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**TITLE: Housing quality and welfare regimes: does householder's age matter?**

Session:

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### SHORT ABSTRACT

In recent years an interesting literature has been developed that links different types of European welfare systems to the territorial organization of housing systems. Many contributions have focused on two aspects of housing systems: tenure (rent v. property), i.e. access to housing, and housing type (single-family v. multi-family), i.e. the morphology of the dwelling. Our submission points to another housing dimension, housing quality, but it adds a demographic perspective in order to analyze the heterogeneity introduced by the stage of the household's life cycle. Taking as spatial framework a classification of European countries according to welfare regimes (extended to a Mediterranean and Eastern Europe), we have analyzed if quality parameters are sensitive to the householder's age, and we will eventually identify a quality cross-sectional path throughout the life cycle. A comparative approach is proposed, thus we have picked up some countries that are representative of welfare regimes: Germany (corporatist), Norway (social democratic), the UK (liberal), Poland (East Europe), Spain (Mediterranean). The research strategy is set to confirm firstly that the possible sensitivity of quality parameters to age depends on the country studied, and therefore, that there is some relation to the welfare system they belong to. In second place, we would like to confirm that the variation of housing quality over the age also is influenced by other housing characteristics such as housing tenure or housing type, as well as by household's income. Data belong to the EU-SILC 2007 edition which allows us to use its special module on housing.

Main results show a more direct relationship of housing quality to the life cycle in the countries of north-western Europe, while the way households access housing has a more lasting influence on dwelling quality in the Mediterranean and eastern Europe countries

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## **EXTENDED ABSTRACT**

### **Background**

In recent years, it is common-place to analyze different aspects of national housing systems with a comparative perspective. This interest arises from a paradigm shift in comparative analysis that highlights divergence in public policy studies and social behavior. In this context, Esping-Andersen's works on welfare regimes and their translation into multinational systems are the main reference. This divergence paradigm is thought to be (as said by Kemeny, Lowe, 1998) the best alternative to particularistic approaches according to which every particular case is completely independent, and to the universal approach to convergence, which emphasizes a unique evolutionary path.

The seminal research of Esping-Andersen (1990) studied how the three pillars of welfare (unemployment insurance, old-age pensions and education) were supplied to population, and the different role of the state and the market in this provision. Hence the, now classical, proposal of welfare regimes: social democratic, corporatist and liberal. Later authors have stressed the absence of three important welfare parameters in first Esping-Andersen's works: access to housing as one of the pillars of population welfare; the family, as a large supplier of goods and services; and the absence of some European regional systems as the Mediterranean countries or Eastern Europe. Allen (2006) has argued that the classification of welfare regimes should not be confused with a typology of countries. However, recent literature (Fenger, 2007) tends to add these two groups of countries to the list of European welfare regimes or systems. In Southern European countries, there is a strong interrelationship between family and dwelling, and housing is important in terms of consumption, investment and intergenerational transfers.

According to Matznetter and Mundt (2010) "one can distinguish three strands of approaches to the relationship between typologies of welfare regimes and housing systems, one focusing on the systematic application of Esping-Andersen's concept on a more or less specific field of housing policy (...) one is on the structure of housing production (...) and a third one centers on housing tenure". Recent contributions have added also housing type and quality (Hoekstra, 2005), suggesting a clear relationship between welfare systems and the more morphological features of housing, those that more directly impinge on daily live. Following this idea, this paper wants to further explore the link between housing quality, type and tenure of housing in a European comparative analysis. The main innovation of our submission is to highlight the sensitivity of quality indicators to household's life cycle stages, which in our analysis will be approached by the householder's age. Thus, we would like to confirm that demographic factors (Mulder, Billari, 2010) are important when we analyze the interrelationship between housing structures and welfare regimes. This demographic influence could give useful clues in order to imagine the future of that interrelationship.

### **Hypotheses**

1. The quality of housing depends on a number of socioeconomic, demographic and other housing variables in a pattern that is loosely shared by different European countries. All possible independent factors can be reduced to a common minimum set

with sufficient and independent explanatory power. Among these variables is the householder's age. This means that households maintain a dynamic relationship with quality throughout their lives, or else that recent cohorts of households behave differently than older ones.

