

## Housing and the Life Course

Theoretically, the presentation and thesis of the present study is structured around the concept of the life course as an organizing principle for studies of choice in the housing market. The life course paradigm views the life course of an individual, or of a family, as a series of interrelated events that are bound up with larger social forces and geographical contexts. The life events—leaving home, getting married, having children, changing jobs—occur in the life of most individuals and families. These events usually affect decisions about moving from one house to another and from one locale to another. The life course paradigm also emphasizes the continual process of choice that occurs in certain periods and places.

The life course concept is a powerful organizing approach for examining decisions in the housing market. It specifically recognizes that moving from one dwelling to another is embedded in the sequence of marital and fertility events which occur in the household and in the continuous process of income change over the occupation career. Housing market circumstances, however, such as composition of the local housing stock, mortgage rates, and prices of various types of housing also influence residential mobility and housing choice. Thus, the life course involves not only individual life events but also social forces and structures. This intersection is a central element of understanding housing choice because it involves structure (the housing stock), social forces (changing societal and economic contexts which, in turn, influence the housing stock), and individual life events.

The central methodological approach of this book employs

models of choice and the concepts of event history. The former models include logit formulations, the analysis of tables (ANOTA), and chi square automatic interaction detection as tools for evaluating the choices and outcomes of household decisions. These categorical techniques provide a rich source of information about which households end up in what housing. The event history techniques enable us to evaluate particular events or triggers in creating and determining choices, as well as to set the course of events within the broader contexts of metropolitan and regional variation in housing markets. The event history analysis provides information about the way in which households choose housing and what internal (to the household) and external events influence those choices.

Research on housing choice has evolved into two completely separate domains (Grigsby 1978). One of these is especially concerned with housing prices and understanding the way in which various aspects of dwellings contribute to the housing price. This view of the housing market has been pursued mainly by economists. A second approach focuses more specifically on the choices made by individual households and the changing patterns of housing distribution across the population. This view is reflected primarily in the work of planners, geographers, and sociologists. These individual views of the housing process can be described in another way to emphasize the philosophical differences in approaches to housing.

First, as examined by economists, the process of housing and tenure choice has emphasized choice as a competitive process in a market with a large number of buyers and sellers. Within the housing market, households are considered to maximize utilities subject to a contemporaneous budget constraint (Arnott 1987, 974). Households choose unit size and quality and landlords and builders, through reconstruction, demolition, rehabilitation, and maintenance, choose structural density and quality of their housing over time (Arnott 1987, 980). Since housing is a composite good (in economic terminology), a dwelling can be described by various characteristics, each of which contributes to the value associated with a complete dwelling. One cannot buy an aspect of the dwelling separately, however; a dwelling is a bundle of housing services, the value of which is really related to a combination of char-

acteristics. Economists use the hedonic price function to estimate the utility, or, in less rigorous terms, the value of particular aspects of a dwelling, such as number of rooms and age of the dwelling. Estimating what individuals are willing to pay for elements of housing is a central component of the hedonic model.

In the second approach, housing production, distribution, and consumption are intertwined with the basic dynamics of the society within which housing is produced. In these studies, the structure of housing tenure has a particular social compact as well as definite political and ideological implications (Gray 1976). Housing tenure is placed at the center of debate about the sources and maintenance of social class divisions and inequalities. These authors emphasize the importance of housing consumption and issues of access of various types of households to the different parts of the housing stock (Power 1993).

Although issues of social inequality or social class divisions are not addressed, the argument in this book is more closely associated with the second approach to the housing market because the emphasis is on the process of residential mobility and its outcomes. This discussion, however, is not so much concerned with class and inequality as with choice and the context of choice. Demographic characteristics of households and the economic and spatial contexts within which the choices are made are central to this discussion throughout the book. Much of the housing choice literature uses demographic characteristics only in passing, but here specific characteristics of the household—age, marital status, size and composition—are central. Finally, choices are not made in a vacuum. They vary by region and housing market and with eventual changes in both the economy and the housing inventory. An analysis is provided that incorporates these changes in the choice process.

### The Nature of Housing and Housing Services

Access to housing, along with access to work, health care, and education, is a central element of the operation of modern urban societies. Issues of housing provision, therefore, have been, directly

or indirectly, a mainstay of local and federal programs in developed economies for the past century. Understanding the matching of households to housing is a fundamental element of understanding our present society and has been at the heart of research by economists, geographers, and planners. The centrality of "matching" is reflected in the struggle over large-scale publicly subsidized housing in many European countries and the United States in the simultaneous conflict between homelessness and inner-city decay and housing abandonment.

