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# International comparison of housing systems and social care for the elderly in Central European countries

**Martin LUX, Štěpánka PFEIFEROVÁ**

Institute of Sociology CAS

Jilská 1, 110 00 Prague 1, Czech Republic

[martin.lux@soc.cas.cz](mailto:martin.lux@soc.cas.cz)

[stepanka.pfeiferova@vupsv.cz](mailto:stepanka.pfeiferova@vupsv.cz)



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Socio-Economics of Housing Research Department

**Institute of Sociology, Academy of Sciences, Czech Republic**

## Trends in housing policy and social housing

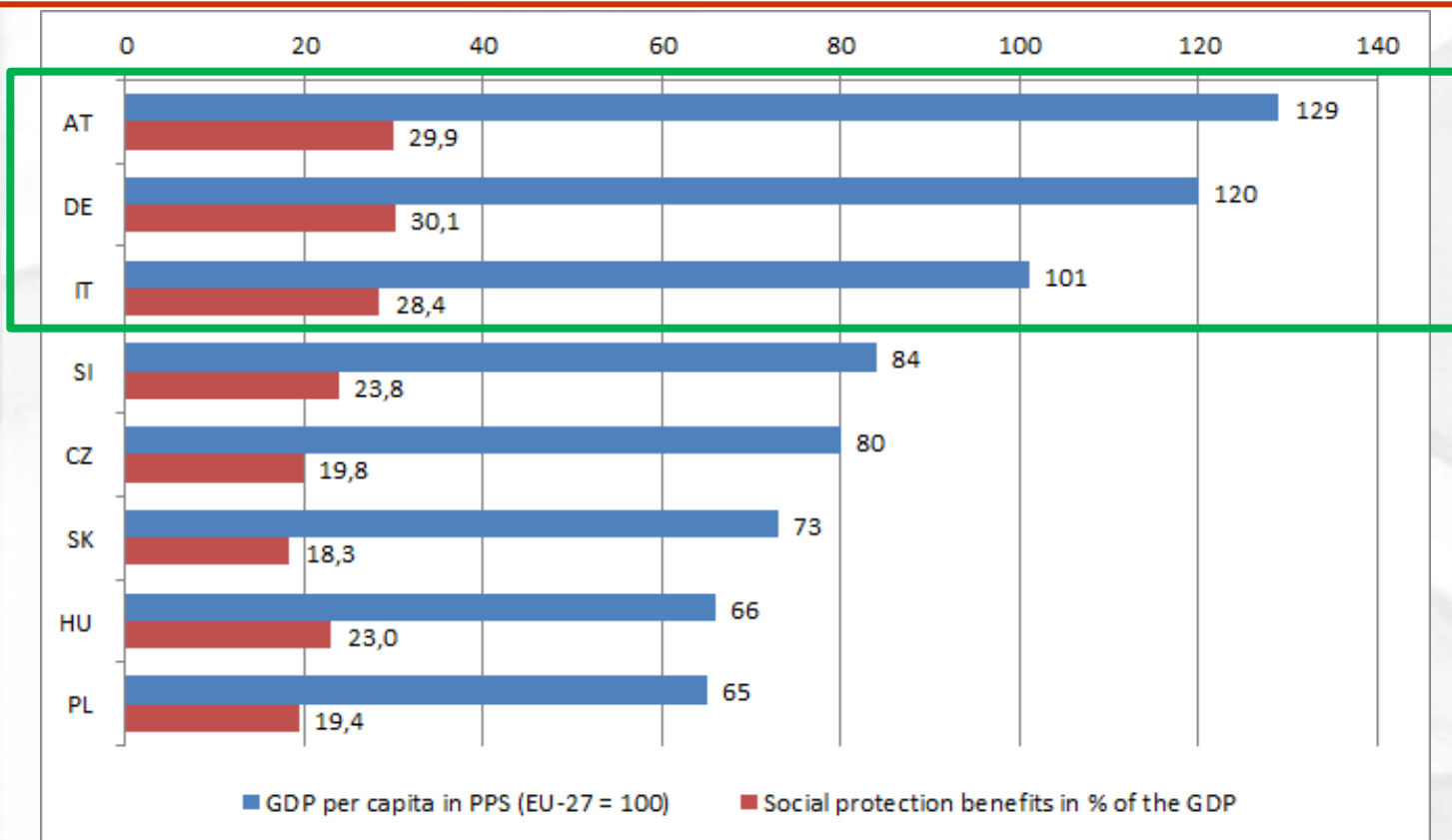
- ➔ With few exceptions (Austria) increasing role of owner-occupation, private renting and demand-side subsidies (means-tested housing allowances) connected with decreasing role of social housing **BUT** equity release for homeowners does not work (bequest, distrust to financial sector, transactions costs, uncertainty) and migration (downsizing) of elderly rare; in some countries underdeveloped housing allowances (Austria, Slovakia).
- ➔ Instead of massive state interventions into the housing market via long-term capital subsidisation of public housing, social housing takes the form of targeted, ad hoc, small local/regional government programmes aimed at different target groups.
- ➔ Features of social housing such as decentralization, innovation and flexibility are stressed (like in social care):
  - » *shift in responsibility for social housing from state to region/municipality* (all post-socialist states, Italy, Germany); variation currently evident in approaches to social housing strategies is likely to increase even more;
  - » *increasing stress on satisfying individual (varied) needs of different target groups* – innovative practices, flexible approaches, temporal programs, diversification of housing options;
  - » *a need for budget cuts - higher engagement of NGOs and private investors:* providing incentives for private developers, innovative models attempting to use private renting for social purposes, competitive grant schemes for NGOs **BUT** higher demands on the coordination of complex schemes (danger of abuse).

## Senior housing supporting "ageing in place"

Usually more than 90% of seniors live in a „normal“ own or rented flat **BUT** the offer (range) of possibilities of public support for senior housing or adjustments of flats varies in different countries:

- ➔ **Developed model:** scale of alternatives (and wider offer) of support both in housing affordability (housing allowances, „agreed rent“, social rent, incentives for developers), and in housing accessibility (allowances for technology-assisted living, ICT, architectural adjustments of flats; lifelong housing in new built flats, co-housing, collaborative housing): **DE, AT, to some extent IT**
- ➔ **Basic model with a renewal of social housing:** more extensive support for construction of social flats (designed also for the elderly), otherwise basic (usually universal) offer of allowances, limited innovations and effects **AND** insufficient housing allowance (SK), only temporary support for social housing (PL, SI, CZ), no support for adjustments of flats (SI): **SK, PL, SI, to some extent CZ**
- ➔ **Basic model without a renewal of social housing: HU.**

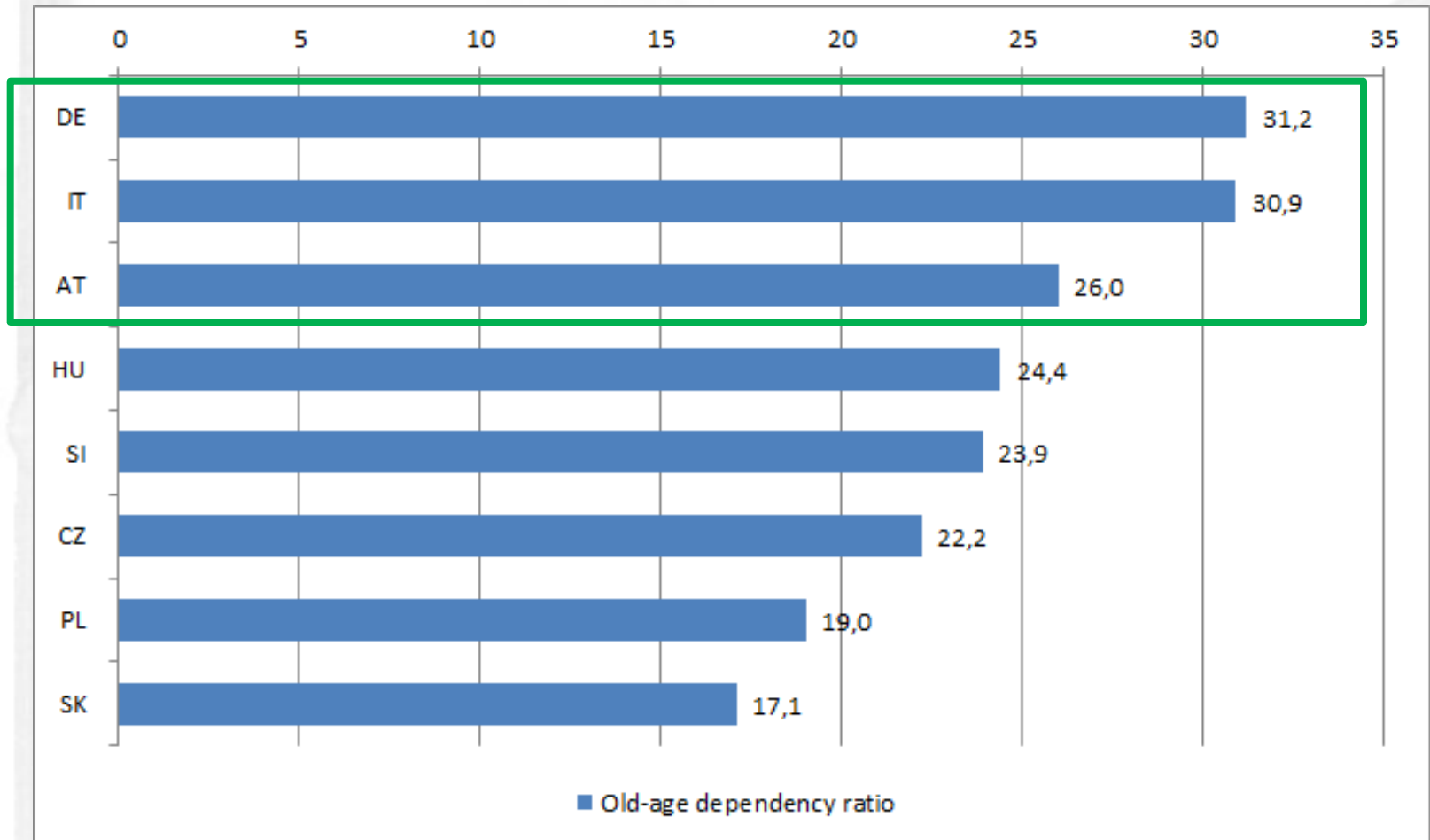
## GDP per capita (2011) and social protection benefits (2009)



