatives — represented over half of the OO stock in 1991 and an estimated 9.6%–19.4% in 2021 (around 2.5 million dwellings). The increase in OO has been more moderate in Warsaw from 30% in 1991 to 63% in 2021 (including a sizable cooperative stock), leaving a still significant SR and PR dualist rental market.

The incremental shift toward an OO-dominated housing system initiated through the post-1989 privatisation of municipal and cooperative stock, and later through the post-2004 credit boom, enabled by EU-driven access to widespread, often foreign-currency, mortgage lending. Subsequent shocks, such as the 2008 financial crisis, prompted additional state interventions via mortgage support and demand-stimulus schemes, strengthening the dominance of individual OO and, more recently, encouraging institutional PR development.

Since the late 2000s, successive government programmes have aimed to expand OO through subsidies and preferential financing—programmes shaped by **familistic policy design, targeting families with children and supporting young adults' household formation**. *Family on Its Own* (2007–2012) subsidised mortgage instalments for eight years, directed at families and singles below income thresholds, while offering larger unit-size allowances for households with children. *Housing for the Young* (2014–2018) offered down-payment subsidies for first-time buyers under 35, with additional support to families with children and initially restricted to new-build housing. *Housing Plus* (from 2016) aimed—on a limited scale—to develop rent-to-own housing. Most recently, *Safe Credit 2%* (2023–2024) subsidised mortgage interest to 2% rate for first-time buyers under 45, again privileging young households at family-formation stages. All programmes were delivered through commercial banks (and national BGK in some cases), with private developers building most dwellings—effectively subsidising private-sector banking and development.

Similarly, post-1989 policy reforms introduced legal mechanisms fostering the **gradual conversion of cooperative dwellings into private-market properties**: from non-transferable, non-inheritable *cooperative occupancy rights*, to transferable, inheritable *cooperative ownership rights* within limited-ownership cooperatives, and ultimately to *full separate ownership* equivalent to private property. **Cooperative ownership rights** preserves a **de-commodified, closed-circuit form of OO**, since transactions remained confined to cooperative membership. By contrast, full separate ownership opens the circuit, allowing units to be sold on the private market and thereby re-commodifying previously protected cooperative housing. Although existing cooperative ownership rights persist—especially in older prefabricated estates—the creation of new ones ceased in 2007, halting further expansion of de-commodified OO. **Since the 2017 amendment**, conversions have accelerated: units can now be sold to non-members without cooperative approval, enabling a large-scale shift of limited-ownership stock into full private property (Kováts & Kohl, 2025), **dismantling the cooperative closed circuit and reinforcing the re-commodification of this OO segment**. Nonetheless, the limited-ownership segment remains sizable, and cooperative units remain cheaper than open-market housing because they are not built for resale, benefit from lower land costs and self-managed construction, and avoid developer profit margins. This constrains speculation and keeps the segment more affordable and partially de-commodified.

## PR sector

After 1989, Polish governments began de-regulating rents in the PR sector, shifting **from 1st-generation rent controls to weak rent regulation intended to stimulate investment and supply**. The 2001 Tenant Protection Act kept moderate standards for leases and eviction but did not establish comprehensive rent control—except in some re-privatised buildings. Although de-regulation sought to expand individual and later corporate landlordism, protracted court eviction procedures discouraged small landlords. Nationally, the private rental share remained low and continued to decline, reaching about 9% in 2021, while in Warsaw it likewise fell to roughly 17% (Figure 2.5).

From the late 2000s, affordability pressures and post-2008 credit constraints prompted more targeted institutional support for the PR sector, yet this remained limited to fiscal incentives as indirect supply-side subsidies for landlords (including competitive tax regime for corporate landlords), and to planning deregulation to fast-track private development. These measures, together with the lack of any substantial expansion of demand-side subsidies (housing allowances and rent subsidies remain residualist as restricted to low-income households) and the absence of rent-increase regulation to support tenants and curb speculation, have instead fuelled rent inflation and worsening affordability.

Escalating rents, increasing foreign investment, and persistent shortages of affordable housing have reinforced market dependency and reliance on ad hoc, market-based responses during crises—for example, displaced people from the war in Ukraine relied heavily on PR housing in metropolitan areas. The inflation crisis raised construction costs, interest rates, and household expenses; combined with surging demand, this pushed rents sharply upward, eroding affordability and security for lower- and middle-income households and deepening residential inequalities.

### Supply system

Both OO and PR housing is produced by a diverse mix of actors, from small local developers (including individual self-construction) to large domestic and international firms; the PR sector also includes private landlords and international build-to-rent (BTR) operators. Local developers typically produce small-scale in secondary cities, while major developers—especially international BTR investors—focus on large rental complexes in metropolitan areas.

Preferred measures to stimulate the market-led supply of OO and PR remain indirect, relying on fiscal incentives (as indirect subsidies to owners and landlords) and planning deregulation (*lex specialis*) to expedite private development. Although indirect, these instruments represent substantial tax expenditures: the foregone revenue resulting from preferential rates and deductions effectively operates as subsidies delivered through the tax system to owners and landlords who benefit from this discounted treatment. Moreover, the tax regime and associated incentives for owners and landlords—with a low corporate income tax rate (CIT at 19%), very low rental income tax for individual landlords (as flat-rate regime (8.5% / 12.5%) since 2023)<sup>13</sup>, and a massive exemption from capital gains tax (CGT at 0%) after five years of ownership—are regressive, as they disproportionately benefit middle- and high-value properties. No public land is directly allocated for OO or PR development, apart from schemes that reduce land-acquisition costs ('Apartment-for-Land' public–private partnership and municipal land tenders) and *lex specialis*<sup>14</sup> measures to expedite private development. Supply-side programmes for non-profit and SR provision—such as the Rental Housing Fund (FMnW, 2014), which acquires completed developments on the private market, and the Housing Start programme (MnS, 2019), which leases dwellings from private landlords—may indirectly support the private sector.

By contrast, SR and non-profit housing is publicly provided and directly produced rather than externalised to private developers (which would make SR/non-profit provision far more expensive). Social Housing Associations (TBS) and Social Housing Initiatives (SIM) initiate, finance, and build their own non-profit rental stock. New SR housing is produced directly by municipalities (via municipal housing companies or commissioned construction), complemented by SIMs, TBS associations, and cooperatives operating at varying scales and financed through BGK loans, municipal budgets, and, in some cases, commercial bank lending.

PL entered 1989 with a massive stock of public land and a centralised planning system inherited from socialist-era nationalisation (state and municipalities owned land and controlled land use). Early 1990s reforms drove **state-led re-commodification of urban land** by introducing market rights and the “*legal transfer of former state-owned property into private*

<sup>13</sup> Since 2023, rental income for individual landlords (PIT) has been taxed exclusively under a flat-rate regime (8.5% / 12.5%) without permissible cost deductions (e.g., mortgage interest or refurbishment expenses), while corporate landlords continue to benefit from full deductibility under CIT (including expenses, depreciation, and interest). This shift effectively rebalances favourable tax treatment from traditional individual landlordism to corporate and institutional landlordism.

<sup>14</sup> *Lex specialis* (Latin for "specific law") is a legal principle stating that a more specific law takes precedence over (override) a more general law when they conflict.

*hands,*” implemented by the Ministry of Ownership Transformation (1990–96) through competitive auctions and tenders to attract private investors (Hunter & Ryan, 2004). Without this rapid, large-scale re-commodification of land, the incremental re-commodification of the housing system would not have been possible. Thereafter, land re-commodification was gradual, reinforced by extensive planning de-regulation since 2003, with *lex specialis* instruments that bypass local plans for public and strategic investments (2010s) and fast-track private residential development (2018), weakening public control over land use and private development.

Although these reforms have eroded public land banks, **a substantial national reserve persists** (the State Treasury held ~36% in 2010), with municipalities retaining significant reserves (unlike in HU). **Warsaw City Council likewise holds a sizeable municipal land bank** (World Bank, 2010), **though practical use is constrained** by restitution claims, unclear titles, and fragmented parcels. The 2015–2023 restitution processes and *lex specialis* rules have not significantly reduced Warsaw’s public land bank, which still reflects long-standing Bismarckian and socialist legacies.

Moreover, land for new SR and non-profit rental production (by municipalities, SIM, TBS, or public/non-profit partnerships) continues to be publicly provided by municipalities and the State Treasury via the National Real Estate Resource (KZN), which prepares state-owned land for transfer to municipalities or as in-kind capital contributions to SIM developments.

Overall, the public and non-profit supply system has remained de-commodified, even after 1989, through public land provision, direct production, and several government supply-side instruments—such as preferential BGK loans for TBS and SIM for land acquisition and production, as well as non-repayable capital grants from the Subsidy Fund and co-funding from Government Housing Development Fund for municipal and SR production. It also includes the state-controlled Rental Housing Fund, operated by BGK, which expands long-term rental supply by acquiring land, commissioning new developments, or purchasing completed ones. These institutions and financial instruments, together with the socialist legacies of public land banks and the Bismarckian traditions of housing cooperatives, offer **significant potential to scale up the direct—and more cost-effective than externalised—production of affordable, de-commodified (rental) housing.**

### *Multi-governance*

While the housing system in PL has undergone major path changes since the 1980s, its governance has remained centralised, with strong national control and local delivery responsibilities that lack adequate resources. The central government retains core regulatory and fiscal competences—housing legislation, national programmes and subsidies, rent regulation, and taxation—while regions and municipalities implement national (and local) programmes with limited regulatory or financial autonomy. The tax system has shifted from redistributing revenues between state enterprises and the state budget to regulating private income, yet fiscal authority over tax rates, programmes, and collection remains concentrated nationally. Municipalities provide, manage, and allocate municipal and social rental housing and deliver social assistance such as homelessness services, but their heavy reliance on state

transfers and limited own-source revenues results in persistent unfunded mandates and chronic resource pressures.

Overall, the multi-governance system is marked by policy misalignment and chronic funding constraints. National authorities continue to favour market-led provision, reinforcing (re-)commodification by prioritising individual and family OO and a deregulated PR sector. Support is channelled through mortgage subsidies, favourable tax regimes and indirect fiscal relief for OO and PR, while resources for the SR sector remain insufficient, leaving public and non-profit providers structurally underfunded. In contrast, local governments seek to expand de-commodified housing through public and non-profit SR provision to address acute affordability pressures, rising demand and growing insecurity. Yet severe financial, regulatory and institutional constraints—including their inability to regulate rents or capital gains—limit their capacity to increase de-commodified supply or develop alternative housing models. As a result, they are pushed toward a residualist logic in which SR housing is reserved for the most vulnerable, producing long waiting lists, limited turnover and diminishing influence over broader housing outcomes.

## Hungary (HU)

### *Tenure-policy system*

As in PL, the Hungarian housing system underwent **major path-changes**—from a universalist to a residualist regime—yet with initial shifts emerging after the 1968 reform and a major reorientation during the 1989 market transition and welfare restructuring, and after the 2010s nationalist turn. **Land and housing re-commodification was also significant**, though driven by processes quite different from those in the northern group, and mediated by the legacy of Bismarckian north–south cleavage.

In HU, the privatisation of the significant state-owned SR stock (though not as large as in PL) began earlier and was centrally controlled, rapid, and highly discounted—a give-away transfer into OO—while central housing finance institutions were dismantled. By the mid-1990s, SR represented around a third of the total housing stock in HU. In the first decade of the transition, around 70% of state-owned dwellings had been privatised nationally, and the SR share in Budapest had fallen to 13%, down from 55% state-owned stock in 1980. Restitution of nationalised stock was limited, based on a compensation-only rather than an in-rem model, offered only modest financial redress, avoided returning property to former owners, and reflected political priorities to protect sitting tenants and maintain social stability.

Social stability was ensured primarily through **massive outright OO**: discounted SR privatisation and the inheritance of a large OO stock—most of it created through de-commodified channels (state-built, subsidised cooperative, and subsidised self-built individual housing)—enabled OO to expand substantially (resulting in a “super-homeownership” system, Hegedüs & Teller, 2007). This produced a very high share of outright OO across the social spectrum and buffering the effects of a rapidly developing yet structurally fragile mortgage market<sup>15</sup>. These levels are among the highest outright OO rates

<sup>15</sup> Since the 1990s, HU’s mortgage market has shifted from a collapsed socialist lending system to rapid, subsidy-fuelled expansion, became dominated by risky foreign-currency lending, plunged into deep crisis after

in Europe—even compared with the traditionally familistic welfare regimes of Southern Europe—and the trend has persisted (70.2% outright OO and 18% mortgaged OO in 2014, rising to 77.2% and 13.13% in 2023, thus leaving essentially a marginal share of tenants living in SR and PR - of a total of less than 10% of the housing stock).

Over the past decades—and amid successive crises, reforms, shifting housing-subsidy programmes, and the 2010 centralisation that further weakened local government—direct state provision to expand the very small and residualist SR sector has remained limited, means-tested, and delivered primarily by municipalities operating under unfunded mandates. Together with extensive deregulation of the PR sector and weak tenant protections, this has consolidated a dualist rental system that remains small in scale both nationally and in Budapest, while also retaining an inherited informal and insecure rental market.

Simultaneously, following the 2008 financial crisis and rise of nationalist, sovereignty-driven policies from 2010, increasingly pronatalist family programmes—channelled through heavily subsidised OO programmes and complemented by extensive “helicopter-style” family cash transfers, Utility-Cost Cap programme, highly subsidised mortgages and tax reliefs (benefiting primarily middle- high-income groups)—have reinforced an already tenure-biased housing system, further entrenching its explicitly familistic, biased policy orientation toward OO, also reflected in the full neglect of state investment or state funded programmes despite the high demand for affordable rental housing or municipal SR housing.

HU’s familistic housing system, reinforced by the 2015–2025 housing programmes and subsidy/fiscal changes (shifting from a *Sparkasse*-type saving-based to a credit-based system), has deepened rather than addressed the housing crisis and residential inequalities. It has worsened affordability in both OO and PR sectors—driving steep rises in house prices and rents—while further marginalising middle- to low-income families and young, single, and childless households, and leaving housing supply among the lowest in Europe (Hegedüs & Kepes, 2024).

### **SR sector and non-profit rental provisions**

Re-commodification occurred most prominently within the state-owned SR housing sector. Because mass privatisation was centrally governed rather than devolved to municipalities, the scale of cooperative rentals was very limited, and the compensation-only restitution model prevented the transfer of SR units into the PR sector, the re-commodification process in HU unfolded more rapidly and with less complexity than in PL (Kováts & Kohl, 2025).

Municipal SR housing has shrunk considerably (falling from 33.3% in 1970 to 28.3% in 1980 and 19% in 1990) and, despite some programmes in the 2000s, has stabilised at only 2–3% of the housing stock since 2010 (Hegedüs, 2023). It has become highly residualised, consisting mainly of the poorest-quality dwellings for the lowest-income groups, with strict means testing, very low turnover of tenants, and long waiting lists.

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2008, and was later re-regulated and re-nationalised into a forint-based, state-subsidised regime. HU’s trajectory has been volatile, subsidy-driven, and crisis-prone, in contrast with PL’s more gradual, stable, and bank-driven market with stronger risk management.

Privatisation began early—legal from 1963 and actively promoted from the late 1980s—and the right-to-buy law (1993–2002) made large-scale sell-offs unavoidable for local governments. This deepened urban inequalities: wealthier central-city tenants could purchase high-value dwellings at a huge discount (70-90%), while residents of poorer areas/dwellings benefited far less. Many new owners lacked the resources to maintain or renovate their homes, accelerating the deterioration of the housing stock. Although privatisation supported short-term stabilisation during the transition, it imposed long-term costs on both housing policy and the urban social structure.

The 1990 Local Government Act assigned SR responsibilities to municipalities, but these were not matched by national financial support. Limited central–local programmes between 2000 and 2004 supported some SR construction, but these remained modest, short-lived and could not compensate for the reduction of the sector due to still ongoing privatisation.

**Non-profit SR provision** played an important role but remained small-scale and project-based—often by faith-based charities, owing to better access to state support reinforced by the familistic welfare orientation, and in some cases NGO-led through pilot Social Rental Agencies (the very first local SRAs developed from the 2000s, but expanded only after 2020). These very minimal-scale initiatives<sup>16</sup> never had a momentum to develop a national non-profit SR sector and relied heavily on external donors, short-term project financing, and municipal cooperation, yet they remained important local experiments within an otherwise highly residualised housing system.

By 2004, rising housing subsidies and expanding welfare expenditures had created mounting fiscal pressures and, together with the 2010 recentralisation of housing governance, reduced local governments to a negligible role in housing policy. Between 2008 and 2015, national housing policy became almost entirely focused on managing the foreign-currency mortgage crisis; housing subsidies were curtailed and, from 2013, redirected into the Utility-Cost Cap Programme (2013-2025)—regressive in practice, benefiting higher-income households most and doing little for vulnerable renters—while construction collapsed and structural problems deepened. Introduced in 2011 to assist over-indebted households, the **National Asset Management Agency** (NET) purchased distressed properties, then converted into SR housing; however, the scheme was short-lived, ending in 2020, with around 90% of its stock re-privatised by 2022, and remaining properties (in part vacant, very dilapidated stock in remote rural areas) were transferred to MRKL (see next paragraph).

Once again, the non-profit sector must compensate for an absent national SR programme. In 2022, large faith-based charitable organisations established the **MRKL**<sup>17</sup> (MR Community Housing) **Housing Fund**, a national non-profit SR provider that took over the former NET stock and now manages—and gradually expands—a portfolio of dwellings rented about 30% below

<sup>16</sup> Faith-based charities provided emergency and temporary rental schemes, rehabilitation projects, and long-term rental options for vulnerable and low-income households, often linked to social services. NGOs piloting the SRA model leased dwellings from private owners and sub-let them at affordable rents with social support (e.g. schemes led by Habitat for Humanity Hungary (HFH) and complemented by the Metropolitan Research Institute's (MRI) research-driven pilot projects, which elaborated and tested SRA models).

<sup>17</sup> Established in 2022 by the Hungarian Charity Service of the Order of Malta and the Hungarian Reformed Church Aid, MRKL acquires and upgrades housing stock—mainly from former mortgage-distress programmes and state-transferred vacant properties—many of which require deep renovation.

market rates to vulnerable and low-income households. Together with municipal housing, MRKL forms the core of Hungary's small and highly constrained SR sector.

The national SR programme, discontinued in the mid-2000s, did not return to the political agenda until 2025, when it resurfaced as a key electoral issue; although the government reconsidered public rental subsidy schemes by 2024, no substantive programme has been launched in the previous 15 years.

### OO sector

By 2001, HU recorded the highest national rate of OO (around 90%), with well over half of all dwellings owned outright—inherited from the socialist de-commodified and subsidised production of OO and the partial nationalisation of pre-WWII stock, as well as the conversion of cooperative-built housing into individual outright ownership before 1989, and the earlier and faster privatisation of municipal SR housing. This wide base of outright ownership was key to social stability during the transition, amid high unemployment and a developing mortgage market.

By 2023, such a high rate was reached again (91.5%) due to waves of **heavily subsidised OO programmes targeting families with children and married couples planning children**. Explicitly pronatalist and familistic, these programmes mark a shift away from earlier (neo)liberal orientations toward the **nationalist, sovereignty-driven policy turns of the 2010s**, reinforced by stronger centralisation that weakened local government and by a new public loan-based system tied to childbearing. Although framed as a response to the post-2008 foreign-currency mortgage crisis, they form part of a broader return to a conservative Bismarckian southern variant of the welfare-housing regime, relying on family-centred and workfare-based welfare and fiscal transfers (consumption) to compensate for a reduced state role in direct provision (production of housing and welfare-service).

Since 2015, a new family-centred housing support regime explicitly tied to boosting fertility has been introduced, while replacing the saving-based *Sparkassen* system with credit- and mortgage-based schemes. **CSOK-Family Housing Lump-sum Benefit** (2015–2023) offered major non-refundable cash grants and subsidised mortgage loans (3%) to families with children or planning children, promoting OO tied to childbearing rather than SR/PR supply. Subsidies increased with the number of children and strongly favoured new (and energy-efficient) OO construction. As rules loosened and prices rose, benefits shifted toward higher-income households, who could mobilise additional savings, while families with arrears, weak employment histories, and many middle-income households were excluded. This was replaced in 2024 by **CSOK Plus**—strictly limited to married couples who commit to having (more) children—offering a state-supported 3% loan, with the state covering the difference between market and subsidised interest rates, for home purchase or construction, along with debt forgiveness for having children. Meanwhile, since 2019, **Village CSOK** (Falusi CSOK) subsidises purchase, renovation, expansion or construction exclusively in small rural villages. The **Childbirth Incentive Loan** (CIL; 2019–22, then extended), for young couples, is not formally a housing loan but is used for housing in most cases (80%). Early cohorts faced high default risk if no child was born within 5–7 years, and many families also fell into arrears during the high-inflation years of 2022–2023.

Overall, the CSOK and CIL schemes de-commodified access to OO for only a few (8.5% of all households, given they target relatively young married couples) and, together with the Utility-Cost Cap Programme, depleted subsidies for SR production while expanding the state's fiscal burden and household debt, heightening social risks by leaving substantial groups outside the support system (Hegedüs et al., 2025, pp. 210–11).

The post-2010 helicopter-style cash transfers and highly subsidised credit and mortgage loans have further deepened the long-term fiscal unsustainability inherited from the 2000s subsidy regime and welfare expenditures, ultimately functioning as regressive programmes that primarily benefit higher-income households. They have also fuelled housing price inflation, as subsidies without caps on capital gains drive speculation and price increases, and they lacked a stable institutional framework—being unpredictable, frequently revised, and short-term—thereby worsening affordability and contributing to insufficient housing supply.

### **PR sector**

Despite post-1990 liberalisation, which shifted the system from 1st-generation rent control to weak rent regulation and limited tenure protection intended to stimulate supply, the PR sector remains small both nationally and in Budapest (around 8% of the housing stock by the 2010s, falling to 7% in 2023 despite growth in unit numbers), weakly regulated, expensive, and significantly informal.

Given the restitution-only compensation and give-away privatisation, a sizeable PR sector did not develop as occurred in PL after the transition years, while the informal sublet market inherited from socialism likely expanded with rising inequality after mass privatisation and, more recently, increasingly unaffordable access to OO. Large state subsidy programmes for OO created an opportunity for better-off families to bring forward housing purchase and put subsidised units on the PR market. Official data underreport the size of the PR sector due to widespread tax- and regulation-avoiding arrangements (including in short-term rentals), as well as reciprocal family- and friend-based support, which has nevertheless diminished.

The 1990 interest-rate shock and the 2008 Global Financial Crisis boosted some rental demand, and upper-middle-class investment added some supply; available indications suggest some expansion in the 2020s. Policy efforts were piecemeal: a limited 1993 housing allowance partially usable for rent; small municipal or institutional rent supports; a 2004 rent allowance that failed; and a 2005 central rent subsidy aborted by tax-reporting requirements, while the tax/subsidy system continued to disadvantage PR, and local governments received no dedicated housing subsidies. After 2008, a few non-profits piloted temporary rent allowances. Much of the PR sector remains in the grey market, split between low-quality dwellings for low-income households priced out of OO and SR sector, and better-quality urban rentals used by students, young professionals, and foreign workers (Hegedüs, 2023a). Despite rising demand, rental supply remains residual and expensive, and the absence of both demand- and supply-side subsidised schemes further limits affordability.

### *Supply system*

OO dominates both the existing stock and new supply, which is largely produced by individual households and very small firms—about 90% of construction companies employ fewer than

five people—unlike in PL. In 2022, nearly 40% of new housing was self-built, highlighting the sector’s fragmented, small-scale nature and large developers’ marginal role (except in larger brownfield developments in large cities). The PR sector is similarly small scale, based on individual landlordism, with only limited corporate or international involvement (mostly in Budapest, where small firms manage properties for foreign owners). After the 2008 GFC, banks (including OTP) and developers temporarily rented out unsold units.

Particularly since the 2010 nationalistic turn, the preferred measures to stimulate market-led OO supply have been **indirect subsidies delivered through fiscal incentives**—such as the 2016–2018 VAT/cost-reduction programme for builders, and a low capital-gains tax regime with significant relief—**and through credit- and mortgage-based loans** (CSOKs and CIL). The tax regime for owners and landlords—with very low rental income taxation (15% flat rate or 10% expense allowance) and major capital-gains relief (CGT reduced by 10% each year after year five, reaching full exemption CGT 0% after fifteen years)—is regressive, disproportionately benefiting middle- and high-value properties, further deepening inequalities across tenures.

The move away from supply-side to demand-side fiscal/credit incentives mirrors the logic used in other welfare sectors (e.g., care) and the **shift from a savings-based to a credit-based housing support system**. Housing Savings Banks, introduced in 1997, offered regulated savings-and-loan products with a generous 30% state top-up (*Sparkassen*), making them highly attractive—especially after 2008 for their predictability. Their abolition in 2018 signalled a shift from savings schemes to fiscal incentives and heavily subsidised, demographic-linked loan programmes (CSOKs and CIL), which even include debt forgiveness for childbearing. In 2024, the government capped residential mortgage rates at 5% APR and allowed employees to use savings from self-managed pension funds for housing. Analysts expect banks to further marginalise lower-income borrowers and anticipate upward pressure on house prices (Hegedüs et al., 2025, p. 214).

Overall, the approach relies on demand-side public subsidies and fiscal incentives to stimulate market-led OO supply by boosting consumption, rather than on direct state (or municipal) investment in housing production (e.g., supply-side “brick-and-mortar” subsidies, public land, or state construction). Yet these indirect measures—fiscal incentives and credit-based programmes (CSOK, CIL, VAT) alongside the Utility-Cost Cap Programme (since 2013)—constitute substantial tax expenditures. They impose a heavy fiscal burden on the state and households, are inflationary (raising rents and housing prices), and have regressive distributional effects, largely benefiting higher-income married households. They have neither increased supply nor reduced prices, while deepening residential inequalities.

