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DOI

[10.1111/1467-923X.13549](https://doi.org/10.1111/1467-923X.13549)

Publication date

2025

Document Version

Final published version

Published in

Political Quarterly

Citation (APA)

Haffner, M., & Hulse, K. (2025). The Politics of Changes in Housing Supply and Tenure: Illustrations from Australia and the Netherlands. *Political Quarterly*. <https://doi.org/10.1111/1467-923X.13549>

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The Politics of Changes in Housing Supply and Tenure: Illustrations from Australia and the Netherlands

MARIETTA HAFFNER AND KATH HULSE

Abstract

Almost regardless of the welfare system and market context, the changing housing landscapes in Western countries show a number of similar trends. Households are confronted with decreasing access to homeownership and social renting, and increased reliance on private renting in combination with growing housing shortages and housing affordability problems. This article reflects—from the perspectives of governance and politics—on recent housing tenure experiences in Australia and the Netherlands, which are also relevant to UK developments. Similar challenges, leading to increasing housing supply targets, do not necessarily elicit the same policy responses, as countries' actions often follow their historical pathways. Australia maintains largely market-oriented policies, while the Netherlands has made a U-turn away from the market. With an increasingly fragmented and precarious lower end of the market, issues of income and wealth inequality are on the agenda.

Keywords: Australia, Netherlands, homeownership, housing taxation, informal family economy, rent control

Introduction

THIS ARTICLE DRAWS on the experiences of the Netherlands and Australia to present some insights on key housing policy issues facing the UK Labour government elected in July 2024. The Netherlands has a strong history of social rented housing and a slow shift towards homeownership, while Australia has a long history of homeownership with a shift towards private rental in the 2000s. Both these countries have had new governments in the 2020s. The Netherlands formed a new right-wing coalition government in July 2024 and Australia elected a majority Labor government in May 2022. Like the UK, both governments face 'housing crises', which are widely discussed in politics and society with resultant pressure to 'do something' to address problems viewed as contributing to broader 'cost of living' crises.

In the Netherlands and Australia, as in the UK, the prevailing view in politics and the media is that there are two main interconnected problems: housing supply shortages and housing affordability problems because of rising housing prices and rents relative to

household incomes. The OECD indicates that these problems are important across its member states, along with a lack of environmental sustainability of much established housing.¹ Discussion of demand pressures on housing in the Netherlands and Australia envisages further growth in household numbers. This growth comprises not only population greying and household thinning, but also, historically (Australia) and more recently (Netherlands), high levels of temporary and permanent net migration, prompting emotionally charged political debates about housing as well as jobs, education, culture and social cohesion.

This article outlines changes in housing systems and particularly housing tenures in the Netherlands and Australia. It highlights key challenges facing the new and recent national governments, noting that many of these challenges have been evident for the past decade or so. It also gives selected examples of current or proposed demand-side and supply-side

¹OECD, *Brick by Brick: Building Better Housing Policies*, OECD Publishing, 2021.

policies that aim to ameliorate perceived housing problems. The focus is on the role of the government and associated political dilemmas. Firstly, the article considers housing as a complex and difficult 'wicked' policy area where housing opportunities are affected by a wider context than 'housing policies', including *inter alia* planning regimes, monetary policy and fiscal policies on taxation and transfers. Secondly, the article highlights that developing policies on housing is often spread across different levels of government. Both of these governance complexities make for the coordination of effort, balancing competing objectives and ensuring difficult-to-achieve implementation.

Declining homeownership: demand-side support

A globally identified phenomenon in developed countries, including the UK, is that younger generations have been increasingly unable to move into homeownership as prices have risen in the twenty-first century.² In Australia, this trend has contributed to a longer-term and slow decline in the homeownership rate from a peak of 72 per cent in the early 1970s to a relatively stable 66 per cent of households in the 2020s. In contrast, in the Netherlands, this trend may only just be starting to materialise. Homeownership increased from 43 per cent of occupied stock in 1986 to a peak of 61 per cent in 2015, 2018 and 2021, and reached a lower share of 59 per cent for the first time in 2024.

