

عنوان البحث :

An international comparison of rent subsidy systems and feasibility of its application in Egypt: Towards a sustainable Housing subsidy

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ملخص البحث

Since WWII many western governments have left a deep imprint on the functioning of the housing market. Initially, most West-European governments concentrated on producing high volumes of housing to make up for the shortages that arose during the war. Later, in the 1960s and 1970s, more attention was paid to the quality of housing; then, in the 1980s and 1990s, the workings of the housing market became increasingly influenced by market forces, partly because of government budget deficits. In this period the principle that each household should be housed according to its needs was superseded by the principle that the housing supply should be based on the effective demand. In this phase of the public housing policy a shift occurred from production-oriented object-based subsidies to individual subject-based subsidies (Boelhouwer & van der Heijden, 1992; Kemeny, 1995; Kleinman, 1996; Doling 1997). Hence, from the mid-1970s complex rent subsidy systems started emerging in many countries (for an overview see Kemp, 1997, 2000). At the end of the 1990s these frequently complicated policy instruments again became the subject of debate, notably in Western Europe (Stephens *et al.* 2002; Boelhouwer & Haffner 2002). This debate had an impact on developing countries as Egypt, that copied western old subsidy system the type of distortion in Egypt housing market put pressure on the rents and poses the essentiality for its subsidy. The more critical approach towards rent subsidies can be explained by the fact that social and economic policy was stressing more participation in the labour market. What matters in the case of rent subsidies is the ability to pay for good-quality housing. Moreover, by allowing households greater freedom of choice, the rent subsidy also pushes up the demand for better quality homes. If this extra demand then triggers an increase in the housing costs, it could usher to (unwelcome) over-consumption of rent services.

The central theme of this paper is the tension between income-dependent rent subsidies (anti-poverty) on the one hand and their effects stimulation of demand on the other.

The paper will conclude that, arguments justifies government intervention in the housing market for efficiency reasons. These arguments stem from some specific characteristics of the housing market in developing countries, notably, inadequate provision of information, underdeveloped competition, an inflexible supply due to deficient market forces and market failure in general. The paper will state that reforms are needed to ensure diversity in subsidy and its financial sustainability.