**These systemic weaknesses are reinforced by the re-commodification of the land system and the absence of public land** allocated to OO or PR development (in contrast to the socialist period). Public land for SR provision (municipal or non-profit) is scarce and marginal, leaving **the entire supply system—production, provision, profit regime, and land—highly re-commodified**.

**Massive state-led land re-commodification** began immediately after the 1990 privatisation, as state and municipal authorities rapidly sold off public land—often to raise revenue through

de-statization (70% of state-owned assets already privatised by the mid-1990s). Today, municipalities hold very limited public housing and land, lack the resources and regulatory tools to expand them, and have few assets to support a non-profit rental sector. Existing NGO–municipal collaborations or the very few SR agency pilots rely on small-scale measures—renovating units, reusing vacant buildings, or ad hoc agreements—rather than access to public land.

There is no national scheme allocating public land for non-profit or SR housing, and public land is not strategically used in housing policy. The planning system remains centralised, slow, and fragmented; paradoxically, planning-gain de-regulation and land re-commodification have not accelerated OO housing development (unlike in PL). As a result, the system continues to depend on financial subsidies constrained by a highly re-commodified supply structure, rather than on planning reforms to support supply across tenure sectors. Unlike PL, **HU has lost the institutions, financial instruments, and socialist-era public land legacies needed to produce affordable, de-commodified housing (OO and SR).**

### *Multi-governance*

The 1990 regime change initiated a devolution (decentralisation) process that assigned municipalities responsibility for social housing, but without the resources to fulfil it—effectively a penniless devolution and an unfunded mandate. The system was weak from the outset: the central government retained control over tax redistribution, local government structures were highly fragmented, and Budapest had a two-tier system. Central housing programmes were minimal, and municipalities inherited housing assets without funding; with rents far below costs, they could not resist the political and legal push to privatise. Limited national–local cooperation emerged between 2000 and 2008, but municipalities played no role in the 2008 crisis, refusing to take over distressed mortgaged units, prompting the state to create a separate agency. Given the municipalities’ extreme levels of indebtedness—arising largely from increased interest rates on foreign currency–based operating loans taken to run local services, along with investment loans that were hardly supported by adequate revenue-generating capacity—the government consolidated all municipal debts starting in 2011 (continuing approximately until 2014) and, at the same time, drastically reduced the autonomy of local governments (Lentner, 2014, p.15).

Thus, since 2010, strong re-centralisation has stripped municipalities of their remaining fiscal and regulatory autonomy—producing de-municipalisation and deep local dependency on national transfers. This has left municipalities with unfunded mandates in SR and local welfare, no access to central housing funds, and residual stock that generates negative cash flow. Central government now controls all major welfare and housing instruments, while local governments have very limited capacity for local service delivery and virtually no influence over housing policy or provision. Rather than developing a SR sector, the government prioritised the utility-cost-reduction programme and credit/mortgage subsidies, both scaled back after 2022 as EU funds declined and budget pressures grew.

Opposition-led municipalities proposed housing initiatives after 2018, but these remained largely experimental due to a lack of resources. In 2024, the government acknowledged the severity of the housing crisis and the limits of OO-centred policies. Local governments are

pressuring for SR programmes, but the state has limited fiscal room to respond. A real shift toward recognising affordable rental housing as a core state responsibility—and re-engaging municipalities—appears unlikely.

As a familistic housing system is inherently unable to address inequality and affordability—conditions it depends on for its own reproduction—these structural weaknesses have become especially acute in HU after the post-2010 re-centralisation. New multi-level governance arrangements, reinforced by de-municipalisation, have further worsened the situation. HU’s residualist welfare-housing system is highly costly yet weakly effective, producing regressive, inflationary outcomes and limited supply. Paradoxically, these effects are partly mitigated by the post-socialist legacy of widespread outright OO and family-mediated access, which keeps part of the housing stock de-commodified through lower-cost, family-supported pathways.

#### 2.2.4 Post-Social-Democratic Liberal cluster

##### *Welfare regime*

Against the backdrop of de-industrialisation and the wider polycrises undermining the Fordist regime of accumulation and its mode of regulation—including crises of mass consumption, profitability, labour relations, and state fiscal capacity—and situated within the broader shift toward post-Fordist forms of economic regulation, the welfare reforms since the 1980s–1990s have progressively adjusted or narrowed universalist provision across the Nordic social-democratic states, albeit unevenly across countries,<sup>18</sup> with Norway (NO) retaining the strongest continuity with its earlier universalist arrangements. In the UK, by contrast, these reforms produced a markedly faster and deeper residualisation—accompanied by stronger moves toward means-testing, marketisation, and deregulation—consolidating a more liberal welfare trajectory, particularly in relation to the labour, housing, and land systems.

NO and the UK pursued markedly divergent reform trajectories, yet neither fits neatly within Esping-Andersen’s archetypal definition of a (neo)liberal welfare regime<sup>19</sup>, reflecting the persistence of institutional features that complicate a straightforward liberal classification.

The Norwegian social-democratic model persisted—protecting strong institutions of universalism and social partnership—while moderating welfare reforms through selected market-oriented adjustments and using extensive public ownership as leverage for neoliberalisation. This involved the internationalisation of state-owned enterprises and the rentierisation of large petroleum surpluses into international finance, which the state “*exploited*

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<sup>18</sup> Swedish governments pursued deeper marketisation and cuts, while Denmark shifted toward activation as employment-centred welfare state within a still-universalist framework, linking welfare benefits more closely to training, job-search activities, and work programmes. NO and FL followed milder trajectories—marked by less extensive retrenchment, slower marketisation, and greater continuity with earlier universalist structures—with NO maintaining the strongest continuity with its traditional model, and Finland reforming in a more gradual and less ideologically neoliberal crit.

<sup>19</sup> Liberal welfare regimes sit at the opposite end of the (de)commodification spectrum (e.g., USA). They conceptualise society as a collection of atomised individuals and assign a primary role to market coordination over other forms of social organisation. Their de-regulated, market-led ideology promotes the commodification and residualisation of public services, including housing. Social benefits are narrowly targeted and largely residual, directed mainly at those in the lowest socio-economic strata; the state intervenes only to provide a minimal safety net to secure basic standards. High levels of socio-economic and residential inequality and affordability crises are intrinsic of these residualist welfare regimes, and needed for their reproduction.

*to its advantage*” by reinvesting and “*redistributing a substantial share of the generated value back into public ownership and welfare mechanisms*”, sustaining high levels of social redistribution (Heiret, 2024). This nexus between social-democratic and liberal mechanisms produced what has been described as the Norwegian “super model”, which has “presupposed aggressive processes of neoliberalisation beyond its territorial borders (Fløtten & Jordfald, 2019), [while] through these neoliberal instruments, the state has continued to support its domestic social-democratic institutions of redistribution” (Heiret, 2024, pp. 61–62).

This stands in contrast to the greater fragility of the UK’s post-war social-democratic welfare consensus, which proved far more vulnerable to market-led restructuring and shifted sharply toward a liberal welfare regime characterised by extensive welfare retrenchment and marketisation. This shift was accompanied by the selective privatisation of public assets to foster neoliberalisation and rent extraction at home—often undertaken by internationally owned corporations—unlike NO’s predominantly outward-oriented strategies of neoliberalisation. However, such a path-change unfolded incrementally, and the UK still retains notable social-democratic legacies in health, social security, and housing institutions (local government and the non-profit sector), despite a broader process of residualisation accelerated by allegedly crisis-driven austerity reforms. The nexus between social-democratic and liberal mechanisms in the UK is tenuous, yet these remaining social-democratic elements continue to moderate a full neoliberal reorientation of its welfare regime and provide some potential to reverse aspects of residualisation by widening redistributive reach (including broader eligibility within means-testing) and enabling renewed state-led production such as expanded SR housing.

NO’s welfare reforms in the 1980s–1990s largely accommodated pressures for more market-oriented arrangements within the existing mode of regulation, preserving the core features of its social-democratic model while selectively drawing on neoliberalisation mechanisms. Reforms introduced administrative efficiency measures, incorporated limited market instruments into public services, and implemented more substantial pension adjustments. Yet, they maintained strong corporatist coordination between the state, employers, and labour, and upheld commitments to universalism, generous benefits, and income protection. Norwegian governments did not pursue the kind of path-changing welfare transformation seen in the UK, aside from the re-commodification of the housing system.

Since the 1980s, domestic-market constraints have generated overaccumulation pressures in key state-controlled sectors, prompting the state to adopt three strategies that together underpin what Heiret (2024, p.48) describes as the “*neoliberalisation of the Norwegian social-democratic welfare state*”. First, rather than dismantling its state-ownership portfolio and opening regulated domestic markets to international corporations (as occurred in the UK), the government has driven the internationalisation of state-owned enterprises that had exhausted domestic expansion opportunities. Only some sectors were selectively liberalised, while Norway retained strong state ownership and tight strategic control over energy/petroleum, hydropower, telecoms, major industrial and maritime firms, and key infrastructure. At the same time, profit-maximisation principles were introduced into the management of state assets to strengthen their international orientation (Christensen, 2018). Second, the state has channelled surplus petroleum revenues into global financial markets, building the world’s

largest sovereign wealth fund and using it as a major vehicle for rent extraction abroad. Third, the state has reinvested this considerable and steady flow of external revenue into its universalist welfare mechanisms—enabled by revenue derived from the state’s externalised productive and extractive activities abroad—thereby sustaining strong public ownership and robust social redistribution at home.

Significantly, sustained oil revenues and broad political consensus have preserved the strength of Norway’s social-democratic institutions at home; yet their ongoing reproduction increasingly depends on—and is intertwined with—neoliberalisation abroad. It is this entanglement that defines what we refer to as a (post-)social-democratic liberal welfare regime.

By contrast, since the 1980s, UK welfare reforms have driven a far deeper restructuring, moving beyond regulatory adjustments toward a liberal welfare regime. This welfare path-change was enabled by widespread privatisation of state assets, including public land; the marketisation and managerial reform of public services; a structural turn from universalism to residualism (from universal transfers to targeted, means-tested benefits); and the systematic weakening of trade unions through legislative change, alongside the curbing of local government powers through fiscal and financial re-centralisation.

From the early 1980s to the mid-1990s, the UK’s Thatcher governments undertook one of the most extensive programmes of state-asset divestment in Western Europe, dismantling nearly all major state-owned enterprises across industry, utilities, and infrastructure (e.g., telecoms, gas, electricity, water, steel, coal, rail, airlines, and car manufacturing) and fully liberalising these sectors to private and foreign capital. This triggered a broad re-commodification shift—starting with utilities, telecoms, and finance and later extending to housing and land—as high openness to foreign ownership enabled multinationals to acquire newly privatised assets, while the 1986 “Big Bang” further accelerated the UK’s integration into transnational corporate capital by opening London’s financial markets to global investors.

Driven by a liberal, market-oriented policy paradigm, privatisation in the UK was justified as a way to reduce state intervention, promote competition, cut public debt, expand financial markets and homeownership, and weaken organised labour. Although a notable degree of public ownership persisted, these reforms produced a shift toward a more residualist welfare state and re-commodified strategic sectors, opening them up to transnational corporate capital and thereby advancing neoliberalisation at home. By contrast, Norway retained domestic state control over strategic sectors and instead internationalised its state-owned enterprises—joining neoliberalisation abroad rather than opening domestic markets.

The residualisation of UK welfare services unfolded more gradually and unevenly, and significant social-democratic institutional legacies persisted in the National Health Service, social security (especially the pension system and child benefits), primary and secondary education, parts of public transport, and local public services, including a substantial SR sector (and public landholdings) owned by local authorities and housing associations. These surviving, albeit fragmented, universalist structures limit the full extent of welfare residualisation and re-commodification and underpin what we refer to as a (post-)social-democratic liberal welfare regime.

### *Welfare-housing system nexus*

Since the 1980s–1990s, welfare restructuring and EU competition law have exerted pressure toward the residualisation of housing systems. In social-democratic and corporatist welfare regimes, this translated into pressure on unitary policy designs to dismantle cross-tenure competition—for example, through the residualisation of the SR sector; changing roles for municipal and non-profit providers; deregulation of the PR sector; deregulation of closed-circuit OO cooperatives; and shifts from supply-side to demand-side subsidies, while curtailing the provision of public land into housing production. These changes in tenure policy and supply systems weakened the reproduction of unitary outcomes—affordability, security, and quality—that had previously mitigated residential inequality. The extent and form of change varied across the Nordic countries and even more sharply in the UK, depending on historical institutional and tenure-policy path dependencies.

Against this backdrop, both the ways and the degree to which re-commodification unfolded differ markedly depending on whether cross-tenure competition rested on unitary rental systems (Sweden, Denmark, the UK) or unitary owner-occupation systems (Norway), and on the specific regulatory instruments and mechanisms through which tenures had been (partially or fully) de-commodified before and during the expansion of post-war social-democratic housing systems.

Norwegian welfare arrangements have largely preserved a social-democratic regime—while participating in neoliberalisation abroad—yet the housing system has undergone selective, market-oriented adjustments and the introduction of rentier mechanisms. These policy path changes have **‘liberalised’ the unitary OO-system**—through the deregulation of price ceilings, the marketisation of de-commodified shares in the OO cooperatives’ closed circuit, and the shift in State Housing Bank support from supply- to demand-side subsidies. Together, these measures enabled the transition to a **dualist OO-system**, albeit without opening the sector to international corporations or multi-property owners. NO is therefore still characterised as a “social-democratic owner-ownership society” (Annaniassen, 2013), although the OO sector—fully de-commodified in the post-war period—has been swiftly re-commodified since the 1980s/1990s, largely through homeowner-targeted regulatory reforms.

Conversely, in the UK, the re-commodification of labour, land, and housing was central to the welfare-regime path-change away from universalism and toward a more residualist liberal model. A key pillar of this shift was the **dismantling of the unitary rental system**—by shrinking publicly owned stock, halting new public production, and deregulating private markets—which enabled the expansion of OO and the emergence of a **dualist rental system** in which a small deregulated PR sector and a smaller, means-tested SR sector no longer compete. Yet some social-democratic legacies persist, both in tenure organisation—most notably a still sizeable SR stock (around 16% nationally and locally)—and in institutional settings, where local governments and non-profit actors continue to advocate for and, albeit on a smaller scale, produce more de-commodified forms of housing.

### *Variation: dismantling unitary rental system vs unitary owner-occupation system*

Overall, within the (post-)social-democratic liberal cluster, two distinct variations in the pressures and paths toward housing re-commodification can be observed. The re-commodification of the Norwegian housing system produced a path-change within its unitary owner-occupation system, achieved primarily through regulatory adjustments inside the same tenure: a comparatively easier, faster, and less costly trajectory. By contrast, the re-commodification of the UK housing system required a path-change within its unitary rental system, driven largely by privatisation through the sale, transfer, or demolition of public SR stock and public land to pursue a tenure shift toward OO: a comparatively more complex, incremental (longer-term), and indirectly more expensive combination of policies, subsidies, and urban-regeneration programmes.

## **Norway (NO)**

### *Tenure-policy system*

*“Norway has been and still is a ‘social-democratic home-owning society’”* (Annaniassen, 2013) with a housing policy focused on advancing ownership of housing, both in the form of homeownership and co-operative tenure (Sandlie & Gulbrandsen, 2017; Kettunen & Ruonavaara, 2020, p. 14). It remains a variant of the social-democratic welfare principle in relation to private ownership, grounded in a different cooperative tradition than in Central Europe or Denmark, yet recast within a post-Fordist, neoliberalised regime of accumulation.

While most welfare services remained de-commodified—yet accommodating managerial reforms and introducing limited market instruments—, the Norwegian housing system underwent significant path-changes from the 1980s. Price regulation in OO, PR, and land was abolished (with the first step in 1967 for single-family houses), together with credit-market de-regulation and the broader re-commodification of housing supply.

The shift toward re-commodification did not stem chiefly from a housing-tenure policy system increasingly embracing market-oriented principles, reflecting a growing belief in the market’s capacity to deliver housing—a reform trajectory supported by broad coalitions across the social-democratic and conservative spectrum. PR regulation and tenant protections were retained but weakened into a 3rd-generation rent-control system, the SR sector remained residualist and means-tested, and the housing stock continued to be dominated by OO, while small-scale, local alternative programmes to support staircasing into owner-occupation were introduced.

Rather, it was the **re-commodification of the supply system that proved decisive**—first by halting the reproduction of the unitary owner-occupation model in the mid-1970s, and eventually by dismantling it, producing a **new dualist owner-occupation structure** of two parallel, non-competing OO markets. Re-commodification was driven by the intersection of three major, simultaneous path-changes. First, the **State Housing Bank** shifted from a universal housing-finance institution (supply- and demand-side finance) to a residual,

means-tested welfare instrument targeting disadvantaged groups (demand-side support only). Second, municipal public land acquisition and provision were significantly reduced or eventually halted, and land-price regulation was abandoned, thereby shifting toward a commodified land system. Finally, the de-regulation of ‘selling-at-cost’ principle and marketisation of shares in the OO cooperatives’ closed circuit, allowing previously de-commodified and price-regulated shares to be sold at full market price and to generate capital gains while still remaining within the cooperative system; re-commodification occurred only at the point of first sale, not to the cooperative model itself, since cooperative buildings cannot be sold to private investors and shares (rights of use) cannot be converted into freehold units (unlike in PL)—although marketisation created two parallel markets even within the same cooperative buildings.

**State interventions thus shifted from supply-side to demand-side**, moving from financing and supporting production to stimulating domestic consumption (unlike in the UK, where the housing market was fuelled through international consumption). This shift was pursued by easing access to credit, expanding the use of housing wealth, and deploying housing-monetary policies to appreciate property values and enable households to extract and reinvest housing equity—thereby fuelling domestic demand in the expectation of a parallel increase in production.

The effects of this shift only became evident decades later, particularly from the 2010s onward, with the aggravation of an affordability crisis for first-time buyers and lower-income groups, most acutely in cities like Oslo (Cavicchia, 2021). A modest expansion of the PR sector, rising interest rates, higher construction costs, and a weaker currency further reduced accessibility and amplified distributional inequalities, while national-level responses remained limited—indicating that housing affordability is no longer addressed as a systemic policy issue.

The re-commodification of the housing supply system, together with shifts in welfare-state financing that have become entangled with ‘neoliberalisation abroad’ (see previous section), is central to accounting for how Norway has become a **universalist welfare regime with a residualist housing system**. Yet the three core institutions that underpinned post-war housing de-commodification—the State Housing Bank, municipalities, and the OO cooperative model—remain in place. Their roles, rather than the institutional architecture itself, have shifted toward more residualised and market-enabler functions, indicating that institutional capacity for re-orientation persists and could support a renewed expansion of universal housing-finance, supply, and land-policy functions.

### **OO sector and OO cooperatives**

Housing re-commodification in NO did not alter the overall tenure structure but shifted OO from a unitary to a dualist system, so while the overall share of OO has changed only slightly—more nationally than in Oslo—the share of OO cooperatives has declined, though it remains significant. The cooperative model has thus weakened with the emergence of two parallel OO markets no longer competing within a single highly regulated system (cooperative and non-cooperative cross-tenure competition), together with the mid-1990s halt of subsidised cooperative production (through State Housing Bank loans and grants, as well as municipal

land). This, alongside the 1982 de-regulation of OO and land prices (e.g., the end of selling-at-cost), is widely regarded as a more significant policy milestone than the de-regulation of the PR sector (Annaniassen, 2013; Sandlie & Gulbrandsen, 2017).

**Nationally**, the large share of **OO** stabilised throughout the 2000s and then declined after the GFC—both in absolute and relative terms—to **73% in 2020** (down from 77.6% in 2011 and 84% in the 1990s), indicating a tenure-change process toward the PR sector, which modestly increased. Outright OO remains relatively low at about one quarter of the total stock, but it fell more sharply (25.5% to 22.2%) than mortgaged OO (52.1% to 50.7%), which benefited from fiscal and credit incentives (e.g., mortgage interest deductions, favourable mortgage conditions). Such a large stock reflects economies of scale, as individual ownership and single shareholdings have historically been predominant, and regulations have limited multi-property and corporate ownership.

**In Oslo**, OO has remained stabilised at around 70% through the 2000s and 2010s and has only recently declined slightly in relative terms (**68.6% in 2021**) while continuing to rise in absolute terms (from 226,400 to 237,000 dwellings), suggesting that new housing production supported both OO and PR, thereby offsetting shifts from OO to PR within the existing stock.

**OO cooperatives** have historically represented a large share of Oslo’s housing: In the 1990s, they accounted for about 50% of the total housing stock—meaning that OO cooperatives made up nearly two-thirds of the unitary owner-occupation system, which at the time benefited households across most social groups. By 2023, the cooperative share had declined to **32% of Oslo’s total stock, yet still represented around half (46.6%) of all OO housing**, indicating continued significance despite the decline (Co-operative Housing International, 2026).

The **lifting of price regulation** on both cooperative and joint-stock (*share-based* right of use), and condominium and single-family dwellings (*freehold* ownership) dismantled the unitary housing system, yet it did not eliminate the cooperative model or its closed-circuit tenure (unlike in Poland, where limited-OO shares were converted into freehold units). Although units continue to be sold as use-right shares, this shift from selling-at-cost to market-value resale has produced **dualist logics**, with older units retaining legacy financial conditions and newly sold units entering the open market at full price; transactions now follow market dynamics even though the underlying tenure remains cooperative, in contrast to condominiums (non-cooperative, co-ownership freehold) where owners hold full freehold title and a proportional share of common areas.

On the other hand, both building/housing cooperatives and independent cooperatives continue to follow the non-profit principle internally, **maintaining closed-circuit, cost-price rules** for construction and management (see section on NO’s pre-1980s two-tier cooperative structure). Moreover, cooperative shares and dwellings **cannot be sold to private investors**<sup>20</sup> because the cooperative—not individual members—owns the land and building, and only each

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<sup>20</sup> Cooperative residents may sell their shares, but sales must follow the cooperative’s articles, require board approval, and are subject to pre-emption rights that give priority to other members or the affiliated housing association. These rules prevent external investors from acquiring buildings and make it difficult for them to buy multiple units, since each purchase can be overridden by pre-emption.

resident's use-right share (*andel*) is transferable; transactions therefore remain confined to the closed-circuit cooperative system.

Price de-regulation further intensified this dualist system, as cooperatives (*borettslag*) remain highly regulated, governed by cooperative law, which protects user-ownership by **preventing investor acquisition and restricting rental and resale** through collective ownership and board approval. In contrast, the condominium sector (*sameie*) operates under property law as a fully commodified tenure, allowing units to be freely bought, sold, and rented out by private investors with minimal restrictions. The dualist system is reflected in the fact that **cooperative units remain cheaper to buy into than non-cooperative freehold units**, as share-based apartments typically have lower upfront purchase prices due to shared debt and the absence of document tax, whereas freehold units appear more expensive because all costs must be paid at purchase.

Although cooperative housing remained formally non-profit and single-shareholding rules **limited large-scale accumulation** (unlike in the UK), the **dualist owner-occupation system nonetheless encouraged individual accumulation** and positioned housing as a capital asset geared to equity appreciation (Kohl & Sørvoll, 2021). This is further fuelled the replacement of direct subsidies for OO production with **ownership-friendly fiscal incentives designed to stimulate consumption** (see supply system). A similar logic underpins the 'rent-to-buy' schemes, which are not designed as de-commodified provision of affordability, but rather as stepping-stones for equity building (see private rental sector's section). However, the past 10–15 years have seen instead a modest decline in OO, particularly in large cities, as affordability pressures have intensified and the (re-)commodified system has become increasingly exclusionary, especially for first-time buyers, young professionals, low-income and vulnerable households.

## PR sector

Historically constrained by policy, the PR sector has recently grown in importance but remains structurally precarious. **Nationally**, it held steady at about 15% of households from the 1990s through the 2010s, rising to **24% by 2021**, reflecting mounting affordability pressures in the OO market and tighter access to credit. Oslo follows a similar trend at a higher level—stabilising around 24% through the 2010s and increasing to 26% in 2021, within a total rental share of 31.3%.

In 1982, lifting price regulation shifted rent control from a 2nd-generation, de-commodified system to a **3rd-generation**, mildly partially de-commodified model, where regulation was confined to controlling rent increases: rents may rise annually with the CPI (no statutory cap) and be more broadly adjusted every third year, provided the increase is not 'unreasonable'—i.e., consistent with local comparables. Stronger rent controls for dwellings built before the 1940s remained in place until 2010, when **long-standing tenant protections were also weakened**. Likewise, since the 1990s, rental subsidies (housing allowance) have become progressively more **means-tested and increasingly stringent** (Nordvik & Sørvoll, 2014).

Contrary to expectations, the 1982 deregulation did not lead to rising rents or an expansion of the PR stock. In Oslo, it had ‘minimal impact on price levels paid by tenants [1970–2011] ... as landlords previously adjusted through non-price factors and the market was already operating near equilibrium’ (Oust, 2018, p. 445). Moreover, state-led urban renewal programmes in the 1980s–90s converted much of Oslo’s 19th-century rental stock into owner-occupation, sharply reducing and reshaping the PR sector by re-commodifying formerly regulated units. This process further marginalised the sector while sowing the seeds for gentrification.

