

## HOUSING SECURITY IN LATVIA: REGIONAL DIFFERENCES

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**Abstract.** Housing affects different areas of human life: health, education, employment and income security, social status, social networks and access to other important resources. Hence, the importance of housing security – protection from eviction and confidence that housing will not be lost. The aim of the paper is to analyze housing security in Latvia focusing on regional differences. There are several preconditions for housing security. This paper focuses mainly on habitability and affordability. The housing situation analysis is based on the publicly available statistical data and evaluation of the perception of security on the quantitative survey data.

Data analysis shows urban-rural and regional differences in the average size of dwelling, housing quality and available amenities, housing costs and their influence on household budget. Also, subjective perception of security has significant regional differences.

**Key words:** housing, housing security, perception of housing security.

**JEL code:** I31

### Introduction

Shelter is one of the most fundamental human needs and rights, and the rights to housing and adequate living standards are included in many laws and regulations, both international and national (for example, "The Universal Declaration of Human Rights", "European Social Charter" Article 31, "Constitution of the Republic of Latvia" etc.).

Housing influences different areas of human life: health, education, employment and income security, social status, social networks etc. According to the research data, there is a growing body of evidence that housing circumstances affect physical and mental health of families and individuals. If families live in adequate, affordable, not overcrowded housing and they have security of tenure, children of the family will experience better educational outcome. Secure housing establishes circumstances for access to other formal and informal supports and networks (Carter, Polevychok, 2004), and reduces poverty (Payne, Durand-Lasserve, 2012). The lack of secure housing, fear of eviction has negative impact on individuals and families as well as on communities, for example, people living in fear are less likely to realize their labour potential, experience stress, are unlikely to invest in improving their homes and neighbourhoods, and

so on. Therefore, secure housing that is adequate, qualitative and affordable is of great importance for people. There are urban-rural differences in Latvia but there are also significant regional differences in employment, income and demographic structure (Bela, Rasnaca, 2015). As these factors contribute to housing security, it is useful to look at housing security in regional aspect.

The aim of the paper is to analyze housing security in Latvia focusing on the regional differences. The following tasks are set: 1) to conceptualize housing security; 2) to characterize the present housing situation in Latvia, describing regional differences; 3) to evaluate subjective perception of housing security. Housing situation analysis is based on the publicly available statistical data that provide information about housing stock, living conditions and socio-economic situation of the population. Data analysis reveals urban-rural and regional differences. The study also employs the quantitative research data of two surveys (2014 and 2015) of the population of Latvia carried out by Advanced Social and Political Research Institute of the University of Latvia. The sample size amounts to 1004 respondents in 2014 and 2007 respondents in 2015.

## Research results and discussion

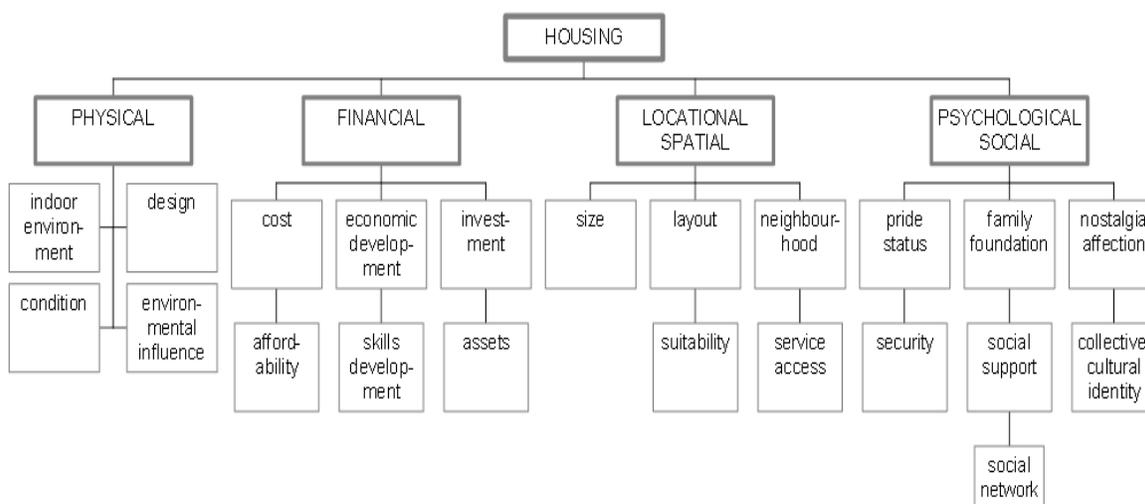
### 1. Conceptualization of housing security

