Discussion of "Housing policy and the distribution of wealth: A comparative perspective on public and private wealth"

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The Measurement of Augmented Wealth: Concepts, Methods and Results - OeNB

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Outline

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Summary

- Use the HFCS
- Estimate sort of hedonic regression for rent (non-subsidized)
- Calculate the difference of estimated free market rent and subsidized paid rent for households in community housing (Gemeindewohnung) and cooperative flat (Genossenschaftswohnung).
- Calculate the net present value (interest rate 3%) using annual rent subsidy
- Add it to net wealth from the HFCS for renters in the subsidized market segment

- $\Rightarrow$ Any analysis possible (here focus on wealth distribution, gender and life satisfaction)

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Summary ↪ Main result: Net wealth excluding and including public wealth through housing subsidy (taken from Dabrowski et al. (2023)
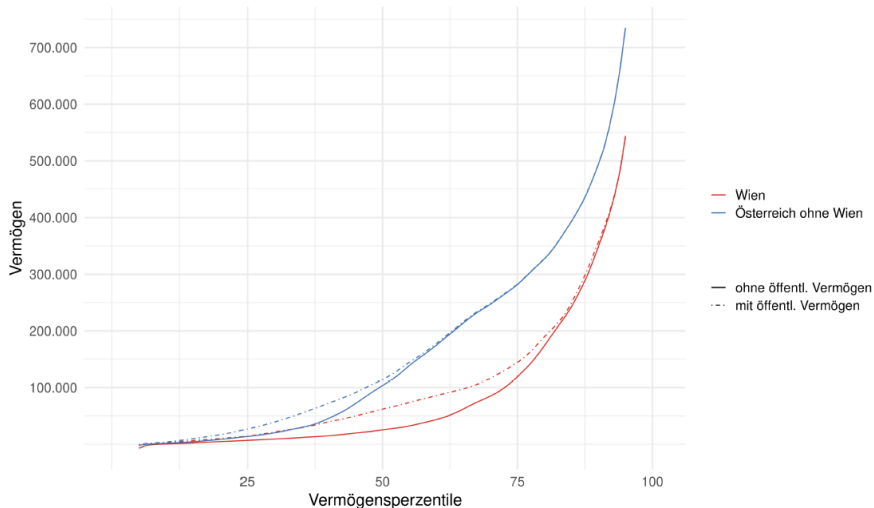
COMMENTS ↪ Paper specific

- Sensitivity of results with respect to interest rate (r)
- Make calculation of additional wealth dependent on life expectation
- Second round effect of publicly subsidized rental housing
- Estimate effect of *other* subsidies
- Include bond/financing payment (Kaution, Genossenschaftsbeitrag) for renter as wealth
- Distinction between community provided and co-operatively organized real estate

Table 2. Yearly observed gross household income, estimated non-cash income from housing, and total household income (in 1.000 Euro).

	Household gross income		+ Housing non-cash income		= Total income	
	Median	Mean	Median	Mean	Median	Mean
Owners outright	35.9	51.0	5.3	5.9	41.7	56.9
Owners with mortgage	49.0	60.2	4.7	5.4	54.5	65.6
Renters cooperative	28.0	36.0	0.4	0.8	29.1	36.8
Renters council	27.4	32.6	0.6	0.9	28.3	33.5
Renters market	25.6	34.6	0.0	0.0	25.6	34.6
Free users	21.3	33.4	6.2	7.1	28.3	40.5
Total	32.3	43.9	2.5	3.4	35.6	47.3

Source: HFCS Austria (2010).

Source: Taken from Fessler et al. (2015) in Urban Studies

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COMMENTS ↪ Policy conclusions

- Extend social housing?
- Other forms in order to generate ownership?
- What about insufficiencies (e.g. empty flats)?
- International comparison

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- What should we collect as data producers?
  - ▶ Theoretical approach necessary
  - ▶ Implications for the Distributional Wealth Accounts
  - ▶ Focus on Pareto estimates for the top of the distribution

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EXTENSIONS ↪ Wider context II

- Should we also include
    - ▶ public infrastructure
    - ▶ public childcare
    - ▶ public schooling
    - ▶ public safety
    - ▶ publicly subsidized media
    - ▶ social benefits
    - ▶ social capital
    - ▶ political system itself
    - ▶ etc.

- ⇒ Conceptual definition and distinction of wealth and well-being gets blurred

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Thank you for your attention!!