As in many other countries, national government policies in Australia and the Netherlands subsidised homeownership for decades, notably through income tax concessions for existing homeowners, which dwarfed demand-side assistance for first-time home buyers. Even so, demand subsidies to households have generally fallen out of favour in both countries since the 2010s as i) they are expensive in an era of fiscal restraint; ii) they primarily assist those who

²B. Cournède and M. Plouin, *No Home for The Young? Stylised Facts and the Policy Challenges*, OECD Publishing, 2021; G. Paz-Pardo, 'Younger generations and the lost dream of homeownership', *ECB Research Bulletin*, no. 91, 26 January 2022; P. Williams and C. Whitehead, 'Home ownership: where is it going? Reflections on trends in developed markets', *Housing Finance International*, vol. 39, no. 1, Winter 2024, pp. 23–28.

were going to buy anyway; and iii) they push up house prices when demand surpasses supply. In Australia, the federal government has ceased a long tradition of offering first-time homeowner grants, leaving lower levels of government (all six states and one of two territories) to offer some form of demand support. In the Netherlands, the demand-side grant (*eigenwoningbijdrage*) was abolished in 2010, while municipalities may offer loans for first-time buyers.

In lieu of direct financial assistance, governments mainly implement indirect support, such as government-backed mortgage guarantees to help households buy their first home. Mortgage guarantees provide security for lenders against the risks associated with lending to marginal buyers who do not have the level of deposit required by prudential regulators. This has been in place in the Netherlands since 1995 for the lower end of the market in terms of house prices, for which lenders set the interest rate generally 0.5 per cent below the market.³ Such a guarantee allowed for a 'higher' loan-to-value (LTV) ratio at 125 per cent (which lenders set at about 80 per cent of market value) until the early 2000s, lowering after the global financial crisis.⁴ The LTV for home loans in Australia post the global financial crisis is typically 80 per cent, with lenders requiring expensive mortgage insurance where deposits are less than 20 per cent of the property value. A mortgage guarantee scheme was introduced in 2020 by the Liberal/National government and continued with some adaptations by the Labor federal government (elected in 2022). It is targeted at first-time buyers with deposits as low as 5 per cent buying 'modest' homes and mortgages approved by participating lenders. Places are capped to limit the potential financial exposure of the federal government.

Property transfer tax concessions are another instrument aimed at removing obstacles to homeownership for first-time buyers in both countries. In the Netherlands, the transfer tax has been made more favourable for first-time

³M. Elsinga, P. Neuteboom, F. den Breejen and J. B. S. Conijn, *Government Guarantees in the Rental and Owner-Occupied Sector: An International Comparison*, Waarborgfonds Eigen Woningen, 2004.

⁴C. P. Dol, *West European Home Ownership Sectors and the Global Financial Crisis*, Dissertation, Delft University of Technology, 2020.

buyers (2020) and, a year or two later, more favourable for younger people under 35.⁵ This is intended to favour first-time buyers over investors purchasing existing properties, which are not subsequently put to self-occupation. In Australia, transfer tax concessions for first-time buyers (stamp duty) are a matter for the states/territories rather than the federal government (currently five of six states and one of two territories). All are capped and often geared towards enhancing demand for new dwellings to stimulate the construction sector and hence the economy more generally.

In both Australia and the Netherlands, the informal family economy has stepped in to facilitate access to homeownership for family members, including parents transferring money to their children as a gift or interest-free loan—the ‘Bank of Mum and Dad’. Governments treat these loans/gifts in different ways. In Australia, intrafamily gifts and loans are not taxed at all (nor is inheritance from deceased estates). The Dutch government, however, has a more interventionist role, setting annual limits on tax-free gifts from parents to children. A new higher annual limit was introduced after the global financial crisis, only for homeownership, until this regulation was abolished in 2024. Intrafamily transfers improve access to homeownership for a minority, but an increasing share of adult children in both countries, particularly those with richer parents. An international literature review shows that this results in increasing inequalities between people in younger generations.⁶

Policy on housing is also about ongoing affordability, which can be affected by decreases in household income, for example, through a change in employment and/or family circumstances, particularly for recent home buyers taking out large loans. More systemically, interest-rate policy impacts ongoing affordability when central banks set interest rates at arm’s length from government to reduce inflation, such as in the post-Covid period, in Australia and the

European Union, as elsewhere. Nevertheless, government income tax concessions in terms of ongoing affordability/expenses remain important as economists warn of the risks of high household debt. The Netherlands has been following up on such advice since the global financial crisis, slowly reducing income tax advantages for home buyers by lowering the tax rates for the mortgage interest deduction in steps since 2020. In addition, income taxation of imputed rent has been reintroduced since 2019 for those who have paid off their mortgage.⁷ And instead of taxing capital gains, the imputed income on net wealth other than homeownership equity is taxed through personal income tax. In Australia, tax concessions of 100 per cent on nominal capital gains and non-taxation of imputed rent on primary residences (abolished in 1923) are of substantial benefit to existing homeowners and are politically untouchable. Mortgage interest tax deduction has been unavailable since the 1980s.

