

AFFORDABLE HOUSING AND VULNERABLE HOUSEHOLDS AN ANALYSIS TO PREVENT ELDERLY SOCIAL EXCLUSION

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1. Introduction

- Time runs and so runs dwellings and ageing people
- We always will face the metamorphoses among generations and generations
- The elderly citizens are more defenceless to poorer housing
- Vulnerability means exposition of values to risks, so probability of suffering
- Older households reveal deeper social protection mechanisms
- Bottomless subventions?
- Households must manage their own capabilities with public capacity
- Reorienting social protection to a scale of values

2. Housing costs overburden rate by tenure status

Living conditions
Housing

2016

Housing cost overburden rate by tenure status, 2016

(% of population)

	Total population	Owner occupied, with mortgage or loan	Owner occupied, no outstanding mortgage or housing loan	Tenant — rent at market price	Tenant — rent at reduced price or free
EU-28	11,1	5,4	6,4	28,0	13,0
Euro area (EA-19)	11,0	5,5	5,2	27,1	11,8
Bulgaria	20,7	23,2	19,6	50,4	20,3
Greece	40,5	28,5	30,6	84,6	10,4
Spain	10,2	6,7	2,8	43,0	10,6
Croatia	6,4	1,8	5,9	45,2	7,7
Italy	9,6	4,6	3,6	32,2	12,7
Cyprus	3,1	2,5	0,2	18,1	0,6
Malta	1,4	1,2	0,6	22,1	0,9
Portugal	7,5	4,4	2,9	31,9	5,4
Romania	14,4	32,5	13,7	36,3	19,2
Slovenia	5,7	7,7	2,8	29,0	7,7
Slovakia	7,7	15,1	5,7	13,9	17,6
Finland	4,4	1,4	2,1	14,6	8,2
Sweden	8,5	2,8	7,5	18,0	5,6
United Kingdom	12,3	4,8	4,3	35,4	16,2
Iceland (*)	6,3	4,6	2,1	16,9	12,8
Norway	9,7	6,7	4,3	34,0	18,6
Switzerland	12,0	4,4	7,9	18,2	12,2

2. Housing costs overburden rate by tenure status (2016)

- 1/6 of the EU population lived in overcrowded dwellings (48,4% in Romania)
- 1 in 20 of the EU population suffered severe housing deprivation
- The EU average of housing cost overburden of tenants renting at market prices was 28% (maximum in Greece = 84,6%)
- The generally accepted rule of thumb is about not more than 30-35%
- Tenant rent at reduced price or free was the lowest in Cyprus, Malta and Portugal (0,6%, 0,9% and 5,4%)
- The generally accepted rule of thumb is about not more than 30-35%
- The equivalised disposable income is the total income of a household, after tax and other deductions, that is available for spending or saving, divided by the number of household members converted into equalized adults (OECD)

3. The European demographic suicide

Population age structure by major age groups, 2007 and 2017
(% of the total population)

SOUTHERN EUROPEAN COUNTRIES	0–14 years old		15–64 years old		65 years old or over	
	2007	2017	2007	2017	2007	2017
EU-28 ⁽¹⁾ ⁽²⁾	15,9	15,6	67,1	64,9	17,0	19,4
Bulgaria	13,2	14,1	69,1	65,2	17,6	20,7
Greece	14,7	14,4	66,7	64,0	18,6	21,5
Spain	14,6	15,1	68,9	66,0	16,5	19,0
Croatia ⁽²⁾	15,6	14,5	66,7	65,8	17,7	19,6
Italy	14,1	13,5	65,7	64,1	20,1	22,3
Cyprus	18,9	16,3	68,8	68,1	12,4	15,6
Malta	16,6	14,1	69,5	67,0	13,9	18,8
Portugal	15,7	14,0	66,7	64,9	17,5	21,1
Romania	16,9	15,6	68,4	66,6	14,7	17,8
Montenegro	20,1	18,2	67,0	67,4	12,9	14,4
The former Yugoslav Republic of Macedonia ⁽²⁾	18,9	16,6	69,8	70,2	11,2	13,3
Albania	24,9	18,2	66,3	68,7	8,8	13,1
Serbia ⁽¹⁾	15,6	14,4	67,2	66,3	17,2	19,4
Turkey	26,6	23,7	66,6	68,0	6,8	8,3

⁽¹⁾ Break in time series in various years between 2007 and 2017

⁽²⁾ The population of unknown age is redistributed for calculating the age structure.