Traditionally dominated by small-scale landlords and stock rarely purpose-built for rental use, the PR sector continues to show only limited presence of corporate or multi-property landlords and international investors (see supply). Consequently, its recent growth since the late 2010s does not signal the emergence of ‘financialisation 2.0’ dynamics—unlike in the UK following post-GFC regulatory-fiscal changes—but instead reflects compensatory mechanisms driven by worsening unaffordability in both OO and credit markets. Similarly, the ‘**rent-to-buy schemes**’ (OBOS’ shared-ownership; TOBB’s rent-before-buy; Fredensborg Bolig’s rent-to-own) are not state programmes addressing the affordability crisis, but developer-led instruments designed to ease entry into the OO credit market via a rental phase—during which tenants may accumulate equity for mortgage access as unit values appreciate—followed by voluntary or contractually required **staircasing to full ownership**. For now, neoliberalisation and large-scale corporate rentier dynamics in NO largely unfold abroad, outside the PR sector itself.

## SR sector

The SR sector has traditionally been residualised (means-tested) and remained so throughout this period. Municipalities—after the cooperative sector’s deregulation in the 1980s, which reduced access for low-income households—did not offset the gap with substantial SR investment due to shrinking public land provision, the withdrawal of the State Housing Bank’s supply-side funding, and a shift to demand-side, homeownership-focused fiscal instruments.

As a result, some municipalities continued to rely on purchasing individual dwellings on the private market, leaving **SR at only about 4% of the housing stock, both nationally and in Oslo (2021)**. Currently narrowly confined to the most disadvantaged, the sector’s increasing marginalisation reflects the broader re-commodification turn since the 1990s—particularly following the introduction of more business-like administrative practices (with social housing largely financed through tenants’ rents), weaker tenancy security (including short fixed-term contracts), and market-oriented rents—which further exacerbated its residualist character. In response to widespread civil-society criticism of the use of average market rents in the SR sector, the Oslo City Council is now reviewing the social rent-setting system (Sørvoll, 2019, 2024).

### *Supply system*

OO is delivered by a mix of actors for share-based rights of use (non-profit cooperatives and for-profit joint-stock companies) and for freehold ownership (condominiums and single-family dwellings). Domestic small- and medium-scale developers operate across national, regional, and local levels. The PR sector is dominated by small private owners letting out one or a few properties—often originally non-rental and on a temporary basis—with individual landlordism accounting for over 70% of tenancies. A small share is provided by professional landlords (*Heimstaden*), small-scale non-profit rental foundations (serving students, young people, and hospital employees), and housing cooperatives (USBL).

In both OO and PR sectors, speculative profit-seeking has remained small-scale or individually driven (unlike in the UK), as ownership is largely individual, and regulations restrict multi-property and corporate ownership/landlordism. Few international or Nordic developers and corporate landlords (*Heimstaden Bostad*, Blackstone) have a very limited foothold (unlike their expansive operations in Sweden and Denmark; Christophers, 2024), because the dominance of cooperatives and regulatory frameworks constrain large-scale institutional acquisition.

The provision of SR is small and depends on municipalities acquiring individual dwellings from private owners, developers, and housing cooperatives—either on the open market and/or through their statutory pre-emption right.

**A decisive turning point was the re-commodification of the supply system, triggering a shift toward a residualist housing system within a universalist welfare regime** (as typified by the post-social-democratic liberal welfare cluster) and transforming a once-unitary owner-occupation model into a dualist one.

A key driver of re-commodification was the reorientation and narrowing of the universalist, redistributive roles of both the **State Housing Bank and the land system**. Their now residualist roles have weakened the capacity of municipalities and the wider housing system—across its various actors—to provide affordable, secure and quality housing, and thus to address housing inequalities. From 1945 to the 1980s, their interaction fostered the de-commodification of housing production through non-means-tested, tenure-neutral subsidies, loans, and public land provision, alongside price regulation in OO, the PR sector, and land—foundations of NO's universalist housing system before the 1980s welfare restructuring.

Since the 1980s, the **State Housing Bank has shifted** from a universalist mortgage provider and main financier of the housing supply to a targeted lender with a more specialised, residualist social-policy role. Its support is now narrowed on means-tested, demand-side subsidies—primarily housing allowances—alongside loans and grants targeting specific groups (low-income households including first-time buyers, the elderly, and people with disabilities), as well as targeted financial tool for municipal programmes promoting energy-efficient homes and care facilities (including specialist accommodation for elderly or disabled residents and student housing). The State Housing Bank is funded through the national budget rather than the Government Pension Fund Global (GPF, the Oil Fund revenues); GPF transfers finance a large share of the national budget's fiscal expenditure

and support all universal welfare services<sup>21</sup> except housing, since there is no dedicated transfer for housing policy or construction (International Monetary Fund, 2025; Myhre & Holmes, 2022), **thereby reinforcing the residualist position of the housing system within an otherwise universalist welfare regime.**

The shift from supply-side to exclusively demand-side subsidies—narrowed to a few targeted programmes and groups—was accompanied by **the re-commodification of the land system and changes in planning policy.** The abolition of land price regulation in 1983, together with curtailed municipal capacities for land acquisition and public land provision, opened land markets to speculation and drove up land and development costs for all actors. As municipal land banks eroded and no dedicated funding mechanisms for new production were introduced, municipalities withdrew from a direct land-policy role, losing their capacity to counter rising land and construction costs, implement proactive non-market alternatives, and support OO cooperatives (Cavicchia, 2023; Kjærås & Haarstad, 2022). Building-cooperative production stagnated, also unable to act counter-cyclically, while the already limited SR supply marginalised further. This was compounded by municipalities' weakened negotiating position: lacking the authority to impose affordability requirements through zoning or land-use planning—since inclusionary zoning is not permitted—they cannot secure affordable units in private developments. Their role is now largely confined to administering a highly residualised public housing system under tight budgets, offering only a narrow safety net rather than a structural response to growing housing insecurity and deepening affordability pressures. Together, these changes significantly weakened the affordable land framework and the proactive, well-funded municipal mandates that were once key pillars of the earlier de-commodified housing system (Sørvoll et al., 2020).

Likewise, policy preferences shifted from subsidies to fiscal and credit incentives. Direct supply-side subsidies for OO were replaced by ownership-friendly tax policies—including capital-gains exemptions on primary residences, low wealth taxation, mortgage-interest deductions and eased mortgage access (including youth-savings schemes)—making access to affordable credit and accumulated equity the primary mechanisms for fostering housing. Taxation<sup>22</sup> on capital gains and rental income, however, remains higher than in familistic and liberal welfare regimes, and lower than in corporatist ones. **This shift from direct subsidies to fiscal/credit incentives** (indirect subsidies) **aims to stimulate housing consumption on the assumption that increased demand will induce new supply.** However, with the re-commodification of the supply and land system, new production has become more

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<sup>21</sup> Norway's universalist welfare regime is primarily financed through the national budget. In 2025, transfers from the GPFG accounted for about 24% of total fiscal expenditure (International Monetary Fund, 2025), making the Fund a major contributor to (i) pension payments under the National Insurance Scheme, (ii) healthcare services, (iii) education and universities, and (iv) childcare, social services, and municipal financing. A key purpose stated in the Government Pension Fund Act is to support financing rising public pension expenditures (Myhre & Holmes, 2022).

<sup>22</sup> NO differs from other European cases in that there is no clear distinction in the taxation of capital gains or rental income between individual and corporate landlords. A single taxation system applies, although differences may arise for rental income if an individual's activity is reclassified as a business—an arrangement that tends to favour individual landlordism over corporate landlordism. Both individuals and companies are taxed at 22%, but individuals may be fully exempt from capital gains tax when selling their primary residence, provided they have lived in it for 12 of the previous 24 months. Although rental properties are generally not exempt, this rule can benefit small landlords who convert a rental property into their primary residence before selling.

expensive, and demand-side stimulation has intensified speculative and accumulative dynamics, together fuelling the current affordability crisis.

### *Multi-governance*

In NO, housing de-commodification and re-commodification have historically been driven primarily by national policy choices—including the (re)orientation of the State Housing Bank—rather than external pressures. These shifts have been delivered through a **centralised housing governance framework designed to ensure strong vertical alignment between national and local systems**, so that national policy directions are mirrored at the municipal level. Since the 1980s, the re-commodification turn has stemmed largely from domestic restructuring of the welfare–housing nexus, while recently global financial volatility and poly-crises have intensified affordability problems and commodification pressures. Where de-commodification persists, it is generally marginal and locally driven<sup>23</sup> rather than part of a coordinated national universalist strategy (Kjærås & Haarstad, 2022).

A **governance gap** has emerged within this centralised framework. Municipalities are formally responsible for ensuring housing access and delivering solutions (including upgrading, expanding, and retrofitting the SR stock)—yet they lack the regulatory, fiscal, and financial tools to act proactively, leaving them unable to diverge from the residualist trajectory set by the national government (Granath Hansson et al., 2025). Although local governments retain historical institutional autonomy and the right to levy taxes, they operate within a national regulatory framework that offers minimal support and limited flexibility, making them highly dependent on state decisions and funds. These tensions are sharpest where housing pressures are highest: municipalities may seek to expand affordability but lack the authority and instruments to shape tenure mix, promote affordability, or influence new development to meet social goals (Cavicchia, 2023).

The social-democratic legacies of key Norwegian institutions—the State Housing Bank, municipal institutional capacity, and owner-occupation cooperatives—represent latent capacities that, with renewed universalist commitment to housing and clear policy direction, could again play a meaningful role in addressing affordability challenges. Their persistence indicates that the infrastructure for a more de-commodified housing system remains in place, albeit underutilised.

## **The UK**

### *Tenure-policy system*

The 1980s represented a significant path change for the UK, with the Housing Act 1980 introducing several schemes aiming to increase private rather than public finance of the

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<sup>23</sup> e.g., *OsloBolig* offers shared-ownership to ease market entry; the Trondheim Housing Foundation provides long-term nonprofit rentals and reinvests income to maintain affordability; and Sandnes’ municipal company uses strategic land purchases to deliver homes about 10% below market price. Some municipalities also allow tenants to buy rental units with start-up loans or grants, though such schemes remain limited.

housing system, through expansion of OO (and to a lesser extent, PR) over SR. The 1980 Act fundamentally changed the landscape of the housing system in the UK. This effectively involved the commodification of the UK housing system and dismantled the unitary rental system (whereby each tenure held competition with the others), shifting towards a dualist rental system (whereby different tenures serve different segments of society).

Commodification of the housing system occurred through policies aimed at expanding OO over SR, particularly after 1980s; through the Right to Buy policy; through estate regeneration (essentially a privatisation of inner-city housing stock) reaching back to the 1970s; through the entry of private banks into the mortgage market in 1980; through the introduction of numerous shared ownership and other 'affordable ownership' schemes, encouraging demand for OO in a market with increasing house prices.

The PR sector has been used to further commodify the UK housing system, through policies which at some times have aimed at the expansion of this tenure, and at other times have aimed at the reduction of this tenure. In effect, PR has been treated as a 'spillover' tenure, which can accommodate changes that are made in OO and SR at different times. This included the introduction of Assured Shorthold Tenancies; the introduction of Buy-to-Let (BTL) mortgage products; and tax breaks and other support for Build-to-Rent and other corporate landlords to expand the institutional provision of PR.

### **Between the residualisation of SR sector and the expansion of OO**

***Tenure change from SR to OO by regulation.*** The Right-to-Buy policy, introduced in 1980, was particularly significant in a shift away from SR to OO, and the increase in OO stock due to tenure change. This allowed thousands of local authority tenants (and latterly, housing association tenants) to buy their homes at a discount from 1980 onwards.

This has been particularly controversial because of the extent of public to private transfer. The 1989 Local Government and Housing Act required each local authority to fund all housing expenditure on housing (including construction) from a Housing Revenue Account (HRA), containing all revenue from SR rent and SR sales. This system of ring-fenced council revenue on housing for spending on housing delivery, and prevented cross-subsidy for building from other sources of revenue. The national government also introduced the right to control the levels of local governments' borrowing (severely restricted). As SR stock and therefore rents fell, this outstripped revenue from SR sales, meaning authorities had a diminishing source of funds to replenish their SR stock. The Right to Buy, therefore, led to a huge transfer of SR stock to OO, without replacement. While many tenants stood to gain financially from the policy, many had to be induced to buy through discounts, amounting to a stripping-down of public assets.

Since many of the better-quality homes were sold, this also led to residualisation of the SR stock. Not only were those sold in better condition, they were usually acquired by the higher-income tenants. This has meant the remaining SR properties were more likely to be those in poorer condition, and concentrating lower-income and more vulnerable groups (segregation). By losing the social mixing scope, the residualisation of the SR sector also led to its

stigmatisation. Between 1980-85, half a million SR homes had been sold. Right-to-Buy sales continue, particularly after a ‘reinvigoration’ through increased discounts in 2012, and in 2020 stood at 12,000 a year (Chartered Institute of Housing 2020). By 2022, 2 million SR units had been sold.

***Tenure change from SR to OO by demolition (council estate “regeneration”)***. Since the 1970s, the government has allocated resources to inner city areas with ‘severe housing problems’, through the policy dubbed ‘tenure choice’, or incentivising OO over PR and SR. OO as a ‘tenure choice’ has been consistently framed as a vital ingredient of inner-city revival. This involved making ownership possible and ‘attractive’, e.g. the 1977 White Paper ‘Policy for the Inner Cities’ include a ‘support lending scheme’ encouraging building societies to provide mortgage finance for older, cheaper, inner-city property. During the late 1970s and 1980s, Housing Action Areas (HAAs) were areas local authorities could identify as having poor living conditions and target for improvement. These were often council estates, and estate improvement was used as an explicit driver to encourage the sale of these homes through the Right to Buy. By 1987, many of the more ‘popular estates’ had seen high numbers of sales, and the poor condition of the remaining homes and local environment was preventing further Right to Buy sales. The creation of Housing Action Trusts (HATs) and Estate Action (EA) aimed to improve housing and environmental conditions to further encourage sales to sitting tenants.

The Labour government (1997-2010) continued this process of residualisation and loss of the SR stock, through an ‘urban renaissance’ agenda entailing mixed-tenure estate regeneration and renewal programmes. This problematized the concentration of lower income groups living in SR estates, and involved regeneration of these estates to create more ‘mixed communities’, ultimately reducing the SR stock further, while increasing OO and PR on these sites. These programmes amount to the further commodification of inner-city housing stock.

The trend of inner-city revival and regeneration continues, often at the cost of SR stock/numbers in urban areas. Where estates have been marketed for regeneration (sometimes through the mechanism of Opportunity Areas), SR properties are provided through cross-subsidy with market-rate PR and OO. This has led to a net decline in SR across estate regeneration projects.

***Mortgage schemes and affordable housing schemes to staircase into OO***. During the 1980s, the government sought ‘new methods of building society finance’ to support greater numbers of home owners, and in 1981, private banks were permitted to lend in the mortgage market.

Shared Ownership, a part-buy part-rent scheme, was introduced in 1980. Since 2009, the English Shared Ownership scheme has been called HomeBuy, funded through the Homes and Communities Agency (HCA). Buyers earning up to £60,000 can buy at least 25% of a newly built HomeBuy home, while the HCA provides a subsidy to housing associations to hold the remaining share of the property. The buyer then pays rent to the housing association for the remaining share, capped at 3% of the value held by the housing association. The buyer is responsible for all repairs and other outgoings on the property. In most cases, buyers can buy additional shares from the housing association, up to full ownership – known as ‘staircasing’.

Several other low-cost home ownership schemes have been designed to allow low- and middle-income buyers to enter into OO.

In 2011 and 2012 HomeBuy was replaced with the FirstBuy and NewBuy schemes, the first being another equity loan scheme and the second a mortgage guarantee scheme. These schemes departed from HomeBuy by requiring a deposit from home buyers, a feature that was intended to give lenders confidence. Nevertheless, the Treasury was revealed to have contacted banks and building societies to encourage them to lend through the scheme, after it proved relatively unpopular (Inside Housing, 2012). The FirstBuy affordable housing deposit assistance equity loan scheme allowed buyers to buy a new home on an approved FirstBuy new build development. The buyer must take out a first mortgage (with a qualifying lending institution, e.g. a bank or building society). This mortgage, together with any cash deposit, was a minimum of 80% of the full purchase price of the home. The Homes and Communities Agency and the house builder each also provided the buyer with an equity loan to fund the balance needed to make up the full purchase price up to a maximum of 20% of the full purchase price.

FirstBuy and NewBuy were direct antecedents of Help to Buy, which was launched in 2013. This scheme is for middle-income households, allowing them to rent a home at Intermediate Rent, but with the intention that they will save for a deposit during the tenancy, to purchase their own home (OO). Homes are rented from registered housing providers, and tenants are given the first right of refusal to buy the home from their provider after 5 years.

While shared ownership and other affordable house purchase schemes are defined as coming under the umbrella of 'affordable housing' (and therefore can be provided as part of developer contributions towards housing development), they are not intended to provide affordable housing in perpetuity. Once tenants have 'staircased' into full ownership, these become private properties, effectively amounting to a subsidy from the public sector into private home ownership. These properties start their life as subsidised through specific government schemes, Homes England funding, or cross-subsidy with open-market housing, and end as part of the privately owned OO stock, available for resale or rent at open-market rates.

## **Deregulating the PR sector**

***The 1988 Housing Act and Assured Shorthold Tenancies.*** During the 1980s, when the priority was the expansion of OO, the PR tenure was liberalised to encourage a more economically 'perfect' private housing market, and to encourage private investment in the housing stock. This included removing rent restrictions and reducing security of tenure, allowing individual landlords to set their own terms for private renters.

Assured Shorthold Tenancies (ASTs) were introduced in the 1988 Housing ACT, and these were made the default type of tenancy in the 1996 Housing Act. This provides the landlord with the right to make a 'no-fault eviction': to repossess the property at the end of the stipulated term of the tenancy, usually 12 months, given two months' notice, therefore removing security of tenure from PR. ASTs made PR less attractive for tenants, and took place alongside reforms to OO (mostly tax-related) that would incentivise the uptake of OO as an alternative. ASTs can

therefore be seen as part of the government's prioritisation of OO over PR and SR, at that time.

The 1988 Act also reduced the regulation of rent, allowing landlords to charge whatever they liked for rent (removal of rent control). The tenant has a legal right to challenge the rent set by a landlord, but the government no longer has any right to query rent levels. This gave landlords greater control of the economic relationship between tenants and landlords. Rather than controlling the levels of rents for PR properties, the UK government now provides a benefit to those who cannot afford market rents. The Department of Work and Pensions (DWP) spent £31.8 billion on this support in the 2023 to 2024 financial year (DWP, 2024). Housing Benefit (now part of Universal Credit) is a benefit payment made to individuals on a means-tested basis, to help meet their rental costs for PR. It is funded by the DWP and is one of their greatest outlays. It is administered by the local authorities where the claimant lives.

**Buy-to-Let (BTL) mortgages.** The Buy-to-Let (BTL) mortgage product, a collaboration between the Association of Residential Letting Agents and lenders like Paragon Bank and NatWest, was introduced on September 24th, 1996, specifically aimed at supporting the private rent sector (PR) by helping existing landlords expand their portfolios, thus private finance in the provision of housing.

**From individual to institutional, corporate landlordism.** In recent years, the number of homeowners has started to stagnate, as more homes are owned by fewer people. These homes are usually put on the market for private rent, as a means of additional income for homeowners owning more than one property, thus increasing the number of PR homes. Post-2008, house prices became an increasing constraint to the expansion of OO and placed pressure on governments to provide alternatives to OO. In this context, the PR tenure was encouraged as an alternative (particularly for young professionals left behind by the OO market, and particularly through institutional provision, setting the terms for financialisation 2.0).

Between 2016 and 2021, HM Revenue and Customs (HMRC) shifted tax law in the UK to mean that small private landlords would pay a greater proportion of tax on their rental income than large corporate landlords would pay on their rental revenues. This was part of the same shift towards a preferential landscape for corporate and institutional landlords over individual landlords. Until 6 April 2017, individual buy-to-let landlords could fully deduct their mortgage interest from their rental income. Landlords could still deduct 75% of the finance costs in 2017, 50% in 2018, and 25% in 2019, claiming 20% relief on the remaining percentage. However, the deduction was removed entirely from April 2020 (UK Property Accountants, 2024).

### *Supply system*

As before the welfare restructuring, institutions coordinating the production of OO are most often housebuilders (any business that builds homes as a business); this increasingly includes larger institutions like volume housebuilders (those with a high market share), and landowner-developers. Additionally, and in distinction to the previous period, housing associations are increasingly involved in coordinating mixed-tenure development to cross-subsidise the proportion of SR homes with OO production, sometimes working in partnership with

housebuilders. These institutions can all also be involved in the production of PR housing, either developing new-build open market housing for sale to private landlords, Build-to-Rent products (retained by the developer), or production of ‘affordable’ and ‘intermediate’ housing as part of an affordable housing offer.

The production of SR is largely coordinated using Section 106 agreements (S106), which were introduced in 1990, and are made during the planning process between the developer and the local planning authority. This mechanism is used to provide SR as a proportion of new private development, rather than on its own terms. This represents a shift from direct local authority delivery to private/non-profit production of SR housing, ‘piggybacking’ (dependent on) growth in the private housing market. Crucially, S106 contributions can be negotiated down depending on a developer’s view of the viability of a development project, meaning statutory proportions of SR are not guaranteed. More recently, (along with the abolition of HRA borrowing cap), there has been a return to some direct production of SR by local authorities. Several local authorities in London and across England have created local housing companies (LHCs, e.g. Croydon, Barking and Dagenham, Newham, Ealing, Southwark). LHCs are commercial organisations that are partly or fully owned by councils. They can buy, develop, and manage properties, and they can provide a mix of housing tenures.

*Provision.* Private sector institutions involved in the provision of OO include homeowners, selling their own homes on the open market, as well as housebuilders selling directly to the market. Family inheritance is an increasingly significant institution involved in the provision and distribution of OO in the UK, both through assistance with housing costs and deposits, and directly inheriting OO housing (although the inheritance of property is subject to inheritance tax). Housing associations are involved with the provision of OO through the affordable schemes listed above. Private sector institutions involved in the provision of PR include: individual landlords or ‘accidental’ landlords; corporate landlords (including small and medium-sized private residential companies); Built-to-Rent private housing providers. There has been a shift towards greater market share by institutional landlords since the 2010s, as several government initiatives have acted to incentivise institutional provision of PR.

SR and other affordable housing products are provided largely by housing associations and other registered housing providers, although local authorities do also retain some SR stock. Most local authorities can offer SR to only a small proportion of applicants. Therefore, local authorities may limit eligibility to certain categories in their Housing Allocation Policy. For example, prioritising people who are homeless; people living in insanitary or overcrowded housing or living in unsatisfactory housing conditions; people who need to move on medical or welfare grounds; or people who need to move to avoid hardship.

*Finance: cross-subsidy.* Housing associations and other registered social or non-profit housing providers often struggle with construction costs, land availability, and grant funding, and face challenges in their capacity to provide enough SR properties to meet the demand. This leads them to raise funds for production and provision of SR through cross-subsidy with open market properties for sale or for rent. This places private development interests at the centre of SR housing production in the UK, and means that densification rarely results in a net-increase of SR.

*Finance: private finance.* Development finance for housebuilders can come from a number of places, including high street banks and building societies; challenger and overseas banks; non-bank lenders who can provide debt finance, such as institutional investors; private equity introduced via brokers or financial intermediaries; or crowdfunding through internet-based platforms (UK Finance, 2022).

Housing associations and other registered housing providers can access loans from private banks and building societies, or use their assets as security for private finance. Their borrowing is only limited by what they can afford to repay from sales receipts and rental income (Chartered Institute of Housing, 2020).

As well as the funds available in the Housing Revenue Account (HRA), since 2004, local authorities have been “free to finance capital projects by borrowing, provided they can afford to service their debts out of their revenues” (UK Debt Management Office, n.d.). HRA ‘borrowing caps’ (a centrally-defined cap on how much local authorities could borrow against their housing assets to fund new developments) were lifted in 2018 (Chartered Institute of Housing 2020).

*Finance: Direct national funding (supply-side subsidy).* Homes England (the housing delivery and regeneration agency for England), provides development finance to qualifying micro, small and medium house builders, as well as funding to support developers, master developers and landowners in the provision of infrastructure.

Supply-side subsidies (grants, funds) for SR include the Affordable Homes Programme (2021-26), funded by Homes England. Homes England provides grants to local authorities, consortia of registered housing providers, and other non-profit and for-profit strategic partnerships, to provide homes below the market rate, including social rent and intermediate Rent (as well as for schemes such as Rent to Buy and Shared Ownership).

The Private Rented Sector Housing Guarantee Scheme (announced in 2012) provides long-term loans to institutional investors in PR to finance the development of ‘professionally managed’ PR properties (corporate landlords / private housing providers). £3.5 billion was provided to finance the provision of these loans and administered by the Ministry of Housing, Communities and Local Government (MHCLG, 2018)

The Build to Rent Fund contributed £1bn of bridging finance to help schemes to be built, managed and let. This was withdrawn and replaced in 2022 with the Levelling Up Home Building Fund. Funding is also available to SMEs and the Build to Rent sector in the form of housing guarantee schemes, which allow developers to access low-cost loans for housing development (MHCLG, 2024)

*Finance: Indirect national funding (demand-side subsidy).* Between the 1980s and 2000s, there has been a transition in national funding for rental tenure (PR and SR) from mainly supply-side subsidies (‘brick & mortar’ subsidies for direct provision of SR by local authorities) to demand-side subsidies (housing benefits). In 1975, 80% of housing expenditure was spent on the construction of SR houses; by 2000, 85% was spent on housing benefits for PR.

