
The curious incidence of rent subsidies: evidence from administrative data

Robert Joyce*¹, Mike Brewer^{1,2}, James Browne¹, Carl Emmerson¹, and Andrew Hood¹

¹Institute for Fiscal Studies (IFS) – The Institute for Fiscal Studies 7 Ridgmount Street, London WC1E 7AE., United Kingdom

²University of Essex – Wivenhoe Park Colchester CO4 3SQ, United Kingdom

Abstract

This paper provides new evidence on the incidence of rent subsidies, making use of a package of reforms that cut the value of subsidies for about a million households in the UK. Using administrative panel data on the universe of subsidy recipients, and exploiting the phased roll-out of the reforms, about 90% of the incidence of the reforms is found to be on tenants - a considerably higher estimate than is found in most of the existing, small, literature. But we also find significant heterogeneity in the degree of incidence, with the incidence on tenants being substantially lower for groups previously subsidised to rent relatively expensive properties. We argue that this may reflect differences in the elasticity of housing demand, with potentially important implications for the optimal design of rent subsidies.

Keywords: empirics

*Speaker

†Corresponding author: robert.j@ifs.org.uk