In summary, government policies to sustain or increase rates of homeownership through shaping demand have not prevented the homeownership rate from declining in Australia and many advanced economies such as the UK. Demand-side support to improve access for home buyers has been largely ineffective. In situations where housing is scarce and supply inelastic, such subsidies add further pressure to house price increases, bringing wealth for insiders who (still) benefit from generous tax subsidies from which non-homeowners are excluded, overlaid by a generational divide. In the 2020s, price rises have continued (Australia) and picked up (Netherlands), making homeownership more unaffordable for outsiders. These problems have spread to households on moderate incomes in a context of increasing economic volatility, interest rate fluctuations and employment precarity.

Growth and fragmentation of renting

In advanced economies, private renting has generally been increasing as homeownership

⁵P. A. Kemp, ed., *Private Renting in the Advanced Economies*, Policy Press, 2023, ch. 1 and 12 on general trends, ch. 2 on Australia by K. Hulse, ch. 5 on England by T. Crook and P. A. Kemp, ch. 6 on the Netherlands by M. E. A. Haffner.

⁶R. Schulenberg, C. van Essen, E. Hamelink and A. Lejour, *Een steuntje in de rug: vermogensmobiliteit van ouder op kind*, CPB, 2024.

⁷Vereniging Eigen Huis, ‘Hypotheekrenteafstrek’, n.d.; Vereniging Eigen Huis, ‘Wat zijn de fiscale gevolgen als ik geen of een geringe eigenwoningsschuld heb?’, n.d.

has become less accessible and social renting has been decreasing (either in numbers or as a percentage of households), although not everywhere.⁸ An intermediate sector of 'affordable rental' has developed in a number of countries as affordability problems have moved up the income scale to middle-income households.⁹

Our two countries have somewhat differing trends, which reflect the legacy of past policies and current views about the role of governments vis-à-vis the private market. The Netherlands has the highest rate of social housing in Europe (28 per cent of stock in 2024), a model which relies on provision by independent social landlords (historically called housing associations, but now also called housing corporations) rather than directly by governments. The sector has been growing in the number of dwellings but has relatively declined from 31 to 28 per cent of households since 2012. In the 2010s, the 'public interest' of the social landlords' activities was curtailed so as not to compete with private providers, particularly in the middle segment of the rental market. In contrast, Australian social housing, which was never more than 7 per cent of households, has dwindled in number in the 2000s, down to a residual 4 per cent of households in 2021. The federal government has implemented a new five-year National Agreement on Social Housing and Homelessness with the states/territories from 1 July 2024, which continues funding from previous agreements for social housing and homelessness assistance. It is not a growth strategy and maintains a highly targeted system dwarfed by the private rental sector.

Private rental has gained greater political visibility in the 2000s in both countries. In the Netherlands, private renting has increased from 11 to 14 per cent in the past twelve years because of the requirement for social landlords to focus on the lower-income target group rather than the mid-rent segment, as well as rent decontrol for mid-rents. Both measures took effect as of 2015 and aimed to stimulate new private supply. However, a new law in

July 2024 (Affordable Rent Act, commonly known as the law of affordable housing) has recontrolled rents in the middle segment and, for the first time in fifteen years, gives social landlords a bigger role in the provision of mid-rent housing. In conjunction with a tax court decision that led to increased personal taxation on rental income, some smaller landlords sold their dwellings. After the first half-year of the law's operation, this decrease has been compensated by an increase in the number of dwellings owned by bigger investors (at the end of 2024).¹⁰ However, the Dutch Central Bank, among others, is now opposing the recontrol of rents because of still rising rents, while the supply of mid-renting is being lost to owner-occupation rather than new rental supply, which was the aim of the recontrol measure, so the issue may still be a live one.¹¹

