

HOUSING QUALITY AND DEPRIVATION IN POST-CRISES PERIOD: CASE STUDY OF LATVIA

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Abstract. Provision of adequate housing and amenities is a major challenge for the development of today's society, and especially so among vulnerable social groups, such as people living on the fringes of society and close to the threshold of poverty. Provision of housing of adequate quality covers not only the objective indicators, but also ideological and social support. Housing quality is connected with the availability of other dimensions of life quality (family life, personality development, social capital). This study aims at analysing housing quality and deprivation in Latvia focusing attention on the period of economic recovery (2010-2015). The author has used quantitative approach (statistics, survey data) about housing quality and deprivation in the study. The basic housing functions consist of shelter availability and well-being indicators. Poor housing conditions, lack of basic facilities, overcrowding, subjection to noise, pollution and violence are likely to reinforce problems of health, educational attainment, labour prospects and integration. Where long-term difficulties in meeting mortgage and rental payments are evident, this can lead to greater demands on social housing, relocation and, in extreme cases, homelessness. Material deprivation, poverty, social exclusion as a social phenomena are essentially influenced by the processes going on in the society: the transitional reforms (privatization, denationalization); unsustainable growth (real estate boom 2003-2007); the period of global economic crisis (2008-2010) and the period of economic recovering (after 2010). The results show an increasing average level of quality indicators, but permanent features of deprivation in post-crises period in Latvia.

Key words: Housing quality, housing deprivation, post-crises period.

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Introduction

Housing is one of the basic needs for everyone. The housing functions are to provide shelter from climate threats, where it is possible to realize the physiological needs, personal relationship with the family, to bring up children and take care of the elderly family members. Housing influences the possibility to form a family, to develop family ties, to develop personality, hobbies and to do housework. At its most elementary level, housing serves as shelter, offering protection against weather and crime (Fahey, T., Norris, M., 2011). Housing could be a significant economic investment for households. Residents also tend to hold emotional attachment to the housing as home, a place of emotional relaxation. In addition, the governments have used housing as a tool to attain other policy objectives, such as social inclusion, integrating or segregating population groups. In view of the fact of its significance, housing plays an important role in the society. "First, housing must accommodate behavioural needs related to family life and neighbourly interactions. Second, housing reflects and reinforces social and economic structures. It means, for example,

social stratification and discrimination" (Michelson, W., Van Vliet, W., 2000, 314). Housing quality means not only technical, quantitative parameters, but is also closely linked with social security as well in objective and subjective sense. It is a sensitive problem for vulnerable groups who are meeting higher housing deprivation risk.

Housing quality could be explained as multi-dimensional phenomenon: use value (for individual and family); emotional value (feel-good factor, love of your own home); prestige value (self-expression, self-identification) and protection (privacy, physical conditions) (Curley, A., 2005.). It is multidimensional phenomena covering physical and social parameters.

Housing deprivation is a measure of poor amenities (households with leaking roofs, no bath/shower and no indoor toilet, or the dwelling considered too dark) (Eurostat, 2016). Housing deprivation reflects the lack of an ordinary living pattern common to the majority or the larger part of the population in the European Union and most of its Member States.

British researcher of poverty and social exclusion Peter Townsend (1979) defined deprivation as the lack of socially-perceived necessities (Townsend, 1979, 47).

Vulnerable groups are those which experience a higher risk of poverty and housing deprivation than the general population. Housing deprivation is linked with social isolation, residential segregation and discrimination focusing on urban poverty and "urban underclass" (Curley, 2005). The author is confident that housing deprivation takes place in rural areas, too, but with some specific features. The inhabitants in urban areas are more concerned about availability of housing and ability to pay for it, but rural inhabitants have difficulties to obtain and provide adequate housing quality.

The current study has focused attention on the analysis of housing quality dimensions paying attention to housing deprivation in sense of quality and availability of housing for vulnerable groups. The European Federation of Public, Cooperative and Social Housing presents a report that reflects the state of the housing sector in the continent, Latvia's country profile is described as "...a relatively high rate of housing deprivation and poor housing quality..." (Housing Europe, 2015).

The financial, economic and social crises in 2008-2010 have affected not only financial obligations and employment opportunities (Hass, J., 2014). It affected housing issues, too; for example, housing availability and provision in Latvia. The author is interested in the changes in housing quality and deprivation in the period after the global financial and socio-economic crisis in Latvia. The period from 2011 to 2015 is analysed as post-crisis recovery for housing quality and deprivation. Housing quality and deprivation in post-crisis period means changes that have taken place in housing system in the aftermath of the Global Financial Crisis (Elsinga, 2015, 15). The aim of the current study is to explore what tendencies are observable in post-

crisis period (2011-2015) in housing quality provision and deprivation risk for different groups in Latvia.