The term 'housing' has a double meaning. It refers to housing functions and ownership issues (Fahey, Norris, 2011) and also to ownership assets (purchasing value). Housing is a necessary precondition for the development of personality, for implementing family life and for meeting physiological needs and social interaction with friends and relatives. Housing has influence on individuals' lives, as it is a precondition for obtaining other important resources. Housing can be characterized by physical, financial, spatial and psychological/social aspects (Carter, Polevychok, 2004). Each of them includes subcategories which contribute to housing security (Figure 1).

Although housing security is of great importance, no generally accepted definition of this concept has been elaborated. There are several definitions of tenure security available, and these definitions can be related to housing security. This paper does not discuss forms of

Jelgava, LLU ESAF, 21-22 April 2016, pp. 25-26 ownership in detail; it rather focuses on security in a sense of stable place of residence, in terms of this paper – housing.

Tenure security is defined as "right of all individuals and groups to effective protection by the state against forced evictions ... the permanent or temporary removal against their will of individuals, families and/ communities from the home and/or the land they occupy" (Monitoring Security of..., 2011). Another similar definition states that a person or household can be said to have secure tenure, if they are protected from involuntary removal from their residence, except in exceptional circumstances, and then only by means of an accepted legal procedure (Payne, Durand-Lasserve, 2012). 'Secure' means that as long as the person abides by the conditions of tenancy, including paying rent and behaving reasonably, he/she can generally stay there for as long as he/she wants (Reeves, 2014). In this context, the term 'secure' is defined in relation to tenancy but it can have the same meaning in the context of any housing.



Source: Carter, Polevychok, 2004

Fig. 1. Housing importance areas

It is an essential need and right of every individual to have a stable, permanent place of residence.

Housing security refers to ontological security as a stable mental state derived from the sense of continuity in regard to the events in one's life. British sociologist Anthony Giddens refers to ontological security as a sense of order and

continuity in regard to an individual's experiences (Giddens, 1991).

Housing security in general is confidence that housing will not be lost, family will not stay without a shelter, and this concept also includes

individual's experience to obtain and use housing in accordance with his/her well-being needs. Housing and housing security can be analysed from different aspects and different dimensions: legal security of tenure, availability of services, materials, facilities and infrastructure (an adequate house must contain certain facilities essential for health, security, comfort and nutrition. Individuals must have access to water, energy, heating and lightning, sanitation and washing facilities etc.); affordability (mainly housing costs and income of the population), habitability (physical safety of the dwelling and its residents- adequate space, protection from cold or heat, rain, wind and any threats to person's health), accessibility, location (housing should not be isolated from workplaces, shops, schools, health care and recreation institutions), cultural adequacy (cultural factors should not be used as excuses for avoiding modernisation or excluding new technologies in housing) (Hohmann, 2013).

*"The definition of the perception of tenure security by people and communities incorporates in the definition the degree of confidence that ... users will not be arbitrarily deprived of the rights they enjoy ..."*(Payne, Durand-Lasserve, 2012). The individual perception of housing security or insecurity is influenced by physical condition of housing, available amenities, environment characteristics and financial ability to cover housing costs. Habitability, including available facilities, and affordability, in particular its financial dimension, as core factors of housing security, will be analysed further in a more detailed way.

