embraced both the U.S. belief that the right to decent housing is an important component of the right to an adequate standard of living and the European Union's concern that governments have a recognized obligation to protect, promote, and ensure this right.

However, whatever form the rhetoric may take, the true measure of a country's commitment is how well it translates an abstract right into reality. Do homeless families and those living in substandard conditions have access to adequate housing? Is the right to adequate housing legally enforceable? Historically, Western European countries have gone a great distance in making this right a reality through comprehensive social housing programs and housing allowance entitlements. Public housing authorities in the United Kingdom have a statutory duty to house homeless families. In New York State, the right to shelter for the homeless has been upheld in the courts. But generally, citizens do not have a clear, legally enforceable right to adequate housing. Moreover, during an era in which fiscal austerity has constrained housing programs in Western Europe and the United States, the collective will to honor this right has—at least temporarily—been seriously eroded. The right to adequate or decent housing will likely remain a contentious issue well into the 21st century. (SEE ALSO: Homelessness; Privatization; Public Housing; Rent Control; Right to Housing; Section 8; Subsidy Approaches and Programs; Taxation of Owner-Occupied Housing)

—E. Jay Howenstine and Elizabeth A. Roistacher

Further Reading

Housing Supply

Housing supply is a term commonly used in two distinct ways. One is in reference to the amount of housing stock; this is the stock supply. The other usage is in reference to the flow of housing services, or the quality of accommodation flowing from that stock: This is the flow supply.

In its simplest sense, we can think of housing stock supply as a count of dwellings available for human habitation. In practice, this is an elusive concept to measure. The census, for example, counts all dwellings in which people normally reside (that is, 102.3 million dwellings in the United States in 1990); however, this is only part of the supply. Vacant and seasonal dwellings that can be occupied year-round are also part of the stock supply. So, too, might other structures that can be occupied readily but that are presently vacant (e.g., houseboats, trailers). If we were to go so far as to add tents to this list, we immediately see that we cannot enumerate a stock without first defining the concept of dwelling. Also not transparent is the case of other structures (e.g., vacant office buildings, garages, hotels, or warehouses) or spaces within existing dwellings that could be converted, with modest effort, into separate habitable units.

This stock supply changes over time. On the positive side, developers and self-builders construct new buildings, mobile homes, and other habitable structures. Within existing structures, owners may reconfigure the layout to add another dwelling unit. In addition, landlords may capture space within nonresidential structures into new dwellings. These all constitute additions to the housing stock. On the negative side, some buildings are demolished by their owners; others collapse with age and neglect or are condemned; still others burn down or are otherwise destroyed by accident; and some are converted to nonresidential uses. Within a given building, the number of dwellings may also drop because of conversion activity (e.g., converting a triplex back to a single-unit structure). The housing stock supply grows on net if additions exceed such losses. Data on recent private sector additions to the U.S. housing stock are summarized in Table 18.

As in any market, housing stock supply can be thought to change in response to price. Viewed this way, housing supply is actually a list of housing prices showing the quantities supplied at each price. Over the short term (that is, a day, week, or perhaps month), stock supply is generally thought to be only weakly responsive to price, because property owners need time to alter the amount of stock. Over the longer term, however, developers have time to construct more housing as additions to the stock become profitable. Profit-maximizing developers will look at costs of different ways of producing dwellings using existing structures (as in conversions) or available land (as in new construction), building materials, labor, and financing as well as building code and other regulatory restrictions in determining if and how to respond to changes in market price.

To this point, we have thought of dwellings as homogeneous stock. In fact, dwellings come, figuratively speaking, as "apples and oranges." Some dwellings are large, others small; some dwellings have municipal water and sanitary sewer connections, and others do not; some are basement apartments, and others are penthouse suites; and so on. In the United States in 1990, for example, 65.8 million dwellings were in one-unit structures, 28.0 million were in multi-
unit structures, and 8.5 million in mobile homes or other. To simply enumerate dwellings in the stock is to miss important differences among housing units. An alternative measure of housing stock would take into account variations in housing quality, as reflected in differences in the cost of producing (or the price of purchasing) each unit of housing.

