Extended Abstract
Do Migrants Pay Higher Housing Costs? Migrants' Housing-related Capabilities in the Netherlands

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Background

This paper studies migrants' housing conditions in the Netherlands, the country of which has been facing a continuous increase in migrant populations in recent decades. Until 2021, roughly 13.14% (2.3 million people) of the total 17.5 million were born outside the Netherlands (CBS, 2021). The increase has been 25.7% during 10 years. Because migrants often arrive in the destination society with limited resources including employment, languages, and social networks, their opportunities of living in quality housing could be restricted to some extent. In addition, social conditions including housing discrimination against migrants have been present and may further restrict migrants' housing outcomes. Thus, the provision of housing for migrants and the social integration of migrants becomes an important agenda in the Netherlands.

Objectives and Contributions

Housing is essential to any migration story, providing the material base of belongingness for migrants in destination places. The study explores housing opportunities and outcomes of migrants through the capability approach, which was pioneered by the Nobel Laureate Amartya Sen. The approach, unlike other analytical ways of welfare economics, focuses on individuals' capabilities and functionings, and provides a normative framework in evaluating individuals' wellbeing. Capabilities are individuals' real opportunities, "such as their genuine opportunities to be educated, their ability to move around or to enjoy supportive social relationships" (Robeyns & Byskov, Winter 2020 Edition, para.10). Functionings are valued "beings and doings" (Sen 1999,75), such as being free from diseases and participating in community activities. In this research, functionings are defined as achievements that a person can have or enjoy while residing in a place.

Therefore, this study asks: do migrants have equal capabilities and functionings in obtaining housing compared to the native population in the Netherlands? In order to compare housing-related capabilities and functionings between the migrant and the native population, which has not been done by studies, we measure capabilities and functionings by variables including the number of units offered for viewing, searching time, monthly rents or purchase prices of comparable housing units.

The aim of this research is to study the difference in housing-related opportunities and achievements between migrants and natives, in order to show the potential issues of housing deprivation experienced by migrants. If there does exist housing deprivation, the study furthermore reveals which groups of migrants suffer more from that and how personal, social, and environmental factors shape these restricted capabilities. In addition, while capabilities mean real freedom or opportunities, their measurement and operationalization have been challenging(Kimhur, 2020; McCallum & Papadopoulos, 2020). This study, therefore, provides empirical contributions in showing how housing-related capabilities and functionings can be measured.

Data and Methods

The WoonOnderzoek Nederland (WoON), has been a nationwide survey of the Netherlands to map housing wishes and living conditions since 2006. The WoON 2018 dataset includes a total of 67,523

respondents across the Netherlands, among them 61,260 were born in the Netherlands and 6,263 outside of the Netherlands. The latter group is referred as people with a migration background in this study. Within the sample, 43% of migrants own housing property in the Netherlands, while 57.8% of the natives are homeowners.

By analyzing the WoON (Housing Research) 2018 dataset, this study examines whether people with a migration background in the Netherlands, have different capabilities and functionings in accessing housing. Hypotheses include: migrants pay comparatively higher rents or purchase prices in obtaining similar quality of housing than people without a migration background; migrants have longer searching time in the rental market and fewer viewing opportunities offered by the landlords and agencies than the natives.

The key to comparing the migrant and the native population is to separate other personal, social, and environmental factors' effects on housing opportunities and outcomes. We construct a series of regression models by taking purchase prices, monthly rents, searching time, etc. as the dependent variables and the dummy variable of whether the respondent is a migrant as the independent variable. We also add other covariates of mainly four aspects to separate their effects on the dependent variables: personal factors including disposable income, age, household size; housing quality such as housing type, housing age, area size; neighbourhood characteristics such as population density; and regional characteristics such as the four largest Dutch cities facing a housing crisis. (Figure 1)