*Finance: Regional funding.* Affordable housing grant (for example, from the Greater London Authority) has been used to facilitate land purchase for mixed-tenure developments by non-profit organisations, usually stipulating a proportion of SR and other affordable tenures on site.

*Land system.* Christophers (2018) details the extent of the transfer of public land to private investors since the 1970s in the UK. The privatisation of public land has exceeded the scale of any other British privatisation. Since the 1990s, 50% of public land has been privatised (in the 1970s, the UK government owned 20% of the British landmass; since then, 2 million hectares have been sold, the equivalent of 10% of the British landmass). Various processes contributed to the re-commodification of land (e.g. estate regeneration; the Right-to-Buy policy).

Estate regeneration is a mechanism whereby council-owned estates (often with a significant proportion of SR not sold through the Right-to-Buy) are demolished and replaced with mixed-tenure development. These use S106 agreements for SR production, meaning the proportion of SR units produced depends on the growth of the private housing market on these estates. These schemes are often coordinated through public-private partnerships, meaning council land must be sold or privatised. Most land available for the delivery of housing (including SR) is now privately owned. Sale is predominantly negotiated with individual landowners.

Since the recentralisation of finance (e.g. HRA borrowing caps), local authorities have sold land to plug budget deficits, rather than using it to meet housing needs (direct provision of SR). In 2011, the national government introduced a policy to accelerate the release of ‘surplus’ public sector land, furthering the re-commodification of land.

*Profit regime.* Capital gains tax (CGT) is due on the sale of land (whether for development or not). Basic rate taxpayers pay 18% CGT (from 30 Oct 2024). Above basic rate taxpayers pay 24% CGT (from 30 Oct 2024). Value is captured from development largely through Section 106 agreements (S106), which are made during the planning process between the developer and the local planning authority. This is one type of planning gain that can be used towards infrastructure and housing development by the local authority.

### *Multi-governance*

*Centralisation.* Thatcher-era welfare restructuring in the 1980s reshaped governance in England, driving the de-municipalisation of Local authorities and the abolition of supra-local intermediate tiers (GLC and 6 MCC) to enable the gradual re-commodification of housing and land, alongside the residualisation of the welfare regime (a neoliberalisation process; Malpass, 2005). Financial re-centralisation, de-regulation of mechanisms controlling housing and land speculation (abolition of rent controls, weakening of planning obligations), and switching to demand-side subsidies was part of a broader national reform to curtail local governments’ power, finance and direct production of housing and public land.

Since the 1980s, the National Government has re-centralised local government finance, through the creation of the HRA (ring-fencing receipts and spending on housing), and through controls on local government’s capacity to borrow against their HRA assets. Severe reduction

by the Conservative government (1979-1997), slightly loosened in 2004 by the Labour government, and tightened again by the following Conservative government (HRA borrowing cap, 2012) until 2018, when it was abolished. This broader de-municipalisation reform process also included the abolition of the Greater London Council (GLC, 1965-1986), the London-wide tier of government that also provided new SR stock, then reintroduced in 2000 as Greater London Authority (GLA), but with more limited powers than the GLC, with less fiscal autonomy, limited revenue-raising powers, and relying more heavily on central government grants. Rather than direct control, the GLA offers a strategic oversight and does not directly deliver services like housing or land.

*Austerity.* Government funding to local authorities has been reduced with austerity policies post-2010. In 2012-18, a tighter HRA borrowing cap was introduced, further limiting local governments' ability to fund capital investment projects. Some funds do exist to support local authorities with housing construction, but the drastic decline in subsidies and borrowing for local authority housing construction since 1979 and continuing post-2008 means local authorities have limited capacity to provide SR directly, and numbers have declined with increasing numbers of sales.

*Devolution.* There have been some efforts to strengthen the sub-national level, with the re-establishment of the Greater London Authority (GLA), other metropolitan and, more recently, regional tiers of government. This metropolitan/regional tier has impacted housing systems locally, for example, through the London Plan, setting an agenda for SR targets. However, these shifts are also subject to political wrangling at the local and regional levels, with both Conservative and Labour Mayors (Boris Johnson and Sadiq Khan) supporting policies to reduce SR targets in London. This shows some fragility in the long-term structural capacity of the regional tier of government to ensure and underwrite housing affordability.

## 2.3 Comparing the welfare-housing nexus and housing inequalities

In this report, housing (de-)commodification is operationalised by linking tenure structures to the institutional arrangements that regulate, subsidise, and provide housing (Section 1.2.2). Rather than assuming that specific tenures are inherently commodified or de-commodified, the analysis recognises that the degree of de-commodification can also vary within segments of the same tenure. For each segment and/or for the tenure as a whole, it depends on the extent to which access, pricing, financing (including direct and indirect subsidies), and provision are shaped by regulatory and socio-institutional arrangements in relation to market mechanisms and by the respective roles of state, non-profit, family, and market actors.

In this section, the analysis **maps the three tenure categories (Fig.2.5)—owner-occupation (OO), private rental (PR), and social rental (SR)—onto three levels of commodification (Fig. 2.6): fully commodified, partially commodified, and de-commodified**. Within any tenure, different segments may fall into different categories; for example, a PR sector may combine multiple regulatory regimes, with part of the stock governed by 2nd-generation rent control (de-commodified) and newly built units subject to 3rd-generation or weak rent regulation (partially commodified or fully commodified).

This classification, therefore, integrates tenure composition with institutional characteristics—including regulatory, financial, fiscal, and credit frameworks, as well as welfare-support mechanisms—as detailed in Sections 2.1 and 2.2 for each case. Applied to country- and main-city cases in 1991 and 2021, it informs the translation of Figure 2.5 (distribution and changes in tenure composition) into Figure 2.6 (estimated degrees of (de-)commodification). It also provides the basis for **Figure 2.7**, which analyses the **relationship between types of welfare-housing systems and the degrees of multiple housing (in)equality they generate**, measured through access to affordable, secure, and quality housing (AASQ indicators) in relative terms across the cases compared (2020–21).

**Figure 2.7 summarises the clusters discussed in Sections 2.1 and 2.2, positioning them along the universalist–residualist spectrum according to the degree of redistribution in their welfare–housing systems.** The corporatist cluster (AT, FR, CH) preserves the strongest redistributive capacity, sustained by durable post-war welfare institutions especially in cities like Vienna, Paris and Zurich. Redistributive mechanisms have weakened across other clusters. Post-social-democratic liberal systems (UK, NO) continue to residualise universalist transfers, though some core institutions persist and still hold scope for re-orientation. Familistic systems in Southern and Eastern Europe (IT, ES, PL, HU) occupy the residualist end, having consolidated or moved toward residualist welfare–housing regimes, with post-socialist cases dismantling earlier universalist transfers and further eroding institutional capacity. These systems inherently reproduce affordability crises, with the family providing a significant—but uneven—buffer.

### *Classification*

In Figure 2.6, **OO** is classified as de-commodified or partially commodified when housing is still allocated largely through the market, but state, non-profit, or family interventions reduce

households' exposure to housing costs to a significant (de-commodified) or moderate (partially commodified) degree. State interventions may include demand-side subsidies, tax advantages, welfare transfers, and/or supply-side measures—such as bricks-and-mortar subsidies, public programmes, public land provision, or tightly regulated planning contributions—that lower production costs (Figure 1.4). These mechanisms do not alter the market-based nature of OO, but they largely buffer households from market pressures in *more de-commodified systems* (e.g. the Norwegian unitary owner-occupation system, built on cost-price and selling-at-cost principles), or partly buffer them in *partially commodified segments* of the tenure (e.g. Spanish VPOs benchmarked programmes at 80% market price, or Polish limited-ownership cooperatives, if operating in a closed-circuit). By contrast, OO is considered *fully commodified* when housing prices and mortgage lending operate without significant regulatory constraints and when access depends primarily on households' purchasing power in competitive markets. **Tenure security is not determined by the degree of (de-)commodification**, but by whether OO is '*outright*' (secure) or '*mortgaged*' (insecure), warranting a subdivision within OO that aids cross-case inequality analysis (Figure 2.7).

In the **PR sector**, the level of (de-)commodification is determined primarily by the extent and stringency of rent regulation, tenant protection, and subsidies (Figure 1.4), thereby tightening the **link between de-commodification and security of tenure**. The classification follows a typology of rent-control regimes, distinguishing regulatory stringency across successive “generations” of rent regulation (Figure 1.5). Rent regulation refers to the legal provisions governing limits on rent setting, rent increases within tenancies, rent levels between tenancies, and tenancy conditions in the PR sector:

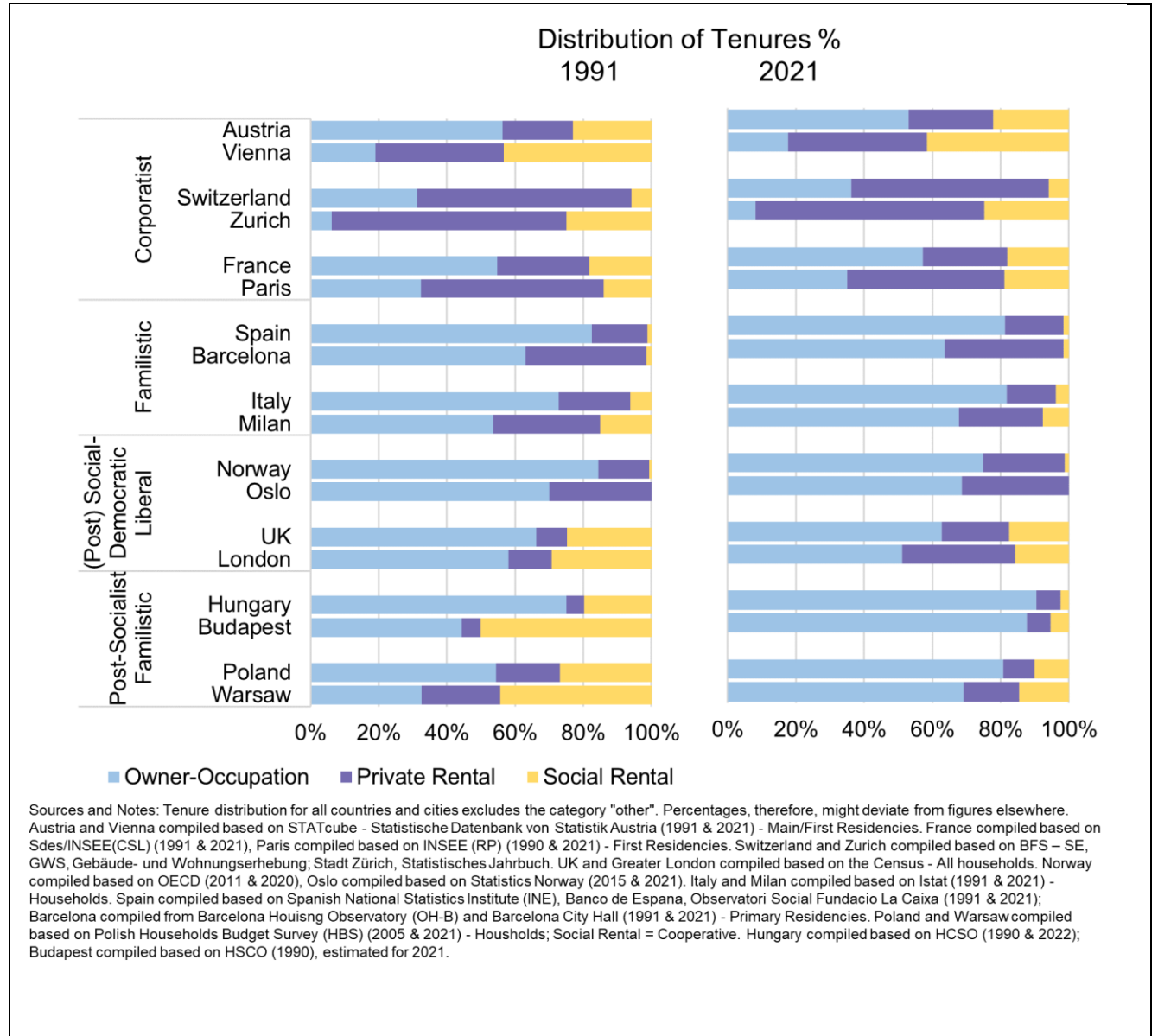
- **1st-generation rent control** represents the strongest form of regulation, *de-commodification* and tenure security, typically involving rent freezes, strict rent ceilings, long-term tenancies, and robust tenant protections that significantly limit market dynamics (e.g. adopted in most European countries from the interwar period up to the 1970s/80s).
- **2nd-generation systems** introduce more flexible regulation, linking rent levels or rent increases to reference rents, benchmark systems, or inflation indices, while allowing landlords a reasonable return and ensuring strong security of tenancy through institutional and regulatory mechanisms. These systems are considered *de-commodified* because they curb speculative dynamics while retaining some market incentives (e.g. adopted in CH and NO since the interwar period, though weakened recently; most frequently used in corporatist housing systems following the 1980s welfare reforms; and more recently reintroduced in designated 'rent-cap zones' (or rent-cap cities) in FR or in specific 'stressed areas' in SP).
- **3rd-generation systems** provide only partial regulation and moderate tenant protection: initial rents are set at market levels, while only in-tenancy rent increases are regulated, allowing rents to reset upon tenant turnover; such systems are *partially commodified* because they slow—but do not prevent—rent escalation while retaining some security of tenure (e.g. adopted in Southern European familistic housing systems since the 1980s welfare reforms; recently introduced for new-build units in AT and NO).
- Finally, **weakly regulated PR systems**, characterised by market-based rents, short-term contracts, and limited tenant protections, are considered *fully commodified* (e.g. adopted in

post-socialist familistic housing systems (PL and HU) and in the UK since the 1980s-1990s welfare reforms).

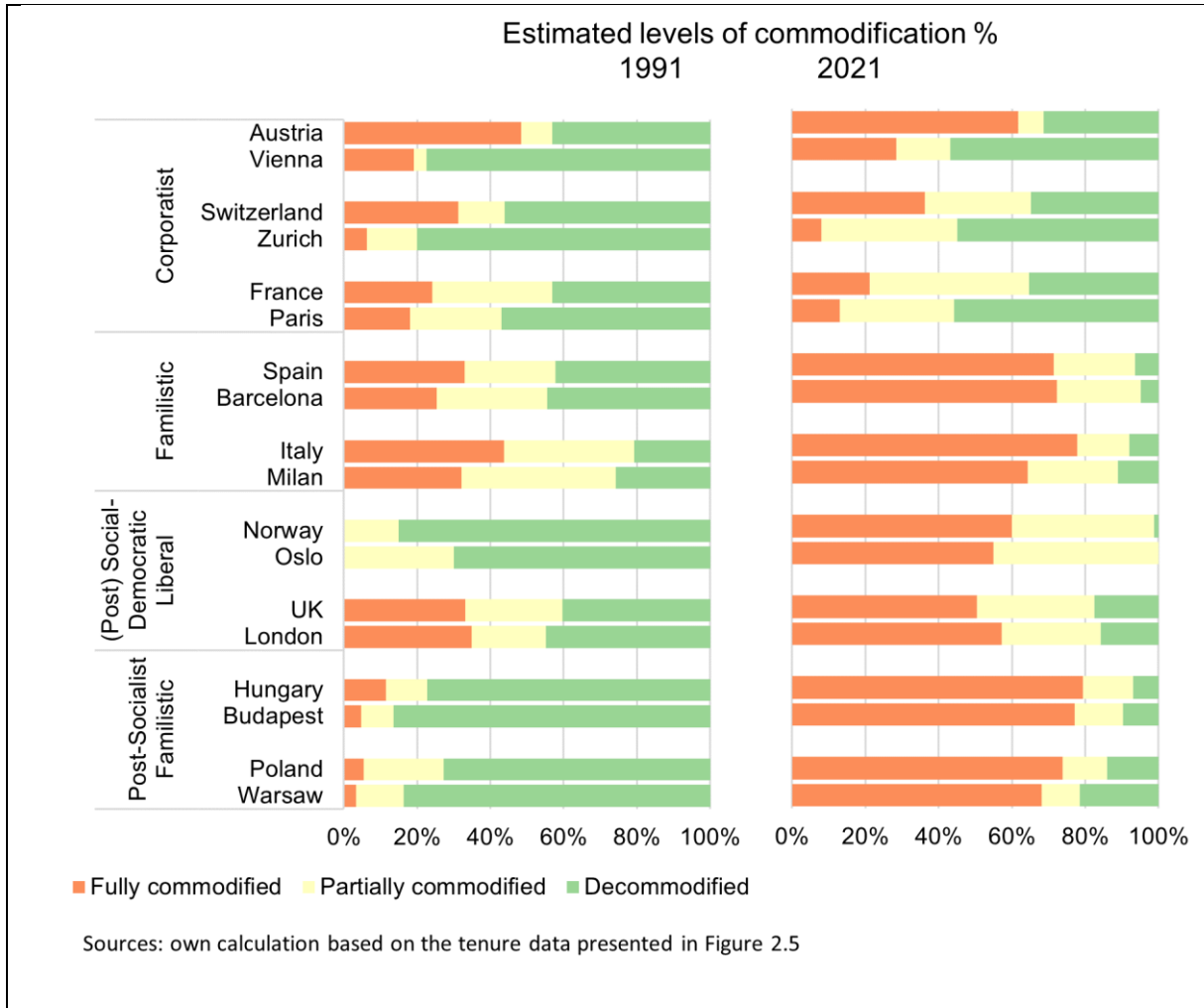
Within this framework, the **SR sector is treated as fully de-commodified and secure** (unless stated otherwise). It is typically allocated through non-market mechanisms, priced via regulated or cost-based rents, set by public authorities or non-profit organisations (e.g., housing cooperatives, housing associations). Because access and pricing are determined by social policy objectives rather than market competition, SR is classified as entirely de-commodified and generally offers secure tenancy (Figure 1.4). At the same time, important distinctions arise in the *breadth of eligibility across the social spectrum*, commonly typified as ‘*universalist*’ (no means-testing; open to a broad social spectrum), ‘*quasi-universalist*’ (high eligibility benchmark including both middle- and low-income groups, ensuring social mix) and ‘*residualist*’ (means-tested, needs-based eligibility, restricted to the lowest social echelons). (Quasi-)universalist eligibility/access is key in cities or countries with unitary rental systems (e.g. found across social-democratic and corporatist housing systems) or with a large or sizable SR stock (e.g. Post-war socialist housing systems). Residualist eligibility/access is typical in countries with a small SR stock (e.g. familistic housing systems—ES, IT, PL, HU—and NO) or in those shifting towards a dualist rental system (e.g. the UK in post-social-democratic housing systems). This sub-classification within the SR sector is also useful for assessing cross-case housing inequalities (Figure 2.7).

Overall, comparing Figures 2.5 and 2.6, changes in the extent of (de-)commodification in OO (1991–2021) reveal clear differences across housing-system clusters and trajectories, closely mirrored in evolving commodification levels shaped by path-dependence and path-change. Within this, security depends on shifts in the ratio between outright and mortgaged OO (Fig. 2.7). Changes in the PR sector show how differing levels of rent regulation and tenant protection produce varying degrees of (de-)commodification across housing systems, directly influencing levels of security in the PR sector (Fig. 2.7). Changes in the SR sector are both quantitative (stock size) and institutional (retaining or shifting between universalist, quasi-universalist or residualist regimes), as rents and access are not market-determined. SR housing is fully de-commodified and secure, with stock size correlating with the degree of universalism (large = universalist; medium = quasi-universalist; small = residualist). Reductions in SR often imply a shift toward residualism, while major expansions support the retention or adoption of (quasi-)universalism. Significant changes in SR stock (e.g., privatisation into OO, sometimes with spillover into PR) directly alter the overall share of de-commodified housing within the system (Fig. 2.7).

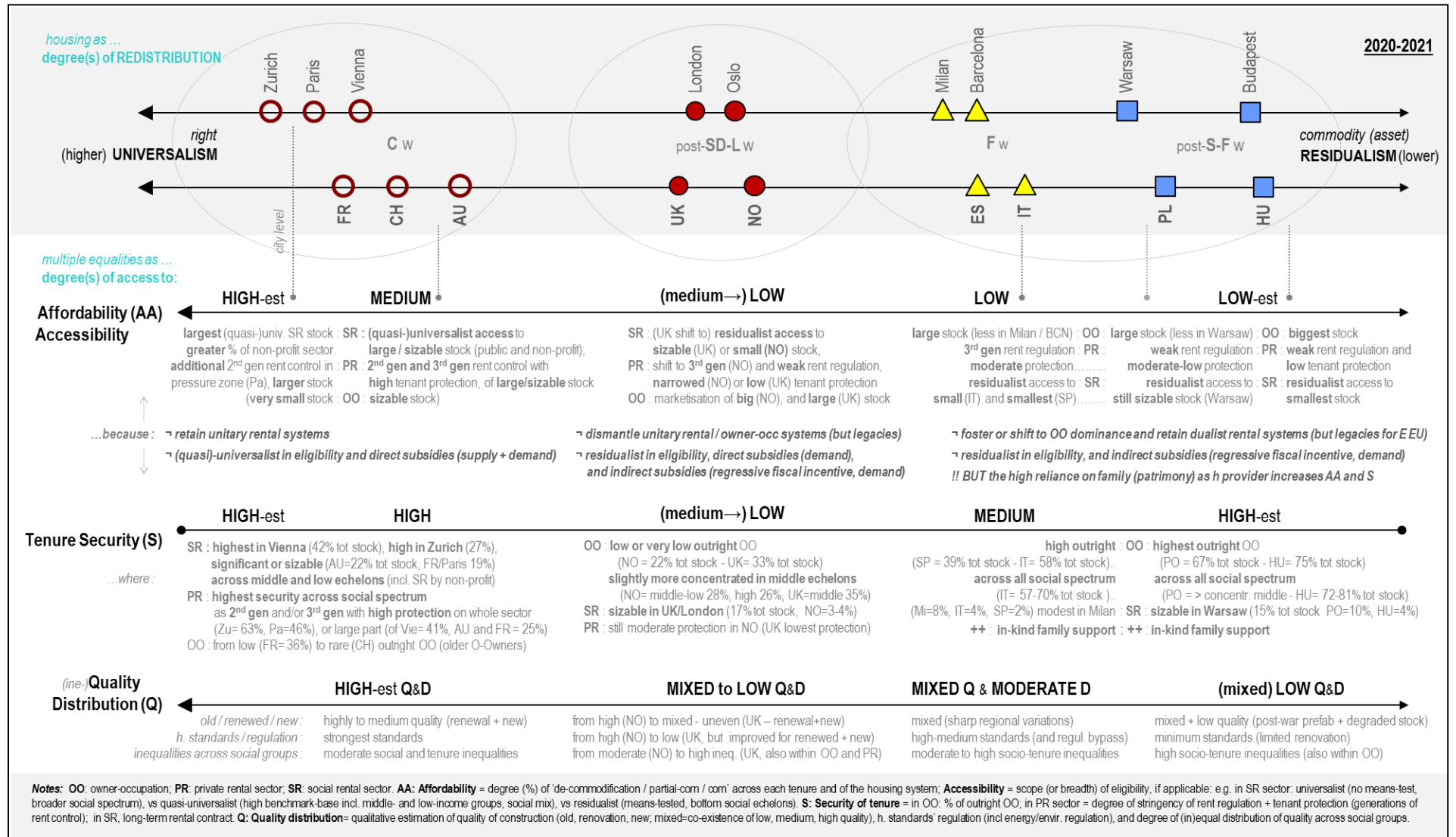
**Figure 2.5** Distribution and changes in tenure composition, by country and main city, 1991-2021.  
 Source: based on data provided in D4.1 and D4.2.



**Figure 2.6** Estimated degrees of (de-)commodification, by country and main city, 1991-2021.  
 Source: own estimation.



**Figure 2.7** Degrees of multiple housing (in)equalities (AASQ indicators), according to access to affordable, secure, and quality housing, in relative terms across the cases compared, 2020-21. *Source: own estimation from data presented in D4.1, D4.2 and Sections 2.1 and 2.2 above.*



### *Relating tenure structure and degrees of (de-)commodification*

Looking at Figures 2.5 and 2.6 across both periods, a **marked difference emerges between national and city levels in the weight of OO and in the degree of de-commodification**. National data consistently exhibit higher rates of OO because they include rural areas and smaller towns, where OO dominates, whereas large cities rely much more on the rental sector (PR and SR). This pattern is particularly pronounced in corporatist (1991, 2021) and socialist housing systems (1991), where the SR sector plays a major role due to its (quasi-)universalist nature. The **starkest national–city disparities appear in corporatist systems**, with Paris, Zurich, and Vienna displaying much larger de-commodified and partially commodified stocks than their national averages. City-level statistics, therefore, better reflect the universalist–residualist organisational principles of their housing system, as national figures are diluted by the high prevalence of OO in rural and small-town contexts.

More significantly, the differences in tenure composition and in the degrees of (de-)commodification between 1991 (the peak of pre-1980s welfare arrangements) and 2021 (the peak of variation in post-1980s re-commodification processes) offer a strong indication of whether **housing systems have followed path-change or path-dependent trajectories**, supporting the analysis developed in Sections 2.1 and 2.2. Path-changes are associated with more intense and deeper re-commodification processes, whereas path-dependences reflect a more incremental evolution of earlier institutional configurations.

### *Path-dependency and inequalities*

At both national and city level, **corporatist (AT, CH, FR) and familistic (IT, ES) welfare–housing regimes exhibit marked path-dependent patterns**: tenure shares and inter-tenure relations have remained broadly stable over the past 30 years, underpinned by a multi-level governance architecture.