In Australia, private renting has increased steadily over the 2000s to 28 per cent of households in a housing system more akin to the US and Canada than northern European models. Private rental housing is seen by many as an investment, a tradable asset and a source of revenue as much as a home for people, reflecting the financialisation of housing more generally. Private landlords are predominantly individuals/couples (colloquially, 'mum and dad rental investors') and have driven growth in private rental supply.¹² Fiscal policy has assisted this growth by way of income tax concessions for landlords—originally introduced with other sectors in mind—namely, a 50 per cent nominal capital gains concession after twelve months and provisions allowing rental losses to be offset against general income for tax purposes (colloquially, 'negative gearing'). Proposals to reform the latter contributed substantially to the failure of the Labor Party to win the 2019 federal election.

⁸Kemp, *Private Renting in the Advanced Economies*.

⁹M. E. A. Haffner and K. Hulse, 'A fresh look at contemporary perspectives on urban housing affordability', *International Journal of Urban Sciences*, vol. 25, suppl., 2021, pp. 59–79.

¹⁰L. Hans, M. Plegt, D. Stiemer and J. Zuidberg, 'Investeerders 4e kwartaal 2024: Stijging aantal verhuren zet door', Kadaster, 27 February 2025.

¹¹TaxLive, 'DNB-president Klaas Knot pleit voor terugdraaien Wet betaalbare huur', 23 October 2024.

¹²M. Reynolds, S. Parkinson, J. de Vries and K. Hulse, *Affordable Private Rental Supply and Demand: Short-Term Disruption (2016–2021) and Longer-Term Structural Change (1996–2021)*, AHURI Final Report No. 416, Australian Housing and Urban Research Institute Limited, 2024.

These summaries show that both countries are/were trying to develop commercial provision in an ‘affordable’ rental sector, a strategy that relies on investor responsiveness to government incentives, directions and subsidies. Attempts to develop commercial provision of affordable rentals have centred on larger cities where even middle-income households find it difficult to access affordable rentals. This is the target of the nascent build-to-rent sector in Australia. In the Netherlands, the attempt to stimulate the market to take a bigger role by reducing rent control can be considered short-lived with the 2024 recontrol of mid rents, distinguishing between lower (so-called ‘social’) rents and ‘expensive’ rents.

Both countries have also encouraged not-for-profit providers to enter the mid-rent market. In the Netherlands, this was done by re-extending the role of social landlords, which had been curbed in the early 2010s owing to EU regulation on competition, towards realising mid-rent supply as of mid-2024. In Australia, the Labor federal government established the Housing Australia Future Fund (2023) as part of the nation’s sovereign wealth fund. Hypothecated returns from this fund are being used to develop affordable rental housing.

Government regulation of an increasingly diverse rental sector has not only been contested in the Netherlands, as described above, but also in Australia. The minority Greens in the Australian federal parliament attempted to bargain with the Labor federal government *inter alia* to get the states to introduce rent caps and other pro-renter measures as a condition of supporting federal housing legislation, a move that was unsuccessful. In Australia’s federal system, states/territories have responsibility for the regulation of residential tenancies. Reforms to increase renters’ rights are always contested by property interests, including the removal of ‘no cause’ evictions, increasing periods between rent increases and minimum standards, resulting in incremental change. These governments fear that renters’ rights reforms will cause small-scale landlords to exit the market, although empirical evidence is currently lacking.

In summary, private renting has been increasing in both countries, although to a much greater extent in Australia, where homeownership has declined and there is a very

small social rental sector, while social rental remains the largest rental sector in the Netherlands. The trend of moving away from a bifurcated rental sector (social and private) with an additional segment of affordable rental reflects the political response to housing affordability issues faced by moderate-income households and can be seen in several countries, such as in the UK’s Affordable Homes Programme.¹³ Regulation of private rentals is often contested and policy settings are subject to change. In the Netherlands, we have seen both the decontrol and recontrol of rentals in the mid-rent segment, while in Australia, all rents are set at market levels except for social housing, and states’/territories’ regulation of residential tenancies varies. Despite uncertainties about the aim of policies towards an affordable rental sector, governments have taken up this concept in their strategies to increase supply, as we discuss further in the next section.