Dependent variable:	
lnhuurmnd	the natural logarithm of monthly rents
Independent variables:	
gblop3	migrant dummy
ln_dpincome	the natural logarithm of annual dispoable household income
d_age2, d_age3, d_age4, d_age5, d_age6, d_age7	6 dummy variables of age group with the youngest age group (17-24years) as the reference group
aantalpp5	numer of people in the household
area & area2	size of living area (sq meter) and its squared form
lnhsage	the natural logarithm of housing age (2019 - construction year)
d_hstype1, d_hstype2, d_hstype3, d_hstype4, d_hstype5, d_hstype6, d_hstype7	7 dummy variables of apartment, terraced house, semi-detached house, detached house, farm, home with a shop, living unit with shared kitchen or toilet; reference group: other different kinds of home
d_sted1, d_sted2, d_sted3, d_sted4	4 dummy variables of urbanity/density of the neighorhood with the least urbanized group (< 500 adresses per km2) as the reference group
d_four1	dummy variable of the four largest cities
if rentfromwhom1 == 0	private renting

Figure 1 summary of independent variables included in the regression models

As one can imagine, with all assumptions of regression met, if the result shows that the dummy variable of the migrant is significantly different from zero, the regression model indicates that there exists a significant difference between the migrant population and the native population.

(Tentative) Results and Conclusions

The initial results of the study show that housing costs of migrants and natives have been significantly different in both the rental market and the purchase market. However, the study also reveals that the two markets show distinct trends: In the private rental market, a migrant on average pays 3.5% higher monthly rents than natives for comparable housing and neighborhood characteristics; while a migrant on average pays 4.7% fewer purchase prices than natives. In other words, the actual difference in costs between

migrants and natives becomes larger as their income becomes larger in both the rental market and the purchase market. (Figure 2)
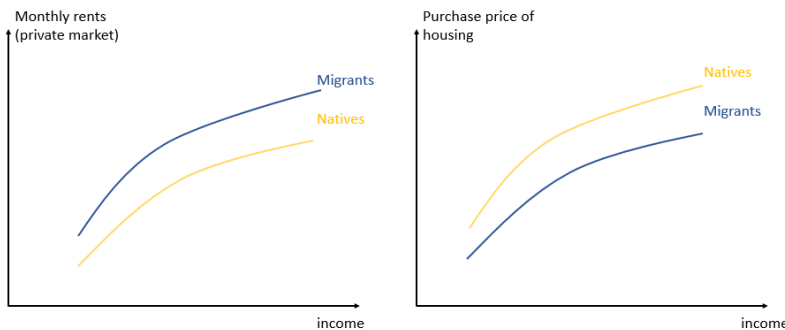

Figure 2 initial results (may subject to change)

The different housing costs that migrants pay compared to natives reflect that the achieved outcomes, which are functionings, are different from the native population. In addition, these price/rent differences may due to the fact that they have different preferences or they are offered fewer real opportunities, which are capabilities. The difference in housing-related capabilities and functionings between the migrant and native population can be a result of migrants' different housing needs as well as limitations in social conditions such as housing discrimination.

We explain that the rent premium that migrants are paying may result from the less available supply that they are able to choose because of social factors such as housing discrimination in the rental market. This mechanism means fewer real opportunities that an individual can have, which is referred to as restricted capabilities and functionings. For the lower purchase price that migrants pay, however, we have not figured out the possible mechanism[1].

Implications

The (tentative) findings of the research reveal the restricted capabilities and functionings of migrants in a different way and also indicate that migrants commonly experience additional barriers in accessing housing. Furthermore, the study suggests how personal and social factors put migrants into a disadvantaged situation and therefore requires interventions in alleviating those restrictions such as housing discrimination and segregation. When thinking about how to effectively improve migrants' integration through housing, we urge scholars and policymakers to apply the capability approach in order to better understand how opportunities are restricted and how interventions in making up for these lost opportunities can be applied.

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[1] We plan to look into the dataset and run additional models, and hopefully by the congress starts, we can have a better answer.