2. The relative influence of each of these variables and / or the way they are influencing quality are different in every selected housing system, which are representative of the typology of welfare regimes.

3. Age maintains varying degrees of interaction with the other significant independent factors so that different age-based patterns of quality according to tenure, housing type and household income can be identified. The direction of the relationship between age and quality, and the existence of a greater or lesser number of interactions, or in other words, the homogeneity of the influence of age on housing quality depends on the country, and therefore, the housing regime.

### **Data and methods**

To assess the role of demographic variables, specially age, on quality parameters in a comparative perspective, this proposal uses the European Union Statistics on Income & Living Conditions project (EU-SILC) cross-sectional micro data. This panel data collects information about the residential structure of diverse European countries (at the first edition, 2003, the survey was carried in 7 countries, but this number has increased to 31 in 2007 wave). The cross-sectional data includes specific variables about quality traits, detailed housing tenure, building typology, household income and person of reference's age. The 2007 edition has been used. It has a special housing module that will let us use other variables in future contributions to extend our first conclusions.

We have used an individual focus in the analysis. Use of microdata from EU-SILC allows us to address the interrelationship between the variables analyzed at the individual level. However, it should be kept in mind that our research is based on five parallel analysis of the interrelationship between housing and socio-demographic variables at the individual level, each for every country. A comparative approach is proposed, thus we have picked up some countries that are representative of welfare regimes: Germany (corporatist), Norway (social democratic), the UK (liberal), Poland (East Europe), Spain (Mediterranean). Logistic regression (stepwise method) has been used, as available in the SPSS statistical software package version XX.

The dependent variable about quality is a summary measure of three factors that define severe housing problems: lack of natural light, no bathroom inside the house, and presence of leaks in the house. A dichotomous variable has been built, the positive value being assigned when the household meets at least one of the three alternatives of poor quality. This is a draft version to the treatment of the available variables on quality. Other possibilities may be a multinomial treatment of a synthetic quality factor. Further improvements would consist in a combination of objective factors (as here) with other subjective variables present in the EU-SILC.

The choice of the research strategy has been very important. One option would have been to apply some statistical explanation tools to aggregated indicators by country in order to find the links between the different dimensions. This was the choice in Hoekstra (2005) or Mulder, Billari (2010). Nevertheless, we wanted to keep the individual perspective in the analysis, and to see how factors interrelated at the

household level. In this vein, the proposed treatment is preliminary. Starting a comprehensive analysis of the whole sample, bringing together all countries, would have been another very understanding way. The addition of a variable identifying the country, or else, the welfare system in a basic logistic regression model is tempting. However, it has fundamental methodological problems that prevent a correct interpretation of the results.

For example, the welfare regime variable (that is not an individual variable) would show a false over determination in the model, which could have led to improper validation of our initial hypotheses. Moreover, the development of a genuine multi-level model is hampered by the limited number of baseline units (countries). Therefore, the best option at this stage is to follow a prudent and conservative approach using separate models with only individual variables applied to some countries, each representing every welfare regime. The deployment of models is organized in phases intended to verify every hypothesis. These models will include the minimum variables in order to get the simplest possible explanation.

### **Expected results**

We have managed to keep the models of every country very close to each other, including the four key independent variables: age, income, housing tenure and housing type. The part of the variance of the quality indicator that is explained by this simple model varies from 20 to 70% depending of the country. These preliminary results indicate that the variation in quality in some housing systems can be analyzed in a very simplified form. In other systems, the number of factors needed in the model is larger, but those used in our research are the most important of all.

The order in which the four key explanatory variables appear in the models also gives some clues about the character of each housing system. The demographic variable, age of the householder, is the first or second explanatory variable in Germany, UK and Norway. In the case of Spain, the variable is entered in fourth place but with a strong collinearity with the income variable, because in Spain income is a near-perfect function of age. Since age is a structural demographic feature, not depending on income, we have kept age in the model. In northern European countries, quality is a trait that varies more strongly with the life cycle of households. Housing careers are expected to start in low quality arrangements and to overcome this problem over time. It's quite different in southern Europe. Tenure and housing type have a great influence on the existence of quality problems; and once the relation with quality is established, it is more stable over the life of households.

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