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A COMPARATIVE ANALYSIS OF THE HOUSING AFFORDABILITY IN ROMANIA AND THE EUROPEAN UNION FROM THE PERSPECTIVE OF THE HOUSING COSTS

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Abstract

- The aim of this study is to identify, after a comparative analysis of the indicators associated with housing costs in the European Union and in Romania, the main problems facing our country, as a state of the European Union, from the perspective of housing affordability.
- The research focuses on the study of living conditions in Romania and the aspects that define the housing affordability in our country in relation to the European Union.
- In terms of housing costs, the research showed a high degree of burden on Romanian households with housing costs, among the highest in the EU, seven out of ten households feel the financial burden of housing costs and only 6% of households are not affected.

Introduction

- The housing affordability is considered to be an important determinant of a country's development and socio-economic stability [1].
- The combination of rising housing costs and incomes has led, more and more households to devote an increasing share of disposable income to housing [2] and thus be forced to limit their spending on other life-relevant issues regarding the quality of life: education, health, culture, entertainment, clothing etc. These constraints influence, in the first place, personal life, the way in which individuals relate to society and are accepted by it, which generates multiple consequences at social, economic and political level.
- Conventional approaches of housing affordabiliy report the costs associated with housing to household income, in an assessment of the ability of households to bear these expenses and, at the same time, the possibility of ensuring their well-being by spending their rezidual income for other purposes.

Litterature review

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- Howenstine (1983) define the concept as " the ability to acquire decent accommodation through the payment of a reasonable amount of its income on shelter" [3];
- Maclennan and Williams (1990) says that the concept refers to the provision of housing standards and costs that do not burden more than 30% of household incomes [4];
- Whitehead (1991) focuses on the relationship of household expenditure - household income and, therefore, tries to design, a measure that can determine what amount of rent spent on housing can be considered affordable [5].
- Hancock (1993) states that "Households are experiencing affordability burden, if the cost of housing displaces excessively other expenses" [6].