New supply as a solution to housing affordability problems: targets and implementation

The current policy mantra in Australia and the Netherlands, as in the UK, is that housing shortages underlie affordability problems. Explanations of shortages include planning regimes that ‘overregulate’ and inhibit new supply, with national governments conveniently often pointing the finger at lower levels of government, which are responsible for planning and development approvals and new building regulations. Considering these governance issues, current production targets are ambitious.

Successive Australian federal governments have asserted that they lack constitutional authority and housing supply is primarily an issue for the states/territories. The current Labor federal government has been more proactive in negotiating a National Housing Accord (2022) with the states/territories as well as the private finance and the development and construction

¹³D. Czischke and G. van Bortel, ‘An exploration of concepts and policies on “affordable housing” in England, Italy, Poland and The Netherlands’, *Journal of Housing and the Built Environment*, vol. 38, 2023, pp. 283–303.

sectors. The Accord set an ‘aspirational’ target of building 1 million homes over five years from mid-2024, subsequently increased to 1.2 million after negotiations with the Australian Greens to get support for key federal housing legislation.¹⁴

The Dutch housing minister announced in 2017 that the housing market was ‘finished’ and could solve its own problems with no need for a dedicated minister, following the dissolution of the housing ministry in 2013. The focus became to create a more friendly environment for private investment to solve the affordability crisis, particularly in large cities. The decontrol of the mid-rent affordable sector, discussed in the previous section, was a key part of this process. After discovering that the housing shortage was increasing, in 2024, housing moved from internal affairs to the new ministry of housing. The new housing minister continued the work of the previous government in taking back and organising control over new housing construction. It is in this rather volatile political context that a need for 1 million new homes over ten years (by 2030) was signalled about five years ago. As in Australia, meeting such a target involves communication and negotiation with lower levels of government (provinces and cities) about who is going to build what, where and in how long a timeframe.

Within the overall targets set in the two countries, there are sub-targets for social and affordable rental housing. In Australia, within the renegotiated target of 1.2 million homes nationally from 2024 to 2029, there is a target of 55,000 social and affordable dwellings. The financial arrangements in the National Housing Accord include additional funding for infrastructure and other initiatives to increase social and affordable housing. The federal government hoped to use the Accord to persuade Australia’s very large superannuation (pension) sector to invest domestically in affordable housing, although this currently seems unlikely.

Parallel to the design and introduction of the law of affordable housing, the Netherlands government negotiated with all relevant actors commitments to build, before inflation started soaring post-Covid (2022). Two-thirds of new

dwellings would be ‘affordable’, of which 250,000 would be social and 330,000 mid-rent, the latter being realised by private as well as by social landlords, highlighting the far greater role envisaged for social and affordable housing in the Netherlands.

There are many practical difficulties in meeting these new supply targets. In Australia, the required average annual target of 240,000 dwellings has not been achieved in any year post-1985. Difficulties in meeting the target include a post-Covid bottleneck of construction, extended construction times owing to a shortage of labour and supply chain and cost issues with materials, and competition for labour in major infrastructure projects.¹⁵ The apartment market has been in the doldrums since Covid, and acquiring land for redevelopment at greater density depends on private owners’ decisions to sell. The construction industry model in Australia is one of responding to demand—there is very little speculative building. This means that the industry cannot gear up easily within a five-year period to higher levels of activity.

In the Netherlands, new construction has also been far below the required 100,000 units per year in recent decades, after the big decline of house prices following the global financial crisis, which hit the construction sector hard. There is a realistic concern that targets may not be met owing to the capacity of municipalities and budget shortages, alongside a shortage of labour and environmental regulations. The new minister for housing wants to tackle bottlenecks and make rules simpler. A housing conference in December 2024 signed off on an agreement with stakeholders on extra new construction and flexible homes.¹⁶ The conference will be repeated in the coming years with evaluation and new agreements. Next to this, a revised proposal for restrengthening the position of the national government was sent to parliament in 2025.¹⁷

Land availability is critical to both countries meeting supply targets. In Australia, the debate is about how to change planning

¹⁴Australian Bureau of Statistics, ‘Building approvals, Australia’, November 2024.

¹⁵Volkshuisvesting Nederland, ‘Woontop 2024’, n.d.

¹⁶Rijksoverheid, ‘Aangepast wetsvoorstel Versterking regie volkshuisvesting naar Tweede Kamer gestuurd’, 13 February 2025.