Economists argue that we should think of housing supply not in terms of homogeneous units but, rather, as a varied stock of physical capital (that is, floors and roofs, walls, doors and windows, locks, plumbing and electrical systems, and so on) that is combined with heat, utilities, built-in appliances, cleaning and maintenance supplies, other purchased inputs, and labor to produce a level of dwelling accommodation. This approach to housing supply, which conceptualizes housing in terms of the quality of accommodation “flowing” from it, is called the flow supply of housing. In the rental market, landlords produce levels of accommodation for sale to tenants in an explicit market. For example, suppose landlords find that an on-site swimming pool allows them to obtain a higher rent. Landlords as a group will have an incentive to add swimming pools to their apartment projects up until the market is satiated—that is, when the present value of all future rent increments attributable to a pool falls until it just equals the discounted cost of installing and maintaining the pool. In a competitive market for housing, we might therefore expect the flow value of a unit of housing stock to be decomposable into the presence of various dwelling characteristics, each times the marginal, or hedonic, price (a statistical relationship that ties the selling price of an owned home—or rent, in the case of rented dwellings—to the physical characteristics of the dwelling and its neighborhood setting) of that characteristic.

Just as with housing stock supply, we can think of flow supply as responsive to price. Landlords, for example, will alter the stock supply of housing and alter the level of accommodation provided in existing housing in response to opportunities for increased profit. Flow supply then can be thought of as a list of prices for housing service showing quantities supplied at each price—just as we have done above with stock supply earlier. Over the shorter term, flow supply will generally be less responsive to price, because property owners need time to alter stock supply and the other inputs used to produce a particular level of accommodation. Over the longer term, however, developers have time to build and adapt their housing.

Stock supply and flow supply are each useful concepts in understanding housing markets. Stock supply, with its focus on number of dwellings, tells us how many households can be accommodated on net by new construction and other sources of stock change. Flow supply, with its focus on level of accommodation, tells us about changes in dwelling quality, size, and amenities. (SEE ALSO: Housing Demand; Housing Markets)

—John Miron

Further Reading

Housing Trust Funds

Housing trust funds are distinct accounts, typically established by city, county, or state governments, with dedicated ongoing revenue committed exclusively to support housing affordable to lower-income households. By 1997, more than 115 housing trust funds had been created by local and state governments to secure funds for needed housing programs—more than six times as many as existed in 1985. As the federal government reduced its commitment to meeting lower-income housing needs in the 1980s, local and state governments were forced to search for needed funds to address the growing problems of inadequate affordable housing and homelessness.

TABLE 18 Characteristics of New Privately Owned Dwellings Completed (in thousands), United States, 1989 to 1996

<table>
<thead>
<tr>
<th></th>
<th>1989</th>
<th>1991</th>
<th>1993</th>
<th>1995</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>All dwellings</td>
<td>1,423</td>
<td>1,091</td>
<td>1,193</td>
<td>1,313</td>
<td>1,413</td>
</tr>
<tr>
<td>In structures with one unit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For sale</td>
<td>661</td>
<td>481</td>
<td>642</td>
<td>682</td>
<td>746</td>
</tr>
<tr>
<td>For owner occupancy on owner's land</td>
<td>335</td>
<td>335</td>
<td>375</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>For rent</td>
<td>31</td>
<td>21</td>
<td>23</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>In structures with two or more units</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For sale</td>
<td>90</td>
<td>58</td>
<td>44</td>
<td>51</td>
<td>50</td>
</tr>
<tr>
<td>For rent</td>
<td>307</td>
<td>197</td>
<td>109</td>
<td>196</td>
<td>234</td>
</tr>
</tbody>
</table>


Further Reading