At the most basic level, housing is often referred to as shelter, because it fulfills this basic human need. At the same time, it is the single most important item of consumption. Households spend from 20 percent to 30 percent of their income to buy or rent a dwelling. Housing cost now ranks with food as one of the most important fixed household expenditures. As a result, a significant focus within housing studies is on who consumes what. Because a fundamental division in the housing market is related to tenure, a natural focus is on who owns, who rents, and what type of housing is owned or rented.

Housing as shelter is a relatively simple concept, but when we consider its range and diversity, the way in which it can confer status and access within the metropolitan area, and how much our lives are bound up with our houses, we recognize the complexity of this concept. Considering its intricate interaction with societal and political concerns and policies, we are faced with a multifaceted, incredibly complex concept. The following analysis is an attempt to provide some understanding of housing in modern urban society. Before turning to the sorting process whereby households end up in particular niches in the housing market, however, it is useful to review some of the notions and concepts that have developed around housing.

First, housing is expensive to build, it is modified only with difficulty, and it is one of the most lasting of consumer durables. The housing market is, therefore, dominated by the supply of the existing stock of dwellings. The yearly additions to the stock through new construction and modification of buildings are relatively small. The supply of dwellings, in terms of numbers and quality, is inflexible in the short term, which easily creates shortages

in periods of rapid growth of urban populations as well as considerable fluctuations in rents and prices.

Housing derives added importance from its location. When a household rents or purchases a home, it acquires not only the physical unit, but because of its particular location, a neighborhood and a set of public services or lack thereof. Since almost all housing is fixed in location, the result is the structure of the city. The city grows by increments of housing and since these are usually added to the margin of the city, the consequence is a geographic zonation of the city by housing type, age of the structures, and variations in density around the central core of the city (chapter 1). Even cities like Los Angeles, which have a tendency toward a multinodal structure, still have an observable zonation or pattern in the distribution of housing.

Various imperfections in the housing market, related to location and available supply, together with the argument that shelter is a basic human need, have led governments to intervene in providing housing. This was especially the case in Western Europe during the postwar period when the welfare states introduced extensive housing legislation, including rent control, subsidies for production and consumers, and stimuli for the growth of a substantial nonprofit or social rental housing stock. Housing developed into an important sector of regulation of society by the nation-state and became part of the political process.

Housing is often defined and we know it most simply as a physical facility—a housing unit that provides shelter, occupies land, and requires various infrastructure services, most notably energy power, water, and waste disposal. At a secondary level, however, housing also provides access to local education (schools), jobs, amenities (parks), and neighbors (the social environment). Third, housing is an economic good, a consumer durable that can be traded or exchanged in the housing market. Housing is property, an asset whose value will often increase and which can be used as a security for a loan. Buyers of a dwelling can borrow money against this asset in the form of a mortgage to be repaid in a regular flow of small sums. Fourth, housing is a sector of the economy, just as are numerous other industrial and service activities. Finally, housing is part of the political process and is often affected by changes in government regulations and political philosophies, when politi-

cal power passes from one party to another. It is the intersection of these definitions that creates some of the complexity in discussions about housing and housing markets.

The present discussion of housing should also note that housing provides housing services, ranging from the internal structure of the unit, the space and amenities of the house itself, to the services that derive from the location in absolute as well as relative terms. The location of the house provides a series of environmental and social services. The flow of these services, sometimes referred to as the bundle of services associated with a particular dwelling, is what is consumed by the homeowner or renter. The flow of housing services is usually gauged by single measures of prices or rents. The previously mentioned hedonic method used by economists is one technique to attach implicit prices to the various components of the housing bundle.

### **The Life Course and Housing Choice**

There is a broad body of research generated from cross-sectional analyses of mobility, tenure choice, and housing selection that began with the basic life cycle analysis of residential mobility. The initial work on the family life cycle concept suggested a series of stages in the life cycle, stages that coincided with a particular structure and organization of the family. These analyses of family structure categorized families by type of family organization (Rossi 1955). The stages were largely defined by the expansion and contraction of families in the course of the child-rearing years. As used initially by sociologists, such as Gluck (1957) and Sorokin and associates (1931), the stages were demographic categories defined by the size of the family unit, the ages of the head (heads) of the household, and the presence of children.