¹⁴The Treasury, Australian Government, ‘Delivering the National Housing Accord’, 2024.

regimes to increase supply in established urban areas while stopping urban sprawl onto peripheral greenfield sites. The primary focus has been redevelopment at greater density, notably in the middle suburbs of major cities, which are dominated by detached houses with some townhouses. The property lobby supports greater density in these areas and there is some support from younger renters, as well as opposition from current homeowner residents. In the Netherlands, the debate about land availability centres on inner city densification versus building outside cities and using flexible houses temporarily, with the government aiming to reduce bottlenecks to accelerate construction. These concerns mirror, to some extent, controversy about building on the green belt surrounding cities in the UK to meet supply targets.

Speeding up the construction process to meet targets is not without other risks. In Australia, increasing supply at this level will mean increasing density through mid- and high-rise apartments. The construction industry currently builds apartments in such developments with the private rental market rather than owner-occupation in mind. A boom in apartment construction in the 2010s often produced small units that may have been more affordable, but at the cost of quality issues, including some with structural defects. In the Netherlands, municipalities have also expressed concern about the type of development, with the mayor of The Hague, for example, warning that high-rise apartments are the only option in inner cities.¹⁸

In summary, the current orthodoxy in Australia and the Netherlands, as in the UK, is speeding up new supply to meet a shortage of dwellings, which underpins affordability problems. Gearing up to increase supply involves new or revived forms of communication with a range of stakeholders, including lower levels of government and the development and construction industries. At this stage, the targets appear ambitious, and national governments lack control over many of the factors that encourage greater supply.

¹⁸‘Netherlands won’t manage to build 1 million homes in 10 years’, *NL Times*, 11 March 2022.

Policy dilemmas: tenure, affordability and supply

This article has compared selected policies in the Netherlands and Australia through the lens of housing tenure. In both countries there is a housing crisis that is affecting not only those on lower incomes, but also middle-income households and younger people. However, the historical pathways of both countries have been different. The Netherlands invested in and retains a large social rental stock, while Australia moved earlier to promote homeownership, relying on market forces to provide housing. The end result in the two countries, as in the UK, is remarkably similar. Political debates in all three countries currently call for a substantial extra supply of housing as demand surpasses supply, causing prices and rents to increase and reinforcing housing unaffordability.

The review of Australian and Dutch policies in this article has highlighted common trends, including:

- an increased emphasis on supply shortage as the underlying problem and difficulties in increasing rates of housing construction to meet *supply targets*;
- a move away from first-time homeowner demand-side measures to promote *homeownership through indirect access measures*, such as government-backed guarantees and differentiation of property transfer taxes in favour of first-time homeowners, as well as the traditional income tax advantages ‘supporting’ ongoing housing costs;
- a shift towards strategies to encourage ‘affordable’/intermediate/below market value rental housing in an increasingly *fragmented rental market*;
- instead of being a force for greater equality and inclusion in the twentieth century, homeownership has instead become a major *source of wealth inequality*.

The clear differences between both countries, which reflect historical factors, among others, include:

- the decreasing personal income tax advantages for homeowners in the Netherlands and the limited tax-free annual intrafamily transfers versus the lack of appetite to tax

housing wealth, including intrafamily transfers, in Australia;

- the recontrol of rents in the middle-priced rental segment in the Netherlands versus the almost universal condemnation of rent regulation in Australia;
- the return of the public task to *social landlords* of providing mid-rent new construction in the Netherlands versus slow forays into this by not-for-profit providers in Australia.

The comparison has relevance for UK policy makers in a febrile environment where there are daily calls to 'do something' to fix the 'housing crisis'. Obviously, there is no silver bullet to address such a wicked problem created by the interaction of multiple policies relevant to housing, different housing market contexts and governance levels over time. The comparison between countries highlights, however, some clear dilemmas that policy makers are likely to confront given the universal affordability problems in determining the direction of travel.

The first is the aim of policies on housing going forward—in other words, what would 'good' look like in addressing housing affordability problems and housing shortages? Clearly, Australia and the Netherlands, but also the UK, are betting on an ambitious increase in their housing supply targets. The achievement of such targets will demand answers to questions such as the ideal mix of housing tenures, the proposition of each tenure in terms of the degree of targeting, including clarifying which segments are affordable for which population groups. There are also strategy questions such as adding to the top of the market in the expectation of downward filtering versus building targeted for the young, the low-income and the elderly.

