

PRODUCING AND UTILISING HOUSING MARKET DATA – the role of municipal housing market surveys in the allocation of housing-supply subsidies

The sum approved by the Eduskunta for granting and approving housing-supply subsidies totalled about €1,000 million in 2004. The main question examined in this audit was the extent to which housing market data produced to support the allocation of housing-supply subsidies promotes achievement of the targets set for these subsidies as well as fulfilment of the conditions set for this allocation in the operating plan. Accordingly, the audit was limited to the principles on which information systems are based, management of the housing market data produced by local authorities, processes and outputs as well as utilisation of housing market data.

The principles on which information systems are based articulate which of the values expressed in legislation are the goal of the support system and what are the grounds on which the supply subsidies will be allocated. The choices made in relation to the principles on which the information system is based indicate what, in the final analysis, are its evaluation criteria. The operating plan, which targets the distribution of subsidies, allocates a significant portion of them to the Helsinki metropolitan area and other growth centres. The social need for homes and market principles are subjects that are found coupled together in policy arguments, however, and no clear policy choices are made between them. This makes the building, implementation and evaluation of the information system more difficult. The need for homes, a criterion defined in the operating plan, steers the assessment of housing needs in a municipality into a very narrow dimension.

The Housing Fund of Finland's management of housing market data production is generally in harmony with the operating plan that defines the criteria on which the allocation of subsidies is based. The audit has revealed that there is a need to clarify the purpose for which housing market data is gathered. The values that guide the compilation of housing market data currently emphasise the continuity of information as well as its comprehensiveness, in a regional sense and otherwise, that have been seen as the reasons for gathering information in specific form from all municipalities each year. The values and goals that guide the production of information need to be re-evaluated because of the significant fall in the market demand for supply subsidies.

Production of housing market data has been arranged on a municipal basis, despite the fact that the basic phenomena of the

housing market are most usually regional in nature. Regional-level cooperation in drafting reports on the housing market has increased. For now, inter-municipal cooperation has not led to qualitatively sophisticated production of regional-level housing programmes and prioritisation of housing needs. This makes the regional dimension of housing market data narrow. Local authorities have not been active in arranging research and development activities in support of housing programme work. With some rare exceptions, municipal planning and housing programming conducted by local authorities does not rely on systematic forecasts or evaluation models.

The information on which housing market reports are based comprises empirical opinions, municipalities' internal policies, studies commissioned for specific strategies, knowledge obtained from a municipality's various administrative departments and information supplied by the organisations receiving interest subsidies. The quality of the information on which reports are based varies significantly from one municipality to another. Scale factors do not on their own explain the difference. In cities too, research and development activity related to the housing sector declined rather than increased during the 1990s, whilst even small municipalities can base their studies on a wide variety of information.

The housing market data produced by local authorities offers a deficient picture of residents' housing needs. The reliability of this information is also far from perfect, as documented in numerous instances. Housing market data obtained from private-sector organisations contains an especially large amount of uncertainty factors.

The production of housing market data involves the gathering of information in a specific form; the process is repeated annually and its starting point is formed by the needs of the yearly administrative procedures for subsidies. Background research that would deepen the findings of the reports is done very little. Reports have not for now been comprehensively compiled into review-type information syntheses.

The direct utilisation of housing market data is also hampered by the weak "competitiveness" of housing subsidies in financial markets. The problem with the present situation is more a question of a lack of interest in subsidies than in their correct allocation to those most in need.

Due to the above-mentioned factors, housing market reports are not being utilised to target supply subsidies.

The audit indicates that the chain of housing market data and information closely related to it (research, studies, reports, basic housing market data) should be re-evaluated and reorganised. The usability of housing market data can be increased by improving the connection between the housing market and data relating to it. The amount of regional housing market data must be increased and its quality developed in order to achieve a more coherent picture of the

market through housing market data. Policies which guide the gathering of information should be formulated more clearly than at present. State and local authorities should integrate their housing policy planning cycles more closely in order to safeguard the quality of development and preserve scarce resources.