

HH021: Tenure status

Domain/Area	Housing/ Dwelling type, tenure status and housing conditions	
Transmission type	Early and regular	
Reference period	Current	
Unit	Household	
Mode of collection	Household respondent	
Values	1	Outright owner
	2	Owner paying mortgage
	3	Tenant or subtenant paying rent at prevailing or market rate
	4	Accommodation is rented at a reduced rate (lower price than the market price)
	5	Accommodation is provided free
Flags	1	Filled
	-1	Missing

Description

This variable replaces, from the 2010 operation onwards, the variable HH020 as defined in the EU-SILC Regulation.¹

Ownership: The owner of the accommodation should be a member of the household. If for instance the accommodation is provided by a relative (such as by parents to their children) who is not a member of the household, then one of the other categories should be ticked, depending on whether or not rent is paid by this household. A person is an owner if he/she possesses a title deed independently of whether the house is fully paid or not. A reversionary owner should be considered as the owner.

Outright owner: The owner is considered as 'outright owner' when he/she has no more mortgage to pay for his/her main dwelling.

An owner who has to pay a mortgage only for a second dwelling and/or for repairs, renovation, maintenance, etc. should be treated as 'outright owner'.

Owner paying mortgage: An owner is considered as an 'owner paying mortgage' when he/she has to pay a mortgage to buy the main dwelling.

A mortgage for buying a second dwelling should not be considered here, as well as mortgage to obtain money for housing purposes like repairs, renovations and maintenance, or for non-housing purposes.

Difference between outright owner and owner paying a mortgage: The selection of the mortgages to take into account in order to make the distinction between 'outright owner' and 'owner paying mortgage' fits the rules for the selection of the mortgages to take into account for the variable HH070 (Housing costs), that is "*included only in the case of a mortgage taken for the purpose of buying the main dwelling*".

The first priority is to make reference to the current situation for the mortgage. However, if this information is not available, reference can be made to the situation during the income reference period, using for instance the variable "Interest paid on mortgage" (HY100).

¹ An agreement was made at the Living Conditions Working Group meeting in June 2009, that the variable HH020 will be replaced by the variable HH021 with five answer categories. In 2010, the LC WG agreed to suppress HH020 and to keep only HH021 from the 2011 operation onwards.

If the owner has already fully paid the principal of the mortgage and only the interest remains outstanding, the risk of eviction probably remains and consequently in this case the owner cannot be treated as outright owner and should be considered as an owner paying mortgage.

Tenant or subtenant paying rent at prevailing or market rate: Tenant/subtenant, paying rent at prevailing or market rent covers also the situation whereby the rent is wholly recovered from housing benefits or other sources, including public, charitable, or private sources. No distinction is made here when the accommodation is directly rented from a 'landlord', or as a subtenant renting from someone who himself is a tenant.

Accommodation is rented at a reduced rate (lower price than the market price): The key issue is the distinctiveness of the 'prevailing' and 'reduced-rent' sectors.

In some countries, there is a fairly clear distinction between the market or private sector renters and subsidised or public sector renters. Reduced-rate renters would include those (a) renting social housing, (b) renting at a reduced rate from an employer and (c) those in accommodation where the actual rent is fixed by law. All tenants in this situation would be included in category 4 (Accommodation rented at a reduced rate).

If there is a clear, nationally meaningful distinction between the market or prevailing rent and 'reduced-rent' sectors, along these lines, it should be used to distinguish between categories 3 and 4.

At the other extreme, there is no clear distinction between a 'prevailing rent' and 'reduced-rent' sector in rental accommodation: there is no (or almost no) market sector in rents, either because virtually every household owns their home, because all tenants live in social housing, all (or most tenancies) are long-term with restrictions on rent increases, or all rents are fixed. If this is the case, the concept of market rent does not have a real empirical meaning in the country: at least in terms of trying to usefully distinguish a group paying market rents from a group that pays rents below that value.

In a situation where there is no clear distinction between a 'prevailing rent' rent sector and a 'reduced rent' sector, all renters would be classified as 'tenant or subtenant paying rent at prevailing or market rate'.

Empirical importance of length of tenure is a separate issue

At one extreme, duration of tenure is empirically ignorable: either all tenancies are short or there is no/little association between length of tenancy and rent paid beyond what might be expected from market forces (i.e. reduced turnover costs to the landlord). At the other end of the spectrum is the Belgian situation where there is a strong (and legally binding) association between duration of tenancy and level of rent.

In effect, there may be a continuum between categories 3 and 4 on the tenure variable, rather than a clear cut distinction, based on the length of time the household has rented the accommodation.

Length of tenure is a separate dimension from the nature of the tenancy, and should be handled by adding a separate item. The proposed handling of the housing tenure item in this context is as follows:

If the national situation is one where *all* tenants benefit from lower rents based on length of tenancy (or there is no readily distinguishable group that benefits more than another), all renting households (other than those belonging to a clearly distinct 'reduced-rent' sector) should be coded in category 3 (prevailing rent) on the tenure variable, and length of tenure

collected as a separate item. If there is a clearly distinct 'reduced-rent' sector this should be coded as category 4 on the tenure variable.

If the national situation is one where only some tenants (in fixed-rent accommodation, for instance) benefit from lower rents based on length of tenancy, these tenants should be coded as category 4 on the tenure variable (reduced rent).

Length of tenancy refers to the length of time the household has been renting the accommodation. It is different from the length of the lease.

Accommodation provided rent-free: 'Accommodation provided rent-free' applies only when there is no rent to be paid, such as when the accommodation comes with the job¹, or is provided rent-free from a private source.

The situation when rent is recovered from housing benefit or other sources is covered in the previous category.

Note: Households who pay part rent and part mortgage for their accommodation should be classified as 'owners' if they possess a title deed.

¹ If the accommodation is provided free to a 'civil servant' the variable HH021 will take value 5 when the government is owner of the dwelling as well as when the government has rented the dwelling and they provide it rent-free.