



What Have ECHP and EU-SILC to Contribute to the Comparative Study of Housing?

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Abstract: *This paper discusses the strengths and weaknesses of pan-European datasets, in particular ECHP and EU-SILC, for research in housing. Although 'housing' is a complex topic when studied from a European comparative perspective, I argue that there is no inherent reason why housing should be less amenable to cross-national research than other equally complex topics in comparative social science research, such as research into family change and stability, or the impact of educational systems on social stratification. Given appropriate theory, conceptualisation and contextualisation, along with strong methodologies, meaningful and informative research in housing with ECHP and EU-SILC are possible. There are however a number of limitations, which are mainly related to the fact that both datasets are geared towards the 'production' of a 'system of social indicators' informing European and national governments. Because of these limitations, ECHP and in particular EU-SILC are less attractive and less useful for academic research than they could potentially be.*



My research career started about 15 years ago, when I took on my first job as ‘methodological research collaborator’ with the Panel Study on Belgian Households (PSBH), which ran from 1992 to 2011. Although my main task consisted of calculating non-response rates, calibrating non-response weights and writing methodological reports, there was also time for research. The highlight of my first year in work was the physical arrival – on a CD-ROM – of the first three waves of the European Community Household Panel (ECHP), for which we provided the Belgian data. In hindsight, I must have been the first (certainly the youngest) Belgian researcher to get my hands on these first three waves. Although the datasets commissioned by the European Union (EU) – ECHP (1994-2001) and its successor EU-Statistics on Income and Living Conditions (EU-SILC, 2004-current) – have their drawbacks and peculiarities, they have been with me for most of my research life.

Both data sources serve as the main reference for the EU-indicators on income, living conditions and social exclusion, and also contain information on housing, in particular on tenure, the cost of housing and housing conditions. The sample of households and individuals is representative of the population in each year and each country, while cross-national comparability is guaranteed through a standardised design and common procedures. While ECHP only covers countries belonging to the ‘old’ EU-15, over time EU-SILC has come to include most of the new – Baltic and Eastern-European – Member States. Both surveys also include a longitudinal component. However, while ECHP is a full-fledged household panel study, EU-SILC is designed as a four-year rotating panel: the first-year sample was divided into four panels, of which a different panel is dropped and replaced by a fresh sample in each subsequent year. Individuals are hence interviewed four times at most. Because of their comparative nature, both datasets have attracted much scholarly attention. A look at Sociological Abstracts¹ shows that 186 journal articles make use of ECHP-data, while 86 articles are based on EU-SILC. For comparison, 136 articles cite the Survey of Health, Ageing and Retirement in Europe (SHARE) as their main data source. A wide range of topics is covered in these publications, among which: social exclusion, poverty, and inequality; income, wages, employment and the labour market; families and demographic transitions (e.g. divorce and remarriage, leaving the parental home, entering homeownership); education; retirement; social capital; health and, of course, housing.

Strengths and weaknesses of pan-European datasets for research in housing

For this contribution, I was asked to reflect on the strengths and weaknesses of these pan-European datasets, in particular with regard to research on housing. Putting aside matters regarding the complex and potentially different meanings of housing-related concepts – in particular tenure – in a comparative perspective,² the main strength of these datasets lies in their

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² I agree that comparative housing researchers, whether they use qualitative or quantitative methods, should be aware of the fact that tenure categories such as ‘owner-occupation’, ‘private renting’ and ‘social renting’ have different meanings and uses in different housing regimes/housing systems, and that these meanings and uses result from the different ways in which these tenure categories are produced, allocated and consumed within the context of a particular housing regime/housing system (Horsewood, 2011; Kemeny & Lowe, 1998; Stephens, 2011). All



standardised design, both in terms of data collection procedures and in terms of questionnaires, and ultimately, the information that is available in the set of variables. While Horsewood (2011), from an economist's perspective, situates the value of quantitative comparative research on housing in terms of an evaluation of whether empirical relationships are constant (or not) across locations and across time, thus allowing for policy transfer (or not), from a sociologist's perspective the 'bread-and-butter' of comparative research lies exactly with variations in contextual arrangements between countries or country groups. How housing-related issues (e.g. behaviour, attitudes, outcomes) are affected by other social phenomena (e.g. individual and family characteristics, inequality trends) and vice versa, and which social mechanisms can explain such patterns, is likely to vary across contexts. Understanding and explaining such variation, which is determined by the interplay between welfare states, housing systems, labour markets and family structures, informs both sociological theory and social policy. Pan-European datasets such as ECHP, EU-SILC and also SHARE allow for more sophisticated analyses of such research questions – for instance by using multilevel techniques or some variant thereof. In terms of the ongoing debate on the 'value' of comparative quantitative research on housing, most international comparisons in contemporary sociology are far removed from the 'dead hand of mindless empiricism' (and have been for a long time), and resonate with the divergence perspective, conceptualising and modelling 'middle-range' explanations in terms of differences in the social production of housing by states, markets and families (Kemeny & Lowe, 1998). Put differently, comparative research on housing (and in general) should strive for 'system-embeddedness', i.e. take account of wider social and economic structures (Stephens, 2011). Pan-European datasets certainly allow for academic research on housing to evolve further in this direction.