**Gross domestic product (GDP)** is a measure for the economic activity. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. The volume index of GDP per capita in Purchasing Power Standards (PPS) is expressed in relation to the European Union (EU-27) average set to equal 100. If the index of a country is higher than 100, this country's level of GDP per head is higher than the EU average and vice versa. Basic figures are expressed in PPS, i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries. Please note that the index, calculated from PPS figures and expressed with respect to EU-27 = 100, is intended for cross-country comparisons rather than for temporal comparisons.

Source: Eurostat

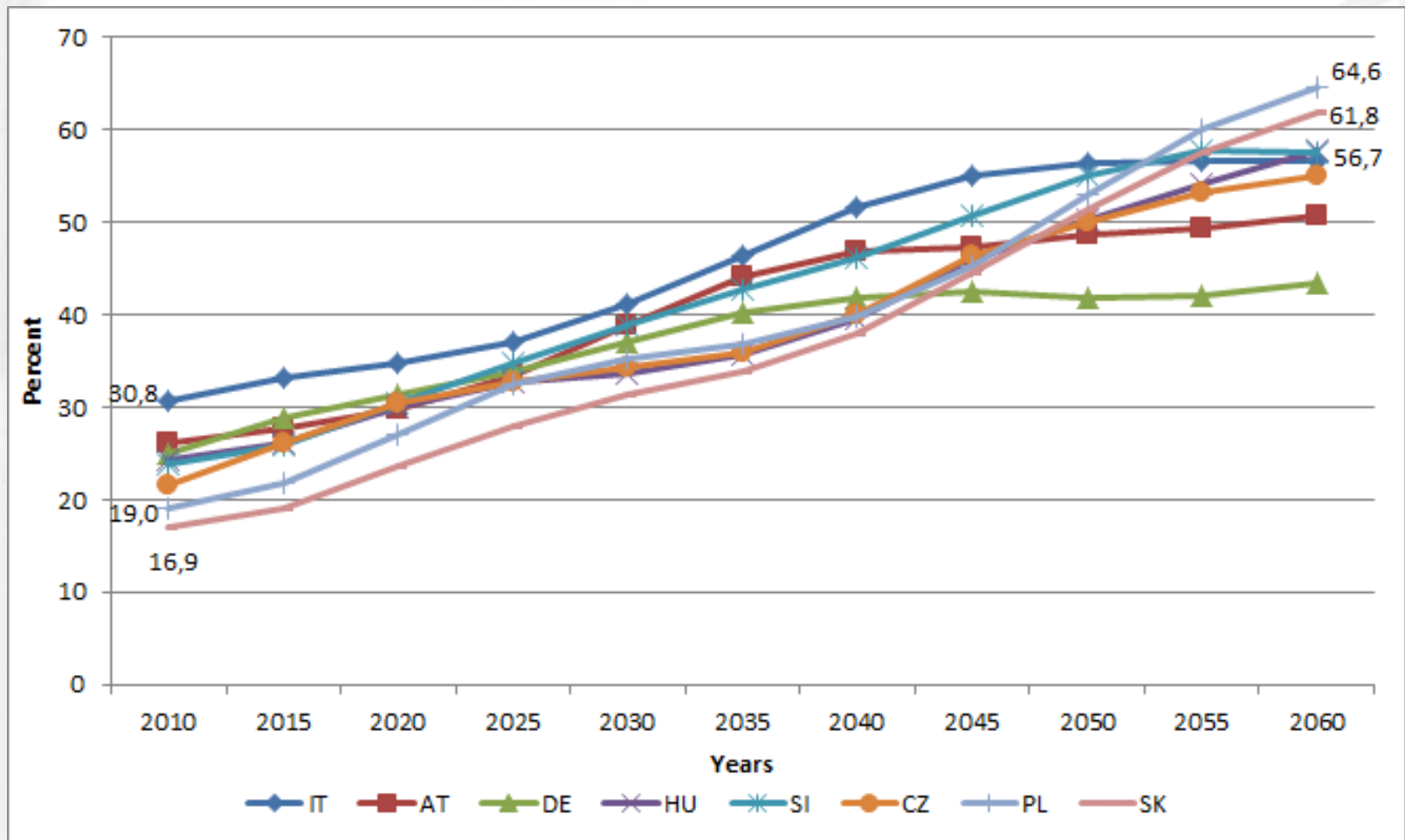
## Old-age dependency ratio



Note: This indicator is defined as the number of persons aged 65 and over expressed as a percentage of the number of persons aged between 15 and 64.

Source: Eurostat

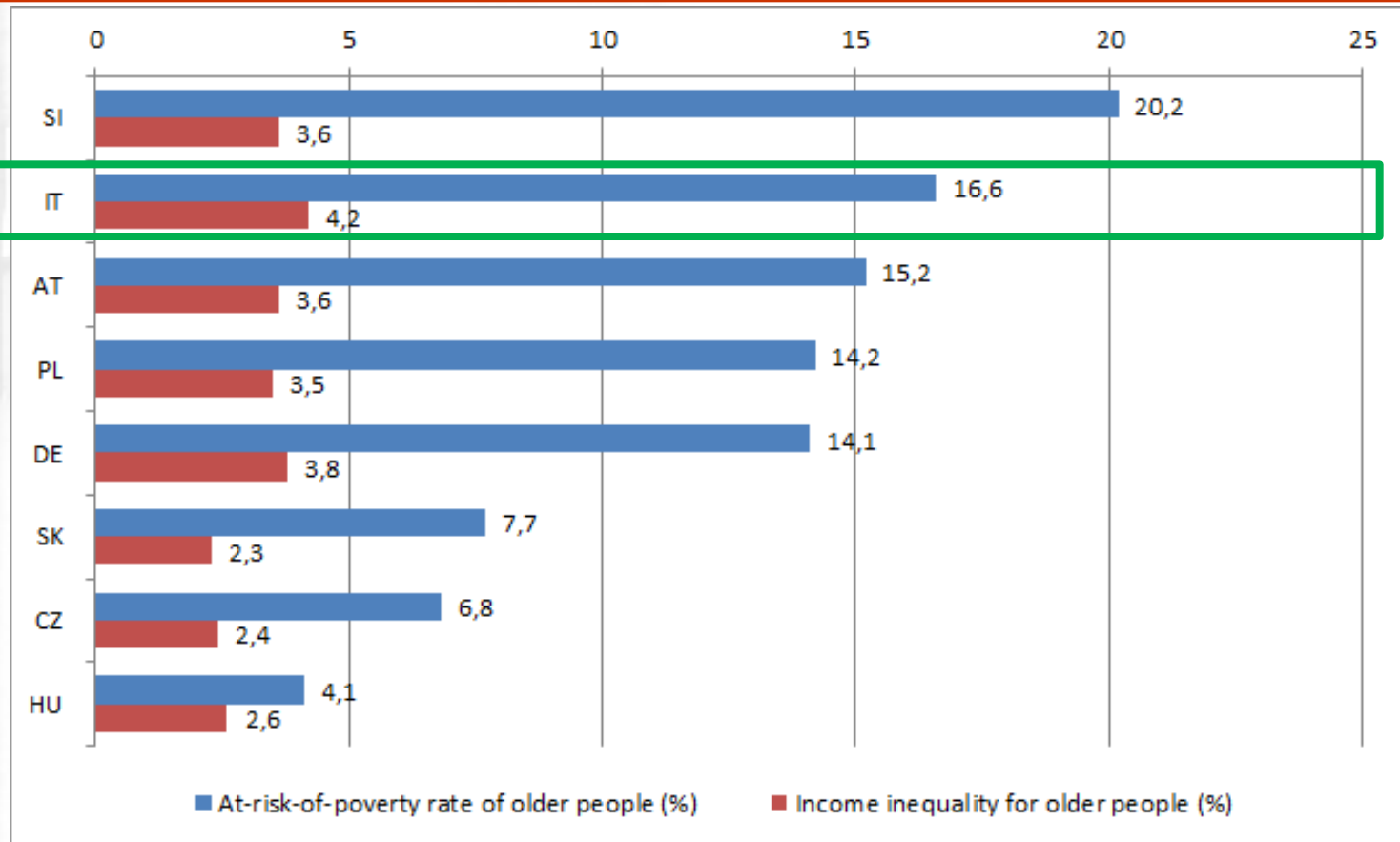
## Prognosis for old-age dependency ratio (2010-2060)