## **2. Characteristics of the housing situation**

As mentioned above, housing security depends on various factors, such as habitability, availability of services, affordability (Hofmann, 2013) and other.

Habitability. Total housing stock area in Latvia in 2012 was 70,086 thousand square metres,

Jelgava, LLU ESAF, 21-22 April 2016, pp. 25-27 with average 35 m<sup>2</sup> per a permanent resident. Living space is not distributed evenly, there are regional differences: in Pieriga region (44 m<sup>2</sup>) and in Vidzeme region (38 m<sup>2</sup>) it exceeds the average but in Riga region (28 m<sup>2</sup>) the living space does not reach the average (CSP datubazes).

In 2014, 36.6 % of the total population lived in the detached houses, 70.1% in flats. These data differ in urban-rural as well as in the regional dimension. The number of those living in flats in urban areas exceeds that in rural areas more than twice (83.9% and 35.7%); at the same time, there are more rural population living in detached houses (58.1% and 13.5% respectively). Also, average size of dwelling in rural areas exceeds the size in urban areas for 30.7 m<sup>2</sup> and also exceeds the average total size for 22.1m<sup>2</sup>. The average size of dwelling is 65.7 m<sup>2</sup>, the highest average – 85.2 m<sup>2</sup> - in Pieriga region, the lowest – 53.3 m<sup>2</sup> - in Riga region (Central Statistical Bureau ..., 2014).

Not only dwelling size but also housing quality is important, as poor housing can be a barrier for maintaining living standards that are considered as acceptable in particular society. But significant part of housing is physically and morally outdated – households do not meet technical, economic and cultural requirements and expectations of the population.

One of the factors related to housing quality is overcrowding, revealing problems with the living space in Latvia. The household is considered as overcrowded if "it does not have at its disposal a minimum number of rooms that equals to: one room for the household; one room per couple in the household; one room for each single person aged 18 or more; one room per pair of single people of the same gender between 12 and 17 years of age; one room for each single person between 12 and 17 years of age, not included in the previous category; one room per pair of children under 12 years" (EUROSTAT Statistics Explained). According to the data, the average

number of rooms per household member varies from 1.2 to 1.3 (Central Statistical Bureau ..., 2014) and it does not differ in urban-rural or regional dimension. Nevertheless, according to European standards the overcrowding rate exceeds 35% in Latvia (EUROSTAT, 2014).

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 Dwelling supply with different amenities is another important characteristic of the housing situation. Here, the differences, both urban-rural and regional, apply, revealing better conditions in the urban areas - Riga and Pieriga regions (Table 1).

Table 1

**Dwelling supply with amenities 2014, %**

Region	Cold water (water pipe)	Hot water	Sewerage	Town gas or natural gas	Liquefied hydrocarbons	Stationary electrical range
<b>All dwellings</b>	90.9	81.5	88.8	47.5	34.3	17.4
<b>Urban</b>	96.4	89.7	95.1	61.8	21.5	17.2
<b>Rural</b>	77.0	60.9	72.9	11.7	66.3	17.9
<b>Riga region</b>	99.4	94.2	99.1	76.7	6.3	17.2
<b>Pieriga region</b>	90.3	81.2	88.5	36.3	39.6	24.9
<b>Vidzeme region</b>	82.6	70.4	80.2	15.8	57.2	24.1
<b>Kurzeme region</b>	92.5	82.6	90.0	30.9	48.1	19.2
<b>Zemgale region</b>	87.0	72.2	84.5	40.3	44.4	13.3
<b>Latgale region</b>	78.7	66.1	73.3	33.3	58.1	7.0

Source: Central Statistical Bureau of Latvia, 2014.

Not all households have a bath or a shower and indoor toilet, and the situation is worse in the rural areas, where these amenities are available to only 66.1% and 67.1% of the population respectively, compared to 89.6 and 90.9% in the urban areas (Central Statistical Bureau ..., 2015). Data reveal that household supply with different amenities is better in the urban than in the rural area, and this fact has an impact on housing costs and also directly relates to the housing affordability. Housing affordability in general is a measure denoted by housing costs and income of the population.