The main tasks are:

- 1) to find trends in housing quality in post-crisis period;
- 2) to find out if adequate quality housing is financially available for all the inhabitants of Latvia;
- 3) to illustrate data about housing deprivation in Latvia. The housing quality as multidimensional phenomenon includes size, accommodation, environment and financial availability.

Research questions:

How has the housing quality changed after the crisis in Latvia? How housing deprivation could be characterised in post-crisis period in Latvia?

Hypotheses

- 1) Housing quality has improved in post-crisis period in Latvia, but it reveals differently in socio-demographic and territorial groups.
- 2) Housing deprivation is common for all regions in Latvia, but the parameters of deprivation differ in urban and rural areas.

The global financial crisis of 2008-09 cast a long and wide shadow over the world's economy and had a severe impact on Latvia's economy and housing problems (Kim, 2014). Those with mortgage loans and those who lost income due to unemployment were impacted especially hard. Post-crisis period is understood as the years of economic recovery in 2011-2015 in Latvia. The concept "housing trap" could be applied in order to characterise the housing situation for people in many EU countries:

- the rental sector is expensive;
- home ownership is not an option due to the even higher costs;
- the number of social homes is just not big enough with waiting lists growing in numerous countries (EU Housing, 2015). It is possible that some social groups could be in the

"housing trap" in Latvia, too. The author highlights the main features of vulnerability, which could be linked with family status and urban/rural area.

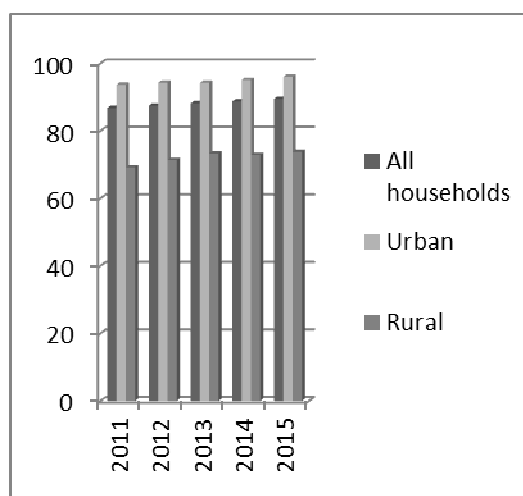
Housing quality is measured as dwelling supply with different amenities (Eurostat, 2016).

The focus of the EU housing policy falls on three vast areas: accessibility, affordability, quality (European Parliament: 12/1996). Since 2010, the outset of the Europe 2020 strategy, EU-SILC data, is being used to characterise the housing quality and deprivation monitoring, the poverty and social inclusion in the EU. One of the key dimensions in assessing the quality of housing is the availability of sufficient space in a dwelling. The overcrowding rate describes the proportion of people living in an overcrowded dwelling, as defined by the number of rooms available to the household, the household's size, as well as its members' ages and their family situation [EU statistics on income and living conditions (EU-SILC), 2014]. Homelessness is a social indicator for extreme poverty and housing deprivation. The social housing and night shelters are housing policy instruments for protection of the people who are in risk to loose dwelling. Questions of social housing, homelessness and housing segregation play an important role within the EU's social policy agenda. The Charter of fundamental rights stipulates in Article IV-34 that "in order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with Community law and national laws and practices"(EU EC, 2000).

Methods. The author analyses the existing statistics (EU-SILC,2014; CSB, 2016) about housing quality and deprivation, as well as provides data from Latvia's inhabitants Survey about Poverty and social exclusion (n=2007)(2015) organized by the University of Latvia.

Research results and discussion

The dwelling supply usually is measured by amenities and space available for inhabitants in their dwelling. The author chooses to focus attention on the presence of sewerage, hot water and adequate space. These are the parameters showing the differences between housing quality in Latvia and the EU average level (Eurostat, 2015). The housing quality parameters: sewerage, hot water and overcrowding were analysed.