Data and methods

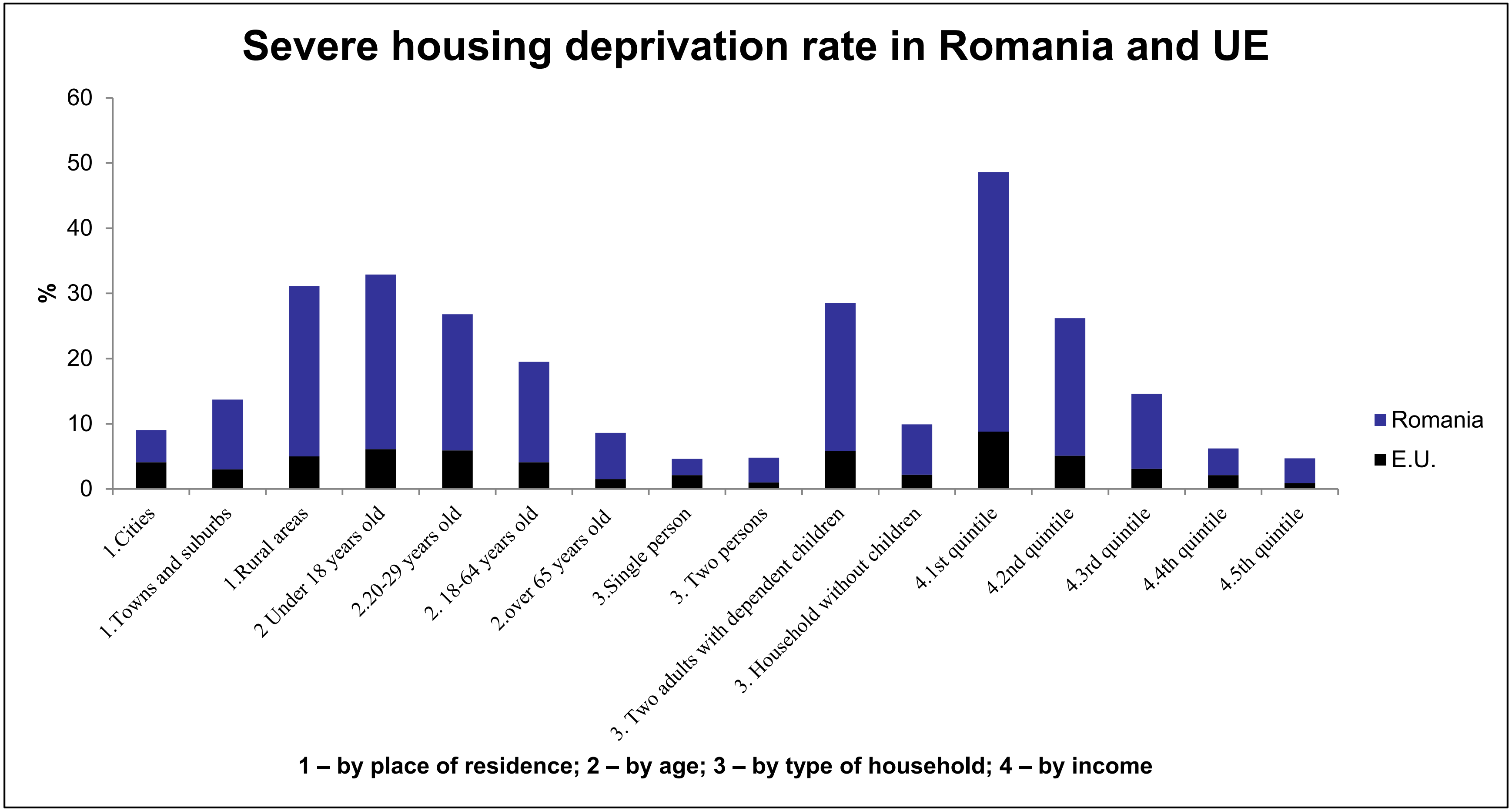
- The research focused on comparing the statistical data available in the Eurostat database on living conditions (especially those associated with housing accessibility) for the European Union (28 countries) and Romania, in order to highlight the main problems of the housing affordability in our country from 2010-2018.
- The study was structured in two parts: a part that analyzes the conditions in which housing takes place in Romania compared to those in the European Union and a part that aims to compare the burden of households with housing costs in Romania and the European Union.
- In order to draw the overall picture on living conditions in Europe, statistical data were processed regarding: the number and characteristics of dwellings (forms of ownership, typology of dwelling); the utilities to which the houses have access; occupancy rate; deprivation of housing etc.
- The graphical representations were elaborated with the help of the Microsoft Excel program and were the basis of the interpretive approach and the formulation of the study conclusions. The statistical data for the mentioned indicators were taken from the Eurostat database, for the period 2010-2018, and completed (where necessary) with those of the National Institute of Statistics, the Tempo ONLINE database.

Results and discussions

CONDITIONS FOR HOUSING IN ROMANIA AND THE EUROPEAN UNION

- Between 2010 and 2018, the structure of the housing stock of the European Union and of Romania, according to statistical data, was completed with new dwellings. The rate of housing insurance in Romania is 492 dwellings/1000 persons, being comparable to that of the EU-28 which is 458/1000 persons.
- In 2018, over 96% of Romania's population lived in a privately owned dwelling, and only one in ten homeowners lived in a dwelling for which the payment loans does not exist, while in the European Union only seven out of ten residents own their own home, 26.5 % of the properties being encumbered by loans.
- Regarding the typology of dwellings both in Romania and in the EU, in 2018, in the structure of the housing fund, the houses have a higher share (66.6%, respectively 57.4%) compared to that of the apartments (33, 4% and 41.9%, respectively). In Romania, detached houses (65.2%) have dominant shares compared to semi-detached ones (1.4%), while in the EU the two categories have comparable values (34.6% and 22.9%).
- In 2018, in Romania was registered the highest value of the overcrowding rate of housing among EU Member States, of 46.3%, compared to the EU average of only 2%.
- În 2018, in Romania, was registered the highest value of the housing depivation rate. For the rural environment in Romania a value of 26.1%, the highest of the EU member states (the registered minimum being between 0.2% and 0.4%).