Categorization of families was enlarged by Lansing and Morgan (1955) who suggested that households pass through a series of "stages" of the life cycle. Indeed, they defined a series of categories from young and single, passing through various marital status categories with and without children, to an older, and again single, status. The emphasis in these categorizations was on a linear progression along an imagined traditional life cycle (fig. 2.1).

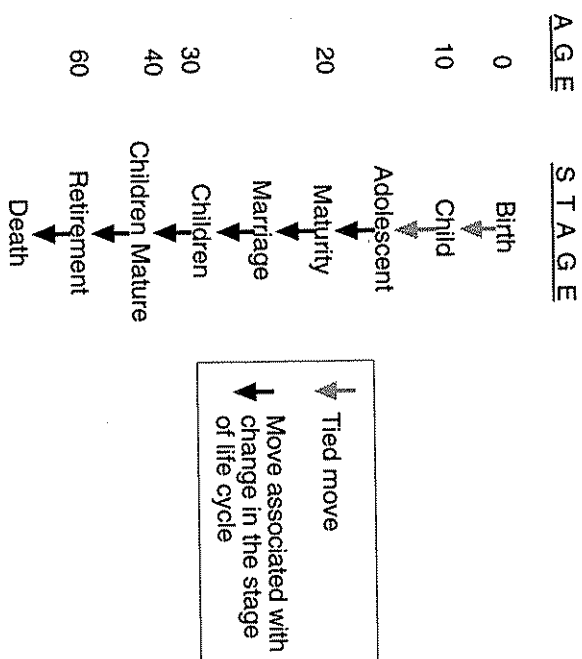


FIGURE 2.1

A linear approach to the life cycle and mobility/migration

Each stage in the cycle is characterized by a different size and composition of the family. A move from one stage of the life cycle to another provides the impetus for relocating and housing change. In this conceptualization, a change in the life cycle is associated with greater probabilities of moving and housing change. The housing needs of the young household in particular are most likely to be out of balance with the actual housing, and during this time one is far more likely to move and change housing consumption.

The life cycle is, thus, paralleled by changes in the housing career. At each stage of the life cycle, the individual or household is in a housing unit (fig. 2.2). Children leave the parental home and usually rent small apartments before marriage or cohabitation; then over time, they move into a succession of housing types of increasing space and in concert with the changed residential space needs of the household. The stylized diagram is designed to reflect these changing needs and responses over the life cycle and aging process.