**Corporatist housing systems retain the highest levels of de-commodified stock (2021, Fig. 2.6–2.7)** because their tenure structures have been preserved. They continue to operate fully or partly unitary rental systems, with only marginal growth in OO, where the interplay of substantial (AT, Vienna) or sizeable SR sectors (FR, CH) with broad eligibility, and large, de-commodified PR sectors—particularly in CH and Zurich—is central. These systems are sustained by active municipal and non-profit housing providers and by institutional continuity in rent regulation, including strong tenant protections (2nd- and 3rd-generation frameworks), which together moderate market dynamics<sup>24</sup>. **Corporatist housing systems continue to reproduce the traditional coexistence of de-commodification and re-commodification mechanisms**—modulating supply- and demand-side subsidies, public land provision, and highly regulatory planning instruments—with de-commodification especially activated in times of crisis (Section 3), and supported by the historical significance of non-profit providers.

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<sup>24</sup> Market speculation is moderated in several ways: in CH and Zurich, rent increases are tied to benchmarks and, because tenants can challenge both “abusive” initial rents and “excessive” rises, escalation is curbed; in FR and Paris, rent caps and benchmark systems limit increases despite market-based initial rents; and in AT and Vienna, the coexistence of three rent regimes, together with a large, quasi-universalist municipal and non-profit housing stock, constrains upward pressure on rents.

**Familistic housing systems maintain their historical trajectory of incremental commodification of housing, land and planning**, driven by a persistent tenure-policy orientation fostering OO (2021, Fig. 2.6–2.7) and progressively enabling deeper integration into market dynamics and asset-based investment strategies (including multi-property and corporate landlordism, especially in ES). While housing provision has become increasingly market-oriented, PR and SR sectors continue to play a limited role. The PR sector does not outgrow OO, remaining small nationally but sizable locally (e.g., Barcelona, Milan), though partially commodified through earlier (IT) and later (ES) adoption of 3rd-generation rent regulation<sup>25</sup>—often bypassed via short-term rentals and informal practices. The SR sector remains residualist and small (less so in IT than in ES), including in terms of new supply, as it traditionally plays a very minor role in moderating commodification in these systems. The pace of this path-dependent trajectory is reflected in the marked rise in fully commodified housing (2021, Fig. 2.6), although this increase—particularly in IT—is more moderate than in liberal or post-socialist familistic systems. This is due to persistent family-based housing provision and the longer application of moderate regulation (e.g., 3rd-generation rent control), which ensures only partial commodification of a stock that is less than sizable but not negligible. This moderation may be strengthened by the recent introduction of 2nd-generation controls in pressure zones or city-wide (e.g., Barcelona), aimed at tempering speculative market dynamics.

As a result, at the system level, **multiple housing inequalities** (Fig. 2.7, 2021) **have historically remained moderate in corporatist housing systems** (AT, FR, CH). Although these have slightly increased in recent decades, social and tenure inequalities are still largely kept at bay, owing to high levels of affordability and accessibility (AA), security (S) and quality (Q), especially through the PR and SR sectors. Corporatist cities (Zurich, Paris, Vienna) display the highest AASQ indicators across all cases, reflecting their strong capacity to provide affordability locally (supported by non-profit sectors and regulatory devolution) and nationally—including in critical times, in response to polycrises (see Section 3). Tenure security is guaranteed for all or most social groups in around half (AT, FR) or more than half (CH) of the national stock, and for almost the entire stock at the city level (over 90% in Zurich, and around 80% in Vienna and Paris). This includes outright OO, which is comparatively low (36% of total stock in FR) or rare (CH). Housing quality (Q) indicators are generally favourable across social groups, and strong regulatory standards apply across tenures (including old, renewed and new stock). Overcrowding rates remain comparatively low; housing cost overburden is limited in rural areas, and although urban areas face higher cost pressures (most notably in CH) these risks are mitigated by robust institutional mechanisms.

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<sup>25</sup> In IT, since 1979, rent regulation has progressively shifted from 1st- to 3rd-generation systems, combining moderate tenant protection with free or indexed rent setting depending on the tax regime. In ES, rent regulation moved from de-regulation to an unprecedented phase of re-regulation. The 1985 Urban Leases Act (LAU) replaced strict 1st-generation control with weak regulation and limited protection (with remaining 1st-generation contracts phased out in the 2000s). Regulation tightened only recently: loose benchmarks in 2015, temporary caps in 2019, and, from 2022–23, 3rd-generation controls with stricter benchmarks and moderate tenant protections. After devolution to regions, Catalunya and Barcelona introduced 2nd-generation controls, stronger tenant protections in pressure zones or city-wide, and stricter rules for large, multi-property landlords.

At the system level, in **familistic housing systems (IT, SP)**, **multiple housing inequalities have historically been fragmented**—since AASQ conditions are uneven within each tenure (OO, PR)—**and have worsened since the 1990s** (Fig. 2.7, 2021). The structural reproduction of low affordability and accessibility (AA) in a largely commodified system has incrementally deepened social and tenure inequalities, compounded with regressive fiscal incentives benefitting middle- and high-income groups. However, **growing inequalities have been partly buffered by the high, equal share of OO across social groups—particularly the significant tenure security (S) provided by high and medium rates of outright OO** (by 2021, the total secure stock, including SR, accounts for approx. 66% of total stock in Milan, 60% in IT, and 40% in SP). Affordability pressures have intensified for households unable to rely on in-kind family support (in OO or PR) or intergenerational patrimonial transfers (OO), especially younger generations, the elderly, the impoverished middle classes and lower-income groups. Average housing cost burdens are not necessarily the highest among clusters, but rental households are particularly exposed to market-price dynamics due to weaker tenant security than in corporatist systems—reflected in shorter contract durations and more flexible termination rules. Housing quality indicators (Q) also show more uneven outcomes: standards are medium/high (though sometimes bypassed through informal practices), construction quality is mixed, with sharp regional variations; overcrowding rates are high (especially in IT); and disparities between urban and rural housing-cost overburden are more pronounced.

#### *Path-change and inequalities*

At both national and city level, the **most pronounced transformations** have occurred in the **social-democratic (UK, NO)** and **socialist housing systems (PL, HU)**, both undergoing major path-change since the 1980s/1990s welfare restructuring. These systems have shifted respectively **towards the liberal and familistic clusters—while still carrying social-democratic and post-socialist legacies**—a change underpinned by a centralised governance architecture and declining regulatory, fiscal, and financial capacities at the local level. With the exception of NO, tenure shares and inter-tenure relations have changed significantly in (post-)social-democratic systems and dramatically in (post-)socialist systems over the past 30 years.

In both clusters, these paradigm shifts involved a **range of large-scale re-commodification processes**—including the privatisation of housing and land, the de-regulation of tenure markets, land and planning systems, and the liberalisation of housing finance—which **dramatically increased the share of commodified stock at a fast or incrementally steady pace** (2021, Fig. 2.6–2.7). In the UK, HU and PL, this is reflected in the expansion of OO driven both by new market-based housing provision (especially in the UK and London) and by tenure-change mechanisms linked to SR privatisation. Privatisation occurred rapidly and cheaply in HU, somewhat less so in PL, and more slowly, costlier and more administratively complex in the UK. The expansion of OO both resulted from—and further contributed to—the shrinkage and residualisation of the SR sector, particularly at city level, although Warsaw and London still retain sizable SR stocks rooted in socialist and social-democratic legacies. Among all nine cases, the **post-socialist familistic systems (PL, HU) experienced the largest contraction of SR stock and the greatest expansion of OO**, including the highest share of

outright OO, as SR dwellings were sold cheaply to sitting tenants to ensure stability during a period of politico-economic crisis and high unemployment. SR sector no longer plays a role in limiting housing commodification in these housing systems. In the UK, this process was incremental: because SR shrinkage through individual privatisation (Right to Buy) was slow and spatially fragmented, it was accelerated through stock transfers to housing associations (retaining SR status) and three decades of regeneration programmes that demolished large-scale council estates and privatised public land, further expanding commodified stock (PR and OO). However, local governments and non-profit housing associations still play an important role in retaining elements of de-commodification within the housing system, reflecting the enduring institutional legacy of the (post-)social-democratic liberal regimes.

Simultaneously, the **PR sector shifted sharply from fully de-commodified (1991) to fully commodified (2021)** following the market de-regulation of the 1990s. The move from 1st-generation rent control to weak rent regulation, short-term contracts and limited tenant protections enabled market-based rent setting, rapid rent adjustments and high turnover, producing a highly speculative, unaffordable, commodified and insecure PR sector. As is typical of familistic regimes, in PL and HU, the PR sector remains small and dominated by individual landlordism (and informal practices). In the UK, by contrast, the PR sector has expanded—especially after the GFC, which legitimised austerity and legislative–fiscal reforms encouraging corporate and multi-property landlordism—deepening commodification and extending the sector’s reach into ‘financialisation 2.0’.

By contrast, in **NO the paradigmatic shift concerns** the reorientation of the social-democratic OO system through the price de-regulation of previously de-commodified OO and PR segments—covering buying/selling, renting and land. Although high OO rates remain dominant across both periods (Fig. 2.5), the system has **moved from fully de-commodified OO** (organised as a unitary owner-occupation system built on price controls and strongly regulated mortgage lending) **to commodified and partially commodified OO** (Fig. 2.6), resulting in a dualist, segmented structure: price de-regulation has commodified the non-cooperative segment, while also enabling the gradual marketisation of shares within the cooperative segment (without converting these into ‘freehold OO’<sup>26</sup>), a process of partial commodification that remains incremental. **As in other post-social-democratic liberal regimes, the PR sector has expanded nationally** (though not in Oslo; Fig. 2.5). This growth was not driven by financialisation—due to protections shielding the domestic market from international corporate actors and the externalisation of financialisation processes (see NO post-1980s in Section 2.2)—but rather by increasingly unaffordable OO and the stagnation of building-cooperatives’ production. Rent de-regulation shifted the previously de-commodified PR stock (Fig. 2.6; 1991, under a 2nd-generation regime) only into partially commodified stock by 2021, operating under a 3rd-generation regime with still-moderate tenant protections and access to dispute tribunals, though these safeguards have been steadily weakened since the 2010s. Notably, affordability pressures and rent increases stemming from the 1980s

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<sup>26</sup> Conversely, in PL, de-regulation has fully commodified the OO cooperative sector through legislation in the 2010s that drove—and in some cases compelled—the conversion of rental and share-based limited-ownership cooperative units into freehold OO.

de-regulation became visible only after nearly three decades. The SR sector remains residualist and small, with limited new supply.

As a result, at the system level, multiple housing inequalities, which historically were moderate and low in both social-democratic (NO, UK) and socialist (PL, HU), have been dramatically increasing (Fig. 2.7, 2021), though still buffered through the legacies of their formerly more redistributive welfare regimes.

In the **(post-)social-democratic liberal systems (NO, UK), affordability and accessibility (AA) and security (S) have been steadily reducing since the 1990s, although through divergent trajectories.** However, core social-democratic institutions persist and, despite the constraints of a centralised governance framework, still retain scope for re-orientation, maintaining their potential to support a greater provision of affordability. Socio-economic and tenure inequalities are less pronounced in Norway than in the UK, reflecting the legacy of cooperative housing, 2nd-generation rent control, and the continued presence of strong welfare institutions and redistributive universal transfers in welfare pillars outside housing. Housing standards and overall housing quality (Q) are high, and levels of overcrowding remain comparatively low. Yet housing costs are among the highest and have risen sharply over the last decade, particularly in urban areas where housing cost-overburden rates are especially elevated. Tenant security remains moderate, supported by relatively stable contract conditions, but the rising role of market-based housing provision is placing increasing pressure on both affordability and security. Only around a quarter of the housing stock is secure, primarily through outright OO and the share-based cooperative sector.

In contrast, **in the UK, social and tenure inequalities have deepened and further polarised across generations,** particularly for households lacking intergenerational wealth transfers, which have grown in importance as welfare universal transfers have been scaled back. Steadily declining affordability and accessibility (AA), combined with very low tenant security in the PR sector, have been partially offset by the significant share of secure tenure (S), which accounts for around half of the total stock. This is largely due to the still sizeable, though increasingly residualised, SR sector (17% of the total stock) and a comparatively low rate of outright OO (33%). Housing quality (Q) is unequally distributed across social groups, including within each tenure. Housing standards have historically been inconsistently regulated in private-market provision, leading to higher standards in the SR sector (public and non-profit production) than in the PR sector, despite some recent improvements through renovation and new upmarket developments for OO. Housing costs vary substantially across the UK but are among the highest in London and major cities, where affordability pressures are most acute due to speculative market dynamics and ongoing (re-)commodification processes.

Differently, in **post-socialist familistic systems (PL, HU), social and tenure inequalities increased during the 1990s and have accelerated over the last two decades, with pronounced regional and rural–urban disparities,** compounded by regressive fiscal incentives that primarily benefit middle- and high-income groups<sup>27</sup>. During the 1990s economic crisis, rising unemployment deepened social inequalities and housing costs surged, driven by

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<sup>27</sup> e.g., in HU, cuts to utility prices and the administrative suppression of housing costs increased inequalities by easing the burden on higher-income households with greater consumption, at the expense of public tax revenues.

housing re-commodification that unfolded without an adequate social safety net, while family and informal support systems proved insufficient to absorb the shocks. By the early 2000s, HU and PL had begun to recover from the transition crisis, before entering—at different speeds—the run-up to the GFC. The spread of affordability and accessibility (AA) are now low, combined with the lowest tenant security in the PR sector and limited institutional buffering against housing-market risks. In PL, the erosion of the cooperative sector has removed an important legacy of previously affordable and secure tenure. Worsening inequalities are **partly cushioned by the high and broadly distributed rates of OO across social groups** (though more concentrated among middle-income households in PL), and by the family-based support and tenure security (S) associated with the very high shares of outright OO—the highest in HU (75% of the total stock) and also substantial in PL (67%), alongside a sizable SR sector in Warsaw (15%; see Fig. 2.7, 2021). Affordability pressures have intensified for households that cannot rely on informal markets, in-kind family support, or intergenerational patrimonial transfers—especially younger and older cohorts, the impoverished middle class, and lower-income groups. Simultaneously, although the transition period and mass privatisation of public housing in the 1990s initially reduced direct housing expenditures for many households, it shifted responsibility for housing provision and maintenance onto individuals. As a result, housing-quality challenges remain more acute (particularly in PL), where overcrowding rates are significantly higher than in comparable countries. The distribution of housing quality and standards across social groups and tenures is highly differentiated, including within the same tenure category—for example, OO and PR also encompass poorer-quality pre-war stock, degraded post-war prefabricated dwellings, as renovation has been slow.

Overall, the comparison shows that housing systems with stronger regulatory frameworks, more diversified tenure structures, and larger de-commodified stocks tend to produce more favourable outcomes in terms of affordability, accessibility, tenant security, and housing quality. By contrast, the more commodified the housing system—particularly where OO dominates, rental markets and housing standards are weakly regulated, and market exposure is high—the greater the inequalities in housing conditions and the higher households' vulnerability to housing-market risks. In these contexts, intergenerational wealth transfers tend to deepen inequalities, while family support simultaneously functions as a buffering mechanism for those able to access it.

### 3 CAPACITIES OF HOUSING SYSTEMS TO FILTER CRISES AND PROVIDE AFFORDABILITY

Recent crises have exposed and intensified long-standing structural challenges faced by both state and non-profit actors in European housing systems. Public authorities and third-sector organisations have been required to respond simultaneously to rising housing needs, fiscal and administrative constraints and rapidly changing socio-economic conditions, while operating within institutional frameworks shaped by distinct welfare traditions. How have these challenges evolved in the context of three major crises, the Global Financial Crisis (GFC), the COVID-19 pandemic and the recent energy/inflation crisis?

The following section assesses commonalities and divergence in capacities of the nine European countries to filter crises and whether common patterns can be identified across countries clustered along welfare regimes (Arbaci, 2019). Particular attention is paid to pressures on public intervention capacity in relation to the crises' impact. By adopting a comparative perspective, the following section describes common patterns of measures implemented in reaction to the three crises to clarify the extent to which these shocks have produced convergent or divergent challenges for the housing sectors across different welfare clusters.

#### 3.1 Global Financial Crisis

The Global Financial Crisis (GFC) of 2007-2009 not only precipitated a collapse in housing markets and credit flows but also exposed the limitations and resilience of social housing systems across advanced economies, prompting a range of policy responses aimed at safeguarding affordable housing provision. Sparked by the collapse of subprime mortgage markets in the United States and the ensuing global credit crunch, the crisis rapidly propagated through international financial networks, prompting a sharp contraction in credit availability, a precipitous fall in housing transactions and prices in many countries, and heightened instability in both financial and real estate sectors (Maclennan & O'Sullivan, 2011). European countries were hit by the GFC at different times and to a different extent, which resulted also in differing housing market adjustments and government responses (Whitehead et al., 2014). Considerable divergence was observed between countries with high debt to GDP ratios and those with consistent price increases (Whitehead et al., 2014).

In Europe, the crisis exposed structural vulnerabilities in housing finance and policy frameworks, leading to tighter mortgage regulation, stricter lending standards and significant divergence in national housing market outcomes: countries with speculative, highly leveraged markets experienced the steepest declines in prices and output (such as Spain, Ireland or Iceland), while more regulated or static markets showed greater resilience (such as Austria, Belgium, Germany, Switzerland) (Whitehead et al., 2014; van der Heijden et al., 2011). As a result, European governments engaged in a range of interventions: from financial market stabilisation and fiscal stimulus to targeted housing measures such as support for mortgage borrowers, hybrid public-private vehicles and bonds and construction sector incentives. Policy variations across Europe revealed systemic differences: while some governments eased

regulations and expanded social rental construction or incentives to stimulate aggregated demand, others, particularly those facing severe austerity, saw significant reductions in social housing capital budgets, undermining long-term capacity (Maclennan & O’Sullivan, 2011; Byrne & Norris, 2019). Yet, these responses were often uneven and insufficient to mitigate long-term affordability challenges, highlighting tensions between real-estate development for housing as an economic asset and social housing policies (Maclennan & O’Sullivan, 2011).

A review of the impacts of the GFC and measures taken shows substantial variations across the nine countries analysed, with singular outliers.

The GFC generated a set of recurring and largely cross-national patterns in the way European housing systems in AT, FR, HU, IT, NO, PL, ES, CH and the UK were affected and governed, reflecting both shared macroeconomic constraints and pre-existing institutional configurations. There was a multiplicity of responses (from economic stimulation and housing investment to large-scale reductions in both supply and welfare subsidies) (Priemus & Whitehead, 2014). While a small number of countries with strong fiscal capacity and established non-market housing sectors mobilised housing policy as a counter-cyclical stabiliser (such as AT and FR)—using social and subsidised housing production, forward-purchase agreements and renovation programmes to sustain construction activity and employment—most systems experienced a deepening of market-oriented dynamics. Post-crisis monetary conditions and policy choices fostered the expansion and financialisation of the private rental sector, while governments simultaneously prioritised macroprudential regulation and mortgage market tightening to safeguard financial stability, often at the expense of housing access (e.g. CH). In parallel, austerity-driven retrenchment reduced public housing investment and weakened local government capacity in several countries, reinforcing a shift of responsibility towards families and markets.

Taken together, these responses indicate that, despite notable exceptions, the GFC was more often managed as a financial and fiscal crisis than as a housing affordability crisis, with lasting implications for the capacity of housing systems to provide affordable homes. In this sense, the GFC marked a turning point toward financialisation, especially of the PR and SR sector and further re-commodification in most countries. Housing policy functioned primarily as subordinate to financial stability, banking rescue and fiscal consolidation. In many countries, this resulted in reduced public and social housing investment and retrenchment of public housing capacity, such as in the UK, IT and ES, as well as macroprudential tightening with tighter credit access for lower-income households and first-time mortgages buyers (FR, NO, PL) and increased reliance on and expansion of the private rental sector, often deregulated or weakly regulated.

### **Impact and measures of the GFC along welfare clusters**

Within the **familistic welfare cluster**, the GFC meant austerity-driven erosion of housing welfare and a shift towards private rental dependence. While Italy was less affected in the early crisis years, with the sovereign debt crisis later, Spain particularly suffered an immediate impact with foreclosure and eviction waves reshaping housing ownership structures.

As a deeply affected country due to a particular mortgage system, **Spain** experienced mass foreclosures, austerity and the consolidation of housing assets by global investors (e.g. Blackstone) following banking sector restructuring. The number of 523,607 foreclosures (Bonshoms-Guzmán, 2023) and the amount of €656 billion of mortgages (with 2.8% classified as nonperforming) (Royo, 2020) meant measures such as the restructuring of the banking sector through the creation of a bad bank (SAREB) which repossessed thousands of the "nonperforming" so-called "toxic" housing units combined with the creation of Spanish real estate investment trusts (REITs, which deleveraged the overhang of nonperforming mortgages from banks (Bonshoms-Guzmán, 2023). The Royal Decree-Law 6/2012 introduced a new Code of Good Practice for Spanish banks and financial institutions with the aim of protecting low-income debtors, however with significant and negative effects on the number of new mortgage loans, the average interest rate and the average ratio between monthly mortgage payments and income. These dynamics significantly reduced access to affordable housing and entrenched reliance on the private rental sector.

In comparative terms, GFC's first phase has affected **Italy** less severely than other European countries due to conservative lending practices, the role of the family capital in property transactions and the high level of outright ownership. In the long term, however, the GFC led to further cuts in housing policy and reduced household incomes, affecting access to housing. Since 2010, Italy had to grapple with the sovereign debt crisis, bringing fiscal re-organisation and austerity. Reduced mortgage access and declining incomes pushed more households into the private rental sector, where eviction rates increased, and affordability deteriorated, as no response in terms of public housing (ERP) production followed the crisis. The growth of evictions due to arrears reflects an intensifying affordability crisis (Baldini & Poggio, 2014). In 2008, the abolition of the tax on owner-occupied homes (ICI), introduced as a stimulus during economic uncertainty, reduced local fiscal autonomy and its partial reintroduction in 2012 (IMU) under austerity failed to reverse this effect. In response to growing pressures in the private rental sector, the 2013 fund for "blameless rental arrears" provided targeted, multi-level eviction-prevention support, but its territorially uneven implementation has had lasting consequences. Meanwhile, co-investment funds for *housing sociale* shifted political and financial attention away from chronically underfunded public housing toward a broader, financialised social housing production (Belotti & Arbaci, 2021).

Along the welfare regime clusters, **post-socialist familistic regimes** affected by the GFC such as Hungary and Poland focused on financial stabilisation management rather than housing system expansion with ad-hoc and temporary de-commodifying interventions (Hungary's National Asset Management Agency and Poland with an increased supervision of housing associations) – all of this with low fiscal and institutional capacity of local municipalities, reinforcing centralised, short term crisis governance.

For **Hungary**, the GFC meant the second most serious structural shock to the Hungarian housing system since the regime change, due to widespread foreign-currency mortgage lending, resulting in repayment crises, housing loss and growing social tensions. Between 2008 and 2015, housing policy was almost entirely subordinated to managing the effects of the foreign-currency mortgage crisis: housing subsidies were curtailed, housing prices declined, construction activity collapsed, and pre-existing structural weaknesses in the housing sector deepened further. Policy responses focused on stabilising housing finance and

preventing mass evictions, placing a comparatively heavy burden on banks through measures such as compulsory early repayment schemes—benefiting primarily wealthier households—and the eventual conversion of foreign-currency loans into forints in 2015 at a below-market exchange rate (Csizmady, 2019a, 2019b). Alongside these measures, temporary and partly decommodifying interventions were introduced, including rent subsidies provided by non-profit organisations and the creation of a state-managed rental stock through the National Asset Management Agency (NET), which purchased distressed properties and converted them into rental housing; however, this initiative remained short-lived, as most of the housing stock was re-privatised by 2022 and housing policy overall remained characterised by ad hoc, short-term crisis management rather than the establishment of a durable affordable housing system.

In **Poland**, the Global Financial Crisis had more limited macroeconomic effects on housing than in many Western European countries, but it nonetheless exposed structural weaknesses in housing finance and governance. The crisis led to tightened mortgage lending standards and restrictions on foreign-currency loans, increasing pressure on borrowers and constraining access to homeownership, while also revealing limited financial resilience and governance capacity within housing associations, prompting increased state supervision rather than expansion of affordable housing provision.

For the **post-social-democratic liberal welfare cluster**, the impacts of the GFC differed substantially for the United Kingdom and Norway. However, as a result, in both countries the systems deepened commodification with PRS financialisation in the UK and ownership-based asset inflation in NO. Similar to the countries mentioned in the post-socialist familistic cluster, macroprudential regulation prioritised financial stability to stabilise market with a retrenchment of public housing capacity especially pronounced in the UK.

In the **United Kingdom** the very strong effects marked a decisive acceleration of austerity, welfare retrenchment and housing market financialisation. Austerity rhetoric on part of the government was used to justify a long-term privatisation agenda, with a Welfare Reform Act 2012 and other reforms 2010s to cut public expenditure and reduced benefit entitlements via Universal Credit. Public housing capacity and local authority autonomy were significantly weakened (Local Government Cuts and the Localism Act 2011), which devolved responsibilities to local authorities while reducing their funding and further weakening their control over planning matters and regulation of planning gains (facilitating market-led provision and privatisation of public land). At the same time policy reforms and changes to tax laws (2016-2021) actively promoted the expansion and institutionalisation of the private rental sector, exacerbating long-term affordability problems.

**Norway's** response to the GFC prioritised financial stability over housing affordability, relying primarily on mortgage regulation and tax incentives. The absence of counter-cyclical housing supply measures meant that rising house prices and household debt continued to constrain access for lower-income and first-time buyers.