Results and discussions

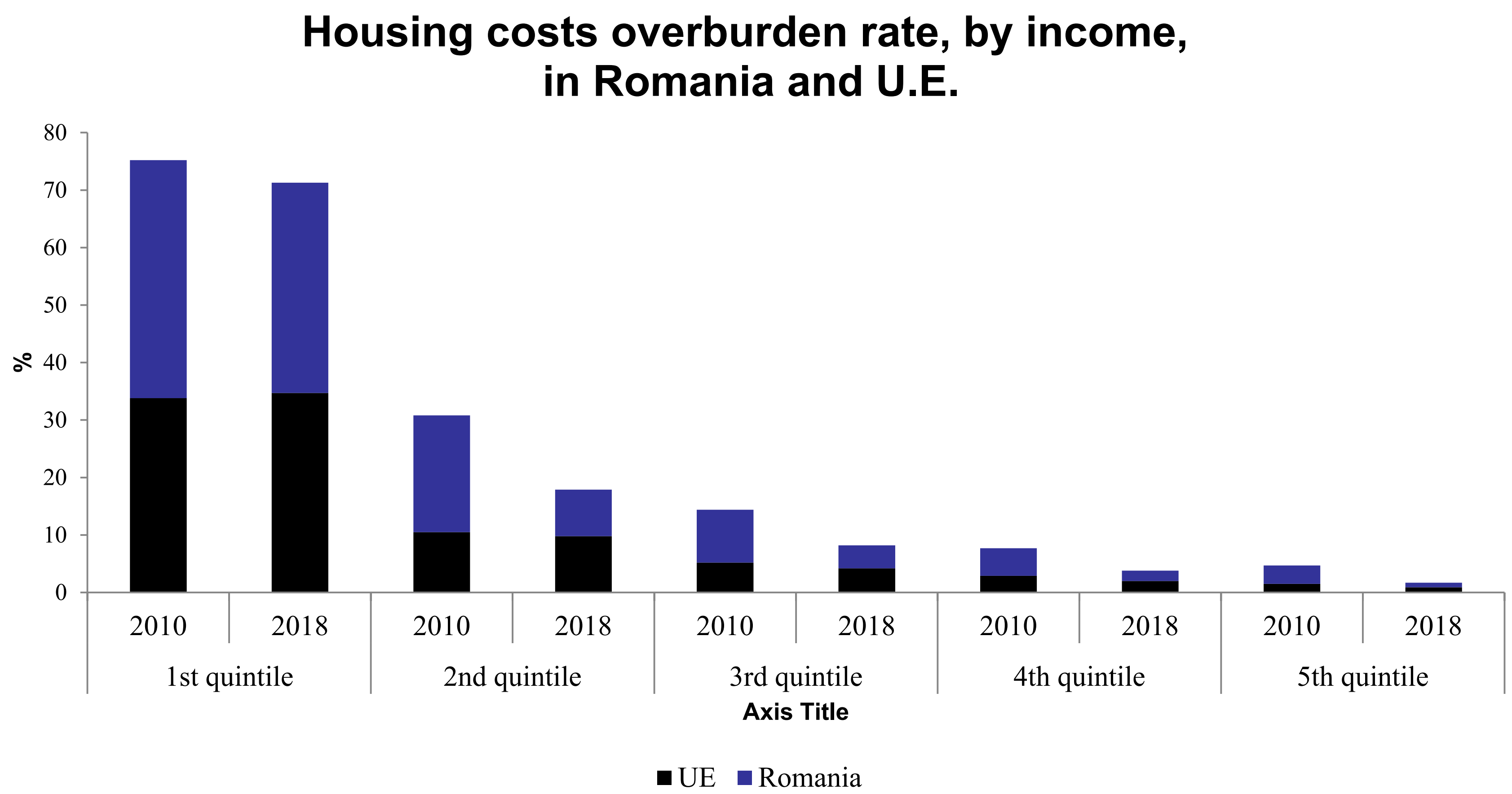


(Source: own elaboration using data from EUROSTAT, www.ec.europa.eu,[ilc_mdho06d])