A great deal of research has examined the life cycle and the

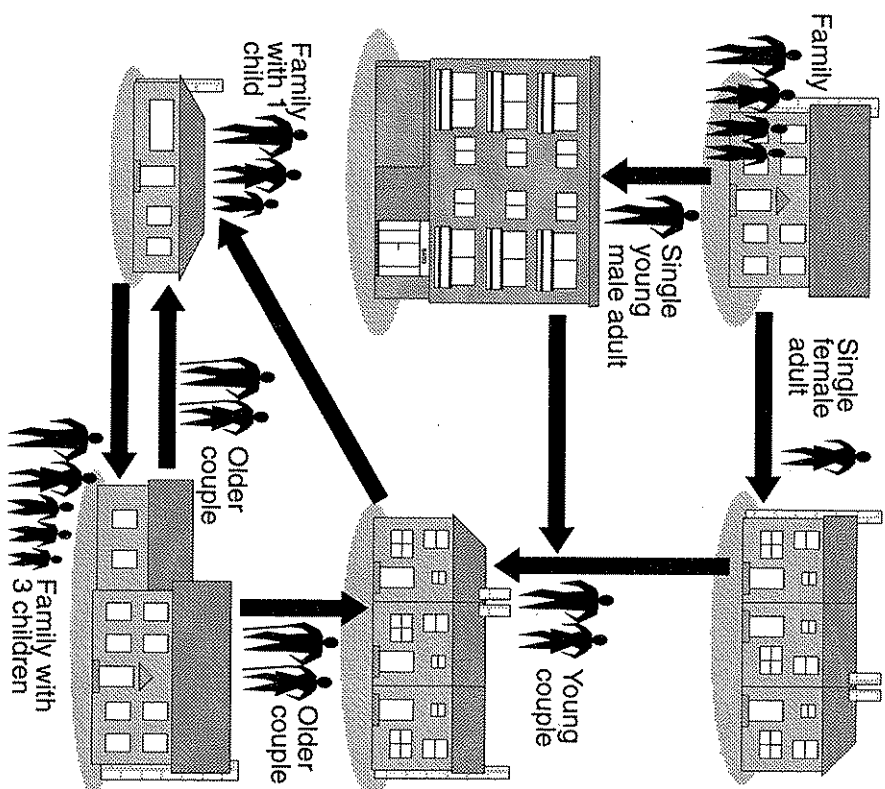


FIGURE 2.2

The intersection of life cycles and housing careers

categorization of household structure. There is little agreement, however, on the structure of the categories of the life cycle or which classification is best. Nor is there much agreement on either the variables to define the classifications or the impact of increasing numbers of nonfamily and alternative family compositions (Quigley and Weinberg 1977). Indeed, during the past two decades, all Western societies have undergone substantial and far-reaching changes in household composition generally and within the family specifically. The very large increase in individual households, single-

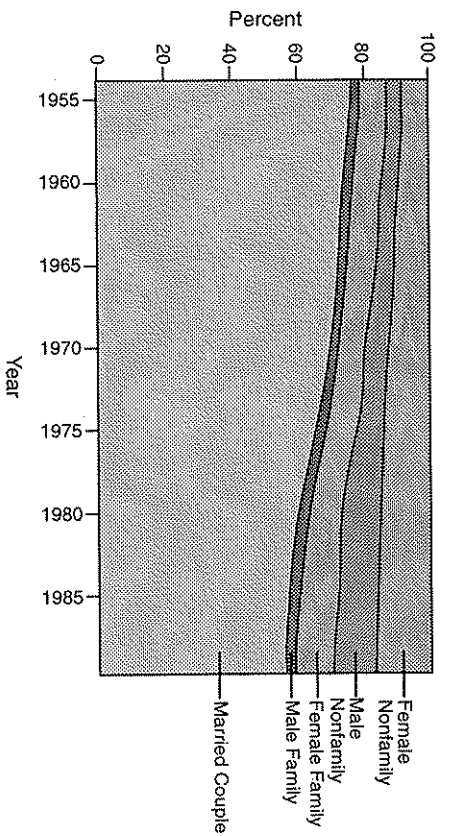


FIGURE 2.3

Changing household composition over time in the United States

Source: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 441, 1989.

parent families, and two-income households, often without children, means that one can no longer speak of a normative family structure. Households and families are different than they were thirty years ago. Married-couple households in the United States have declined from almost 80 percent of households in the 1950s to slightly more than 60 percent in 1989 (fig. 2.3). Data for the Netherlands show very similar processes, despite the cultural differences (fig. 2.4). There has been a dramatic decline in the number of large households. By 1985, one- and two-person households constituted more than 50 percent of all households in the Netherlands. The processes that have influenced the changing family structure include delaying marriage, voluntary childlessness, and increasing divorce rates.

An alternate approach that incorporates notions of the life cycle but is more responsive to the nature of change is both a theoretical advance and a practical alternative. The life course is both a richer conceptualization of change in family and household structure and allows other changes to be incorporated within the notion of life course trajectories. The life course paradigm is an out-

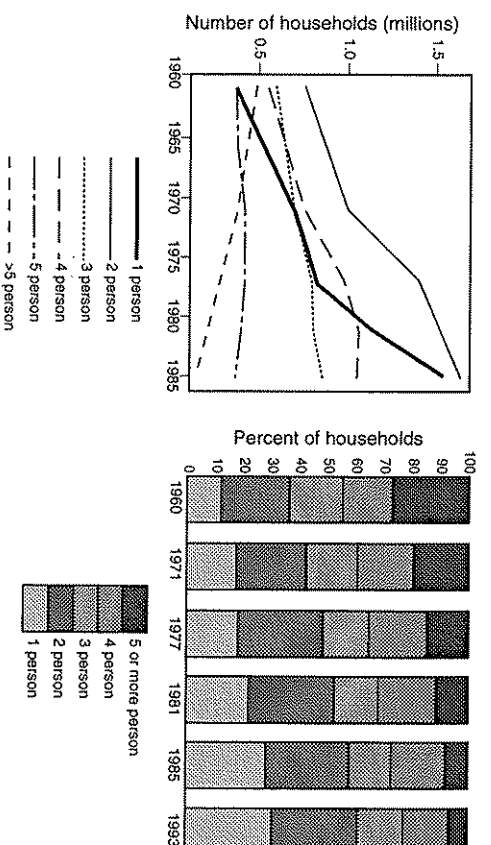


FIGURE 2.4

Household composition in the Netherlands by absolute numbers and percentages, 1960-1993

Source: Ministry of Housing, Physical Planning and the Environment (MVRM), 1989, and Netherlands Central Bureau of Statistics.