Source: Eurostat (online data code: demo_pjanind)

3. The european demographic suicide

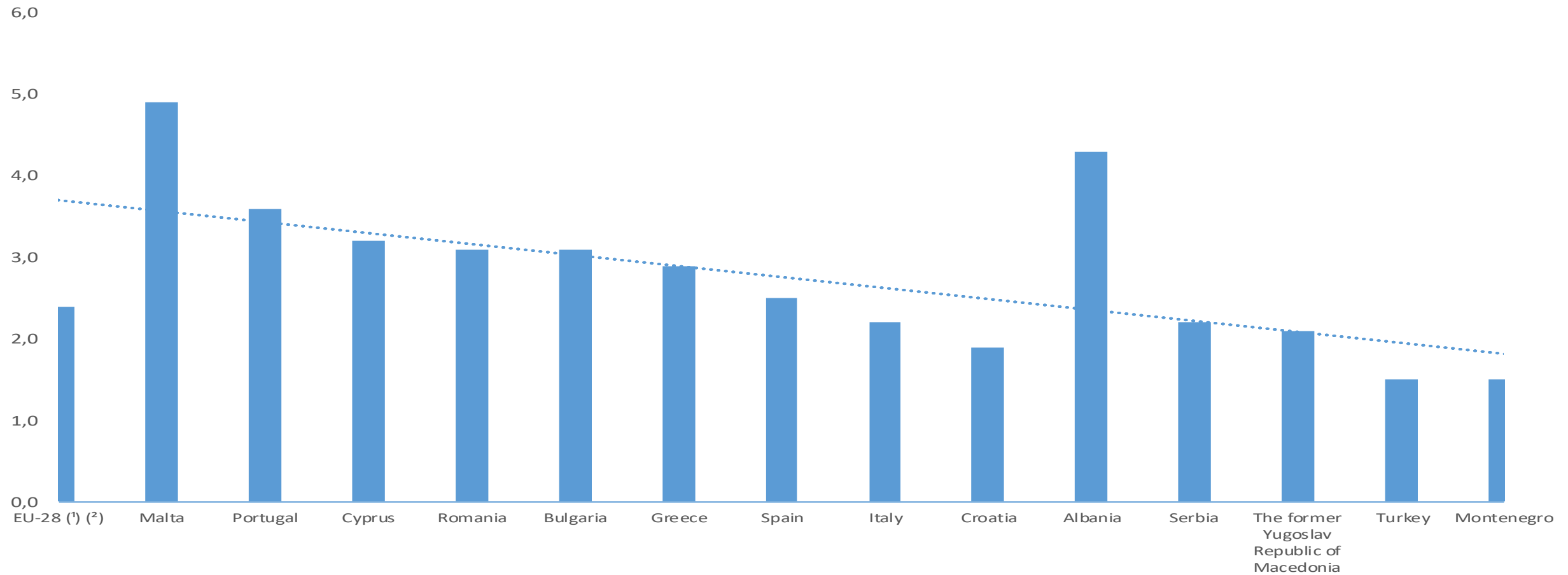
- All southern European countries had a increase of population over 65 in a decade
- In the EU as a whole the growth rate was -2.4%
- The medium of the 14 southern European countries was -2.8% (Malta and Albania in the top)
- Montenegro and Turkey had the lowest decline (1.5%)
- The number of births in any EU member was (and still is) insufficient for the renewal of generations
- The ageing population will lose 50 million working age people by 2050
- I feel that EU is not well prepared to face this kind of a demographic suicide