In the **corporatist welfare cluster**, AT and FR had a decisive implementation of counter-cyclical tools, whereas CH was less affected by the crisis and deviated through non-response rather than intervention. CH largely avoided a housing market downturn during the GFC due to conservative lending practices and strong demand. However, the crisis indirectly intensified

real estate financialisation, contributing to rising land and housing prices and constraining the non-profit sector's capacity to provide affordable housing. The growing role of global corporate investors in housing in CH due to comparatively favourable conditions may be considered an indirect effect of the GFC.

**Austria** experienced relatively limited short-term disruption during the GFC, but the crisis reinforced longer-term trends of financialisation, land price inflation and private rental sector expansion. While private housing output fell sharply by around 21% between 2006 and 2010, social housing played a distinctly counter-cyclical role, with output increasing by approximately 10% over the same period, thereby stabilising housing supply, mitigating boom–bust price cycles and cushioning the construction industry (Norris & Byrne, 2018). Crisis management relied on broad fiscal stimulus packages in 2008–2009, which included incentives for residential construction, thermal renovation and retrofitting, and housing subsidies explicitly framed as macroeconomic support (IIBW, 2009). However, a key long-term structural impact was the period of low interest rates, which, in the post-GFC context, fuelled rising land prices and an above-average expansion of the private rental sector. The post-GFC environment of cheap credit and competition for land, made it increasingly difficult for limited-profit housing associations to secure sites under cost-rent principles, particularly in Vienna, where institutional investors' share of transactions of private housing stock rose dramatically after 2007 (Musil et al., 2024). These dynamics contributed to rising rents and property prices and a growing market orientation in housing development, despite continued tenant protections in the regulated private rental sector and later regulatory responses, such as Vienna's introduction of a zoning category for subsidised housing in 2018, aimed at preserving long-term affordability (Baron et al., 2021; Kadi, 2024).

In **France**, the GFC led to a downturn in housing production and rising affordability pressures, but housing was deliberately mobilised as a counter-cyclical policy tool. The state expanded fiscal incentives, enabled large-scale forward purchases of housing output by social landlords and strengthened macroprudential regulation, against a widely shared diagnosis of a structural housing shortage of 800,000 to one million dwellings. While crisis management relied on substantial public spending, the resulting rise in public debt was subsequently used—particularly after 2012 and more markedly after 2017—to justify austerity policies that constrained social housing and eroded local authorities' fiscal autonomy through reduced transfers and tax reforms. Following the 2012 sovereign debt crisis, housing policy also sought to re-attract institutional investors through a preferential tax regime for intermediate rental housing (LLI). The post-GFC monetary policies, including low interest rates and quantitative easing, fuelled housing asset inflation and reinforced social inequalities in access to homeownership, contributing to the pauperisation of vulnerable households, especially in the Paris region (Bugeja-Bloch, 2013; Driant & Madec, 2018; Clerval & Wojcik, 2024).

### **Cross-country patterns and deviances**

Across housing welfare regimes, the capacity to sustain or expand affordable housing under the GFC crisis conditions varied markedly and reflects underlying institutional configurations. Corporatist regimes, particularly AT and to a lesser extent FR, displayed the greatest capacity for repeated counter-cyclical intervention in housing supply. By contrast and apart from their cluster, CH and NO functioned as non-interventionist outliers, absorbing

shocks primarily through market stability, income support, and macroeconomic insulation rather than housing policy. Post-socialist familistic regimes are characterised by fragmented and ad hoc responses that relied heavily on centralised, often non-housing instruments, with Hungary representing a distinctive interventionist case through extensive administrative controls. Finally, familistic regimes such as IT and ES tended to prioritise temporary relief measures and homeowner-oriented support, repeatedly failing to translate crisis responses into a durable expansion of rental or public housing, thereby limiting their long-term affordable housing capacity.

Within this broadly market-amplifying trajectory across welfare regime clusters, a small number of countries emerged as clear outliers. AT (Vienna) represents the strongest deviation, as social and limited-profit housing expanded counter-cyclically, stabilised prices, and cushioned construction employment, while municipal housing was preserved and land-use regulation subsequently strengthened, producing a crisis-buffering rather than crisis-amplifying response. FR constitutes a partial outlier, combining the dominant financial and fiscal logic with an explicit use of housing as a macroeconomic stabiliser through large-scale state-backed forward purchases by social landlords, although these measures coexisted with longer-term austerity, commodification, and growing pressure on social housing providers. By contrast, CH deviated from the dominant pattern through relative non-intervention: the absence of a housing market collapse or foreclosure crisis resulted in policy inertia, while the GFC primarily reinforced real estate's attractiveness as an asset, contributing to rising land and housing prices rather than prompting either austerity-driven retrenchment or counter-cyclical housing intervention.

Across most European housing systems, the Global Financial Crisis was addressed primarily as a financial and fiscal shock, resulting in a dominant pattern characterised by the prioritisation of financial stability over housing affordability, the re-commodification and financialisation of housing markets - most visibly through the expansion of the private rental sector - and austerity-driven retrenchment of public housing capacity. At the same time, tighter macroprudential regulation and mortgage market restrictions were introduced to stabilise banking systems, often further constraining access to housing for low-income and first-time households. Overall, the GFC produced strong policy convergence around macro-financial crisis management, while housing outcomes diverged sharply as existing institutional capacities filtered these common measures, making true regime deviation rare and regime reproduction evident primarily through effects rather than deliberate housing policy choices.

Across welfare regime clusters, countries broadly adopted a similar macro-financial toolkit, often layering these measures onto housing interventions that continued to reflect and, in some cases, reinforce underlying regime logics, with a small number of countries emerging as clearer outliers (such as AT or FR) within a broadly market-amplifying trajectory. However, even where the same measures were applied (e.g. low interest rates, mortgage tightening, austerity), their effects were filtered by regime-specific structures. In post-social-democratic liberal housing systems (such as the UK and NO), price inflation and PRS expansion within an already market-dominated housing system were observed. In familistic systems (IT and ES), austerity reinforced reliance on family buffering and homeownership, with even more limitation to housing access for lower income households. In HU and PL as part of post-socialist familistic systems, crisis management centred on finance stabilisation and ad hoc intervention, reflecting a weak rental market. In corporatist systems, existing non-market sectors absorbed part of the

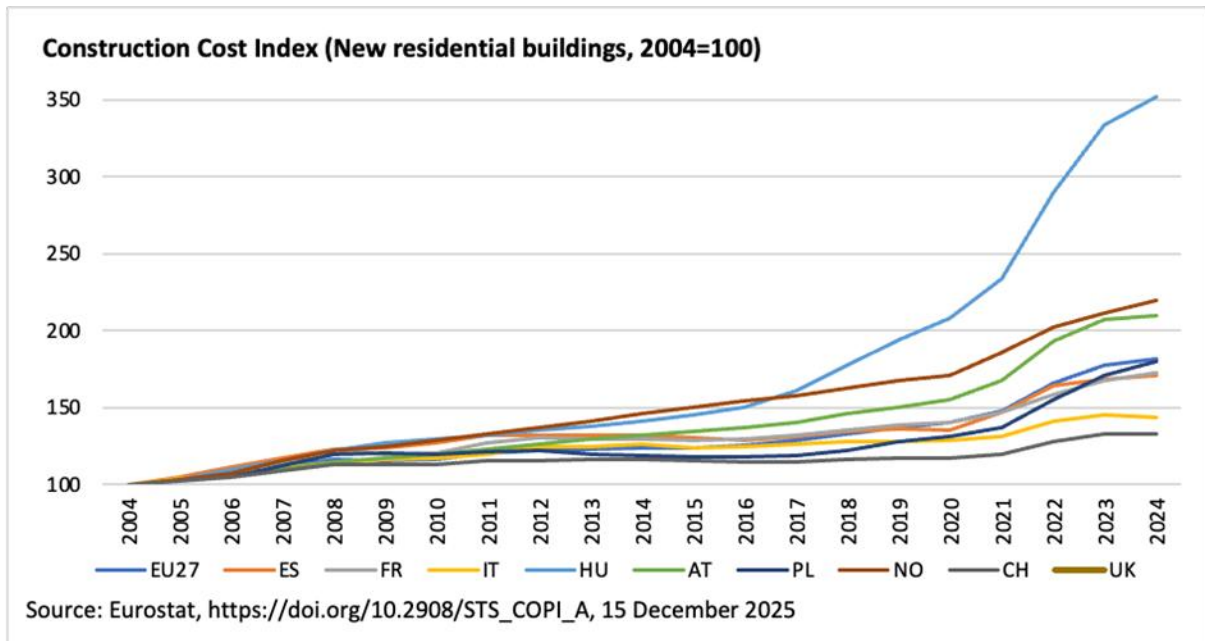
shock, but only where actors had a strong force within an institutionalized framework (in AT more than in FR).

The GFC imposed a largely uniform macro-financial crisis-management framework across the nine housing systems, within which existing housing regime institutions conditioned the degree to which countries could buffer, absorb or amplify housing market shocks. Rather than generating regime-specific policy innovation, the crisis largely revealed the uneven capacity of different housing regimes to mediate a common set of measures. In general, the GFC permanently weakened affordable housing capacity, especially by hollowing out local government roles.

### 3.2 COVID-19 Crisis

The COVID-19 crisis unfolded against the backdrop of an already deepening housing crisis, exposing and amplifying long-standing weaknesses in housing markets and the limited capacity of housing systems to sustain affordability (Lima, 2023). As governments imposed lockdowns and economic activity contracted, housing policy responses were closely linked to broader mitigation strategies aimed at offsetting income loss caused by business closures and labour-market disruption, rather than to structural reform of housing systems. While countries with more universalist welfare regimes (e.g. AT, UK) relied primarily on existing income-support mechanisms, others (e.g. IT, ES, UK) rapidly introduced measures previously considered politically or administratively unfeasible, such as eviction suspensions, rent controls and mortgage moratoria (Lima, 2023). These interventions were made possible largely because they were framed as temporary responses to a time-limited emergency, yet they failed to address the deep-rooted structural inequalities in housing provision and affordability. Although large-scale income protection, wage subsidies and financial-sector support helped avert a pandemic-induced housing market collapse in the short term, rising construction costs driven by supply-chain disruptions (see Fig. 3.1), labour shortages and material price inflation further constrained housing supply. As emergency measures were withdrawn, rents increased sharply across many countries in 2021 and market dynamics reasserted themselves, underscoring that while COVID-19 protections mitigated immediate hardship for both renters and homeowners, they did not enhance the long-term capacity of housing systems to deliver affordable housing (Lima, 2023; Pawson et al., 2022).

**Figure 3.1** Construction cost rise since 2004.



### COVID-19 impact and mitigating measures along welfare clusters

In **familistic welfare regimes**, exemplified by IT and ES, policy responses were dominated by emergency instruments such as eviction moratoria, rent bonuses and the mobilisation of recovery funds, which alleviated immediate housing distress but largely avoided long-term supply expansion. Support was channelled primarily through demand-side subsidies and household-level relief, reinforcing the central role of family resources and informal support networks rather than strengthening public or social housing systems. As a result, outcomes were highly uneven across territories, with the effectiveness of interventions depending heavily on local administrative capacity and pre-existing social infrastructures, thereby reproducing spatial inequalities in housing access despite the exceptional scale of pandemic-related intervention.

In **Italy**, the pandemic temporarily reopened space for public intervention, supported by EU recovery funds, leading to eviction moratoria and tenant bonuses. Public housing-related expenditure rose to unprecedented levels under the National Recovery and Resilience Plan (NRRP), yet interventions largely reinforced demand-side support and construction stimulus rather than expanding affordable rental supply. Following the pandemic, rising housing prices and rents, combined with labour market pressures, reignited housing distress, with the fund for “blameless rent arrears” remaining the central instrument in the private rental sector and increasingly reliant on redirected state and regional resources. At the same time, extensive energy retrofitting incentives—most notably the *Superbonus 110%*—channelled public spending primarily toward owner-occupied housing as part of a broader macroeconomic strategy to revitalise the construction sector. The design and territorial implementation of these measures, shaped by administrative complexity and unequal local capacity, disproportionately benefited homeowners and advantaged areas, reinforcing tenure-based and spatial

inequalities and reflecting a familistic housing regime that prioritises income support and economic stimulus over the development of a durable affordable housing system.

During COVID-19, **Spain** introduced measures to support tenants and households at risk of mortgage foreclosure, including eviction restrictions. While these interventions reduced immediate displacement, they proved limited in scope and effectiveness, particularly in the private rental sector. Empirical research shows that the pandemic exacerbated pre-existing housing inequalities, with strong associations between housing conditions and COVID-19 impacts in Barcelona, disproportionately affecting young people, women from low-income countries and households experiencing energy poverty (López-Gay et al., 2022; Perez et al., 2024). At the same time, short- and medium-term processes of gentrification intensified in peri-urban and rural areas, only partially reversing earlier urban concentration patterns and reshaping housing demand. Although policies aimed to counter evictions and protect vulnerable households, evidence indicates that anti-eviction measures remained fragmented and weakly enforced—especially in the rental sector—thereby limiting their effectiveness in delivering sustained housing security within Spain’s familistic and market-oriented housing regime (Colau-Díaz et al., 2025; Parreño-Castellano & Jiménez Barrado, 2025).

In **post-socialist familistic housing welfare regimes**, exemplified by HU (Budapest) and PL (Warsaw), COVID-19 responses shared important similarities with the familistic welfare cluster, particularly in their reliance on temporary relief and household-based coping mechanisms rather than structural housing reform. Emergency measures such as eviction moratoria, rent relief, and short-term subsidies postponed acute housing hardship but largely deferred affordability problems, leading to arrears accumulation and renewed vulnerability once protections were lifted, much as observed in Southern European contexts. As in familistic regimes, housing was treated as secondary to labour-market policies and family-oriented homeownership incentives, with income protection and demographic objectives shaping interventions more strongly than the expansion of rental or social housing, a pattern that persisted irrespective of crisis responses. These similarities were compounded by limited coordination and institutional fragmentation—especially in PL, where municipal responses varied widely in the absence of a coherent national strategy—reinforcing territorial inequalities and constraining the development of durable affordable housing capacity.

In **Hungary**, the COVID-19 pandemic had a significant impact on the Hungarian housing market in the first half of 2020. The economic consequences of the coronavirus led to a reshaping of housing-market demand and supply, to which the government responded with a home-creation policy package announced in October 2020 and entering into force in January 2021. While tens of thousands of workers lost their jobs, were placed on unpaid leave or experienced reduced working hours, while businesses suspended operations, leading to widespread financial difficulties and a significant increase in precautionary savings. A slowdown in the growth of housing and rental prices and temporary declines in certain segments were initially observed: In Budapest, housing prices fell for the first time since 2013 in the second quarter of 2020, housing transactions declined sharply nationwide, and in the capital, and the rental market was restructured as short-term tourist rentals disappeared. As a result, the number of available rental units in Budapest increased substantially (temporarily) and rental prices declined, although these dynamics displayed strong territorial differentiation. Policy measures centred on moratoria on evictions and utility and loan payments, which social

workers noted primarily postponed payment obligations and led to the accumulation of arrears among low-income households. From October 2020 onwards, the government introduced a comprehensive home-creation (*otthonteremtési*) package—implemented in January 2021—comprising tax reductions (5% VAT on new housing), renovation grants and the continuation of CSOK and Rural CSOK schemes, thereby reinforcing a family-oriented, homeownership-focused policy response rather than expanding affordable rental or social housing provision. (Csurgó & Kovách, 2023; Szabó et al, 2020; Szabó et al., 2021; Bajomi et al., 2021). Taken together, these measures suggest a stronger alignment with pre-electoral priorities than with immediate crisis-response needs.

**Poland** implemented during the COVID-19 pandemic temporary and fragmented housing relief measures, including rent subsidies and eviction moratoria, largely at the municipal level. These interventions were reactive and unevenly applied, failing to translate into a coordinated national strategy or a structural strengthening of social housing, while municipalities struggled to meet rising demand under existing institutional and fiscal constraints. The impacts of these policies were uneven across housing markets: in the primary market for newly built housing, regional price divergences increased, suggesting that pandemic conditions amplified spatial disparities. Conversely, the secondary sales market experienced growth convergence, while rental market convergence weakened, reflecting a differential effect of the pandemic on spatial price dynamics across segments (Tomal, 2025). Measures introduced were largely temporary and reactive, with rent freezes, eviction moratoria and financial support delivered at the municipal level but lacking systemic coordination. No substantial expansion of social housing occurred, and existing policy frameworks proved insufficient to mitigate the pressures arising from overlapping crises, revealing limitations in strategic metropolitan planning and inter-municipal coordination (Kajdanek & Radzinski, 2025).

In **post-social-democratic liberal housing welfare regimes**, exemplified by NO and the UK, the COVID-19 crisis was managed primarily through generous labour-market and income-support mechanisms, while housing policy intervention remained limited and largely residual. Wage-compensation schemes, income transfers and employment protection cushioned households against immediate income loss, yet housing-specific measures – such as mortgage holidays and temporary eviction ban – were narrowly targeted, time-limited and implemented without institutional follow-up or structural reform. At the same time, expansive monetary conditions and sustained market liquidity insulated housing markets from downturns, allowing house prices to continue rising despite the economic shock. As a result, while acute housing insecurity was temporarily contained, the crisis further exacerbated barriers to access for new entrants and low-income households, reinforcing a market-oriented housing trajectory and constraining the long-term capacity of these regimes to deliver affordable housing.

During COVID-19, the **UK** introduced temporary eviction bans, mortgage holidays and short-term increases in housing benefits, which reduced immediate housing loss. However, these measures were rapidly withdrawn, and structural affordability pressures in both rental and ownership sectors remained unaddressed. The pandemic disrupted housing supply chains—particularly in construction, where labour shortages and the inability to shift to remote working slowed activity and increased costs—while households and housing providers faced rising material and labour expenses, pressures amplified by Brexit-related constraints. Policy responses focused on short-term crisis containment through six-month mortgage holidays for

owner-occupiers, eviction moratoria and extended notice periods in the private rented sector, and temporary uplifts to housing benefits and Local Housing Allowance for renters affected by employment loss. Once these measures were lifted, however, the absence of follow-up reforms or supply-side intervention left underlying affordability challenges intact, reinforcing the UK's market-oriented housing trajectory.

**Norway** implemented generous income-support schemes but no housing-specific interventions during COVID-19, allowing housing prices to continue rising. The crisis thus reinforced the dominance of the homeownership model and deepened affordability challenges for those excluded from ownership. Housing market dynamics during the pandemic were shaped primarily by low interest rates, ample liquidity and tight supply conditions, which fuelled price growth – particularly in suburban areas, where demand for larger dwellings increased – while rents declined temporarily in major cities due to reduced student numbers and the expansion of remote work. Policy responses remained confined to macroeconomic instruments, notably interest-rate cuts that lowered borrowing costs, without any expansion of public housing or affordability mechanisms, mirroring the non-interventionist approach adopted after the GFC (Conigrave & Hemmings, 2022).

The COVID-19 crisis elicited in **corporatist housing welfare regimes** (exemplified by AT, FR and CH) comparatively rapid and coordinated policy responses, drawing on institutional capacities developed during earlier crises. In AT and FR, governments largely replicated GFC-style counter-cyclical instruments, including the public acquisition of housing output, rent protections and eviction moratoria, with central and municipal actors – most notably in Vienna and Paris – playing an active role in stabilising housing markets and limiting immediate social dislocation. This contrasted with CH, where crisis management focused primarily on income and employment protection, and housing markets were largely left to adjust without direct intervention. Despite the scale and administrative reach of these measures, however, housing protections in AT and FR remained predominantly temporary in nature, addressing short-term housing distress rather than closing persistent structural gaps in affordable housing provision.

During COVID-19, **Austria** implemented comprehensive tenant-protection measures, including eviction moratoria, rent deferrals, and targeted rental assistance schemes, alongside labour-market instruments such as short-time work in construction. While these measures effectively reduced immediate housing insecurity, they remained time-limited and did not fully offset rising post-pandemic construction and financing costs. Although the decline in short-term tourism returned some dwellings to the long-term rental market in major cities, this increase in supply did not lead to rent reductions (Cui & Attard, 2024). Policy responses combined eviction protection with labour-market stabilisation, including short-time working arrangements covering a large share of construction workers. To address growing housing insecurity and arrears, the federal government introduced the *Wohnschirm* programme in 2022 to cover rent debts for tenants at risk of eviction (which was later extended towards energy poverty and a housing first programme). Vienna introduced a *Wohnungssicherung Plus* scheme in 2023. However, both initiatives are temporary (*Wohnschirm* until 2026) and limited in scope. In the post-COVID context, inflation, supply-chain disruptions and budgetary constraints have increasingly challenged the capacity of limited-profit housing associations and public authorities to sustain affordable housing production, despite the continued provision of housing subsidies (*Wohnbauförderung*). The crisis and its aftermath were marked by

surging energy prices and inflation, increasing risks of energy poverty and raising construction and borrowing costs, particularly under variable interest rates.

**France's** government also largely replicated its GFC strategy during COVID-19, with state-backed actors acquiring substantial volumes of housing from private developers to stabilise supply. While eviction protections and income supports mitigated short-term hardship, the crisis further strained public finances and reinforced longer-term pressures on social housing providers. In 2020, the state-owned housing provider *CDC Habitat* signed a large-scale forward-purchase agreement with private developers for up to 40.000 dwellings – of which around 30.000 were delivered – covering social, intermediate and market-rate rental housing, a strategy reiterated in 2023 through a further acquisition programme largely financed by new state equity. In parallel, macroprudential regulation was tightened as the High Council for Financial Stability (HCSF) made credit recommendations binding in order to contain household indebtedness. These interventions relied on fiscal resources linked to housing and property taxation, which were themselves weakened by the pandemic, as the slowdown of housing market activity during lockdowns significantly reduced revenues from real estate transaction taxes, further constraining the financial environment for housing policy.

The pandemic did not result in major housing-specific interventions in **Switzerland**, as policy responses focused primarily on income and employment protection. Housing prices continued to rise, reflecting structural supply shortages and persistent demand rather than crisis-induced policy change. There is no evidence that the marginal non-profit housing sector was significantly affected by the pandemic, although demand for larger dwellings in suburban areas and for secondary residences in tourist regions appears to have increased, intensifying local housing pressures. While housing prices have risen markedly over the past decade, this trend cannot be clearly attributed to COVID-19 alone, as it reflects longer-term dynamics shaped by sustained demand, limited supply and favourable financing conditions. In terms of policy, the crisis response relied on targeted income and employment subsidies, with no housing-specific measures introduced to address affordability or supply constraints.

Across welfare regime clusters, crisis responses reveal marked differences in the capacity of housing systems to absorb shocks and protect affordability. Corporatist systems proved most effective in filtering crises through institutionalised social housing sectors and coordinated state action, although CH stands as an exception where housing markets were largely left untouched by policy intervention. By contrast, post-social-democratic liberal systems managed crises primarily by safeguarding market stability, thereby reinforcing market reliance and allowing affordability constraints to deepen, particularly for new entrants. Familistic and post-socialist familistic systems relied predominantly on temporary relief measures, family-based coping mechanisms, and ad hoc policy tools, displaying limited institutional capacity to translate crisis responses into durable structural reforms in housing provision.

### **Cross-country patterns and deviances**

Across countries, the COVID-19 crisis triggered unprecedented levels of short-term housing protection but produced little in the way of structural reform, resulting in a limited and ultimately fragile mitigation of affordability pressures. Eviction moratoria, rent deferrals, mortgage holidays, and expanded income support successfully prevented immediate housing loss during

lockdowns, yet these measures largely postponed rather than resolved underlying affordability problems. As housing supply systems were left mostly unchanged, the rapid rebound of housing markets following the easing of restrictions led to renewed – and in many cases intensified – pressures on affordability.

Despite variation in institutional settings, a set of clearly identifiable and widely shared response patterns emerged across countries during the COVID-19 crisis. Emergency tenant protection measures were introduced in AT, the UK, FR, HU, PL, IT, and ES, but these interventions were explicitly temporary and withdrawn without being translated into lasting regulatory or supply-side reform. In several countries, notably NO, CH, IT and PL, crisis management relied primarily on income support and labour-market measures, with wage subsidies and social transfers taking precedence over reforms aimed at expanding social or affordable housing supply. Only a limited number of cases (especially FR and AT) combined emergency protections with state-backed purchases of housing output from private developers, using public actors or Limited-Profit Housing Associations to stabilise construction activity and prevent a collapse in supply. Across a number of contexts, including HU, ES and the UK, pandemic-related mobility changes and the temporary return of short-term rentals to the long-term market led to a brief softening of rental markets; however, rents rebounded quickly once restrictions were lifted, producing no lasting affordability gains. Overall, COVID-19 responses across most countries – particularly NO, PL, HU, the UK and IT – failed to significantly strengthen non-profit or municipal housing sectors, leaving the long-term institutional capacity to deliver affordable housing largely unchanged.