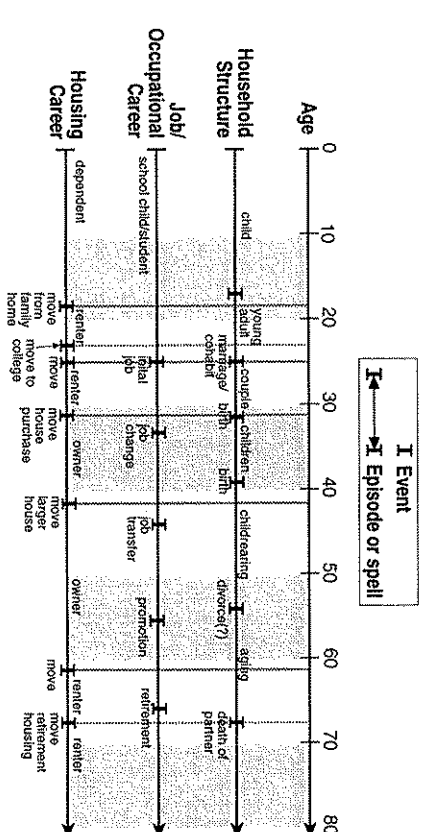
growth of a general concern with the problem of modeling space-time processes (Mayer and Tuma 1990). The models are designed to allow the analysis of more than one process so that changes in family composition, housing, and jobs can be linked together. The models that have been used in these cases (often called hazard models or event-history models) are related to examining particular events that occur periodically, such as marriage, the birth of children, and, of course, residential mobility and housing relocation. They are all part of understanding the way in which families change over time. The emergence of these models and the concept of the life course have provided an interdisciplinary approach to time-dependent changes. The life course can be used to link economic, sociological, and geographical variables and to incorporate the individuals and the various events affecting them as they proceed from birth to death.

The notion of the life course emphasizes that the process of an individual through life can be viewed as a sequence of events.

The events obviously include a wide range of occurrences from those related to family formation, to education and career decisions, and not least to housing and shelter decisions, which are then interrelated with the decisions about family and career. People complete their education, enter the labor force, get married (move), buy a house (move), have children, and eventually retire. Within the research on the life course, there has been a concern to utilize the life course as an overarching conceptual structure to examine changes in family composition. Just as these models can be used to examine changes (transitions) in families, or individuals, they can also be used to consider other transitions in the housing market (housing careers), in occupational careers, and so on.

The research in life course analysis has focused on the individual life span and the way in which that individual life span is shaped and organized, not merely by the decisions of individual actors but also by the cultural beliefs of the individual and the context, both social and spatial, in which the individual is situated. The aim of life course analysis is to look at individual life events and the patterns of life trajectories in the context of the social processes that generate these events and trajectories. In diagrammatic form, we can envisage the parallel streams of events in household changes, in housing changes, and in job/occupation changes. Residential relocations cut across these trajectories and interrelate the trajectories. One can consider the links as time dependencies between one event and another.

The stylized presentation (fig. 2.5) depicts the three paths related to household structure, job/occupational changes, and housing career intersections. Events occur in any of these "trajectories," and the residential move—relocation behavior—clearly intersects with the other changes. Considering that one can visualize a household proceeding through a series of changes related to occupational careers, housing transitions, and other events during the passage of time, all influenced, in turn, by the evolving structure of society, some model format is required within which to analyze and measure these changes and their correlates. Event history analysis is such a methodology. The core of the event history methodology is the ability to examine sequences of events and to model the intervals between the events (the spells), the number of events, and the probability of their occurrence (the risks or hazards of oc-



**FIGURE 2.5**  
The life course and household/housing trajectories

currence), in relationship to independent variables. Event history data is the raw material from which to construct or examine life courses. Event history data provide information on the time at which an event occurs, such as when a member of a sample changes from one state to another (getting married, having children, changing residence). For every member in the sample, in a longitudinal data set, there are data on the sequence and timing of events, the states occupied, and the duration in each of the states. Event history analysis refers to the set of methods that can be used to examine the events, their timing, and the intervals between them (Allison 1984). Event history *data* (data in the process of changing from one state to another) is the raw material from which to construct or examine life courses. Event history *analysis* is one important way of examining these events (Mayer and Tuma 1990; Allison 1982 and 1984).