3. The European demographic suicide

Another view of this dramatic phenomenon

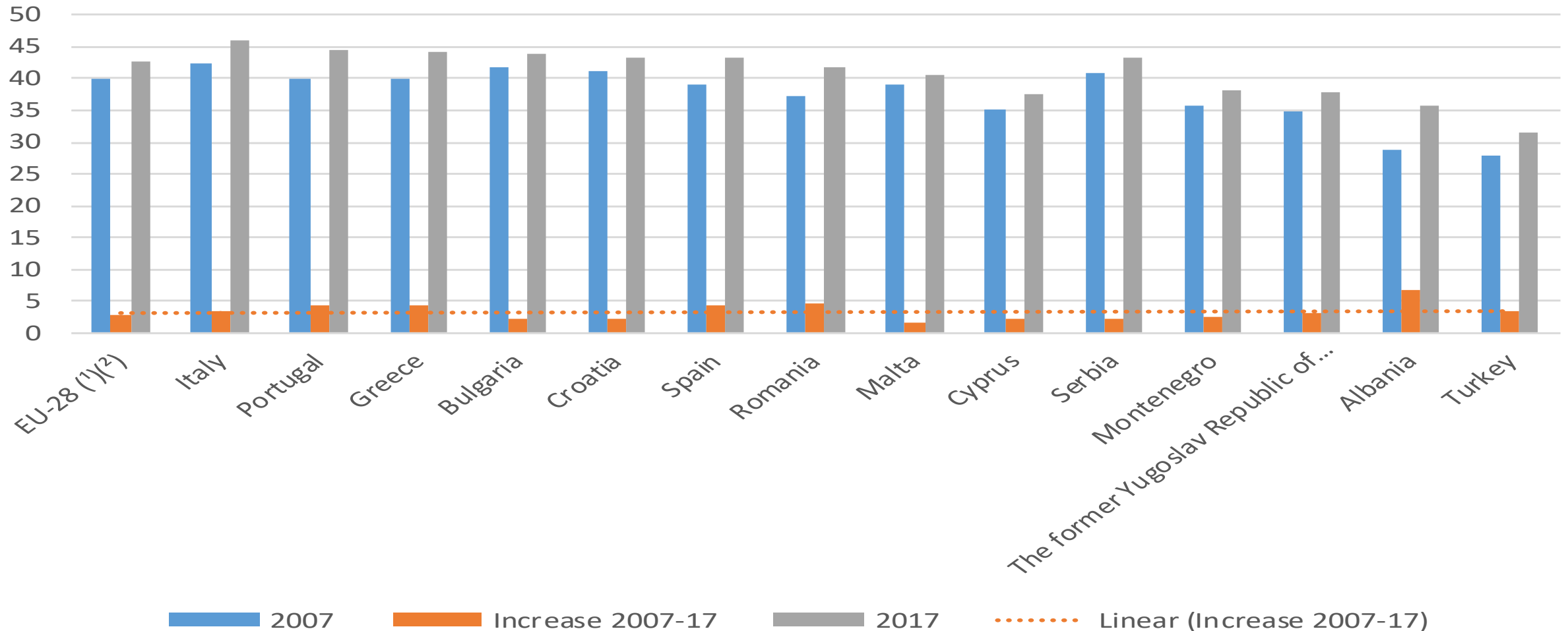
https://ec.europa.eu/eurostat/statistics-explained/index.php/Housing_statistics

Increase in the share of the population aged 65 years or over between 2007 and 2017
(percentage points)



3. The European demographic suicide

Increase in the share of the population aged 65 years or over
between 2007 and 2017 (percentage points)



3. The European demographic suicide

Comparing the dependency ratio and the share in older population

The old-age-dependency ratio, per 100 persons, *“is the ratio between the number of persons aged 65 and over (age when they are generally economically inactive) and the number of persons aged between 15 and 64. The value is expressed per 100 persons of working age”*.

For the ratio of older dependents--people older than 64--to the working-age population--those ages 15-64, data are shown as the proportion of dependents per 100 working-age population.

3. The European demographic suicide

Comparing the dependency ratio and the share in older population

Population
Population structure and ageing

Population age structure indicators, 1 January 2017

(%)

	Young-age dependency ratio	Old-age dependency ratio	Total age dependency ratio	Share of population aged 80 or over
EU-28 ⁽¹⁾	24,0	29,9	53,9	5,5
Bulgaria	21,6	31,8	53,4	4,8
Greece	22,6	33,6	56,2	6,7
Spain	22,8	28,7	51,6	6,2
Croatia	22,1	29,8	51,8	5,0
Italy	21,0	34,8	55,8	6,8
Cyprus	23,9	22,8	46,8	3,4
Malta	21,1	28,1	49,1	4,1
Portugal	21,6	32,5	54,1	6,1
Romania	23,4	26,7	50,1	4,4
Montenegro	27,0	21,4	48,4	3,1
The former Yugoslav Republic of Macedonia	23,6	18,9	42,5	2,4
Albania	26,4	19,1	45,5	2,4
Serbia	21,7	29,2	50,9	4,4
Turkey	34,9	12,3	47,2	1,7

⁽¹⁾ Break in time series.

Source: Eurostat (online data code: demo_pjanind).

Oen elaboratio.

3. The European demographic suicide

- Countries such as Cyprus, Montenegro, the former Yugoslav Republic of Macedonia, Albania and Turkey, have young-age dependency rate higher than that of old-age.
- Looking at the share of population aged 80 or over, in the EU this age group represents 10.2% of the total age dependency ratio.
- The medium of this indicator in the southern European countries is 8.6%, Turkey having the smallest percentage (3.6%), followed by Albania and the former Yugoslav Republic of Macedonia, with 5.3% and 5.6%, respectively. The highest percentages can be found in Italy (12.2%), Spain (12%), Greece (11.9%) and Portugal (11.3%).

4. Risk of poverty and social exclusion: a starting model

- Social exclusion arises when inequalities increase between those who mobilize their resources with a sense of social participation and those people who are unable to do so.
- Exclusion characterizes a multidimensional phenomenon, as a social occurrence or a set of interconnected social phenomena that contribute to the production of the excluded.
- For exclusion, there are several different effects, such as unemployment, delinquency, housing conditions, discrimination and poverty, among others.