In a sense, the strengths of ECHP and EU-SILC also constitute their weaknesses. These weaknesses are related to the overall purpose of these data: to provide policy-makers at the level of the European Union and its Member States with a system of social indicators, which can be used to monitor 'progress' in terms of the living conditions – mainly in terms of income and employment – of their populations. These social indicators are agreed upon through a complicated method of consultation and coordination between Member States, and this process is essentially what drives the data collection. Making the data available for social science research aimed at answering more sophisticated research questions about relationships, causes and consequences in variegated institutional contexts, is only a matter of secondary importance. Thus, the information that is accessible to researchers and policy-makers in the 'user databases' first and foremost enables one to calculate the 'agreed-upon' system of social indicators. The variables that are made available in the user databases are often 'constructed' from a whole range of constituting variables in the so-called 'production databases', which contain the detailed answers to all items in the questionnaire. Researchers, however, like to make their own methodological decisions, and I have no doubt that most would prefer to have access to the production databases rather than to the user databases.

(comparative) research, however, requires that concepts and their constituting categories are labelled, as all research implies some sort of comparison. In large-scale quantitative research, improvements could, however, be made to fine-tune tenure categories in order to reveal rather than hide institutional differences, for instance by collecting more detailed information on mortgage debt, type of mortgage, the nature of private and social rental providers, the receipt of specific subsidies and allowances, and rental contracts.



This ‘social indicators’-focus and its resulting limitations can be illustrated in several ways. A first, more general, example concerns the ‘design’ differences between ECHP and EU-SILC. In many ways, the level of information in ECHP is higher compared with EU-SILC, making the former more interesting to analyse substantive research questions. As a ‘real’ household panel study, ECHP follows respondents through time and offers information on the formation and dissolution of households, on the determinants and consequences of these processes, and on the relationships between the individuals forming part of the households involved. This allows for more dynamic ‘life-course’-type analysis – for instance, of how the experience of relationship breakdown is linked to housing outcomes and housing trajectories, and how the housing consequences of divorce differ across institutional contexts determined by welfare and housing systems (e.g. Dewilde, 2008; Dewilde, 2009). Concerns about panel attrition and consequent declining representativeness of the system of social indicators, however, induced a switch to the rotating panel design used in EU-SILC. Although this design allows for the calculation of agreed-upon social indicators with a longitudinal component, such as the persistent-at-risk-of-poverty rate,³ it severely restricts the possibilities for longitudinal research of the sort preferred by academic researchers. Although more common life-course transitions can still be analysed, one needs to make more assumptions and apply more inventive strategies in order to carry out this type of research (e.g. the transition to homeownership in a recent paper by Lersch & Dewilde (2015), again within the context of different housing and welfare regime arrangements). Combined with the fact that EU-SILC contains a more limited range of variables which are also more ‘constructed’ (e.g. pre-defined household type rather than information on relationships between all household members), on the whole my evaluation is that ECHP is more useful for academic comparative research on housing.

A second example illustrating the limitations of both data sets concerns the variables related to the cost of housing. In both surveys, these variables are constructed out of different components, which researchers ideally would like to have included as separate variables. In ECHP, housing costs refer to the payable rent (‘gross’, including services or charges) for renters and total mortgage costs for owners, and it is not possible to separate mortgage interest repayments (which are presumably gross, but that actually remains unclear) from repayments of the principal. Such a separation would be preferable, as principal repayments contribute to the accumulation of housing wealth, rather than representing the cost of housing consumption for owners. Depending on the research question, one might hence prefer to exclude capital repayments from the housing cost. Housing allowances are identified separately, but do not include mortgage interest deduction.⁴ In EU-SILC, housing costs for owners do not include capital repayments. The larger problem in EU-SILC, however, refers to the newly developed concept of ‘total housing costs’, of which the components are again not available as separate variables. This concept refers to all costs connected with a household’s right to live in the accommodation. For owners, housing costs include mortgage interest payments (net of any tax relief), structural insurance, mandatory

³ The ‘persistent at-risk-of-poverty rate’ refers to the percentage of the population living in households where the equivalised disposable income was below the at-risk-of-poverty threshold for the current year and at least two out of the preceding three years.