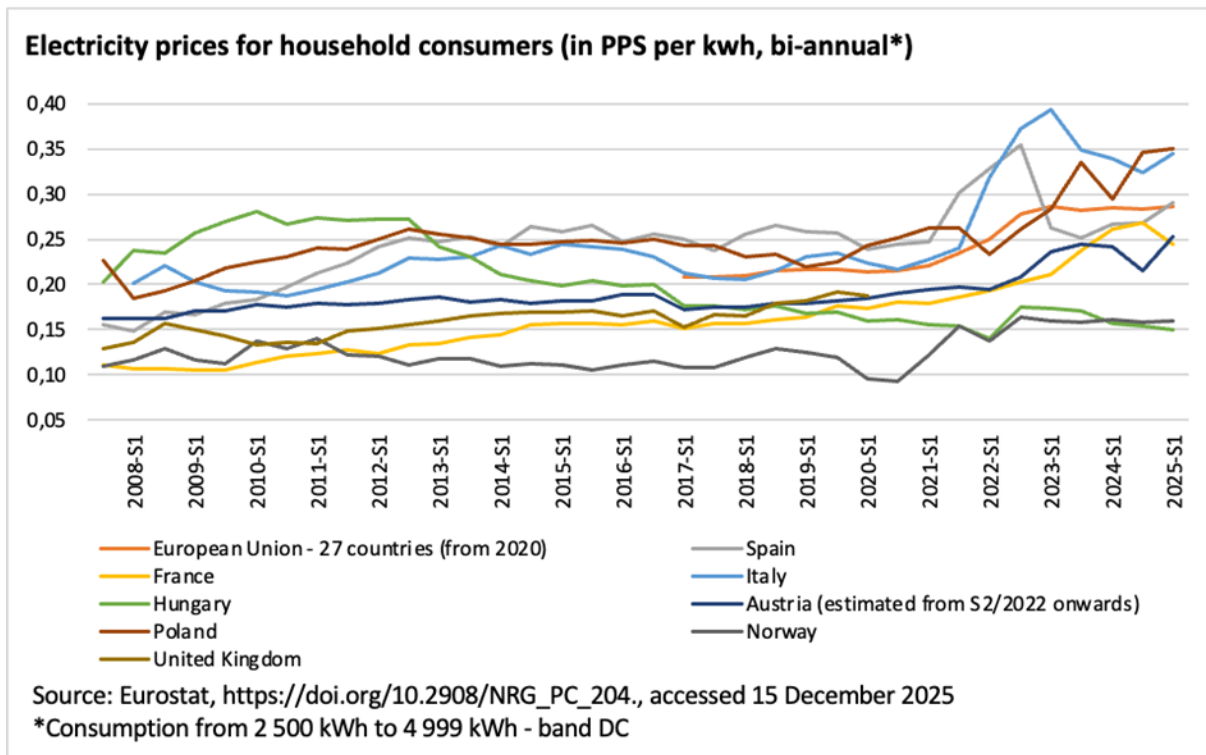
Within this general convergence, important differences remain. FR and AT again stood out by explicitly mobilising housing as a macro-economic stabiliser through public acquisition of housing output and stronger tenant protection. NO and CH relied almost exclusively on income and employment support, leaving housing systems largely untouched by crisis-specific intervention. HU stayed with reinforcing familistic, ownership-centred policies coupled with some temporary measures for tenant protection and eviction moratoria, while IT and ES reopened policy space through EU-Recovery fund but channelled most resources toward homeowners and construction stimulus rather than rental affordability. Taken together, the net effect of COVID-19 was to temporarily shield households from acute housing loss without increasing the long-term capacity of housing systems to deliver affordable housing, often masking deeper structural vulnerabilities.

### **3.3 Energy and Inflation Crisis**

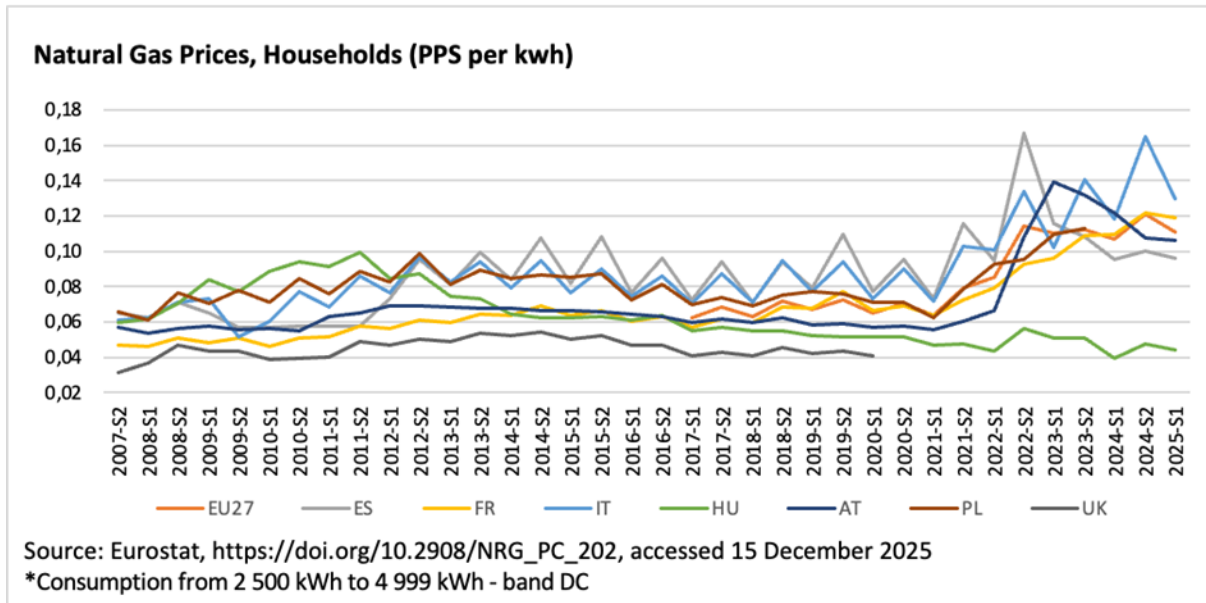
The energy and inflation crisis that emerged across Europe in 2021 and intensified following Russia's invasion of Ukraine in 2022 constituted an unusually sharp and persistent inflationary shock by post-2008 standards, disrupting a prolonged period of price stability and altering the conditions under which housing markets and housing systems function (Wildauer et al., 2023). The surge in inflation emerged from a combination of post-pandemic supply-chain disruptions and demand rebounds, which were subsequently amplified by steep increases in energy prices following Russia's invasion of Ukraine (Wildauer et al., 2023). In the euro area, twelve-month inflation rose from 2.2% in mid-2021 to a peak of 10.6% in October 2022 (Eurostat, 2023), driven primarily by dramatic increases in energy and food prices, with particularly pronounced

risers in gas and electricity costs (see Fig. 3.2 and 3.3). Beyond energy markets, inflationary pressures were further fuelled by sectoral supply–demand imbalances, rising carbon permit prices and increasing profit margins in certain sectors. The combination of escalating energy costs and subsequent monetary tightening eroded real wages and widened income inequalities, with significant distributive consequences for housing affordability (Morlin et al., 2025). While European governments responded largely through tax reliefs and direct transfers to cushion households against energy-driven price shocks, these measures interacted only indirectly with housing systems, shaping the context in which housing costs, construction activity and affordability dynamics evolved during the crisis.

**Figure 3.2** Electricity prices for household consumers across the eight European countries.



**Figure 3.3** Gas price increase for household consumers across seven European countries.



### Energy and Inflation Crisis’ impact and mitigating measures along welfare clusters

In the **familistic welfare cluster**, such as ES and IT, responses to the energy and inflation crisis were characterised by selective and fragmented protection that provided uneven relief and did little to strengthen housing affordability. Energy bonuses and retrofit incentives were largely means-tested and unevenly accessed, while large-scale energy-efficiency programmes disproportionately are most benefiting and accessed by middle- and upper-income owner-occupiers. As a result, low-income renters remained particularly exposed to rising energy and housing costs, with limited regulatory protection and no substantive expansion of rental support or supply-side measures.

In **Italy**, the energy and inflation crisis exacerbated housing cost pressures through higher utility and construction costs, disproportionately affecting low-income renters. Policy responses relied on selective energy bonuses and fragmented local measures, offering emergency relief without strengthening long-term affordability capacity. After the pandemic, construction costs increased significantly, jeopardising the ability of non-profit housing providers to keep housing costs low. The energy shock affected homeowners and renters alike through higher energy bills and heating costs, but its impact was more severe for low-income renters in urban areas; at the same time, many low-income homeowners—whether with or without a mortgage and often living in large apartment buildings—were pushed into financial fragility due to rising energy prices and increasing condominium management costs. Public protection remained residual and selective, based on targeted bonuses and ISEE<sup>28</sup> thresholds, and strongly dependent on local implementation capacity and access to information. While energy bonuses provided immediate downstream price relief and the reorientation of building

<sup>28</sup> The ISEE is an indicator of the economic condition of households, and it is issued by Italy’s National Institute for Social Security (INPS) for those with income and assets in Italy.

incentives promoted retrofitting, access was constrained by fiscal and financial barriers, and local housing instruments such as public housing (ERP) plans and regional rent bonuses remained fragmented. The overall outcome was the mitigation of emergency situations, but without a qualitative or quantitative leap in affordable housing provision or widespread improvements in energy efficiency within the private rental sector.

In **Spain**, the energy and inflation crisis intensified affordability challenges through rising energy prices and construction costs. Government responses centred on energy poverty strategies and subsidies, alongside initiatives to expand energy-efficient social rental housing, but with limited immediate impact on overall affordability. Inflationary pressures were driven primarily by surging energy prices and higher construction costs, prompting an expansion and reorientation of existing policy frameworks rather than a fundamental shift in housing provision. Key measures included the implementation of the *National Strategy against Energy Poverty* (2019–2024) – notable for establishing a formal definition of energy poverty and vulnerable consumers – and emergency interventions such as Royal Legislative Decree 6/2022, aimed at alleviating the impact of rising energy prices on households. These efforts were complemented by longer-term strategies, including the National Integrated Energy and Climate Plan (2023–2030) and the Strategy for the Rehabilitation of the Building Sector, as well as the 2022–2025 programme for the construction of energy-efficient social rental housing. While these initiatives signal a growing policy focus on the energy–housing nexus, their effects on affordability have so far remained constrained by limited scale, gradual implementation, and the persistence of high costs in both energy and construction.

In **post-socialist familistic housing welfare regimes**, exemplified by HU and PL, responses to the energy and inflation crisis were characterised by price containment through non-housing instruments rather than by direct housing policy intervention. Governments relied primarily on energy price caps, subsidies, and market interventions targeting utilities and construction materials, while rents and housing supply remained largely unregulated. As rising energy and construction costs increased housing cost burdens and undermined the viability of future housing production, and in PL specifically affordability pressures were increasingly shifted onto households, with little compensatory expansion of rental support or affordable supply. These dynamics reflect a continued pattern of residualism, in which public support remained selective, short-term, and weakly institutionalised, limiting the capacity of housing systems to provide sustained affordability under conditions of prolonged inflation.

In response to rising energy prices and construction costs, **Hungary** relied heavily on administrative price controls, utility caps, and windfall taxes. The energy and inflation crisis sharply increased housing-investment related costs through steep rises in construction material prices – exacerbated by the post-COVID demand rebound and the Russia–Ukraine war – as well as higher energy costs. These were passed on to private consumers only to a certain extent. Although utility prices had been capped since 2013, mounting budgetary constraints and soaring international energy prices led to the introduction of a further consumption cap in August 2022, basically reducing the energy price payments to a sixth/seventh for private households consuming under an administratively defined average consumption level, with market prices applying above this threshold, while municipalities lacked the fiscal capacity to provide targeted energy assistance to vulnerable households. Policy responses relied heavily on administrative and market-interventionist measures,

including strong pressure on manufacturers and retailers, export discouragement, competition authority investigations, and the introduction of a windfall-profit tax on “excessive” margins, alongside the continued—yet scaled-back—Utility Price Cap Programme. Together, these measures aimed to contain prices and inflationary spillovers but did little to strengthen housing affordability or expand support for low-income households in a structurally constrained housing system (see Kiss, 2022; Brückner, 2021; Solymári, 2024).

The energy and inflation crisis exacerbated existing housing affordability pressures in **Poland**, particularly through rising energy costs and construction prices, which disproportionately affected low-income households and slowed affordable housing development. Government responses focused primarily on short-term energy subsidies and thermal retrofitting programmes, while housing policy frameworks remained largely unchanged, limiting the system’s capacity to address longer-term affordability challenges. These pressures were further intensified by the war in Ukraine, which increased demand for housing in urban areas through the arrival of displaced persons and led to temporary subsidies for hosting refugees, placing additional strain on already tight private rental markets. Policy measures remained largely reactive and short-term, centred on emergency accommodation and energy relief rather than strategic housing planning or supply expansion, thereby reinforcing the residual and fragmented character of housing intervention at the local level (Kajdanek & Radzimski, 2025).

In **post-social-democratic liberal welfare clusters** (e.g. UK and NO), responses to the energy and inflation crisis were largely decoupled from housing affordability strategies. Policy interventions focused on mitigating household energy bills through electricity subsidies in NO and energy discounts in the UK, without addressing rent dynamics or underlying housing cost pressures. At the same time, monetary tightening sharply increased housing cost burdens, particularly through rising interest rates in the UK and the prevalence of floating-rate mortgages in NO, thereby intensifying exclusion from homeownership and increasing financial stress among indebted households. Within this context, the green transition was predominantly framed as a market opportunity, with retrofit and energy-efficiency policies reinforcing asset-based housing logics rather than contributing to redistributive or tenure-neutral affordability goals.

In the **UK**, the energy and inflation crisis intensified affordability pressures through rising rents, energy bills, and mortgage costs, particularly following interest-rate increases. Inflationary pressures were driven not only by energy prices but also by sharply rising construction, labour, and material costs, which were further amplified by Brexit-related disruptions to supply chains and the loss of EU construction workers, thereby constraining housing supply and pushing up rents. Policy responses focused primarily on temporary energy relief, including measures such as the *Warm Home Discount*, the removal of certain energy bill levies, and modest uplifts in housing benefits, while offering little direct intervention in rent regulation or affordable housing provision. By contrast, inflation was addressed mainly through monetary tightening, which significantly increased monthly mortgage payments – especially for households on variable-rate products – while mortgage support schemes remained limited and residual, leaving underlying housing affordability challenges largely unmitigated (see Bracke et al., 2024).

The energy and inflation crisis increased housing cost burdens through higher interest rates and energy prices, particularly given **Norway's** prevalence of floating-rate mortgages, worsening affordability for both homeowners (floating interest rates characterise most mortgages in NO tenants alike). While electricity subsidies covering all households mitigated some impacts, they did not address underlying housing affordability or supply constraints. Additionally, adjustments to the targeted housing allowance scheme were made as well as a decrease of mortgage down payment (LTV).

In **corporatist housing welfare regimes**, exemplified by AT, FR and CH, responses to the energy and inflation crisis were characterised in the first two countries by broad-based energy price shielding combined with targeted housing protections embedded within existing institutional frameworks. Governments in AT and FR deployed tariff caps, subsidies and bonuses to cushion households from sudden energy cost shocks and to limit the risk of social unrest (FR), while tenant protection was reinforced through instruments such as rent freezes in Vienna, housing allowances, and eviction-prevention schemes. Despite this comparatively strong intervention capacity, rising construction, financing and land costs increasingly strained the ability of even well-established limited-profit and social housing providers to sustain affordable supply, highlighting the limits of institutional resilience under prolonged inflationary pressures.

In **Austria**, the inflation and energy crisis following the COVID-19 pandemic and the Russian invasion of Ukraine significantly increased housing cost pressures through rising construction and energy prices, higher rents and the prevalence of variable interest rates, with low- and lower-middle-income households disproportionately affected by surging energy costs (Kettner & Wretschitsch, 2025). In response to mounting financial risks, the Austrian Financial Market Authority introduced mortgage lending restrictions (KIM-VO) in 2022 to curb unsustainable borrowing and contain systemic risk. Housing policy interventions focused on protecting rental security and mitigating cost shocks, notably through the national *Wohnschirm* programme (2022–2026), complemented by *Wohnschirm Energie* and Vienna's *Wohnungssicherung Plus*, which targeted rent and energy arrears and eviction prevention. These measures were reinforced by extensions of minimum fixed-term rental contracts, municipal rent freezes in Vienna for 2024–2025 and broad state intervention in energy costs, including subsidies for energy-poor households, climate bonus payments, and anti-inflation bonuses delivered via tax reductions, price caps and lump-sum transfers (Kettner & Wretschitsch, 2025). Together, these responses mitigated short-term affordability pressures but operated alongside continued strain on housing supply due to persistently high construction and financing costs.

In **France**, rising energy prices and inflation prompted extensive household energy support measures, which substantially limited increases in utility costs. However, these interventions were only weakly connected to housing affordability policy, while higher construction costs and tighter credit conditions undermined housing production. In response to the energy and inflation crisis, the French state complemented local interventions with broad-based energy price shielding, most notably through the *bouclier tarifaire*. The study by INSEE (2022<sup>29</sup>) assesses the impact of this tool, stating that “gas TRVs would have gradually increased by 66.5% including taxes between October 2021 and February 2022 in the absence of the tariff

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<sup>29</sup> <https://www.insee.fr/fr/statistiques/6215309?sommaire=6215395>

shield". As for electricity TRVs, they would have increased by 35.4%, including taxes, on February 1st, 2022. Furthermore, since market offers are partly indexed to regulated tariffs, the prices of these offers would likely have been more dynamic without the "shield".

Although inflation rose following the energy shock, **Switzerland** experienced comparatively moderate price increases, limiting the immediate impact on housing affordability. No major housing or rent-related measures were introduced, leaving affordability challenges largely unaddressed at the structural level. From 2022 onwards, inflation increased markedly in connection with rising energy prices triggered by the Russian invasion of Ukraine in February 2022; however, its effects on Swiss households remained comparatively contained, with inflation rates of 2.8% in 2022 and 2.1% in 2023, well below the corresponding EU averages of 8.8% and 6.3%, respectively (Duyne Barenstein et al., 2025).

### **Cross-country patterns and deviances**

Across countries, the energy and inflation shock exerted a dominant constraining effect on the capacity of housing systems to sustain affordability, without being framed or addressed as a housing crisis in its own right. Government responses centred on energy price caps, subsidies, and household bonuses, alongside monetary tightening aimed at curbing inflation, while housing-market instruments such as rent regulation or supply-side support remained marginal. Across Europe rising construction costs, interest rates, and energy bills undermined affordable housing production and increased rent burdens, disproportionately affecting low-income households. Taken together, housing affordability was largely treated as a secondary consequence of energy policy, further weakening the capacity of state and third-sector actors to deliver affordable housing under sustained inflationary pressures.

The energy and inflation crisis produced a highly convergent response pattern in which energy-cost shielding displaced housing-specific intervention. Governments in AT, FR, the UK, NO, IT, ES, PL, and HU relied primarily on energy subsidies, tariff caps and household bonuses to cushion price shocks, while largely avoiding rent controls or structural adjustments to housing costs. At the same time, rising construction costs, material shortages and higher interest rates undermined affordable housing supply in AT, the UK, FR, IT, ES, PL, and HU, placing particular strain on non-profit and limited-profit providers. Support measures were predominantly selective rather than universal, especially in IT, PL, and the UK, where means-tested bonuses and fragmented local schemes often failed to reach the most precarious renters. Monetary tightening further worsened affordability in AT, FR, NO, the UK, and ES by reducing borrowing capacity for first-time buyers and reinforcing tenure inequalities. Finally, energy retrofitting policies in AT, IT, the UK, ES, and PL were largely framed as tools for economic stimulus and climate transition, rather than as instruments of housing justice, resulting in uneven access across tenures and income groups.

Within this dominant pattern, AT, HU and CH emerged as clear outliers. AT deviated by explicitly reframing the crisis around housing security, combining energy mitigation with municipal rent freezes, national eviction-prevention and combating energy-poverty programmes (*Wohnschirm*), and extensions of minimum rental contract durations. By contrast, Hungary departed from subsidy-based approaches through a strongly state-interventionist logic, relying on long-standing utility price caps, windfall taxes, export pressure, and direct

administrative control over producers and retailers; while these measures protected consumers in the short term, they strained public finances and left underlying housing market structures largely unaddressed. CH stands out for the opposite reason: comparatively low inflation and strong macroeconomic insulation limited cost shocks, and no major housing or rent policy responses were introduced, resulting in a non-interventionist trajectory in which housing affordability was left to market adjustment rather than policy action.

Overall, the energy and inflation crisis reinforced existing divergences in housing policy capacity while producing a shared erosion of affordable housing provision across countries. **AT (Vienna)** again diverged through direct tenant protection, combining rent freezes with eviction-prevention and energy-poverty measures, while **HU** relied on administrative price controls and strong state intervention that shielded consumers but did not rebuild housing-system capacity. **FR and ES** pursued hybrid approaches that coupled broad energy shielding with limited and largely indirect housing measures, whereas in the **UK and NO**, affordability deteriorated sharply due to exposure to rising interest rates and the absence of meaningful rent-side intervention. **CH**, despite experiencing milder inflation, saw affordability pressures persist as structural features of its housing market remained unaddressed. Taken together, the net effect of the energy and inflation crisis was a further reduction in the effective capacity of housing systems to deliver affordability, even where nominal support was extensive, because housing supply mechanisms and rent regulation remained largely unchanged.

Taken together, the three crises have not strengthened but largely eroded the capacity of European housing systems to provide affordable housing. Where affordability was protected, it was due to pre-existing institutional strength, not crisis-induced reform. In most cases, crises were used to stabilise markets, protect asset values or stimulate construction, rather than to expand non-market housing or regulate rents. As a result, affordability problems have become more entrenched, more unequal and more difficult to reverse across all nine countries.

## 4 REFLECTIONS ON CHALLENGES IN THE PROVISION OF AFFORDABILITY

The capacity of national and local housing systems to provide and sustain affordable housing, mainly in the form of public, social housing, limited- or non-profit housing but also in the form of access to well-regulated private rental and ownership units, is shaped by a combination of obstacles and enablers in each context. While several obstacles are shared across countries and irrespective of welfare regimes – reflecting the broader impact of macro trends that add pressure on (re-)commodification processes unfolding throughout much of Europe – enablers appear to be more tailored to national and local contexts, reflecting differing approaches in tackling contemporary housing-related challenges.

While many of the obstacles and enablers identified below thus recur across countries, their weight and concrete translation (or lack thereof) into policy actions differ significantly across welfare clusters. Similar structural constraints – such as reduction or halt of public land provision, increasing supply-side costs (land and construction), or intergenerational inequalities – are being filtered through different institutional configurations, regulatory traditions, and policy trajectories. The welfare-cluster lens, therefore, allows us to distinguish not only the nature of obstacles and enablers, but also to what extent and how housing systems are institutionally equipped (or less) to mitigate or leverage them.

Obstacles and enablers are therefore investigated both through the lens of welfare clusters as well as along thematic categories, defined as follows:

- (i) **Structural conditions and historical trajectories** – include long-term, path-dependent characteristics of national (or local) housing systems that constitute the baseline upon which policies, market and other dynamics unfold today.
- (ii) **Regulation and policy instruments** – encompass current regulatory frameworks that facilitate or hamper housing affordability, such as the extent of rent regulation, planning regulation, as well as targeted policy instruments.
- (iii) **Financing and subsidies** – focus on financial and fiscal instruments that support (or fail to do so) the provision of affordable housing.
- (iv) **Governance and institutional conditions** – look at governance arrangements and mechanisms, institutional capacities, and the implications of the centralisation or devolution of competencies and responsibilities.

### 4.1 Structural conditions and historical trajectories

**Intergenerational wealth inequalities** appear to be an obstacle to housing accessibility across different social and demographic groups in most countries, since housing affordability is increasingly reliant on family wealth and intergenerational transfers and/or the provision of guarantees through family backing. With an increasingly disproportionate importance of wealth as compared to income (wages, pension) when it comes to securing access to housing as well as affordability, wealth inequalities increasingly exacerbate and complexify housing

inequalities. Its impact is higher especially in countries with high levels of OO across all welfare clusters, but to a lesser extent in corporatist ones (CH, AT, FR), higher in familistic (ES, IT) and post-socialist familistic (HU, PL) ones, and especially in countries where multi-property ownership and landlordism are common (UK, ES). This is in contrast to NO, where there is a high level of OO but low multi-property ownership.

The biggest constraint to affordability comes from the re-commodification of the land system. In the corporatist welfare cluster, the provision of public land has been reduced. In both the post-socialist familistic and post-social-democratic liberal welfare clusters, the provision of public land has been almost entirely halted or privatised. In the familistic welfare cluster, public land provision has traditionally been and continues to be low. Within each cluster, these processes have occurred to different degrees and in different ways in each country.

Where **public land banking** or long-standing traditions of public land ownership exist – as in AT (particularly Vienna) and FR, and locally also in the UK – public land can be strategically leveraged to deliver affordability through the gamut of institutional arrangements (public housing, cooperatives, the non-profit sector, but also private production). This is one of many mechanisms whereby land value can be governed rather than inflated through speculative practices. Land value uplift through speculation can permeate the entire supply system, making housing production more costly under all institutional arrangements. **These cases suggest that land-policy capacity, in combination with the structural condition of historical public land availability, is key to enabling affordability** – particularly where it occurs in combination with targeted policy instruments such as inclusionary zoning, land allocation to public or cooperative housing providers, or other land policies promoting housing affordability, as occurs in AT, FR, CH in some cantons, and IT in some municipalities. In other countries, on the other hand, municipalities have no authority to impose affordability requirements through zoning or land-use planning (NO), or that authority is contingent on negotiation with the private sector (UK).

Moreover, the (lack of) **availability of land** that is free for development (under any institutional arrangement), particularly in built up urban areas or those surrounded by protected countryside, can be an obstacle to the provision of affordable housing. This is the case to some degree in most investigated countries (CH, ES, PL, UK, NO). This is further exacerbated by densification policies and the restriction of outward expansion (NO, CH). In Switzerland, for instance, mandatory inward development combined with the dwindling availability of greenfield and brownfield sites leads to the demolition of less dense, more affordable housing and its replacement with higher-density, but typically less affordable new housing. Similarly, estate regeneration programmes have led to the demolition of social housing in both FR and the UK.