Affordability. Housing costs and ability to maintain housing have significant impact on housing security. Housing expenditure differs in urban-rural and regional dimension. In urban areas, the average housing maintenance

expenditure is EUR 150.1 per month, while in rural areas it amounts to EUR 108.9. The highest costs in regional dimension are in Riga (EUR 161.6) and Pieriga (EUR 162.0), the lowest in Vidzeme (EUR 106.2) and Latgale (EUR 111.5). At the same time, the expenditure as a percentage of households' disposable income is the highest in Latgale region - 18.4%, while in Riga and Pieriga regions, where costs are the highest, it amounts only to 16.6% (Central Statistical Bureau..., 2014) (Table 2). It can be explained by the regional differences in income and living standards of the population. So in 2013, at-risk-of-poverty rate in Latgale region was 33.0%, being the highest among all other regions in Latvia, while in Riga region it was only 13.7% and in Pieriga region 19.6% (Central Statistical Bureau ..., 2015).

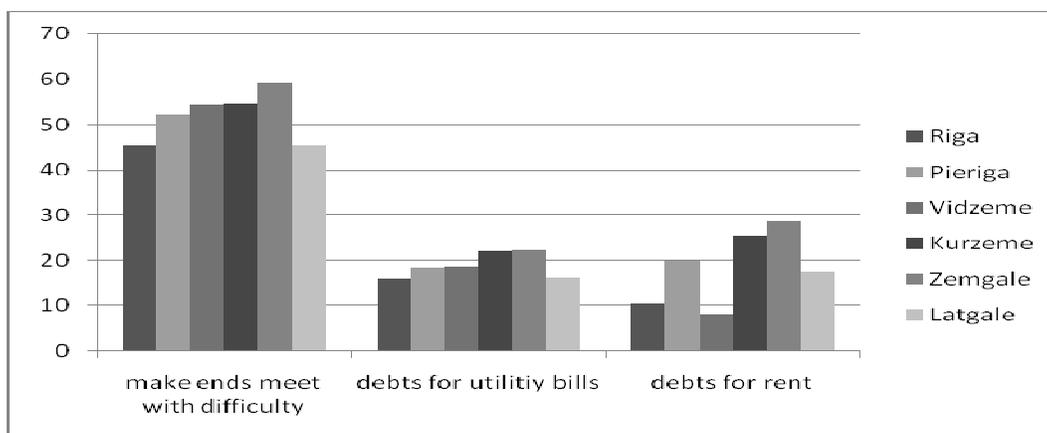
**Housing costs and their influence on household budget 2014, %**

Regions	Housing costs' share in household budget	Housing costs influence on household budget		
		A heavy burden	A slight burden	Not a burden at all
<b>All households</b>	16.4	40.0	45.5	14.5
<b>Urban</b>	17.3	41.8	44.4	13.8
<b>Rural</b>	13.9	35.6	48.2	16.3
<b>Riga region</b>	16.6	35.5	46.1	18.4
<b>Pieriga region</b>	16.6	42.1	46.4	11.5
<b>Vidzeme region</b>	14.1	39.1	52.3	8.6
<b>Kurzeme region</b>	14.9	31.4	51.5	17.0
<b>Zemgale region</b>	16.7	53.3	34.0	12.6
<b>Latgale region</b>	18.4	45.0	42.8	12.2

Source: Central Statistical Bureau of Latvia, 2015

Housing costs are relatively high, especially for low income households. Housing affordability means that income is sufficient to purchase other necessities after paying the housing costs (Gabriel et al., 2005). Data show that it is a problem for a great part of the population - about

a half of the population experiences difficulties to make ends meet (Figure 2), they have insufficient income to provide their living. Material deprivation is related to debts for rent and utility bills, and it reduces housing security.



