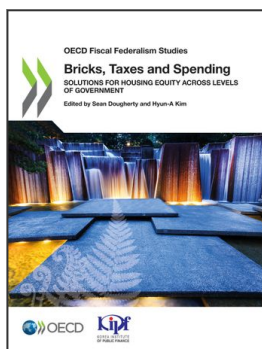


# Foreword

Government decisions, especially at the subnational level, have a significant impact on the affordability and quality of housing. As house prices have increased rapidly in most OECD countries over recent decades, housing has become less affordable for many households, pushing the issue to the forefront of the policy debate. Affordability and quality gaps are particularly severe among low-income households, private market renters and youth. Well-designed policy reforms at both national and local levels can promote more affordable, equitable housing markets. Subnational governments have major housing policy responsibilities including the provision of social housing, land use regulation and property taxation. Aligning national and local approaches is key to address housing equity challenges comprehensively. However, trade-offs exist between housing policy objectives like efficiency, sustainability and inclusiveness. Careful policy design and close co-ordination of national and subnational policies are essential to balance competing goals and facilitate the smooth functioning of inclusive and responsive housing markets.

This volume is the product of the OECD's Network on Fiscal Relations across Levels of Government – “The Fiscal Network” – that was founded in 2003. The Network is a unique high-level body at the OECD that “horizontally” brings together the expertise of multiple fields as well as four substantive departments – the Centre for Tax Policy and Administration (CTP), the Economics Department (ECO), the Public Governance Directorate (GOV) and the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) – as well as their principal committees (the CFA, EDRC, EPC, PBO, SBO and RDPC). The Fiscal Network, chaired by Junghun Kim of Korea, addresses a wide range of challenges for intergovernmental fiscal relations, whether macroeconomic, structural and administrative, and seeks to contribute to stronger, fairer and more stable economies as well as improving the well-being of citizens.

In this 10<sup>th</sup> edition of the OECD Fiscal Federalism Studies Series, the volume delves into the fiscal dynamics that underlie housing markets and the distributional consequences. Drawing on the work of the Fiscal Network and the indicators that it has developed, the studies provide an in-depth examination of how fiscal policies at various levels of government intersect with housing equity. This exploration is underpinned by cross-country analyses and a series of country studies, spanning the effects of the COVID-19 pandemic on housing demand to a proposed green land value tax, effectively linking fiscal instruments to housing outcomes. The chapters in this volume include those of OECD researchers and academic experts, and are meant to provide ideas for discussion. The analyses and studies draw upon a workshop organised by the Fiscal Network together with the Korea Institute of Public Finance (KIPF) – who initiated the project – in Paris during November 2022. The chapters were revised and shared with delegates of the Fiscal Network and relevant sister committees, as well as various expert discussants. The principal volume editors, Sean Dougherty and Hyun-A Kim, were aided by the invaluable feedback of Peter Hoeller on all chapters. While many colleagues also provided valuable inputs, special thanks go to Luiz de Mello and Boris Cournède (OECD Economics Department), David Bradbury, Bert Brys and Sarah Perret (OECD Centre for Tax Policy and Administration), Andoni Montes Nebreda (UPV/EHU – Spain), Xavier Timbeau (OFCE, SciencesPo), Edo Omic and Jana Strien (Council of Europe Development Bank), Vera Holenstein (Treasury – Australia) and Reetta Varjonen-Ollus (Ministry of Finance – Finland). Extensive editorial support was provided by Meral Gedik, who carried out the layout and typesetting. Finally, a special thank-you goes to KIPF, whose generous financial support made this volume possible.



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