4. Risk of poverty and social exclusion: a starting model

The model

$$VHH_i = \beta_0 + \beta_1 AFF + \beta_2 COZY COSTS + \beta_3 HINCOMS + \beta_4 AGE > 65 + \beta_5 GDPpc + \beta_6 DEPRATIO + \beta_7 SAVRATIO + \beta_8 LEGALSYST + \varepsilon_i$$

VHH_i – Vulnerable households housing per household (i);

AFF – Affordability, considering taxes and rents;

COAZY COSTS – Housing size and energy costs;

HINCOMS – Households incomes, including subsidies and the poverty ratio;

AGE > 65 – People who are 65 years old or over;

GDPpc – Gross Domestic Product per capita, consumption;

DEPRATIO – Dependency ratio per age group;

SAVRATIO – Saving ratio, as a dynamic consumption bumper and considering market prices and housing rents;

LEGALSYST – The legal system (dummy variable = 0 or 1);

ε_i – Random variable;

β_i – Statistical parameters.

5. The elderly and a New Social Model in the EU

People at risk of poverty or social exclusion, by age group, 2017

(Share of specified population)

	Total	Children (aged 0-17 years)	Adults (aged 18-64 years)	Older people (65 years and over)
EU-28	22,4	24,9	23,0	18,2
Bulgaria	38,9	41,6	34,8	48,9
Romania	35,7	41,7	34,6	33,2
Croatia	26,4	25,8	24,6	32,7
Malta	19,2	22,8	16,1	26,4
Cyprus	25,2	25,5	25,3	24,6
Greece	34,8	36,2	38,6	22,8
Italy	28,9	32,1	30,5	22,0
Portugal	23,3	24,2	23,9	20,7
Spain	26,6	31,3	28,2	16,4
Serbia	36,7	38,7	37,4	32,5
North Macedonia ⁽¹⁾	41,1	46,1	40,8	34,6
Turkey ⁽¹⁾	45,1	51,9	43,0	36,5

⁽¹⁾ 2016 data.

Source: Eurostat (online data code: ilc_peps01).

Own elaboration.

5. The elderly and a New Social Model in the EU

- Bulgaria has an impressive percentage of people 65 years old and over.
- To a lesser degree, in Romania, Croatia, Serbia, North Macedonia and Turkey, all above 30%.
- Europe is one of the few regions of the world with a lower demographic growth rate.
- Old habits take a long time to disappear, and the usual skills of politicians are more directed to exercising authority than to regulation.

5. The elderly and a New Social Model in the EU

- What are the EU and the euro-zone for?
- What kind of social union do we, Europeans, want?
- All these questions have to be asked to the politicians in Brussels, Strasbourg and Frankfurt.
- But if we want a new European social model with the essential contribution of housing, social cohesion and convergence are indispensable purposes to start creating a new less biased and discriminating and more impartial model.
- Housing has a very strong role in all this process but *“the role of housing in relieving poverty and disadvantage – social exclusion – continues to have a justifiable high political profile”* (Gibb et al.; 1999; 239-240).

5. The elderly and a New Social Model in the EU

- In 2017 almost one-fifth (19%) of EU population was 65 years old or above (EUROSTAT).
- Those aged 80 or over should more than double by 2080, becoming about 13% of the whole population.
- The elderly population lives alone and, in many cases, with no family support.
- Citizens who live alone need material support and health follow-ups, which the State must ensure.
- Another relevant issue for research is the pension old people are given, which is even more relevant for those 80 or over.
- The relative autonomy of the elderly depends on these two – family support and the pension. This is not easy to achieve but citizens, the State and institutions must adapt so as to slowly build a new European social model, which will focus on housing.

5. The elderly and a New Social Model in the EU

Starting point	Challenges for a new European social model
Climate change	New funding model
Development of housing stock	New construction techniques and regulations
Changes in citizens' occupations	Urban regeneration and refurbishing
Housing preservation, age and size	Urban renting market
Financial needs	Social change
Home loans and debt	Social housing to fight social exclusion
Weight of housing sector in the GDP	Climate changes and carbon emissions
Burden of housing costs	Rehabilitation of Real Estate

6. Conclusions

- A sustainable social protection policy avoiding poverty is one that is guided by clear and defined long-term housing objectives.
- These objectives are based on a coherent criteria, mobilizing the necessary, appropriate and proportionate means, thus becoming effective, economically efficient and community-acceptable social justice.
- With globally compatible interventions on the ground, we must prevent the risk of poverty, overburden by tenure status, the demographic drama through the increase of the population age and the dependency rate.
- The theoretical model presented could be a preparatory point to organize a scientific and technical work team for the future to find more protectable measures to support the present-day generations.
- To accommodate the more vulnerable households and fight against the exclusion of the elderly from mainstream, the housing sector is a major objective for an inclusive Europe.



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