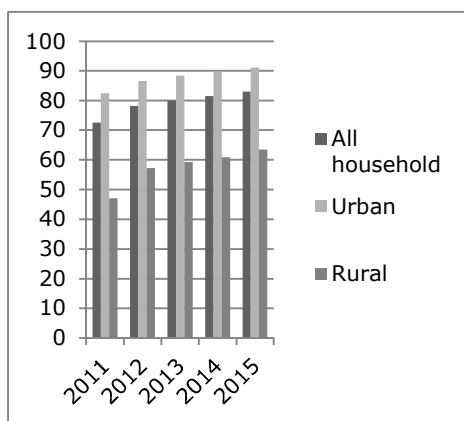
Source: author's calculations based on CSB, 2016

Fig. 1. **Housing quality: dwelling supply with different amenities(%): sewerage**

There are significant differences between urban and rural dwelling supply with different amenities (Figure 1). More than 96 % (2015) of urban inhabitants are supplied by in-door WC in Latvia, whereas in rural areas only 73.8 % (2015) (CSB, 2016).

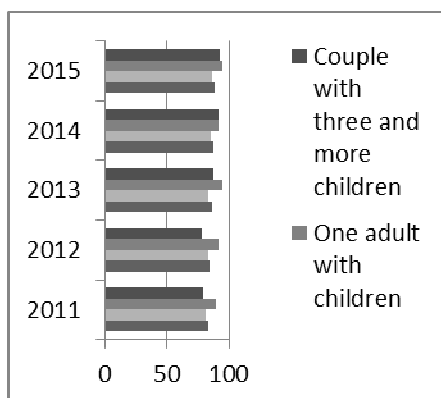
Simultaneously, the general trend is that the proportion of households without sewerage is decreasing.

Hot water is equally necessary amenity in rural areas as in urban areas. There are 83.0 % percent of all households supplied with hot water in the country, but, compared to 91.1 % of urban households, there are only 63.5 % of households in rural areas (Figure 2).



Source: author's calculations based on CSB, 2016

Fig. 2. **Housing quality: dwelling supply with different amenities(%): hot water**



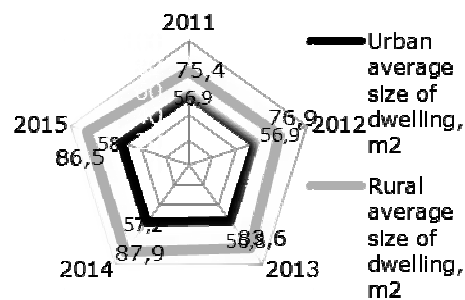
Source: author's calculations based on CSB, 2016

Fig. 3. **Dwelling supply with different amenities: sewerage by type of households**

The adequate space is necessary precondition for all households, but especially for families with children. Focusing attention on different household types, more vulnerable are single person households (15-64; 65+) and one adult with children as well as a couple with three or more children (Figure3). The housing conditions as adequate space in dwelling are gradually improving in the post-crisis period 2011-2015, from the overcrowding rate 55.7 % in 2011 to 39.8 in 2015, but still the overcrowding rate is higher than average in the EU and neighbouring countries.

The overcrowding rate is in Estonia 13.4 (2015) and in Lithuania 26.4 (2015) (Eurostat, EU-SILC, 2016).

Eurostat data show high overcrowding rate in Latvia in comparison with the EU average level and with other Baltic states (Eurostat, EU-SILC, 2016).

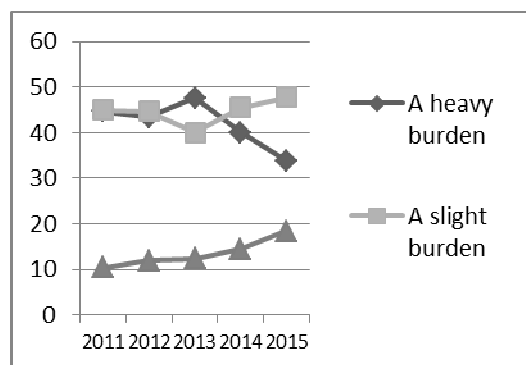


Source: author's calculations based on CSB, 2016

Fig. 4. **Average size of dwelling in urban and rural areas (2011-2015)**

The author sees general trends of gradual improvement of parameters (sewerage, hot water and available space) in housing quality from 2011 to 2015 in Latvia. The gradual improvement is characteristic also for other parameters (cold water, gas and other) (CSB, 2016).

Survey data show that 30.3 % of respondents report about being in debt in some financial institution and 8.8 % report about overcrowding in dwelling.



Source: author's calculations UL survey data 2015 (n=2007)

Fig. 5. **Influence of housing maintenance expenditure on household financial situation in Latvia(%)**

More than one third of all population reports the influence of housing maintenance expenditure on household finance situation as a heavy burden. However, the proportion of this category is decreasing (from 44.7 % in 2011 to 33.9 % in 2015).

