HOUSING AND POVERTY IN EUROPE

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Outline

• Why housing & poverty?

• The Housing and Poverty in Europe project
  • Housing deprivation
  • Housing affordability

• Implications for research and policy
Why housing and poverty?

• ‘Disjointed literatures’ esp from the 1980s – diff journals, learned societies, methodological conventions (Stephens and van Steen, 2011),
  • ‘Housing is different’ (Dewilde and Haffner, 2022)

• Housing (tenure) central to the rise of in-work poverty in the UK (Hick and Lanau, 2017).
How, if at all, is the UK different?
The Housing and Poverty in Europe project

- ESRC-funded project which ran from 2019 to 2022.

- Four workstreams
  1. How housing systems have changed over last decade
  2. The association between housing deprivation and poverty
  3. The association between housing affordability and poverty
  4. Variation in the timing of young people leaving home across the continent, and links with youth poverty
Prices are rising throughout Europe

Figure 3. Trends in nominal house prices by welfare regime in 20 European countries, 2007-2019

Source: Eurostat (House price index)

- Source: Hick, Pomati and Stephens (2022), Housing and poverty in Europe: examining the interconnections in the face of rising house prices.
Homeownership is falling throughout Europe

Figure 6. Change in homeownership rate between 2005-07 and 2016-18, by country and household poverty status

- Source: Hick, Pomati and Stephens (2022), Housing and poverty in Europe: examining the interconnections in the face of rising house prices.
HOUSING DEPRIVATION
What do we mean by housing deprivation?

• Limited agreement about how housing deprivation should be understood
  • Problem of ‘private households’ focus

• BUT, even within private households:
  • What are labelled ‘housing problems’ may cover quite different things (Nolan and Winston, 2011).

• At the EU level, focus on “severe housing deprivation”, but also an apparent dissatisfaction with this measure (Soc Protection Ctte and Indictors Subgroup, 2015, Gábos et al., 2021).
What do we mean by housing deprivation?

• Two types of papers: incidences & determinants

• But, not unrelated!
  • Measurement considerations influence understanding of social problem
  • And can influence identified determinants & solutions

• Two explanations of country-level housing deprivation variation
  • Economic development (Mandic and Cirman, 2012).
  • Housing systems (Borg, 2015; Norris and Sheilds, 2007).
Data and method

• EU Statistics on Income and Living Conditions dataset (2016 wave)

• EU Severe Housing Deprivation measure:
  • Overcrowding

AND

• One or more of:
  • a) a leaking roof, damp walls or ceiling, rot in window frames,
  • b) no bath/shower and no indoor toilet, or
  • c) in a dwelling considered too dark
Country-differences in severe housing deprivation (and components)

Source: EU-SILC 2016 cross-sectional household level data, authors’ calculations. Data for Germany not presented because it lacks responses to the toilet and bath/shower questions.
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Data for Germany not presented because it lacks responses to the toilet and bath/shower questions.
How the components differ by region and income

Source: EU-SILC 2016 cross-sectional household level data, authors’ computation. Income quintiles based on household disposable income (HX090). Germany not included.
AFFORDABILITY
Data and method


• Housing affordability
  • EU Housing Cost Overburden measure
    • >40% of the total disposable household income

• Costs, not prices

• Mortgage principal included
Housing affordability trends:
Changes in EU housing cost overburden

Source: EU-SILC cross-sectional household level data, authors' calculations.
Households with household head aged 20-59
Housing affordability trends

- Comparing market renters and mortgaged homeowners

Source: EU-SILC cross-sectional household level data, authors' calculations.
Households with household head aged 20-59
Netherlands, Sweden and Denmark excluded (reduced rent countries)
Market renters vs mortgaged homeowners

Multilevel random logit coefficient for EU overburden (with mortg. princ.rep.)

Source: EU-SILC cross-sectional household level data, authors’ calculations.
Households with household head aged 20-59
Control variables: area density, dwelling size and type.
Reference category: Mortgage owners.
So the *relative* position of renters is deteriorating, even if their *absolute* position is not.

But what else is going on?....
Young people living independently

Figure 10. Percentage of young people living independently by age, period and welfare regime
Conclusions

• Rising prices appear to manifest as access problems, perhaps more obviously than affordability concerns

• Growing emphasis on renting problematic as greater housing problems (and lower satisfaction) than owners

• Economic disparities still matter a lot – esp. between CEE and NW Europe
Questions for research

- Housing has multiple outcome variables. Which matter most? Do we expect them to relate to poverty in similar or different ways?

- How best to measure housing outcome variables, such as housing deprivation?

- Can housing system measures that better reflect patterns of housing outcomes be identified?

- How can our data infrastructure – esp. SILC – be improved to better collect data on housing?
Questions for policy & practice

• Should policy look to a) accept, b) halt or c) reverse price rises, reductions in homeownership and declines in independent living?

• Are current regulations sufficient? What more can be done to (de)regulate housing markets?

• Growing phenomenon of older private renters – what should the policy response be?
  • Housing allowances or regulation?

• Will the growing economic divide between renters and owners become a more salient political cleavage?
Thank you for listening!

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References


• Hick, R., & Lanau, A. (2017). In-work poverty in the UK: Problem, policy analysis and platform for action.


A conceptual model of the welfare state, housing and poverty (Hick and Stephens, 2022)

• Welfare regimes reflecting the qualitatively different organizing principles that historical actors had struggled for and which were embedded in policy.
  • Crucially, predictive of levels of redistribution and (pre-housing) poverty rates.

• Housing institutions mediate the relation between disposable household income, shelter needs and post-housing-cost income
Who experiences severe housing deprivation?

Figure 18. Severe housing deprivation by tenure and welfare regime

- **Anglophone**
  - Reduced-rate tenant
  - Market-rate tenant
  - Free accommodation
  - Outright owner
  - Mortgage owner

- **Continental**
  - Reduced-rate tenant
  - Market-rate tenant
  - Free accommodation
  - Outright owner
  - Mortgage owner

- **Social Democratic**
  - Reduced-rate tenant
  - Market-rate tenant
  - Free accommodation
  - Outright owner
  - Mortgage owner

- **Southern European**
  - Reduced-rate tenant
  - Market-rate tenant
  - Free accommodation
  - Outright owner
  - Mortgage owner

- **Central and Eastern**
  - Reduced-rate tenant
  - Market-rate tenant
  - Free accommodation
  - Outright owner
  - Mortgage owner

% severe housing deprivation
Young people living independently … as homeowners

Figure 11. Percentage of independent young people who are homeowners, by age, period and welfare regime