Housing Investment: A Cross Country Comparison

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Abstract

A number of issues regarding housing policy, particularly for developing countries, were explored. First housing conditions in a number of countries were examined in depth. The controversy over whether there is an aggregate deficit in many countries, particularly, poorer ones, of housing units relative to the number of households was addressed. The standard source of data for estimating the additions to the housing stock, official housing production figures, was compared with a published data source, the census, that has nonetheless often been overlooked when making estimates of the housing stock. It was found that according to census data, no significant aggregate deficits exist.

Some of the reasons for concentration on production statistics and the neglect of census data were examined, along with some of the impacts on policy of this orientation. It was argued that compared to census data, a relatively high standard of quality for acceptable housing is implicit in the process of collecting production data. It was shown that if this high standard were maintained in the specification of housing to be provided by the government, housing provision policies could not hope to be comprehensive. Some of the possible failures of pursuing a policy of provision of high quality housing on a limited scale were discussed. Reasons for the persistence of limited but high quality housing provision policies in spite of their weaknesses were also treated.

The second part of the thesis consisted of a cross country econometric analysis of the market for new housing. To estimate the model as specified a new cross country data series on mortgage finance availability was constructed from primary sources. The demand side of the market was divided into two components, demand for units and demand for floor space per unit. It was found that the demand for new units was a function only of demographic variables, the increase in households and the increase in population. As expected, the point estimate of the elasticities of demand for units with respect to each of these demographic variables was close to unity. The demand for space per unit was found to be a function of income, price, the debt to value ratio in housing, and a measure of cold. Point elasticities of price and income were both less than one in absolute value. On the supply side, the price of housing was found to be sensitive to income alone, which had been included to proxy wage costs. When the total effect of income on housing quality taking into account effects of income both on the demand and supply was calculated, it was found to be quite low, the total income (or development) elasticity being estimated at 0.1. This confirms the impression that the housing situation improves only slowly with income across countries.

The Housing Progress of Young Cohorts

Abstract

This study presents both a normative and an empirical investigation of the housing conditions of adults aged 18-39. The study begins with a review of the evolution of normative theories about housing needs and housing progress. Consistent with the emerging normative beliefs about aggregate housing conditions, a new viewpoint is advanced that emphasizes the aggregate longitudinal experience of individuals in their housing careers. It is proposed that individuals' housing experiences can be aggregated through the measurement of birth cohorts' housing conditions over time. The quality of housing experience is normatively defined as the type of housing that young adults seek to acquire. Analysis of consumers' housing preferences shows that most young adults share the goal of attaining single-family homeownership. Thus housing progress can be measured by the life progress of cohorts toward the collectively defined goal of homeownership.

One major empirical finding is that recent cohorts have advanced into single-family homeownership more slowly than the 1937-38 birth cohort while they are in their twenties, but as recent cohorts pass age 30 they achieve ever-higher ownership levels that exceed their predecessors'. A second major finding is that cohorts have been able to recover from their initial shortfall of housing attainment by making family adjustments during their twenties. Among married couples in cohorts that have recently reached ages 26-31, a distinct advantage in home-buying has developed for those who have delayed childbearing. For the first time a pattern has emerged where the chances of single-family ownership attainment are greater for couples with very young children instead of school-age children.
Evaluating the concept and record of lifetime housing progress, the argument is advanced that there is a need to manage cohorts' rate of housing progress. The large baby boom cohorts' struggle to achieve the same per capita progress as their predecessors' is leading to great increases in aggregate demand for single-family homeownership. The increased competition among young cohorts is urging further family and economic adjustments at the same time that the increasing demand is making single-family homeownership such a good investment for older cohorts. It is publicly beneficial for young cohorts to slow their initial rate of housing progress because this helps to cushion the market impact of their greater size. At the same time, subsidies should be targeted toward middle-aged persons to ensure that diminishment of the rate of progress does not lead to a lower ultimate level of lifetime housing achievement.

This dissertation reviews the impact of "coordination reforms" on improving public service delivery to disadvantaged groups. It describes and analyzes the significant issues, problems, and advantages connected with a coordinative approach to federal policy and program implementation. This study asserts that coordination, properly structured by task force relationships and interagency agreements among federal agencies (both laterally — across different agency boundaries and vertically — between different levels of government, i.e., federal, state, and local) can provide disadvantaged groups with bargaining advantages for overcoming bureaucratic barriers — fragmentation, bureaucratic inertia ("red-tape"), resistance to change, inadequate resource allocation (i.e., limited staff, funds, technical services, etc.) to individual agencies — that hinder the use of federal programs to solve contemporary problems. A case study approach is used to investigate this thesis.

The research examines a case study dealing with developing and operating a National Rural Cable TV Development Task Force to coordinate and implement more effectively federal policies and programs in communications and economic development. This particular task force is significant because it was conceived and initiated by an advocacy organization, to support their clients in acquiring public services. A major case study of this Task Force effort was possible because I served as a principal staff member of the Task Force. My role as a staff member placed me in the unique position to be a participant-observer of the Task Force's entire development and operation.

The case study reveals that special coordination mechanisms can help increase the chances of disadvantaged groups (i.e., any disenfranchised group that feels powerless in dealing with public bureaucracies — including ethnic minorities, the poor, and rural inhabitants) receiving public services; by attacking bureaucratic barriers (i.e., disjointed program activity, unresponsiveness, untimely delays, etc.) encountered in public program implementation. The study concludes that successful coordination strategies by special groups, e.g., advocacy organizations, minorities, etc. require: the use of regularized government action channels e.g., a task force, interagency agreements, etc. to mobilize project support by key "inside contacts" and other political actors; a designated task force "coordinator" empowered to enforce compliance with mandated objectives; pre-coordination assessments of agency cultural determinants that prescribe organizational behavior (i.e., ways of doing things) that may have to be violated and based on this analysis, and the timely involvement and motivation of key holders of organizational power (e.g., career civil servants) to support the process.

The information in this study indicates that coordinative mechanisms can be a desirable supplement to the activities of advocacy organizations seeking to insure disadvantaged groups greater leverage in public program implementation. Coordination mechanisms provide disadvantaged groups with the ability to exert greater influence upon the public service delivery process, under circumstances where normally such groups occupy a passive role, with little participation in decision making and with little or no access to redress mechanisms to control service delivery inequities. Finally, this study offers some basic notes toward a theory of coordination. These notes, as well as the study in its entirety, are meant to serve as a general reference for forming some basic theoretical assumptions about the wider application of coordinative approaches to improving public policy and program implementation. It is hoped that this study will lead to greater understanding, planning, and development of this implementation strategy.