Generalizing results of statistics and survey data, the author considers that the situation of some social groups could be characterized as

"housing trap", especially large families' housing quality in rural areas and ability to pay for necessary accommodations in urban areas.

It is a common practice, at least in Europe, for central or local governments to intervene and to provide housing functions for vulnerable groups. This public intervention can result in either benefits or disadvantages for various social and territorial groups. Among the benefits, there is the reduction of social inequality if the public housing assistance is provided in a suitable way. The provision of social housing in Latvia is the function of local governments. The intervention in housing market could result into benefits or disadvantage for different social and territorial groups.

Homelessness and housing deprivation are arguably the most extreme examples of poverty and social exclusion in European society.

Deprivation could be measured in indirect way: as recipients of benefits and services in municipalities.

Table 1

Number of recipients of housing benefits and expenditures for apartment benefits in Latvian municipalities in 2011-2015

	Number of recipients (thou population)	Expenditures of benefits (thou euro) municipal apartment benefit
2011	211.5	28,528.0
2012	185.1	26,743.5
2013	158.9	23,422.7
2014	133.9	20,472.7
2015	113.0	18,390.1

Source: author's calculations based on CSB, 2016

The number of recipients of housing benefits and accordingly expenditures in municipalities (2011-2015) is decreasing in Latvia (Table 1). In the same time, the social assistance floor is too low in many municipalities as national government has not changed that from 2003.

The local governments are responsible for housing policy implementation in municipalities in Latvia and provide social services to household.

Poor housing conditions, lack of basic facilities, overcrowding, subjection to noise, pollution and violence are likely to reinforce problems of health, educational attainment, labour prospects and integration.

Local government provides social services for homeless: night shelters social services (CSB, 2016). Latvia is among those EU member states where a significant part of the population is affected by the lack of housing and, hence, over the years Latvia has obtained remarkable social knowledge in the field. Especially relevant is Latvian experience during the socio-economic crisis that took Europe by storm in early 2008 and during which the social assistance floor was very low and many people were harshly affected.

Table 2

Night shelter services in Latvia in 2011-2016

	Night shelters social services (recipients, thou)	Expenditures (thou euro)
2011	5.1	2,361.6
2012	6.5	2,294.9
2013	6.6	2,411.3
2014	5.4	2,213.1
2015	5.5	2,344.2

Source: author's calculations based on CSB, 2016

The night shelter is a form of support for those in extreme deprivation. The number of services for homeless persons (roofless in Latvia) (Dobelniece, Rasnača, 2016) are rather stable (Table 2). Latvian experience illustrates an important example for the role of housing in fight against inequality. The provision of social housing assistance in Latvia is among the functions of local governments; however, this assistance covers only a minor part of population which is housing deprived. A mismatch exists between the extent to which housing assistance is provided and the situation on the ground, partly due to the fact that the competence lies solely with municipality level. This has some adverse consequences on the inequality.

Furthermore, social houses are municipally owned buildings with a special social status, where all apartments are social apartments. Social housing represents a minor part of the municipal stock, and only 0.4 % of the national housing stock and it is concentrated in the larger cities. Social housing in Latvia is provided exclusively by municipalities. However, some larger municipalities have created specific companies to carry out management and maintenance of the public stock. In Latvia, the access criteria to social housing are specified in local decrees passed by the local municipalities, and the target population is low-income households (Social Housing in Europe, 2015).

The local authorities are responsible for financing social housing through their local budgets. Since 2006, investment in new social housing is co-financed by the central government via special funds. The subsidy programme also encourages public-private partnerships for the construction and renovation of social housing, but so far, there has been almost no involvement of private stakeholders. Tenants pay a monthly rent, which is very low, up to one third of the

locally set municipal rent level. The municipality also often subsidizes utility costs for the low-income households.

Conclusions

- 1) Analysis of housing statistics in post-crisis period shows gradual improvement, but there is a gap in housing quality in rural and urban areas.
- 2) The housing maintenance expenditure still is a heavy burden for every third of all households.
- 3) The housing deprivation is still a serious problem in municipalities and decreasing trend is questionable.
- 4) Housing quality has improved in post-crisis period in Latvia, but it reveals differently in socio-demographic and territorial groups. The most vulnerable groups influenced by overcrowding are large families.
- 5) The current study shows risks of "housing trap" situation for single persons as well for one parent families and large families in rural areas (quality parameters) and financial risks of housing maintenance and debts in urban areas.

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