Event history data is collected from panel surveys which were relatively rare until the 1970s; only since the early 1980s, when the number of panels increased and when new techniques to process such data became more widely available, has longitudinal panel data analysis assumed a central role in social science research. Its popularity stems in part from its presumed ability to allow and control for various "individual effects." It also permits



characterization of individual decisions and action processes operating over time. This is contrary to more traditional models (cross-sectional) that enforce a single time unit within which agents make their decisions and take their action.

There is an essential difference between life cycle conceptualizations and life course paradigms. The former focuses on stable stages, while the latter focuses on age-specific transitions between stages. It is useful to think of life cycle categories as the predefined stages through which households pass in a normative manner. The life course, by contrast, emphasizes the trajectories of individuals as they pass through life from birth to death. To reiterate, the life course emphasizes the linkage between age and interaction, with the larger societal changes within which aging occurs the "socially patterned trajectories of individuals" (Mayer and Tuma 1990, 6).

Although the life course conceptualization sets up an organizing approach to the analysis of housing change, one also requires measures of the outcomes of housing choices. The categorical models, which analyze the intersection of household composition variables and variables that measure the characteristics of housing, provide this part of the presentation. The life course focuses on triggers and events; the categorical model deals with the outcomes of the temporal choices of households interacting with the housing market.

### Housing Contexts and Housing Comparisons

It is clear from the discussion thus far that mobility behavior and tenure choice are influenced by household type, including age, size of the household, and income. These are the forces at the microlevel—at the level of the individual and the household—that help to explain mobility and housing choice. The same type of household, however, will likely be confronted with different choice situations because it is either in a very different housing market or it is making choices in an expanding or contracting economy. Thus housing market choices do not occur in a vacuum; they are set within the changing economy, they vary from region to region, and they are affected by government policy. Therefore, conditions

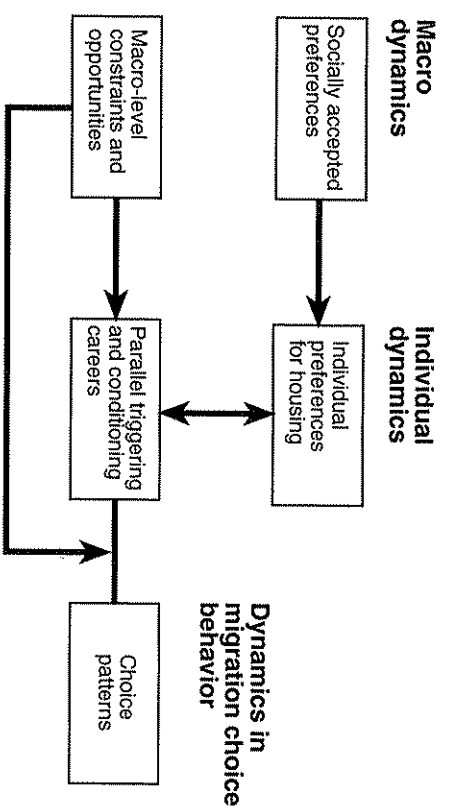


FIGURE 2.6

The context of housing and tenure choice

Source: Mulder, 1993.

at the macrolevel also influence the outcomes of the movements of households through the housing stock. This complex process in which general goals, household and individual preferences, and macrolevel constraints and opportunities interact leads to a set of observed choice patterns (fig. 2.6). The observed patterns of mobility and housing and tenure choice are usually referred to as "revealed" choice behavior.

Choice is also related to individual and household preferences. These preferences can be conceptualized as concrete transformations of more general goals of people (Mulder 1993). General goals are assumed to be universal; preferences are not. Preferences will vary from one individual to another and during the life course of a particular individual. Preferences for housing and tenure are, thus, influenced and constrained by parallel careers (family formation and dissolution, and job and income change) over the life course. At the same time, choice patterns also reflect macrolevel constraints and opportunities (fig. 2.6). Opportunities at the aggregate level are created exogenously to the individual, in the form of available housing vacancies. The way in which the individual

or household interprets the choice set available for individual selections also depends on individual preferences and resource levels themselves. Constraints at the macrolevel are, in a sense, the negative counterpart of opportunities. Shortages in the housing market or unfavorable economic circumstances are examples of exogenous constraints on individual or household choice (Mulder 1993).

