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The relationship between population and housing

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A two-sided relationship

- Side one: From population to housing
- Side two: From housing to population



Side one: From population to housing

- Via housing demand and self-help construction (condition: affordability)
- In the long run
- Via # households, not # people
- Note: low fertility leads to decline in # people but only much later to decline in # households



Side one: From population to housing

- Decline in # households: oversupply
- Dangers:
 - local governments/parties compete;
 - monotonous, remote, low-quality areas
 - de-populate



Side two: From housing to migration

- Housing may attract migrants, shortage may deter migration, but:
 - hardly international migration
 - hardly urgent migration
 - mainly housing-related moves
 - only if there is a demand
- Example: Astana, Kazakhstan



Side two: From housing to household formation

Leaving the parental home and partnership formation:

Access to affordable housing (home-ownership, prices)

Access to mortgages

Difficult in Italy, Spain, Greece, many former socialist countries



Side two: From housing to household formation

Divorce, separation:

Urgency

Home-ownership stabilizes unions?



Side two: From housing to having children

- Indirect: via leaving the parental home
(late parenthood = fewer children)
- Indirect: via cohabitation and marriage
“There was very much that culture if you get married you buy a house and if you can’t afford to buy a house then you should wait until you can.” (example from Britain, but the norm is probably widespread)



Side two: From housing to having children

Direct: securing suitable housing before
parenthood

Direct: cost competition



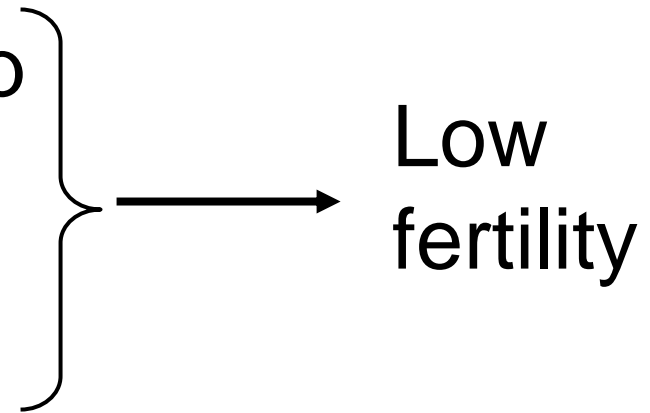
Side two: From housing to having children

Countries:

High level of home-ownership

High prices

High downpayments



(South Europe)



Side two: From housing to having children

Countries:

Housing problems (or crisis) as one factor
detering parenthood in a complex set
(also: job security, uncertainty,
abandonment of pronatalist policies)
(mainly Central and Eastern Europe)



Policy issues

- Prevent oversupply and local competition for population
- Focus on quality, less on quantity
- Stimulate diversity (local and national)
- Stimulate affordable and rental housing
- Decrease restrictions on moving (decrease transfer tax, decrease tax reliefs)