Even if the supply targets were achievable, pumping up capacity and speeding up planning procedures, the big question on the table is whether and to what extent the achievement of the targets would temper house prices/rents. A 2021 overview of the international empirical literature shows that new supply in regions and nationally will temper prices, but agglomeration effects in cities work to the contrary.¹⁹ In short, the answer is not straightforward. It is even more difficult to explore given that tempering of house prices to

improve affordability is not something that politicians like to talk about, as two-thirds of Australian households and about 58 per cent of Dutch households have their primary residence as their major asset. Asked if she wanted house prices to decrease, in an interview on youth radio in December 2024, the Australian Minister for Housing replied: 'So we are not trying to bring down house prices ... Our government's policies are not going to reduce house prices and we want house prices to grow sustainably'.²⁰ Many younger people were unimpressed by this unusually frank *realpolitik* view that house prices should continue rising slowly to avoid market ruptures.

Another way to think about the housing shortage is to view it from a qualitative or distributive angle. Distributive refers to 'underused' housing, which includes housing that is not available for mainstream purchase or rental, such as vacant housing, particularly relevant in Australia. It also includes properties used for short-term rentals (such as Airbnb), a phenomenon that has reached both Australia and the Netherlands, as well as the UK. Last but not least, a third type of 'underused' housing is associated with empty nesters, whom governments may want to downsize to smaller accommodation. Whilst a first response to this issue could be taxation, it may be that incentives could contribute. For example, the Australian federal government has a financial scheme in place that enables tax-free extra pension savings for downsizing homeowners who comprise the bulk of under-occupiers. And in the Netherlands, municipalities test 'new' types of allocation systems in social renting for empty nesters to move on and free their homes for larger households.

A broader issue woven throughout this article centres on the role of governments: whether and how they should intervene in the housing market. Much of the activity of governments elected in the 2020s has focused not on longer-term implications requiring structural reform, but on more immediate challenges, such as changes in the rental sector. The rent recontrol in the Netherlands is the

¹⁹Centraal Planbureau, *Stedelijk bouwen, agglomeratie-effecten en woningprijzen*, CPB, 2021.

²⁰E. Manfield, 'The housing minister says property prices should not fall. This is what experts say', ABC News, 13 December 2024.

first example here, while Australian states/territories have been slow to regulate for improved tenant security. A second example is the use of taxation to shape housing outcomes. While the Netherlands is slaughtering its own sacred cow of homeownership tax advantages at a slow pace, in Australia, taxation of what is known colloquially as 'the family home' remains politically untouchable. There is no federal taxation of imputed rent or capital gains on owner-occupied homes or on financial transfers to adult children during the owners' lifetimes and after death. Even landlords have a 50 per cent capital gains tax concession after twelve months. Lower levels of government, however, are increasingly distinguishing between ownership types when levying property transfer and other taxes. Any subsidisation and regulation may have unanticipated and sometimes undesired effects. In contemporaneous housing markets characterised by shortages, demand subsidies will push up prices and rents. Regulation of rents (and prices) will advantage insiders in comparison to outsiders, and in the case of rent regulation, may in the longer run reduce supply, particularly where landlords are small-scale investors.

While policy debates have centred on supply and affordability, the reality is that 'outsiders' in both countries, as in the UK, are often younger people who have to seek other solutions/adaptations, generally considered as more precarious housing. These include extending the stay at 'hotel mama', or with relatives and friends, or sharing housing, renting

by room, staying in alternatives such as boats, caravans and mobile home parks, crisis accommodation or bad-quality housing. Precariousness may also express itself when remaining in private renting for a long time ('generation rent'), particularly when this provides no or little tenure security and is of worse quality compared to other tenures.

This topic of precariousness puts on the table the final issue highlighted by our review of the two countries—the contribution of policies on housing to longer-term inequalities. Housing system change across tenures and generations has broad long-term implications, such as on physical and mental health and ageing. Those remaining outside homeownership will also not benefit from any (not necessarily guaranteed) capital gains and may therefore miss out on building wealth, which may be helpful in paying for older age. In the longer term, will they be compensated by inheriting their parents' dwelling(s)? In brief, policy dilemmas should centre importantly on an assessment of who wins and who loses, not only in the short term, but also in the longer term, from cumulative housing tenure change beyond the 2020s.

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