The analysis of contextual influences on housing choice in chapter 5 focuses on three important aspects of contexts: how choice occurs within the opportunities and constraints of a particular housing stock; how it is influenced by changes in the national economic context; and how it varies with the level of government regulation of the housing market.

As noted earlier, the stock of dwellings is not constant but is changed by additions and deletions—the latter at the center and the former in the suburbs. Both processes change the context within which choices occur. During the last three decades, the housing supply in the United States and Europe has expanded rapidly, particularly in owner-occupancy dwellings. Even in Holland, where much of the housing stock is subsidized, substantial increments to both the public and private housing stock have taken place.

Then, housing choice is impacted by larger economic events and circumstances which vary by time and region. The increase in income and assets among large numbers of the population of Western countries over the last two decades has increased the demand for both owner-occupied housing and larger and better equipped dwellings. But short-time fluctuations in income prospects, mortgage rates, price of owner-occupation and rent, and levels of new construction also affect the level of mobility and choice for one type of housing or another.

The third context for understanding the process of housing choice is the level of government regulation of the housing process. Clearly, there are similarities between the behavior of households in European cities and North American cities. But to what extent do the same variables provide an understanding of behavior in the housing market? To answer this question, it is necessary to explore mobility behavior and tenure choice in two different sociopolitical settings—the relatively free housing market of the

United States and the highly controlled Dutch housing market. In the Netherlands, a national system of rent control as well as planning of the level and location of new dwelling construction has spawned mass production of nonprofit rental housing, which now accounts for 40 percent of the stock generally and 50 percent in cities such as Amsterdam and Rotterdam. Naturally this influences choice patterns. The comparative focus emphasizes the institutional and political content within which housing choices are made. The working hypothesis of this study with respect to the last question is that housing choice will be more clearly dominated by economic factors in the United States than in the Netherlands, where government regulation of the housing market is strongly developed.

## Summary

This chapter introduced the nature and complexity of housing and reviewed some of the basic concepts that are used to organize the analysis of housing choices in this book. It introduced housing as a context within which it is possible to focus on housing choices and consumption. The central and critical focus of the chapter, however, was on the life course paradigm and how it can be used to analyze and understand choice across housing market contexts. To reiterate, the goal is to provide an interpretation of how individuals choose housing based on their household composition and income characteristics. The aim is to link households and houses and to create understanding of the choices that households make and how households come to be distributed across the housing stock.

It is obvious from this discussion that housing is a complex good, in both the variety of characteristics that affect the housing choice process of individuals and households and its spatial fixity. Size, age, tenure, and location of the dwelling are important in the considerations of housing when a family moves. One cannot acquire only one aspect of a dwelling separate from others, however; therefore, housing is also referred to as a bundle of housing services. The quality of housing varies considerably among neighborhoods; therefore, housing location plays an important role in consumer choice. The neighborhood in which the dwelling is located



provides access to local education (schools), jobs, amenities (parks), and to particular neighbors (social environment) of the community.

Mobility behavior and tenure choice are clearly interrelated. Before the tenure choice is specifically examined, however, it is necessary to consider some aspects of residential mobility because it is the process that intersects with the macrolevel context and initiates the changes in the housing market.

### 3

## Residential Mobility and the Consumption of Housing Space

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Residential mobility—moving from one location in the city to another—is the process that creates change in the housing market. Together with new construction of housing, it is one of the prime stimuli for the changes in the housing market and, in turn, influences housing demand and housing consumption. In the end, mobility is interesting because it is the behavior whereby individuals and households match their household needs for residential space to the available housing stock. In the normal operation of the housing market, the mismatch of housing and households is the critical driver in creating mobility and housing selection. Of course, this is an imperfect mechanism, and there is considerable regional and national variation in the ability of the mobility process to accomplish the matching of households and housing. Preferences of mobile households cannot always be satisfied, because of lack of opportunities in the housing stock on the one hand and income constraints which limit choice on the other. At the same time, the mobility process, even as modified by government intervention and the varying composition of the housing market, is the mechanism that brings the matching into focus.

Residential change occurs as a result of short-distance local moves within one city—or even one part of a city—as well as from longer-distance migrations from one region of a country to another. In the United States, about 60 percent of all moves are local moves within a metropolitan area, and the rest are combinations of regional moves and new immigrants entering the country. Although