Source: authors' construction based on the data of Central Statistical Bureau of Latvia, 2015.

**Fig. 2. Characteristics of financial difficulties of households in regions (%)**

Utility bills due to financial difficulties cannot pay in time 18.6% in urban and 17.1% in rural areas. Inability to pay the rent in time is more threatening for the housing security. Such situation is reported by 16% of households in urban and 18.9% in rural areas, and varies from 8.1% in Vidzeme region to 28.7% in Zemgale region (Central Statistical Bureau ..., 2015).

People cannot experience housing security if their income is not sufficient to cover bills. But

housing maintenance includes not only rent, heating, water and other payments related to dwelling etc. but also maintenance of decent environment, for example, ability to replace worn-out furniture, to renovate the household etc. The data show that more than a half of the population cannot afford it – 58.4% in urban and 62.2% in rural areas (Central Statistical Bureau..., 2015).

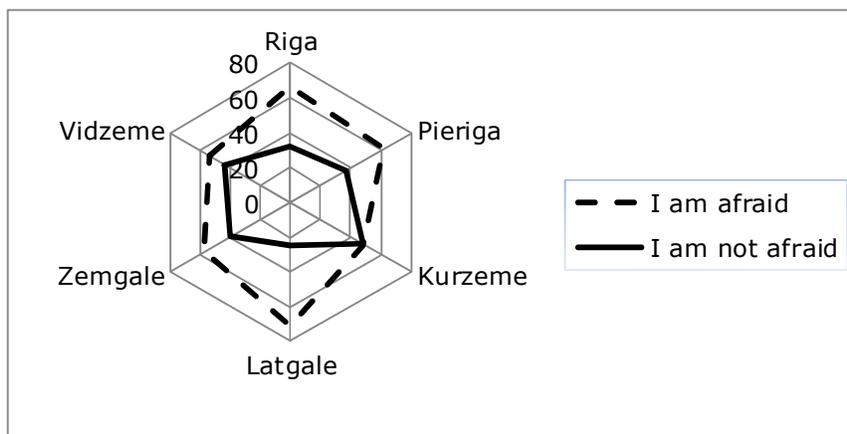
In general, the housing situation in Latvia is satisfactory, however, there are some problems related to housing security, especially to affordability, which is closely linked to comparatively low income and high poverty level in Latvia.

### 3. Subjective perception of housing security

Subjective perception of security is significant – it is an ability to maintain the housing (to pay the rent and cover the costs of the amenities – minimal demands); as well as ability to live in comfortable surroundings according to individual's needs and well-being standards (for example, to obtain necessary furniture and to renovate the household). The authors have

Jelgava, LLU ESAF, 21-22 April 2016, pp. 25-30 picked answers to the following questions as indicators of subjective perception: "Are you afraid of not being able to pay the rent and cover the costs of the amenities?" (Survey 2014) and "Can you afford to make necessary repairs/renovations in your housing?" (Survey 2015).

Answers related to the subjective perception of security, as ability to pay the rent and cover the costs of the amenities, characterise financial dimension of the ontological security. Respondents in all six statistical regions of Latvia are more frequently afraid of not being able to pay the rent and cover the costs of the amenities than feeling secure (answer: I am rather not afraid/I am not afraid at all) (Figure 3).