**This issue of land scarcity is also exacerbated by the privatisation of publicly owned land banks** (UK, NO, FR, IT) as described above. In several countries, a tendency to privatise public land in the course of development and/or regeneration interventions (UK, NO), often to attract private capital or to comply with austerity policies (IT), has depleted the stock of public land that in the past had governed land value and allowed mass production of affordability. **Reduced public land provision, re-commodification of the land system and de-regulation of the planning system have put pressure on new production of public or**

**social housing, and on the supply system as a whole for all actors involved** (private and non-profit sector, and family-based production).

A further obstacle concerns the fact that **public or social housing is very limited** in most investigated countries (IT, ES, HU, PL, CH, NO) – a situation rooted in very different historical trajectories. In familistic contexts (IT, ES), this is in line with long-standing path dependencies in which public housing has traditionally played only a residual role (albeit with differing regional or local manifestations). In post-socialist familistic countries, on the other hand, the lack of public or social housing is the result of substantial path changes, following the large-scale privatisation of formerly extensive public housing stocks after communist regime changes. In corporatist (FR, AT, CH) and post social democratic liberal systems (UK, NO), the picture is more diversified. While FR, AT, and the UK maintain comparatively large public and social stocks, although there is a certain degree of regional and local variability, CH and NO have traditionally featured a limited, yet (quasi-)universalist public housing (CH, since most SR provision is through cooperatives), or very limited public or social housing (NO).

**A consistent stock of public and non-profit housing** (sometimes including cooperatives, housing associations; AT, FR, CH, UK, PL) **can act as an important mitigating factor or buffer against commodification pressures**. However, even countries with strong public housing traditions experience residualisation processes to some degree – as occurs, for instance, in the UK (through an increasing reliance on means-tested allowances and privatisation of SR housing). At the same time, **rising land prices, particularly in the aftermath of the Global Financial Crisis, have created growing pressures on public and non-profit actors' capacity to deliver affordable housing**, and have reinforced the increasing role of private developers in overall housing provision.

In some contexts, an overall **shortage of available housing** has become an important issue (CH, NO, PL, ES). Switzerland is an extreme case, with a vacancy rate of around 1.08% nationally and 0.07% in Zürich, in this case indicating a shortage of available homes. Spain likewise displays a severe shortage of available housing in relation to local demand, leading to overcrowding and multi-household units. Comparatively high vacancy rates in the UK (5.5%) and ES (14.14%) when compared to CH indicate the prevalence of multiple ownership and vacant housing not available on the market. **Construction has stagnated in several countries (AT, CH, ES, UK, HU), driven by rising land and construction costs as well as labour shortages, and compounded by a reduction in supply-side subsidy**, which increasingly hampers the delivery of new housing. At the same time, it is important to acknowledge that **increases in housing supply do not automatically translate into increasing housing affordability**, as affordability outcomes are filtered through regulatory frameworks, tenure structures and broader market dynamics.

Across all countries, the existing structural conditions are further amplified by the fact that market pressures overall have intensified in recent years, with the private sector and external market forces playing an increasingly dominant role in housing production and in shaping price dynamics. In some countries (IT, ES, CH, HU), **touristification and the proliferation of short-term rentals add a further layer of pressure on local housing markets**, such as in large urban centres; in Spain, this is compounded by forms of transnational gentrification linked to the digital nomad visa (which the current government of Pedro Sánchez abolished in 2025).

## 4.2 Regulation and policy instruments

The key regulatory instruments relevant to protecting against housing inequalities (by ensuring accessibility, affordability, security of tenure and housing quality) pertain to the regulation of PR housing and to national planning systems.

### Rent regulation and tenancy protections

In PR housing, the ability to ensure affordability and security of tenancy has been constrained by **de-regulation** (or partial de-regulation) of the sector **and limited enforcement of regulation**. This has occurred in several ways.

The countries that held 1st-generation rent controls, e.g., rent freeze (AT, FR, UK, ES, IT, PL, HU), have all abolished these after the welfare restructuring of the 1980-90s, in favour of new rent regimes. These new regimes have consisted of shifts into 2nd-generation, 3rd-generation and 'weak' rent regulation. These regimes allow increases in rent to different degrees; the 2nd-generation regulates entry rents and also rent increases; the 3rd-generation regulates rent increases, but entry rents are set by the market. 'Weak' regulation provides no regulatory controls on rent levels or increases (for a full categorisation of these regimes, see CH 1 section 1.2.3, Figure1.5).

Both CH and NO held 2nd-generation rent regimes prior to 1980s restructuring, which included strong tenancy protection in the form of a legal apparatus that consisted of strong regulatory bodies and administrative processes available to tenants, such as tribunals. These countries shifted to a 3rd-generation regime post-restructuring, but retained a strong tenancy protection apparatus. More recently (since 2010), this apparatus has been weakened in NO.

This shift from one type of regime to another is accompanied by a **process of segmentation**. This means that the previous regime must be retained for existing contracts, while the new regime is applied to all new contracts and for new construction. The co-existence of multiple legal frameworks thus fragments the PR sector. For example, in AT, given a strong tradition of tenant protection, there is a retention of 1st-generation rent regulation for the older stock built before 1945, alongside deregulation of newly built units and attic conversions under the 3rd-generation.

The corporatist welfare regime has retained the most stringent rent regulations and accompanying apparatus (AT, CH, FR). These are also the countries with the largest share of PR stock, with an almost 70% share of the housing stock being PR in Zurich and CH. The post-socialist familistic and post-social-democratic liberal (HU, PO, UK and to a lesser extent NO), moved towards the weakest regulation of rent and tenant protection, while the familistic (ES, IT) have settled on a 3rd-generation of rent regulation.

In recent years, there has been a **return to the re-regulation of the PR sector** in some countries. This has been actioned **particularly at the local level**, either at the city level or in specific areas (sometimes called 'pressure zones'). Since 2019, Paris and other cities in FR have introduced 2nd-generation 'rent cap' zones. In Spain, 3rd-generation rent regulations were reintroduced nationally in 2022-23, and rent regulation devolved to the regional level, with tenancy protections being strengthened. Catalonia/Barcelona have been at the forefront,

introducing 2nd-generation rent regulation in certain pressured zones within the city. In 2026, the UK has abolished ‘no-fault’ evictions and lengthened notice periods for tenants, improving tenancy security to a certain degree, nevertheless retaining a weaker rent regime overall.

Across cases, **the degree of rent regulation is often concomitant with the degree of tenant protections** – these being highest in the 2nd-generation and, to a lesser degree, the 3rd-generation.

However, **limited enforcement can undermine regulatory effectiveness**. Alongside this, mechanisms exist to bypass regulatory controls and tenant protection, for example, through **short-term and holiday rentals**. In ES, this regards specific contractual forms, such as temporary leases, which fall outside the scope of rent controls. Another example of this is evident in CH, where tenant protection is still strong, but **planning policies** promoting densification and energy-efficiency improvements tend to **incentivise demolition and reconstruction**. This has been used by landlords to allow the cancellation of existing rental contracts, thus switching rental properties to a newer segment of the rental market. In contrast, the canton of Geneva and Basel have introduced strict demolition controls to prevent the displacement of vulnerable groups, illustrating how **devolved governance arrangements can lead to differentiated inequality outcomes**.

Ultimately, **the ability to govern rent regulation at the local level is constrained in centralised governance regimes** (UK, HU, PL) that retain rent regulation at the national level. On the other hand, in countries with **regulatory power devolved** to the local level (or governed through a multi-governance regime) **have allowed the local level to be more proactive in addressing the affordability crisis through re-regulation of the PR sector** (corporatist and familistic housing systems).

In the context of stronger rent regulation and tenant protections, these institutional frameworks already in place can also help buffer against renoviction pressures (retrofitting of PR properties).

## Planning systems

**Planning and regulatory instruments can be powerful levers to foster housing affordability** – several countries deploy **land-use** and statutory planning **contribution mechanisms** to promote the production of affordable and non-profit housing. These include land policies such as inclusionary zoning (AT, FR, IT) and mechanisms that link development rights to affordability requirements – for instance, volumetric bonuses in Italy (existing in some municipalities), compulsory value capture of planning gains in CH (at least 20%), and mandatory social housing quotas (25%) in urban municipalities in FR, **providing local authorities with institutional leverage** to negotiate with developers. In corporatist housing regimes such as AT and FR, such tools are typically **combined with rent regulation and tenant protection measures**. CH shares strong planning regulation (inkling value-capture mechanisms), however also displays an **unintended consequence** in that densification policies have been used to bypass tenant protections through demolition of more stringently regulated segments of the PR housing stock. Hence, densification policies create strong incentives for projects that capitalise on weaknesses in tenant protection, whereas highly de-centralised governance also produces diverse outcomes across cantons.

While corporatist welfare regime countries retain a strong regulatory planning system as a tool of redistribution to ensure affordability through statutory planning contributions, there has been a process of **de-regulation in planning systems** across the other three clusters. This has been done specifically in order to attract, enable and accelerate market-led production and provision of housing. Parts of this mechanism have been (for example, in NO and UK) to weaken the ability of local governments to stipulate and enforce targets for social housing provision and other de-commodified forms of housing on private development land.

**In the context of weaker regulatory frameworks in the planning system, this also undermines local enforcement not only of affordability but also of green initiatives** (NBS in particular).

### 4.3 Financing and subsidies

Across each welfare regime cluster, funds can be channelled by the state towards the production and provision of housing in different ways. Direct subsidy by the state can be used to channel financial support to the supply side (supporting local authorities, non-profit providers and house builders for direct delivery of housing). **Direct subsidy** can also be used to provide financial support to the demand side to support consumption of housing, whether OO (e.g. through affordable ownership schemes), or PR and SR (e.g. through means-tested housing benefit or other non-means-tested or benchmark-based welfare supports). As such, direct subsidy (whether offered to the supply or the demand side of the housing system) can be either **redistributive** (universal transfers), **residualist** (benefitting lower social tiers), or **regressive** (benefitting higher social tiers). Fiscal relief can also be understood as a form of **indirect subsidy**, for example in the UK mortgage interest relief (MIRAS) subsidises individuals to enter OO at great expense to the state, covering transaction costs and making house purchase easier for those with more limited financial resources, something that also divorced house purchase from income requirements and meant house prices could rise faster than incomes follow them. Fiscal relief measures (indirect subsidies) are often regressive when applied on the demand side, but tend to become more redistributive when applied on the supply side.

The different countries in this study have used **different subsidy regimes** as a means to create different welfare regimes in housing at different times. Understanding how subsidies have **shifted over time** provides insight into the provision of housing as a welfare good in each case and across each cluster. For example, the corporatist and social democratic welfare clusters have traditionally deployed a **tenure-neutral subsidy system**, providing subsidy (both direct and indirect) across all tenures and different actors (public, non-profit and market producers and providers of housing), mainly on the supply side, although also combined with some demand side subsidy. This type of regime, retaining a **combination of supply-side and demand-side support**, prioritises the provision of housing irrespective of tenure and, usually being combined with high provision of public land, has helped to maintain competition between tenures and to guard against value uplift and extraction due to speculative practices. By contrast, the familistic welfare cluster traditionally deployed a **dualist subsidy system**, with very limited supply-side support and a subsidy focused on stimulating consumption on the demand side in order to foster OO. Post-welfare restructuring, this is now also the case for the post-socialist familistic and post-social-democratic liberal welfare clusters. This use of

**demand-side subsidy (also indirectly relying on credit-based instruments and fiscal incentives) without concomitant support for the supply side** means that producers and providers are left to rely on their own extraction of value from public goods (housing), with **implications for equity**.

### **Welfare restructuring: withdrawal of supply side subsidy**

Until the welfare restructuring of the 1980-90s, all countries across welfare regime clusters employed direct subsidies and, other than the familistic, largely subsidised the supply side of the housing system to encourage production and provision. The most notable **shift** through the period of welfare restructuring has been **from supply- to demand-side subsidy, with an increasing preference for fiscal (indirect) subsidy**. In Italy, the dismantling of a structural national housing funding mechanism (the “Gescal”) in the 1990s, without replacement, resulted in the severe underfunding of the sector and a growing reliance on fragmented and ad hoc funding mechanisms, more recently including EU recovery funds. In Norway, the reorientation of the State Housing Bank which before the 1980s was funding all housing production (direct supply side subsidy), complemented by some demand-side subsidy, was reoriented after 1980 into targeted demand-side subsidies for vulnerable groups (means-tested housing allowances). In Hungary, the collapse of the socialist housing finance system and the large-scale privatisation of the public housing stock in the 1990s were followed by increasingly short-term and ad hoc housing policies from the 2000s onwards, with austerity measures further reducing direct housing subsidies, and increasing fiscal relief (regressive, indirect subsidies).

A key effect of the overall withdrawal of supply side subsidies has been that social and limited-profit housing provision is increasingly coordinated through **public–private partnerships**. This represents an increasingly present mechanism in several countries, including IT (*housing sociale*), FR (*logement locatif intermédiaire*, LLI as an example of affordable housing providers) and the UK (joint ventures involving housing associations) and the UK (*regeneration programmes*).

**The withdrawal of supply-side subsidy through welfare restructuring has been replaced with a subsidy for consumption**. Most countries now provide housing allowances or income-related support, which are either (quasi-)universalist (high benchmark-based for middle- and low-income, as in the corporatist welfare cluster) or residualist (means-tested, needs-based targeted at low-income or otherwise vulnerable households, as in all other welfare clusters). These other welfare clusters (the familistic, post-socialist familistic and post-democratic liberal) have also shown a **shift towards fiscal incentives above direct subsidy**. This includes the low taxation of capital gains, tax deductions, credit and loans for family-based OO (in HU, see below), which are regressive in that they advantage middle and high-income home-owners above other groups.

**Demand-side subsidy for OO takes the form of policies promoting homeownership in most investigated countries as a fiscal incentive, or demand-side encouragement for OO** (grants and loans). This includes HU (subsidies for first-time buyers, providing loans with a fixed 3% interest rate), IT (fiscal benefits, mortgage interest tax relief, targeted subsidies for first time buyers and young adults), FR (support for first-time buyers), PL (state-backed

subsidies and mortgages, targeted programmes such as “Safe Credit 2%” for selected income groups), AT (particularly at the national scale, while Viennese policies disincentivise homeownership), NO (access to affordable credit, tax advantages, favourable mortgage conditions) and the UK (promotion of Shared Ownership and other intermediate ownership schemes). Such **measures often come at the expense of strategic support for the rental (public or non) sector**, reflecting a broader homeownership bias. This, in some cases, has resulted in the “depoliticisation” of housing (IT), fostered commodification dynamics (e.g. in NO, where the exemption of primary residences from capital gains tax upon resale facilitates untaxed wealth accumulation through rising housing values), and contributed to an inflation of demand and prices (PL), thereby exacerbating longer-term affordability challenges. In post-socialist familistic regimes (HU, PL), such dynamics are further **compounded by weak tenant protection, limited enforcement mechanisms and the absence of coherent long-term housing strategies**. Regulatory intervention tends to be episodic, centralised or reactive, resulting in low regulatory filtering capacity. In post-social-democratic liberal regimes (UK, NO), regulatory frameworks are characterised by a predominantly market-oriented regulatory approach. Rent regulation remains limited, while housing policy continues to prioritise homeownership, constraining the development of stronger tenant-oriented frameworks.

An emphasis on **demand-side subsidy has several implications, including inflationary pressures on housing costs**. For example, in the UK, **housing allowances are deployed in the absence of strong rent regulation**, allowing landowners to raise rents above the level that many incomes can accommodate, thus contributing to rent increases across the board and weakening their intended affordability impact. In NO, HU and PL, credit and fiscal incentives for OO (including low taxation of capital gains) have inflated house prices, advantaging middle and high-income individuals. **The effectiveness of a subsidy to be redistributive can therefore be understood as limited without associated regulation**.

Additionally, and as already noted, **demand-side subsidy through fiscal incentives can be regressive**. In Hungary, demand-side intervention has taken the form of universal utility cost cuts, a measure that contributed to regressive distributional effects and fiscal strain. Demand-side support in HU (though not explicitly linked to but often used for housing purposes) has moreover taken the form of demography-linked, credit-based instruments like the Childbirth Incentive Loan – a loan to married couples that is partially or fully written off in correspondence with the number of children born, thus explicitly tying access to facilitated loans to marriage and childbirth and disincentivizing divorce (as in this case, received funds must be paid back).

Further, even **demand side subsidy has become increasingly residualised and-means tested**. Means-tested schemes operate in AT (*Wohnbeihilfe*), and FR (where allowances have been reduced since 2017 against the backdrop of austerity measures) alongside NO (via the state housing bank *Husbanken*) and the UK, where state support for the most vulnerable groups has been increasingly residualised in line with austerity policies. In IT, a stable demand-side support system through fiscal incentives has been weakened due to the crisis, while the state has provided ad hoc measures introduced in response to the GFC and the Covid crisis, these have subsequently been phased out.

## Retention and (limited) return to supply-side subsidy

In corporatist housing systems, there has been a retention of direct, supply-side subsidies comparative to other welfare clusters. Institutionalised financing arrangements have thereby provided more stability in financing housing (both supply and demand side, through a tenure-neutral subsidy system). In a context where most investigated countries have shifted away from direct provision, **brick-and-mortar subsidies remain an important enabler of affordable housing provision** in AT and FR. In AT, **public land provision** and, as in the case of Vienna, the renewed construction of public housing since 2019 play a central role. Also, in FR (and particularly in Paris), the production of social housing has remained significant throughout the 2000s. In-kind subsidies are moreover provided by some municipalities in CH (particularly in larger cities) through the allocation of public land under building leases and subsidies for affordable housing provision through cooperatives, however, overall, subsidies to non-profit housing in the country remain limited.

Additionally, **fiscal incentives can be more progressive in these contexts**. In AT (particularly in Vienna) and FR (although also in the UK), tax benefits granted to non-profit, limited-profit actors (housing associations and other providers of housing) constitute a longstanding and **structurally important mechanism for affordable housing provision**. FR has, over the past decade, introduced tax incentives aimed at stimulating new types of affordable rental housing supply (not social housing), most notably through the *logement locatif intermédiaire* (LLI) scheme (introduced in 2013), designed to attract institutional investors.

In Spain, recent supply-side measures have taken the form of the expansion of public stocks through the recent (July 2025) transfer of around 40.000 SAREB (*Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria*, the country's state-backed asset management company) dwellings and 2.400 plots (with capacity for ~55,000 dwellings) to SAPES, a publicly owned company under the aegis of the Ministry of Housing and Urban Agenda, to increase the stock of social rentals and permanently protected affordable housing. Also in ES, efforts towards housing **industrialisation and prefabrication** – supported by EU funds – are aimed at industrialising construction processes, reducing costs and advancing public–private partnerships. Public support schemes, such as those provided by the Norwegian State Housing Bank (*Husbanken*) (through which municipalities can apply for funds to retrofit or maintain their stocks) exist, but their effectiveness has diminished in recent years due to reduced funding and shifting priorities. In HU, temporary VAT reductions for builders have been introduced to stimulate the supply of OO; however, these measures have been regressive, translating into rising material and labour costs as well as capacity shortages.

**EU funding has become a crucial supply-side financial resource in several countries**, particularly in familistic housing regimes (IT, ES), but also in post-socialist familistic contexts like Poland. In Italy and Spain, EU funds – most recently through the Recovery and Resilience Facility – have been relevant for financing housing-related interventions linked to energy retrofitting and urban regeneration, while Poland has made use of EU structural funds to support the construction and renovation of affordable housing. Hungary, on the other hand, has been unable to access EU Recovery and Resilience Facility funds due to ongoing rule-of-law concerns. However, **EU competition and state-aid rules may constrain the scope for public investment in housing**, particularly where universalist models of social housing

extend beyond the targeted logic embedded in the SGEI framework, which requires clearly defined beneficiary groups. This tension can limit local and national capacities to expand broadly accessible public housing and may indirectly favour market-based or public–private delivery models.

**Shifts in multilevel governance have been fundamental to shifts in subsidy systems.** For example, the centralisation of financial and fiscal capacity (for example, in the UK during welfare restructuring) has been central to the mechanism of direct supply-side subsidy withdrawal. In this context, substantial reductions in central government funding to local authorities and the introduction of tighter borrowing caps against their assets have constrained local governments' ability to engage in direct delivery of SR. Similar constraints are evident in Poland, where limited financial resources, a weak fiscal capacity at the local level, and the absence of a coherent strategic housing framework significantly hamper affordable housing provision.

#### 4.4 Multi-level governance

**Governance arrangements across national, regional and local levels have been shown to have a significant impact on the de- or re-commodification of land and housing provision.** In some of the investigated countries (AT, CH, FR, IT, ES), multi-level governance architecture maintained path-dependencies and stability in tenure structure. These has been often perceived as a hampering factor, associated with fragmentation, limited steering capacity and weak coordination between levels, as well as unequal regional and local capacities to address housing-related problems. Political tensions between national, regional, and local priorities and policies are understood to further complicate housing governance. However, these challenges manifest differently between welfare regimes, reflecting distinct distributions of competencies and institutional capacities between levels of government.

In **corporatist regimes**, like Austria, for example, the use of existing housing policy instruments is contingent on local politics and therefore inconsistent. In France, shrinking local fiscal autonomy limits municipal action and tensions emerge around the adoption of housing plans at the metropolitan or regional level, with conflicts arising at the local level regarding the distribution of social housing. Overall, in countries featuring corporatist regimes (AT, FR, CH), fragmented governance tends to result in limited steering capacities, often combined with diverging political priorities between levels and thus a politically contingent use of housing policy instruments. At the same time, it has local government to steer more progressive strategies to fostering affordability than their national counterparts.

In countries with **familistic regimes** (IT, ES), governance tends to be strongly fragmented, with persistent conflicts over competencies, weak coordination, and territorially uneven governance capacities. In Italy, structural governance constraints result in overlapping responsibilities, insufficient funding and diverging political agendas, hindering systemic change and generating inefficiencies and institutional ambiguities, partly due to parallel responsibilities held by regional and municipal authorities. Similarly, in Spain, fragmented governance creates conflicts over competencies and regulatory strategies. However, the recent devolution of rent regulation to the regional level has enabled more progressive regulatory interventions at the

local scale, aimed at curbing rent speculation (e.g. Barcelona, Catalunya). Additionally, political discontinuity and insufficient funding constrain systemic reforms, however, innovation and experimentation with non-market models have emerged in some local contexts.

However, **while centralisation has been an effective tool for de-commodification** during post-war period (with central states taking powers for public land ownership and housing provision, thus reducing speculative value uplift and creating a coherent approach across the nation state), this has **also been a platform for re-commodification** following the 1980-90s welfare restructuring. Those countries with greater centralisation have shown a shift towards re-orientation of the state towards having a strong role in ‘enabling’ the market provision of housing, not through direct support but through the removal of regulatory controls to private market activity. **By removing local governments’ regulatory, fiscal and financial capacities, centralisation can act to constrain local governments seeking to de-commodify the provision of housing.** This can also go hand in hand with devolving to local government the responsibility for meeting local housing needs, thus **compelling local governments to engage in commodified housing provision** (e.g. public-private partnership or sale of land for non-profit / private delivery of housing). In HU, for example, local governments are seen to operate under an ‘unfunded mandate’; this is also reflected in the ‘penniless devolution’ in the UK; in NO, this manifests as a ‘governance gag’, as outlined below. This points towards a **tension between the orientation of central and local governments**, with local governments having their abilities to ensure affordability weakened through central power.

**Post-socialist familistic regimes** (HU, PL) display highly centralised governance structures combined with weak local fiscal capacity. Municipalities therefore remain largely dependent on central funding and policy priorities, limiting autonomous housing strategies despite occasional local experimentation. In Hungary, governance challenges are linked to a highly fragmented system with many very small municipalities, combined with the central government’s unilateral control over the redistribution of tax revenues, resulting in limited resources for local governments to carry out housing tasks, whereas the marginal social housing sector is run by the municipalities without any allocated funding from the central level.

A similar pattern of constrained municipal autonomy within centralised governance arrangements can also be observed in **post-social-democratic liberal housing regimes**. In Norway, housing governance is highly centralised, yet a “governance gap” exists: municipalities are expected to address complex housing challenges but lack the tools and resources to diverge meaningfully from national frameworks. Similarly, in the UK, housing governance is highly centralised, but responsibility devolved, with local levels tasked with service delivery but reliant on central grants, leading to weakened local governance, austerity-driven underfunding of municipal capacities, and a situation described as “penniless devolution”.

On the enabling side of governance and institutional conditions, **innovation in procedures and programmes has been observed in several countries**. In FR, this relates to the presence of internal expertise and the coupling of legal competencies, supported by strong organisational resources and technical expertise, particularly in Paris. In ES, enabling conditions include a robust data collection framework. In NO, relevant housing expertise exists

with cooperative actors such as OBOS and USBL, which could support the reintroduction of cost-based models, however, these actors are increasingly market-driven.

Across the investigated countries, **experimentation with social, cooperative and/or other affordable housing models exists, often at the local level**. This is true for CH, where experimentation with cooperatives is present in some cities. In FR, new tools have been created to experiment with new affordable housing schemes across tenures. In IT, innovative local experiences and policy innovation can be observed in some cities – for instance, in Milan, where the intermediate “*abitare sociale*” model has been developed and meanwhile upscaled to other cities. In ES, especially in Barcelona, non-market alternatives are playing a growing role (e.g. the housing cooperative La Borda in Can Batlló). In the UK, experimentation with affordable housing schemes takes place at the local level. In HU, local governments remain engaged through small-scale innovative programmes, which put pressure on the central government to revisit its one-sided, homeownership-oriented housing policy.

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