Note: This indicator is defined as the projected number of persons aged 65 and over expressed as a percentage of the projected number of persons aged between 15 and 64.

Source: Eurostat

## Poverty rate and income inequality, 2010

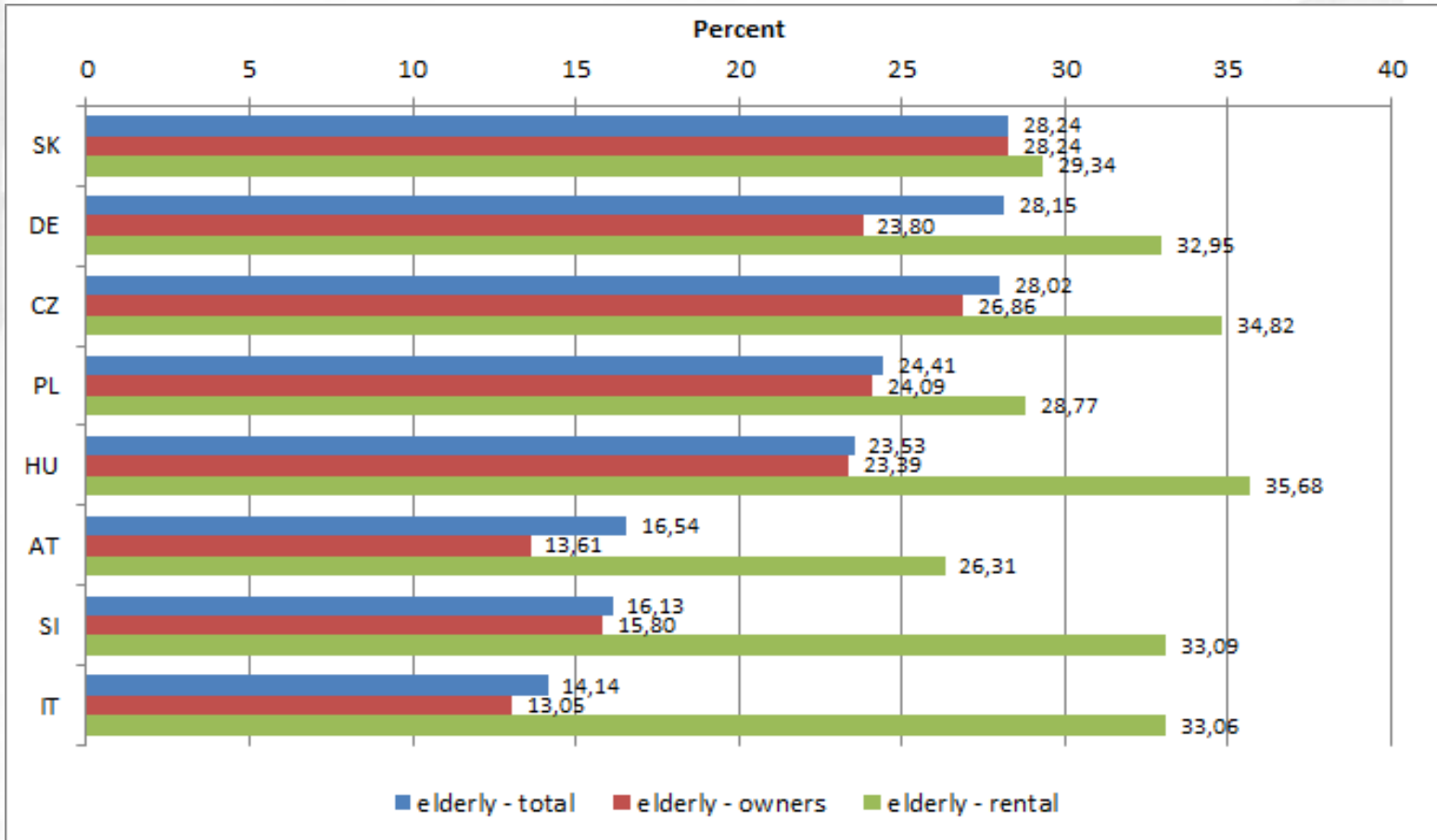


Note: **At-risk-of-poverty rate of older people** = the share of persons with an equivalised disposable income, before social transfers, below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Retirement and survivor's pensions are counted as income before transfers and not as social transfers.  
**Income inequality for older people** = the ratio of total income received by the 20 % of the population with the highest income (top quintile) to that received by the 20 % of the population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.

Source: Eurostat, EU-SILC.

## Housing affordability for the elderly, 2009

Average ratios of housing expenditures among the elderly in ownership and rental sector



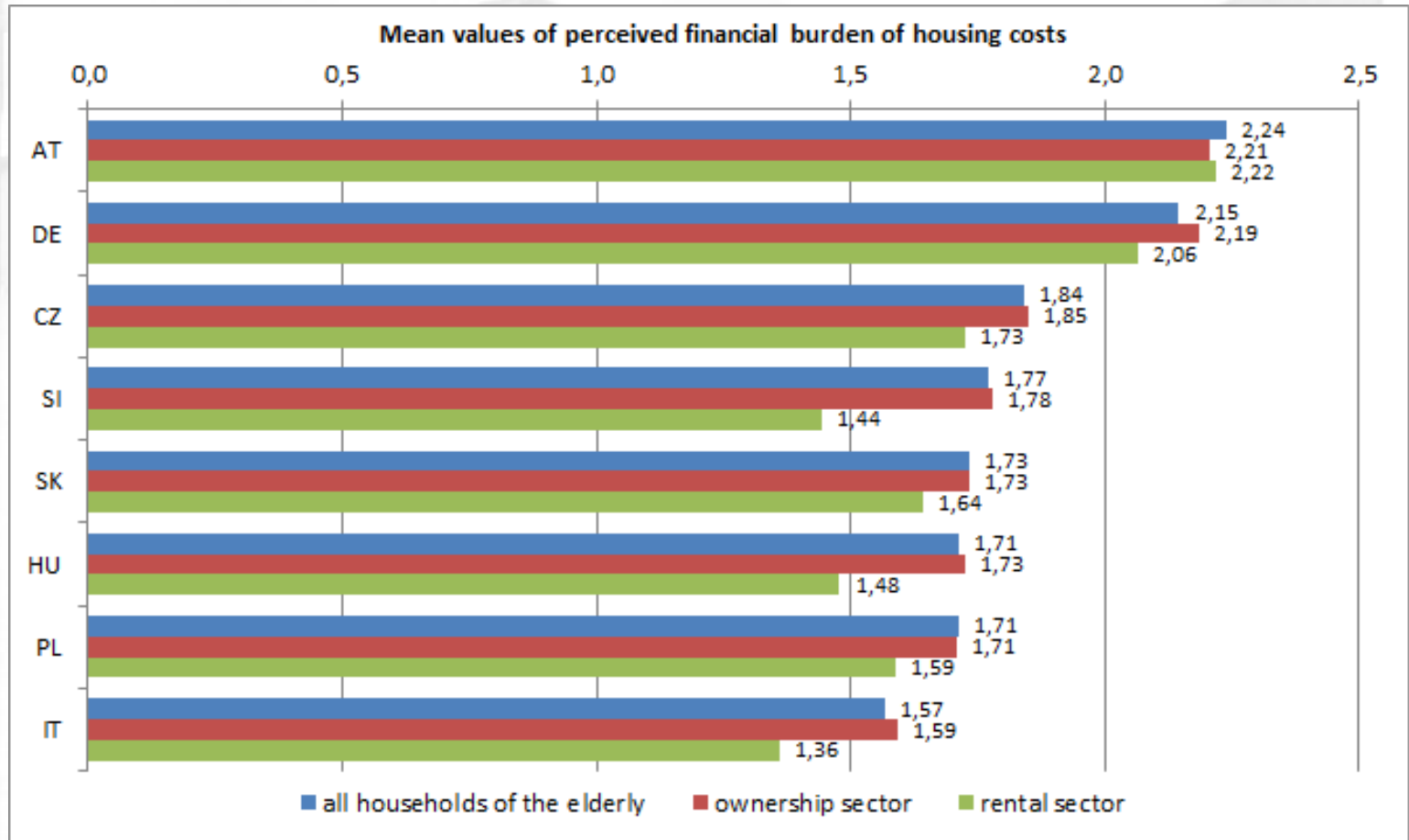
Note: average ratios of household housing expenditures to net household incomes – households of the elderly.