Results and discussions

- **COMPARATIVE ANALYSIS OF HOUSING COSTS IN ROMANIA AND THE EUROPEAN UNION**
- Housing costs are the main expense for many European households. In the European context, these expenses include payments for rental interests or mortgages, but also costs for utilities such as water, electricity, gas or heating.
- Population poverty is a current problem faced by many European countries, Romania is among the EU member states with high shares of the population at risk of poverty, social exclusion and material deprivation.
- Population rate with a poverty risk for the EU-28, calculated on the basis of the weighted average of national values, shows considerable variations in the EU Member States and indicates, in fact, in Romania (23.6%) and still in 8 states, the value of the rate exceeds 20% (Bulgaria, Lithuania, Latvia, Spain, Estonia, Italy, Greece and Croatia), which means that one-fifth or more of the population is at risk of poverty, which also has major implications for housing accessibility.
- In 2018, the average value of the housing cost overburden rate, in the EU and in Romania, was 10.3%, which means that a European out of ten (and also a Romanian out of ten) spends more than 40 % of own income to cover housing costs. If the value of the expenses is related to the people whose earnings are below 60% of the national average income, the value of the burden rate increases, reaching 38% at EU level and 33.3% in Romania to 33.3%.

Results and discussions

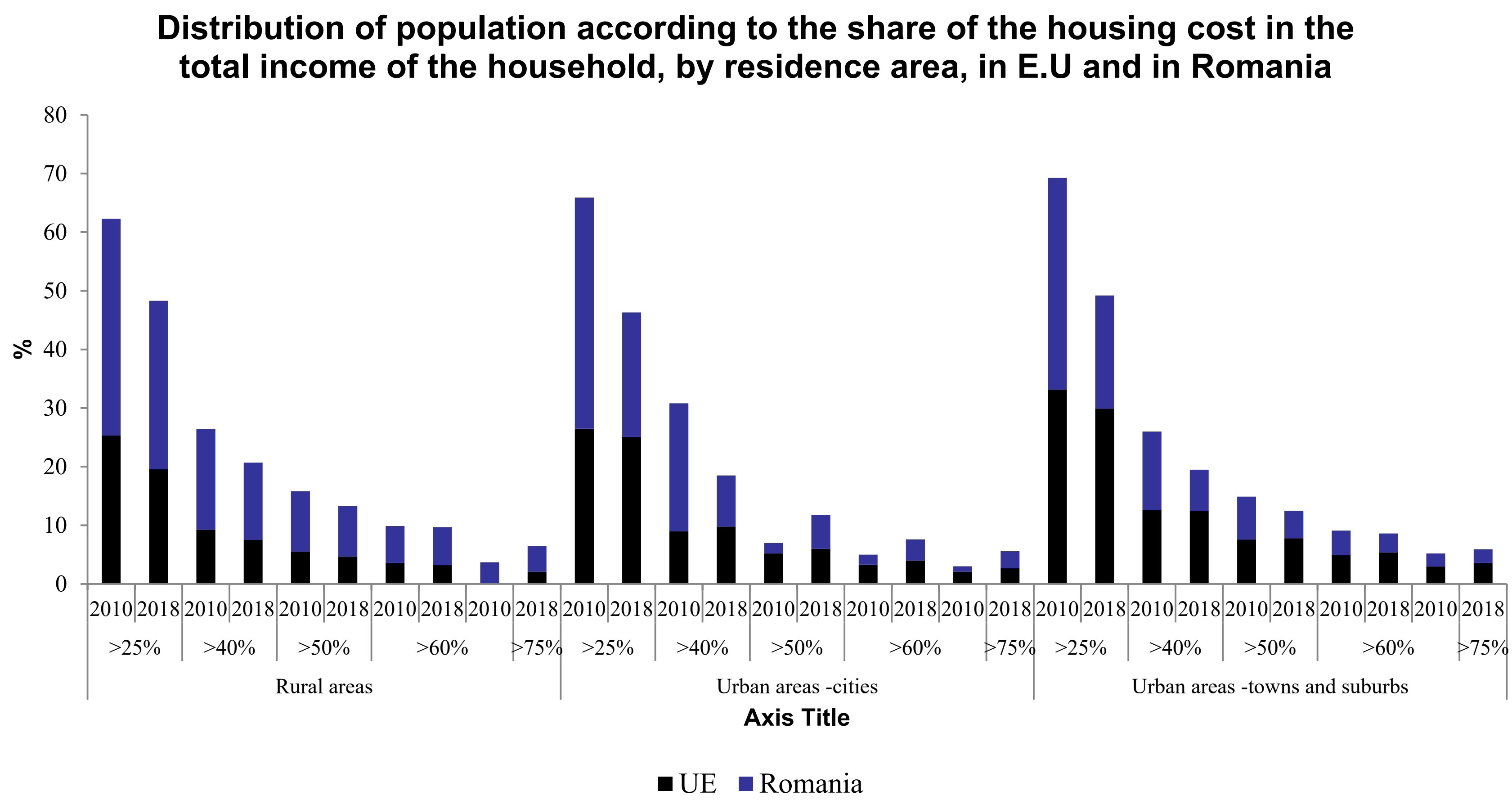


(Source: own elaboration using data from EUROSTAT, www.ec.europa.eu[ilc_lvho_hc])

Results and discussions

- The analysis of the population distribution according to the share of housing expenses from the total household income shows that, at EU and Romania level, 25% of the population spends over a quarter of the income for housing; 10.3% over 40%; 4.5% over 50%; more than 3% over 70%.
- More than half of single-person households, existing in the EU and in Romania, use over 25% of income for housing expenses; more than a quarter of these households affect 40% of the income of these expenses, while 20% use more than 60% of the income for the maintenance of the house. In the case of households consisting of two adults, even two adults with children, the degree of burden is not so strong.

