

User Cost Estimates for Dwelling Services

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Problem of Expenditure Weights

- SNA suggests that rents of owner-occupiers should be imputed using rents actually paid for comparable dwellings
- In many countries there are few dwellings for rent
 - Not representative of the dwelling stock
 - Only available in the capital
 - Mostly rented by expatriates
 - Traditional – own-built - dwellings rarely rented

User cost

- User cost is an alternative to the SNA method
- User cost simulates rents by adding up the costs of renting a dwelling
- Costs are:
 - Repairs and maintenance
 - Insurance
 - Taxes on dwellings
 - Consumption of fixed capital
 - Operating surplus

Stock of dwellings

- Consumption of fixed capital and operating surplus require an estimate of the stock of dwellings at current market price
- Perpetual Inventory Method
- Short-cut method
 - Number of dwellings by type of dwelling
 - Price of new dwellings
 - Half of new price assuming no growth in housing stock
 - Adjustment for growth in housing stock

Training for User Cost

- OECD-EFTA Project in West Balkans
 - Bosnia, Skrpska, Croatia, Macedonia, Serbia, Montenegro, Albania
- For expenditure weights and GDP
- Three workshops:
 - 1 Introduce method
 - 2 Review preliminary estimates
 - 3 Finalise results
- Combine with “exhaustiveness” and estimation of expenditure weights