Source: EU SILC 2009, own calculations.



## Subjective housing affordability

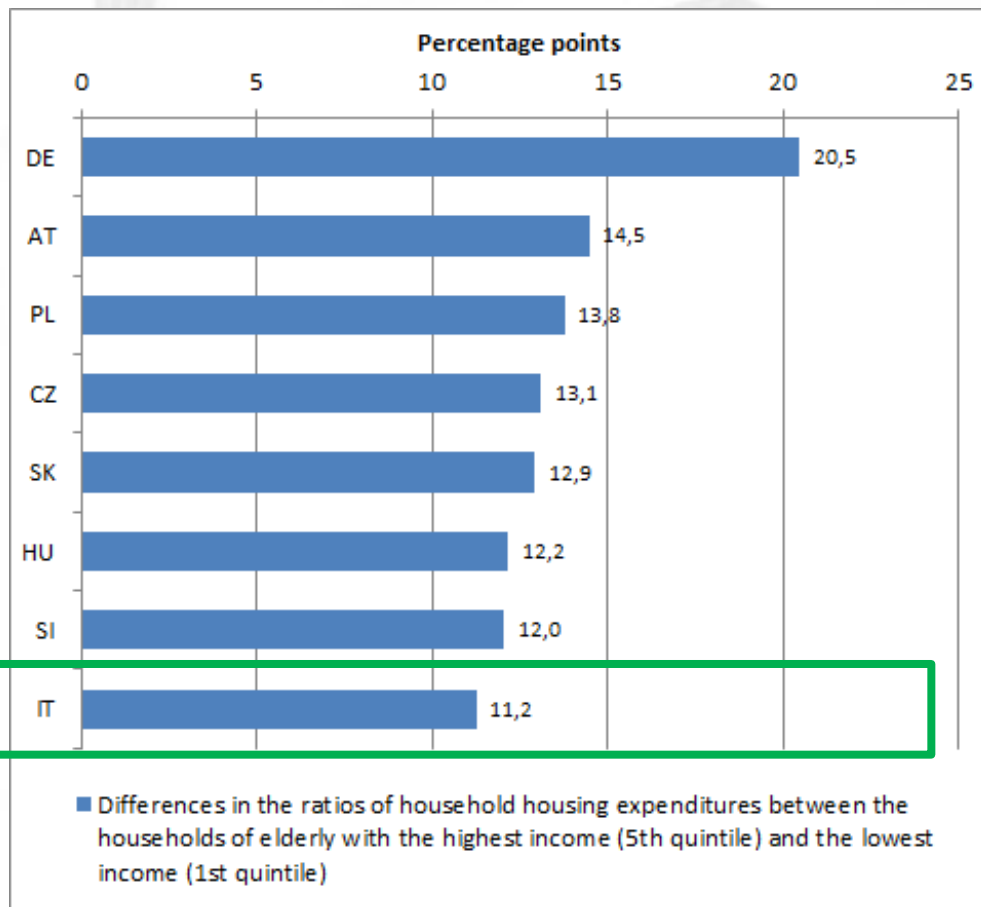
Mean values of perceived financial burden of housing costs (1=housing costs heavy burden; 2= housing costs somewhat a burden; 3=housing costs not at all burden)



Source: EU SILC 2009; households of the elderly.

## Inequalities in housing affordability

Differences in the ratios of household housing expenditures between the households of elderly with the highest income (5th quintile) and the lowest income (1st quintile)

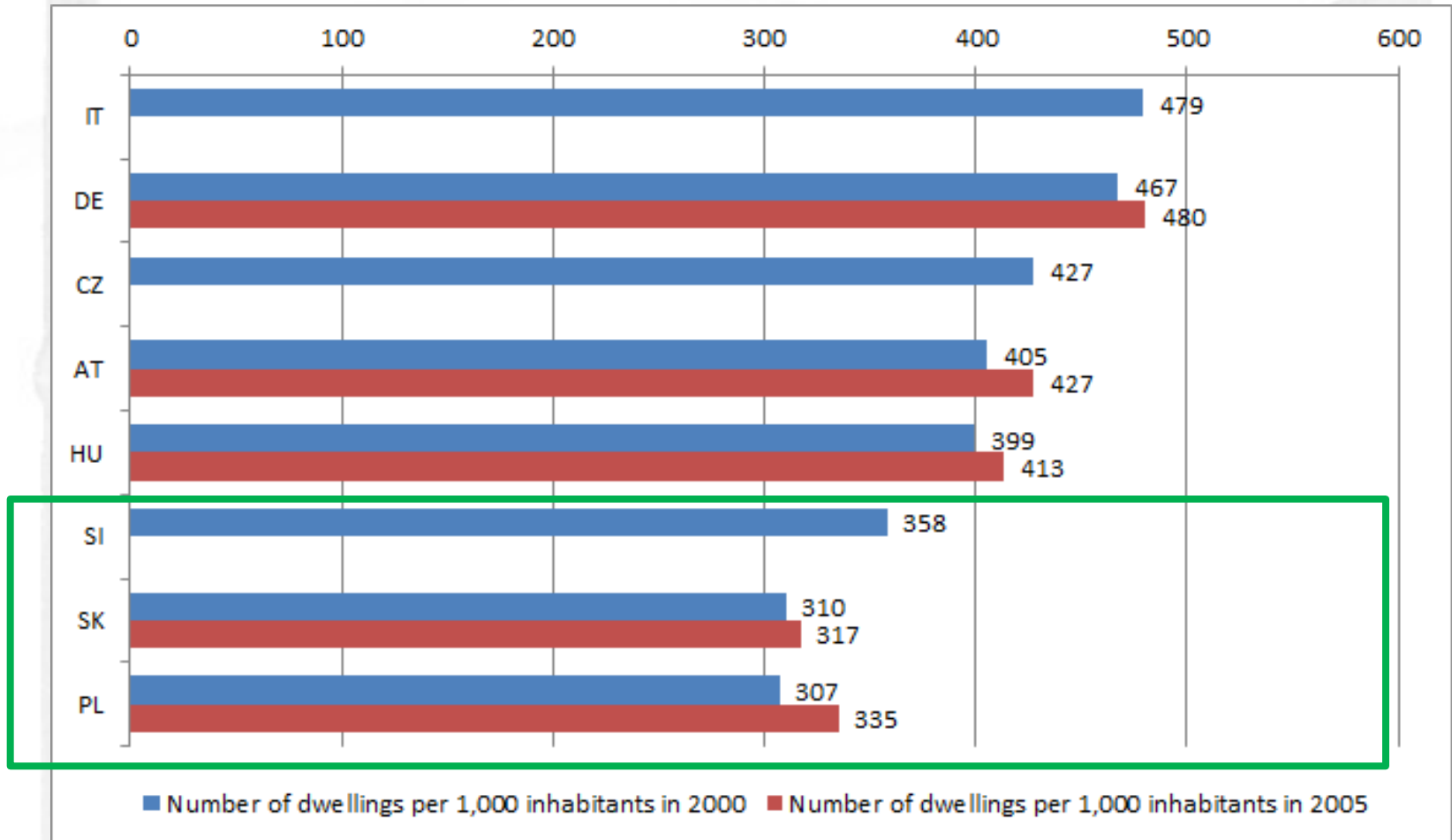


- ➔ the highest income or housing costs-to-income inequalities among elderly are in Germany and Austria (income inequalities also Italy) **BUT** many households independent on state aid;
- ➔ in post-socialist states higher income / cost-to-income equality **BUT** large dependence on the state (impossibility to accumulate wealth during active life) and result of hidden generous housing subsidies (one-time give-away privatization of public housing)

Source: EU SILC 2009; households of the elderly.

