

The influence of housing and equivalence scales on inequality, poverty and on individuals' ranking in the income distribution

Michele Raitano - October 2021

This Research Note has focused on the **distributional impact of homeownership and household size**. By using EU-SILC microdata, this research has explored how individuals' position within the income distribution and poverty status varies with the method to compute benefits linked to their tenure status as well as the choice of equivalence scales.



Different methods to compute benefits related to tenure status and the equivalence scales **have a significant effect on cross-country comparisons** of inequality and poverty status.



Regarding housing, if imputed rents are added to the disposable income, **inequality and poverty are reduced in almost all countries** while the opposite holds if housing costs are deducted from disposable income.



Different methods to consider housing has a **significant impact across all countries** on the re-ranking of individuals within the income distribution which has a **clear implication in terms of vertical and horizontal equity**.



The type of equivalence scale has a **significant impact on individuals' relative position in the income distribution** which may affect their chances of being eligible for mean tested welfare programmes.

To download the full research note, please visit the [SSM website](#)

Contact details

Michele Raitano, Full Professor of Economic Policy
Org: Sapienza University of Rome, Department of Economics and Law
✉ michele.raitano@uniroma1.it
☎ 0039 06 4976630

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