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Housing and Social Exclusion: Considering Imputed Rents, Interest Repayments and Housing Costs for the Household Income in EU-SILC.

From 2007 onwards, countries participating in EU-SILC are obliged to deliver the income target variables „imputed rent". Following the recommendation of the Canberra report, the plan is to add imputed rents to the household incomes to account for the financial advantage of house owners and households living in dwellings rented at a reduced rate. This and the concurrent account for interest repayments on mortgages is expected to change the distribution of household incomes and, therefore, the indicators based on the household income significantly.
But, one can argue that the consideration of the financial means regarding the dwelling is only half-hearted if only these two income components are considered and not also the actual total housing costs are taken into account. In other words, the consideration of the financial advantage of (mainly) self-owned dwellings has to be balanced by the presumed financial disadvantage of rented dwellings that is quantified by the housing costs. This will then result in a more "tangible" understanding of total disposable household income. However, the effects on the household incomes will vary significantly depending on which income and cost components are considered.
The effects of these incomes and costs on the household incomes and the household income based indicators, then, will depend on the share of self-owned dwellings and on the structure of the housing market. The presentation examines these effects on the household incomes and the Laeken indicators in 7 different countries: Austria, Portugal, Ireland, Denmark, Netherlands, Czech Republic and Lithuania. These mainly smaller countries were selected with regard to their different housing markets, the share of self-owned dwellings and the social security regime.