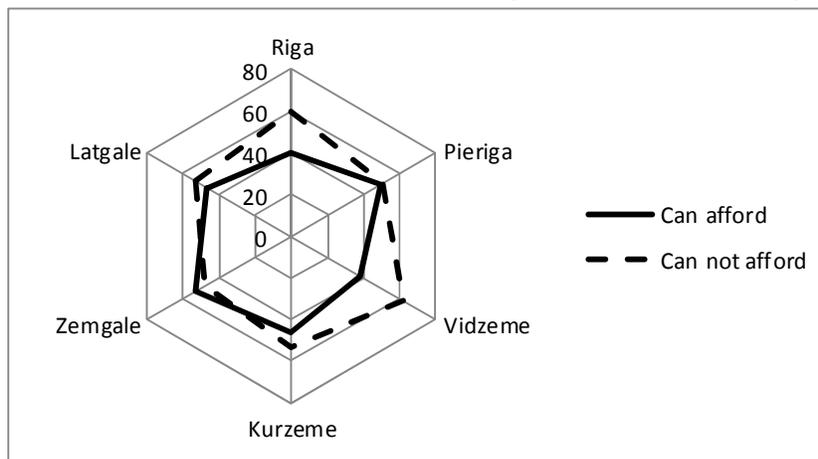


Source: authors' construction based on the data from the University of Latvia survey 2014

Fig. 3. Answers to the question "Are you afraid of not being able to pay the rent and cover the costs of the amenities?"

There is an exception – the respondents from Kurzeme region. The Chi-Square test is  $<0.05$ , so differences between regions are statistically significant (Survey, 2015). Answers regarding subjective perception of security as ability to pay the rent and cover the costs of the amenities characterise financial dimension of the ontological security. Respondents in all six statistical regions of Latvia are more frequently concerned about their ability to pay the rent and cover the costs of the amenities than feel secure (answer: I am rather not afraid/ I am not afraid at all).

The succeeding figure shows answers to question regarding ability to make necessary housing renovation (Figure 4). Answers to this question characterise possibility to fulfil individual well-being needs. The respondents from Pieriga and Zemgale region feel able to do necessary renovation more frequently, while more than a half of the respondents in other regions (Riga, Vidzeme, Kurzeme and Latgale) provide the answer "cannot afford to do necessary repairs".



Source: authors' construction based on data from Latvia Population Survey, University of Latvia, 2015

Fig. 4. Answers to the question "Can you make renovation of your housing if necessary?"

Ability to pay the rent and cover the costs of the amenities as well as ability to do necessary renovation shows different levels of well-being and ontological housing security. The perception of insecurity is more frequently linked to the affordability dimension of the housing security but it can be intensified by unrealized need to live in renovated comfortable housing. The proportion of respondents who report having debt for amenities varies from 4.3% to 12.9%. The highest level of debts for amenities is in Zemgale region, while the lowest level of debts is found in Riga. The ability to make necessary renovation varies from 37.7% in Vidzeme region to 52.6% in Zemgale region. It refers not only to income level but also to skills and physical ability of household members. Subjective perception of the majority of the respondents does not reveal the sense of ontological security. The regional disparities in ontological housing security are statistically significant ( $\chi^2 < 0.05$ ). The lack of ontological housing security reveals itself as a problem of affordability as well as an ability to maintain necessary comfort of housing.

Additional analyses of regional differences, including qualitative studies need to be implemented in order to disclose most important factors that influence subjective perception of security.

### Conclusions, proposals, recommendations

- 1) Housing is one of the basic human needs and rights. It is a very significant resource and pre-requisite for obtaining other necessary resources. Housing security can be defined as confidence that housing will not be lost. Housing security refers to ontological security.
- 2) There are urban-rural and regional differences in housing situation and factors that contribute to housing security – habitability and affordability and their subcategories.
- 3) Although housing security depends on the income level to a great extent, this is not the most important factor affecting housing security. Not always a direct relationship between income level and ability to obtain and maintain housing can be found.
- 4) The subjective perception characterises ontological housing security. Most respondents subjectively feel insecure regarding their ability to pay the rent and cover the costs of services in all regions of Latvia. Failure to achieve the desired level of improvement is likely to reinforce the subjective housing insecurity in all regions.
- 5) Analysis of the housing situation and perception of housing security shows significant differences in urban-rural and

regional dimensions. To reveal the reasons for that and explain the differences, more

Jelgava, LLU ESAF, 21-22 April 2016, pp. 25-32 detailed research with in-depth analysis would be necessary.

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