## Form of housing support – support by new construction of affordable housing

### Number of dwellings per 1,000 inhabitants



Source: Housing Statistics in the European Union 2010.

## Form of housing support according to particular housing system

- ➔ DE: social market, **private renting** solutions and flexible social housing.
- ➔ AT: social democratic system (80 % of all new constructed housing are co-financed from public sources), **social housing**.
- ➔ SK, SI, HU: residualist/liberal, **owner-occupied housing** (almost no private and social renting); especially HU: "there is no real market for rental apartments, there is no choice for the residents."
- ➔ IT, CZ, PL: **mixed** with increasing role of owner-occupied housing and residualisation of private/social renting.

### Tenure Structure

	AT (2001)	CZ (2011)	DE (2003)	HU (2005)	IT (2008)	PL (2002)	SK (2008)	SI
OO	53	64 + 11	38	94	75	42.5+16	94 + 3	92
PR	18	9	43	3	14	5	?	?
P/SH/CHcla	22	9	14	3	5	11+ 8	3	6
O	7	7	5	-	6	17	-	1

- ➔ Elderly have higher homeownership rate (DE 48%; HU 97%)

## Cost-benefit analysis

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- ➔ *Cost-benefit analysis:* even small „handy person“ changes can increase importance of subjective well-being and prevention of stress – adaptations also bring about reduced stress for family carers – bring reduced overall costs (due to earlier leave of hospital and later admission to institutional care)

### **However**

- ➔ the adaptations (innovations) are cost effective when the needs of the elderly are low or moderate (Pleace 2011), i.e. for the „younger“ disabled older people (Heywood, Turner 2007) + when considering long-term use rather than a short one (Lansley et al. 2004) + accepted by target population (excessive use of ICT brings about rejection because too much technology is used).

## Implications for a housing systems typology

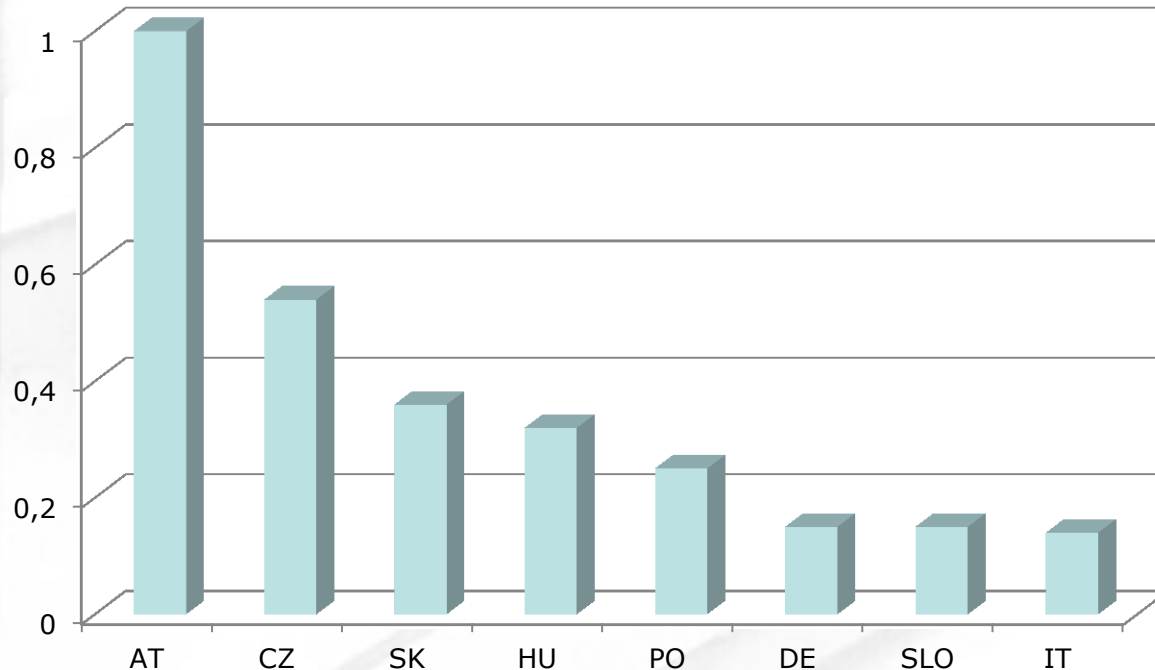
- ➔ **Long-term use (efficiency of public expenditures) may be better assured in rental housing:** PRS (social market) is the contract on service provision on specific period of time with measurable outcomes (lower rent provision) and unproblematic targeting; SH (social democratic) is the permanent provision of service with measurable outcomes (lower than market rent) and direct targeting
- ➔ **BUT** OO leads to increasing welfare (equity, subject to inheritance) of homeowner, on un-known period of time (until moving to institutional care), with problematic targeting (equity will be counted?, problem income poor and equity rich) and hardly measurable outcomes (no change in rent values). OO supposed to be form of retirement savings but does not work. In HU growing importance of institutional care (by 25% between 2000 and 2008).

## Common trends in providing social care for the elderly: social and political context

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- ➔ **Policy priorities:** shift from institutional to home care (ageing in place), active ageing, lifelong learning
  - » Results to a considerable extent from EU priorities
- ➔ **Management of social care systems:** principal parameters of care set out at the central level x organization and providing of services decentralized (regions and municipalities have their own social services policies)
- ➔ **Multiple-source funding:** government, regions, municipalities, payments from clients, insurance etc.
- ➔ **Mix of providers of social services:** NGOs, churches, local authorities, government, eventually private companies
- ➔ However, there are also **important differences** between the systems of social care of individual countries

## Public expenditure on care for the elderly in % of HDP (2008)



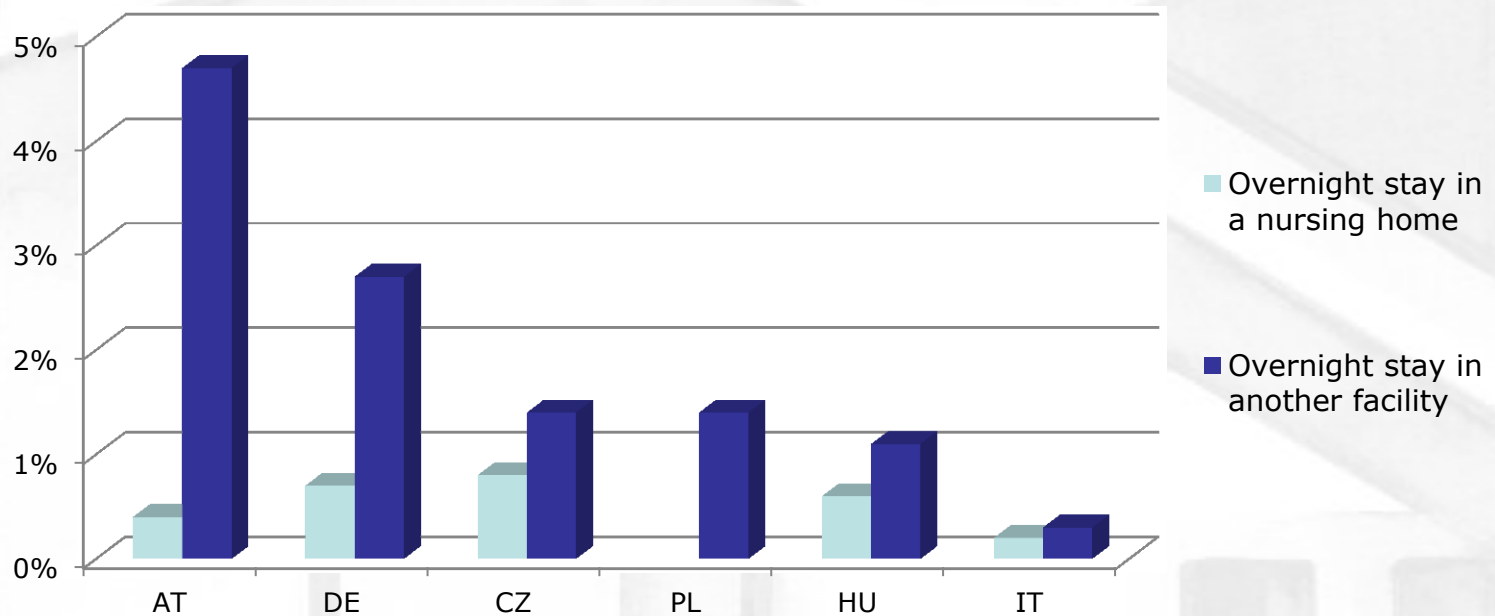
- ➔ Source: EUROSTAT
- ➔ The indicator is defined as the percentage share of social protection expenditure devoted to old age care in GDP. These expenditures cover care allowance, accommodation, and assistance in carrying out daily tasks.
- ➔ AT belongs together with Denmark and Sweden among 3 countries of EU with the highest expenditure on care for the elderly
- ➔ Since 2000 the expenditure tends to increase in most countries x DE: decrease