Results and discussions



(Source: own elaboration using data from EUROSTAT:www.ec.europa.eu[ilc_lvho29])

Conclusions

- Although, at present, the housing stock of Romania is not burdened by major problems from the perspective of the number of dwellings, the living space and the number of rooms.
- Compared to the existing situation at European level, a number of problems can be highlighted in Romania, which contributes to diminishing the population's access to adequate housing.
- The Romanian population lives in outdated dwellings, the smallest in size, characterized by the most limited access to utilities and the highest value of the overcrowding rate within the EU.
- The high share of private property over housing is a factor that negatively influences the condition, quality and image of housing as it limits the ability of authorities to get involved in their maintenance.
- The large number of vacant dwellings that deteriorate, over time, correlated with the long age of housing and poor endowment are realities make Romania stand out within the EU through the highest rates of severe deprivation of housing, overcrowding housing indicators that are responsible for reducing the accessibility of housing at national level.
- The research undertaken leads to the conclusion that, although the situation has improved in the last decade, in Romania, the burden of burdening the population with housing costs is among the highest in Europe, being surpassed by only a few states. Some arguments that support this claim are: the growing share of the population that spends over 40% of the income for housing; overburdening the living costs of the rural population; housing costs excessively replace other expenses for seven out of ten households in Romania; severe deprivation of housing of the population if we take into account the income, the means of residence and the age groups.

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