⁴ There is the further issue that in some countries housing allowances form an implicit part of other social transfers, and are not allocated as separately identifiable housing allowances (Stephens et al., 2010; Winters & Elsinga, 2011).



services and charges, regular maintenance and repairs, and taxes. For renters, housing costs include rent payments, gross of housing benefits, structural insurance (if paid by the tenants), services and charges, taxes on the dwelling (if applicable), regular maintenance and repairs. Utility costs (water, electricity, gas, heating) are also included. Because energy is a separate market, driven by other factors such as liberalisation and volatility in world prices (e.g. Nicaise, 2009), most researchers would prefer to have this information delivered as a separate variable. Housing allowances are again included separately. Fortunately, 'payable rent' for renters is also available in all waves (more or less similar to ECHP). As of 2010, principal repayments and mortgage interest repayments (net/gross if applicable in a country) are included as separate variables.

A further issue concerns the measurement of tenure. Rather than distinguishing between social/public renting and private renting (as in ECHP), in EU-SILC 'renting at market rate' is distinguished from 'renting at reduced rate'. Private renters rent their accommodation 'at prevailing or market rate', even when the rent is recovered from housing benefits or other sources – this is in line with official statistics and other survey data. 'Reduced-rate renters', however, include those renting social housing, renting at a reduced rate from an employer, and those in accommodation where the actual rent is fixed by law. This distinction deviates from official statistics on private and public/social renting and also from the categorisation of tenure in other surveys. Furthermore, in some countries with a unitary rental market, where there is no clear distinction between a 'prevailing rent' sector and a 'reduced rent' sector, all renters are classified in the former category. This procedure has been followed for Denmark and the Netherlands. Although one can understand the logic behind this decision, this is again an instance of information reduction that compromises international comparability from the perspective of academic research.

Notwithstanding these issues, meaningful and informative research on housing with ECHP and EU-SILC is possible. Good quantitative research however implies the adequate use of theories and concepts, appropriate contextualisation, proper operationalisation of concepts into measurements, a correct application of procedures and an awareness of limitations. Examples are Griggs & Kemp (2012) on housing allowances as part of income support packages, Borg (2015) on housing deprivation in Europe, Lennartz, Arundel & Ronald (2015) and Lersch & Dewilde (2015) on access to homeownership of young adults, and Dewilde & De Decker (forthcoming) on trends in housing outcomes between 1995 and 2012. The latter study illustrates the possibilities, but also the limitations, of comparisons over time using both ECHP and EU-SILC. Furthermore, from my experience as a reviewer for a host of academic journals in sociology, social policy and housing, 'strange' results often seem to result from a lack of theory and 'strange' procedures, rather than from 'weird' or 'faulty' data.

A final remark relates to the contribution that academic research can bring to the European Union in terms of improving the system of social indicators. Although housing researchers have often pointed out its limitations, the ratio approach of measuring housing (un)affordability – relating housing costs to disposable household income – figures as an important yardstick. The ratio approach however makes the unjustified assumption that the residual income a household needs to cover non-shelter needs is lower as household income decreases: *'the same ratio does not have the same meaning for different income levels'* (Heylen, 2014, p. 14). On the other hand, richer



households can and do spend a much higher percentage of their income on housing, while still having sufficient income left (Stone, 2006). Research has furthermore shown that – when compared with the residual income approach using a budget benchmark to measure poverty – the ratio-approach defines the situation of low-income households as less problematic (Heylen & Haffner, 2013). If, however, this ratio has a different meaning for different levels of income *within* countries, it may be even more problematic to use this indicator for *cross-country* comparisons of housing affordability, as countries belonging to the enlarged EU have very different levels of economic affluence. The finding that housing cost ratios and hence affordability problems are higher in affluent countries with a unitary rental market (Germany, Denmark, Netherlands and Sweden) compared to the Southern- and Eastern-European countries (e.g. Pittini et al., 2015) may not only be due to differences in the social production of housing (e.g. differing levels of ‘low-cost’ outright homeownership), but can perhaps also be attributed to methodological issues – in particular since subjective housing cost burdens tends to be *lower* in countries with *higher* housing cost ratios (Dewilde, 2015). More research is needed here.

Is housing simply ‘too complicated’ for international quantitative research?

From the literature on comparative housing research, one sometimes gets the impression that the dominant view is that housing is simply ‘too complicated’ for comparative, especially quantitative, research. This relates to the fact that housing provision, whilst being defined as a ‘pillar’ of social policy, is strongly dependent on private provision by markets and families. I obviously don’t share this view: essentially, all comparative research on social issues is complicated, and there is always a need for careful conceptualisation and contextualisation. This has not hampered the development of thriving comparative research traditions on, among other topics, the determinants and consequences of divorce (with different welfare regimes, divorce laws, legal practices, religions) or the impact of the characteristics of educational systems on social inequalities in educational attainment (for a comparative overview, see Van de Werfhorst & Mijs, 2010). Surely, educational systems across the western world are much more complex than can be captured in just a few macro-level indicators, and surely educational systems should also be linked to broader social structures (social mobility, spending on education, other welfare state provisions), and surely, in many countries, there are important regional differences. All these issues, however, do not undermine the importance of the empirical evidence that has been accumulated thus far.

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