## Social services for the elderly

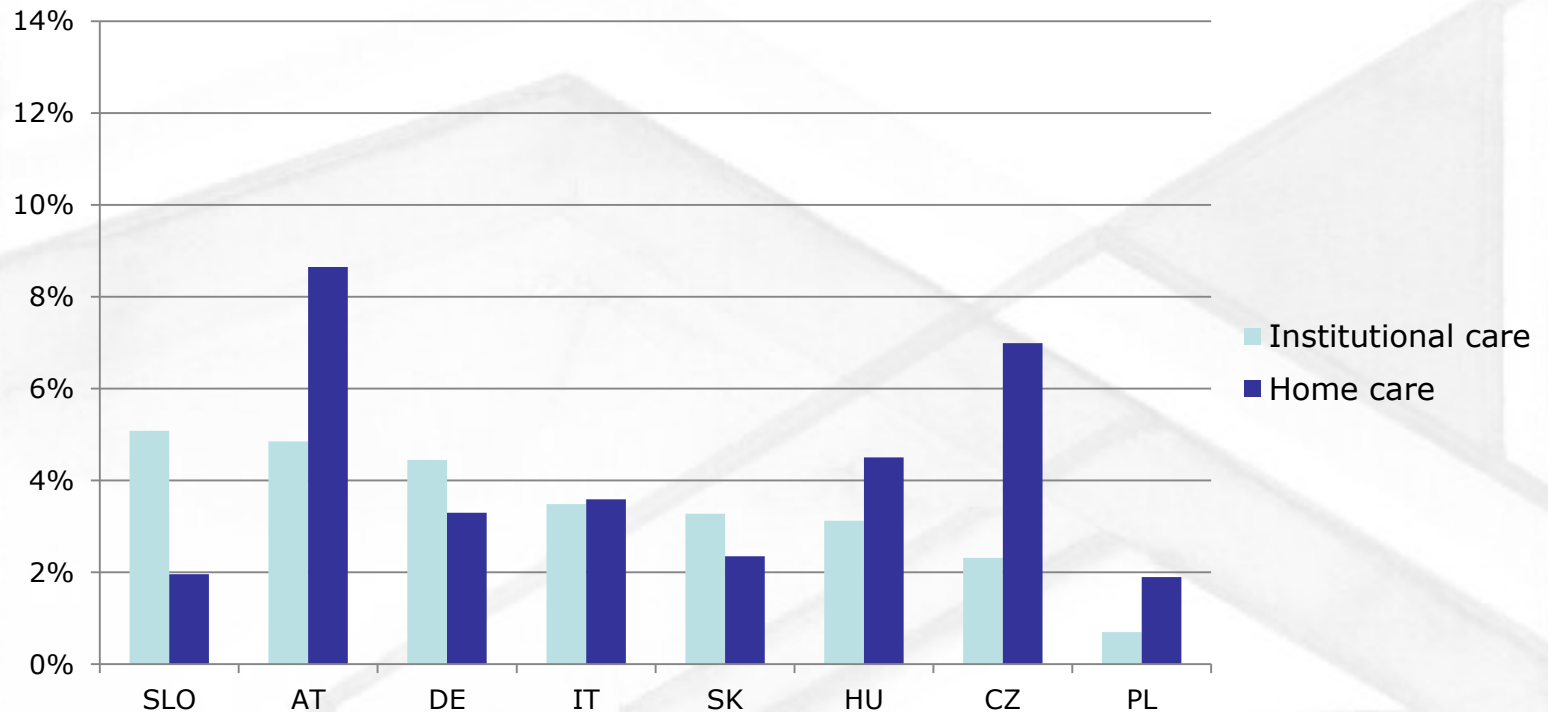
- Varying range of social services for the elderly: AT, DE and to some extent also SLO and IT – wide range of services between home and institutional care

**Experience with institutional care over the last 12 months**



- Source: SHARE 2007, data HELPS
- CZ: long-term stays, AT: short-term stays
- IT: generally low usage of care facilities (family model)

## Coverage rate of social services for the elderly (2011)

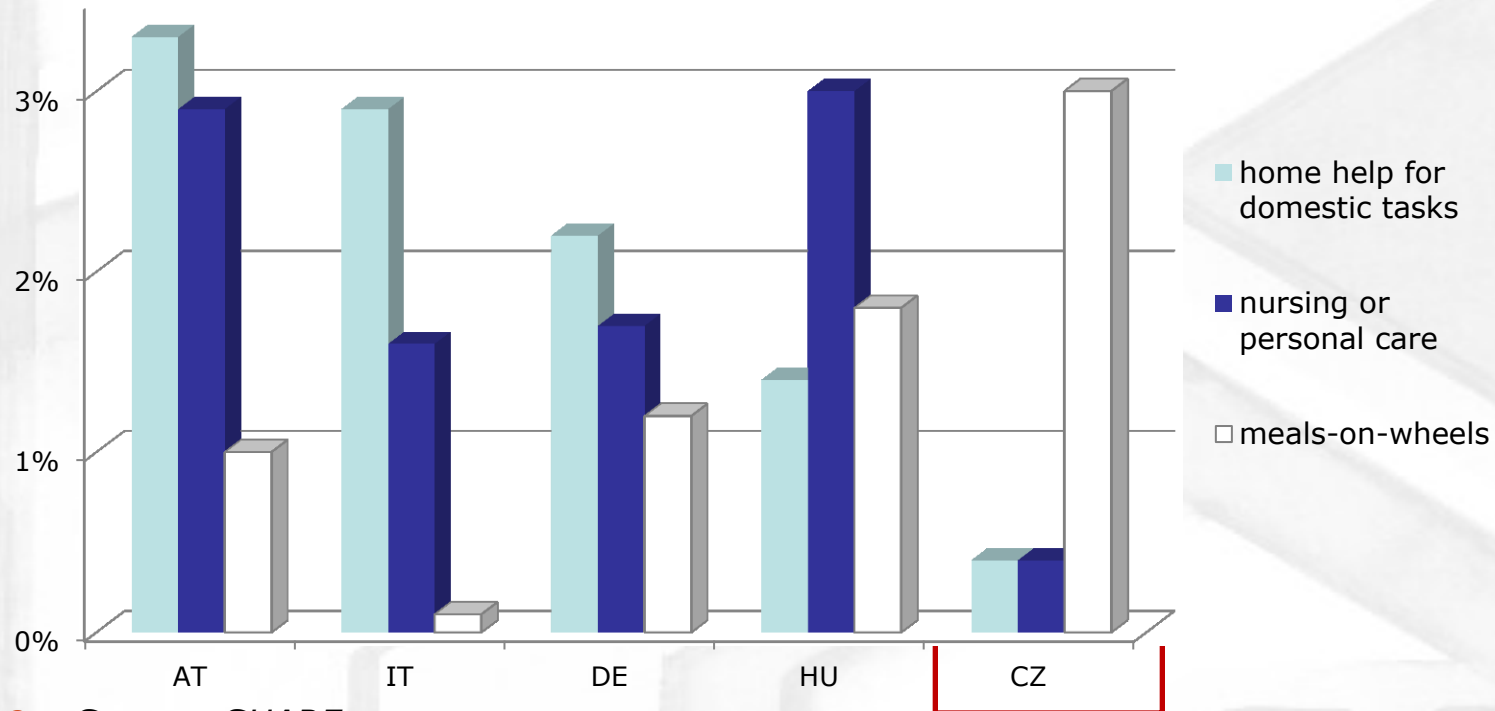


➔ Source: EUROSTAT, HELPS, own calculations

➔ Coverage rate = percentage of elderly that use the service in the total number of elderly (65+); PL: home care in all age categories; various definitions of institutional and home care in different countries

➔ Data for DE and IT from 2009, data for AT and home care in HU and SK from 2010

## Percentage of elderly who have received formal home care services over the last 12 months



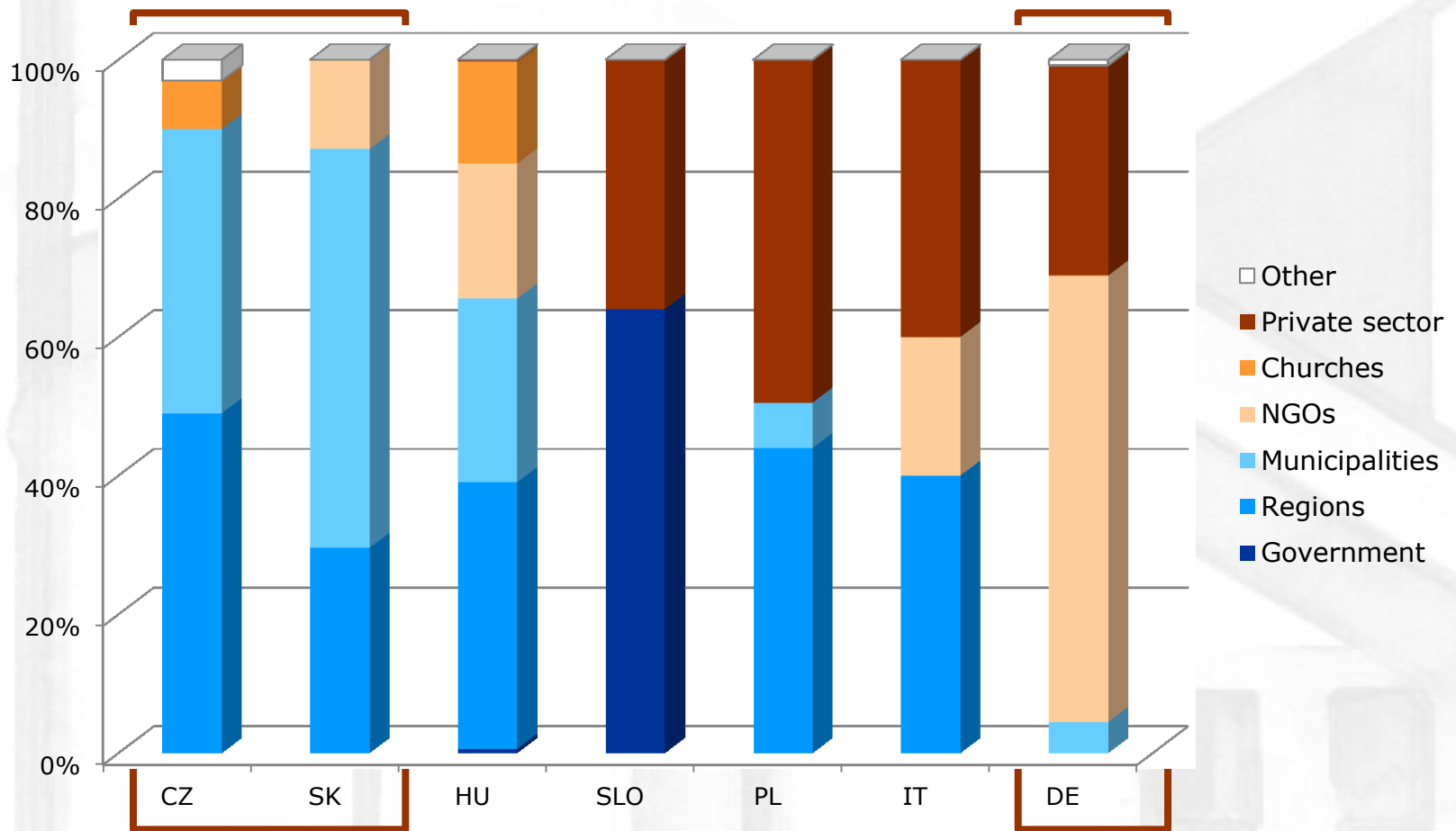
➔ Source: SHARE

➔ AT – high variability of services

➔ HU – predominance of nursing and personal care

➔ CZ – services limited to meals-on-wheels

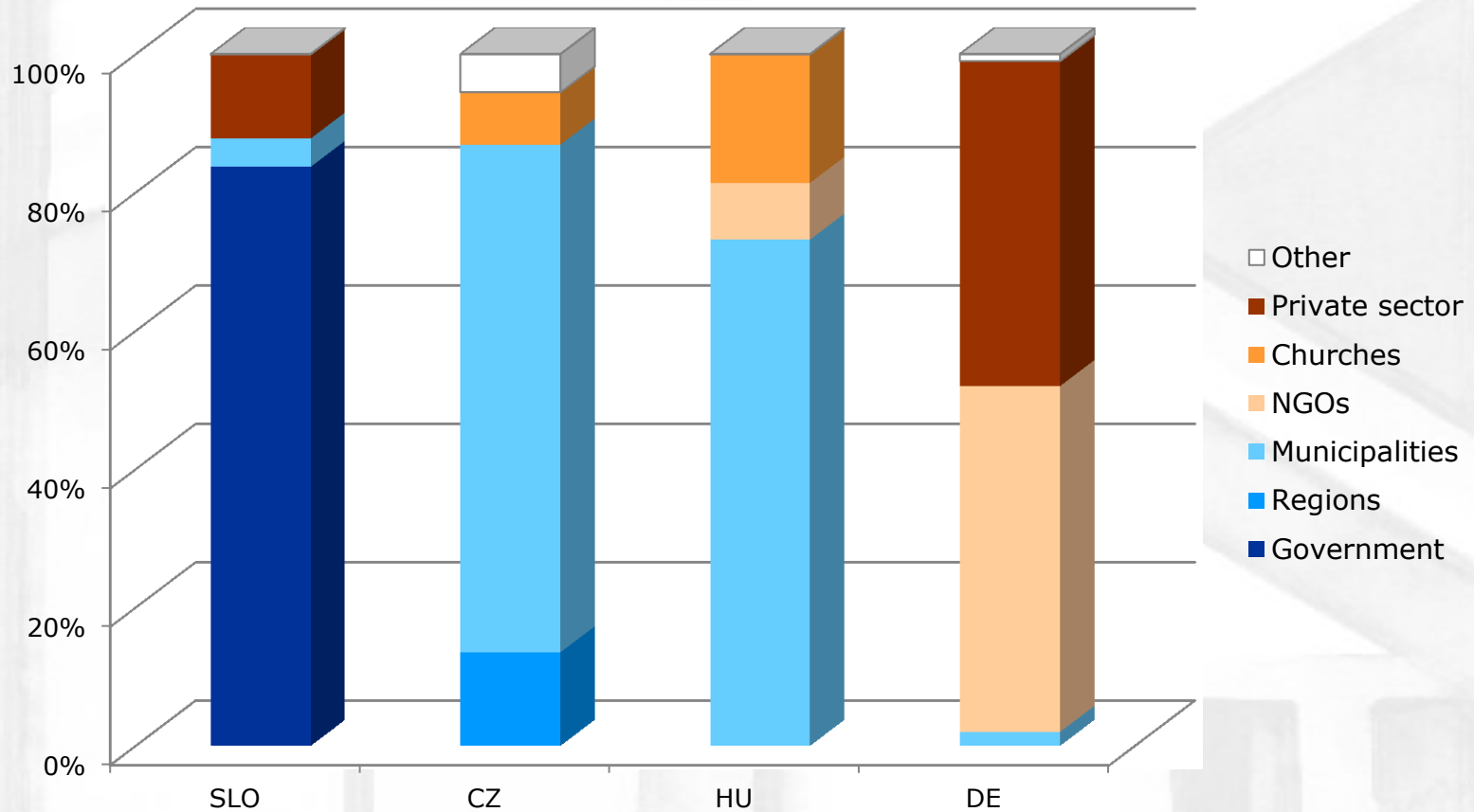
## Structure of providers of institutional care services (2009)



➤ Source: HELPS

➤ IT – data only for all public sector, PL – data only for all private sector

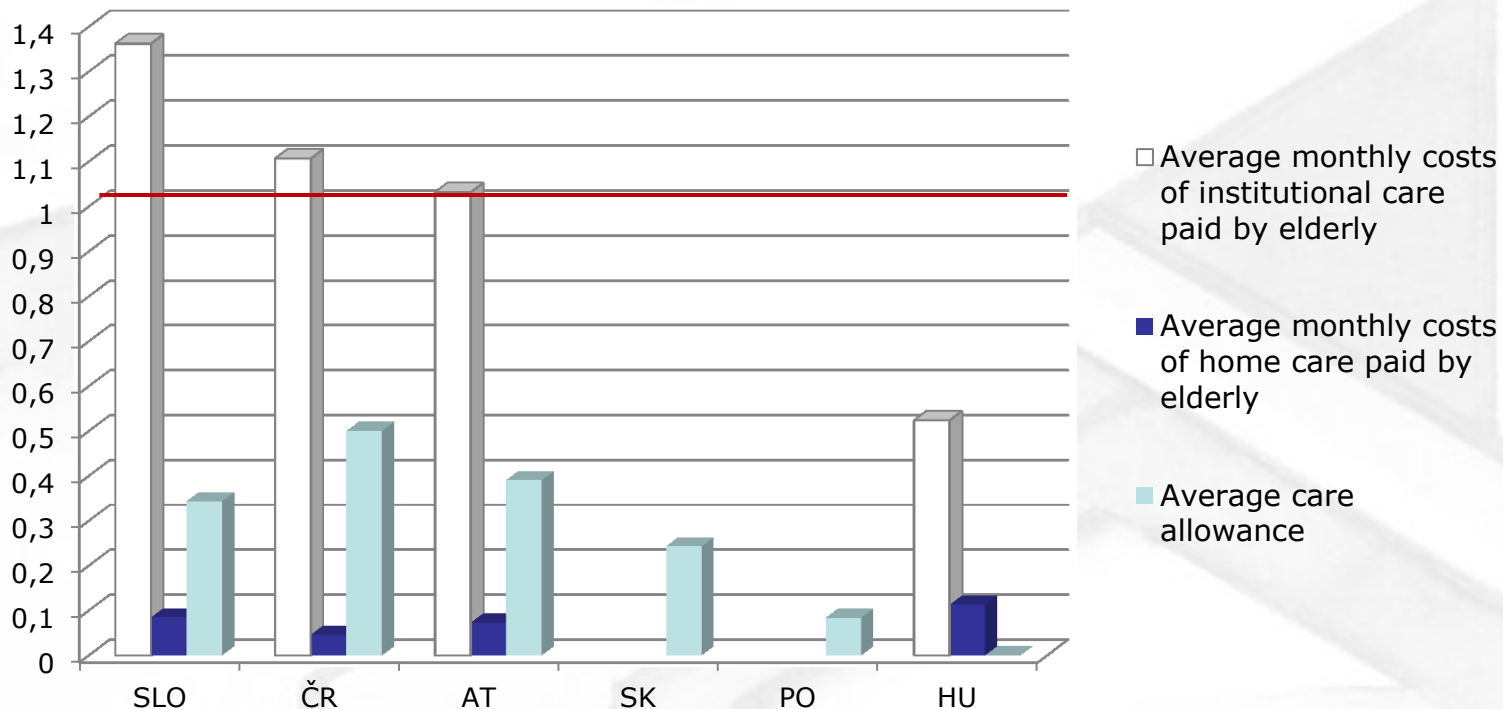
## Structure of providers of home care services (2009)



➔ Source: HELPS

➔ CZ – data for 2005

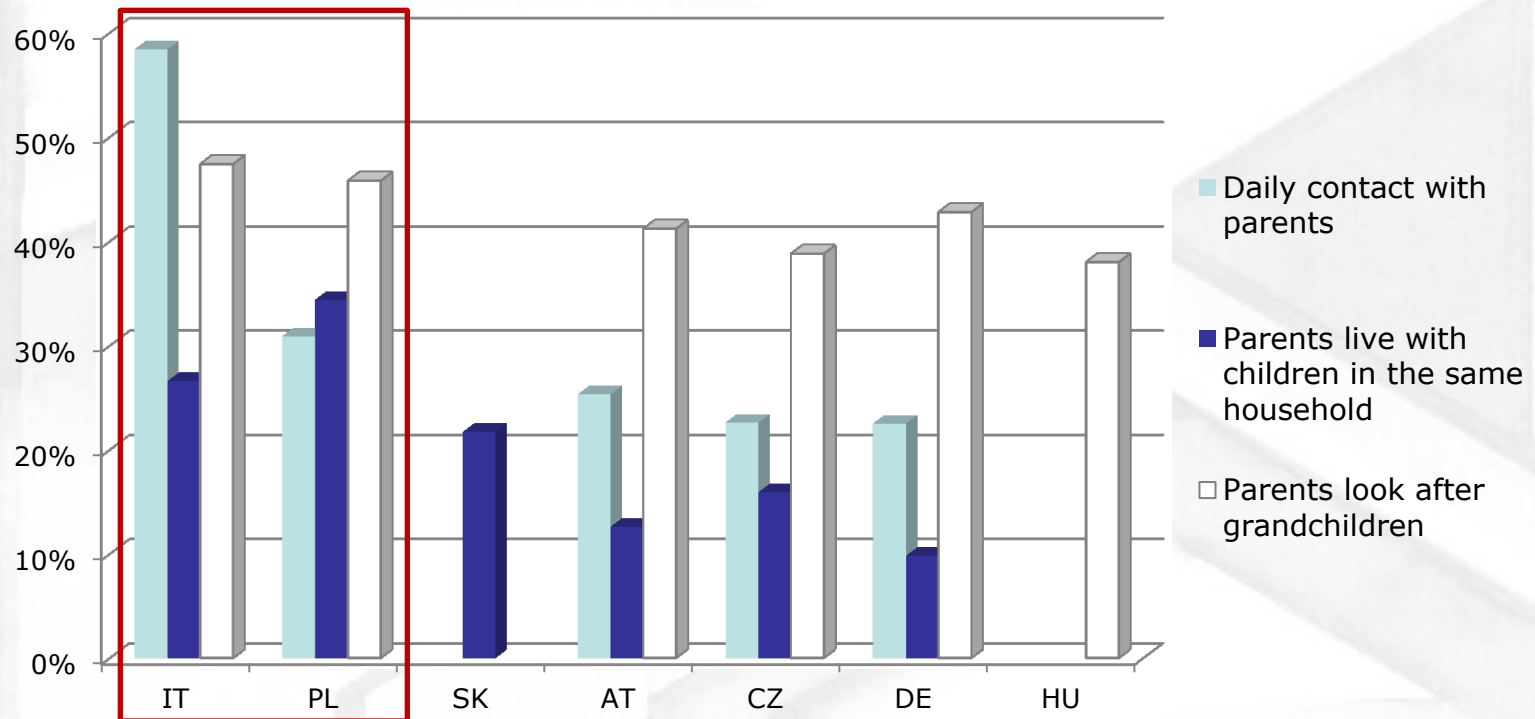
## Relative costs of social care paid by the elderly



» Source: HELPS, average care allowance in SLO = estimate

- ➔ SLO and CZ: high participation of the elderly person in the funding of institutional care **BUT** in CZ also high care allowance and low costs of home care → lower burden
- ➔ HU: no care allowance **BUT** low participation of the elderly person in the funding of institutional care **BUT** relatively costly home care

## Possibilities of informal care – intergenerational relationships



➔ Source: SHARE, HELPS

➔ Children leave household of parents latest in IT and HU, soonest in CZ and DE

➔ PL and SK – living together related also to the lack of dwellings

➔ SK – only persons aged 60+

## Typology of social care systems I.

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### Post-socialist model (CZ, SK, PL, HU)

- ➔ lower standard and accessibility of services, incl. ICT, low participation of private sector in provision of services
  - » HU – basal model: relatively cheap institutional and expensive home care for the elderly, important role of churches in care provision, no care allowances (only carer's allowance)
  - » CZ – institutional model: high care allowance (possibility of misuse), institutional care limited to nursing homes which are costly and have limited capacity, home care is cheap **BUT** limited to the most elementary services (e.g. meals-on-wheels), high participation of public sector in provision of services (88%)

### SLO – Transitory model (marketized post-socialist model)

- ➔ less developed home care services than in the Western countries (provided by public sector in 86%), lower standard and accessibility of services, incl. ICT, 60% of costly institutional care paid by clients **BUT** relatively high coverage, low standardization **x** high participation of private sector in provision of institutional care



## Typology of social care systems II.

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### Developed model (AT, DE)

- ➔ higher standard, accessibility and variability of services, high participation of the private sector in the provision of services
  - » AT – social-democratic model: high public expenditure on care for the elderly, client pays relatively low percentage of costs, wide range of institutional and home care services
  - » DE – market model: minimum participation of public sector in the provision of services (provided by NGOs and private for-profit entities), emphasis on formal home care **BUT** support for informal carers (training, job security), important role of insurance in funding of services
- ➔ problem of social inequalities in affordability of care (the poorest cannot pay for the services, especially at a higher level of dependence)

### IT – Family model

- » participation of the private sector and variability of social services **BUT** their low accessibility, high proportion of informal carers and a high intergenerational solidarity – problem at a higher level of dependence of the elderly person



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