



Vulnerabilities and resilience of Dutch households

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DeNederlandscheBank

EUROSYSTEM

The research

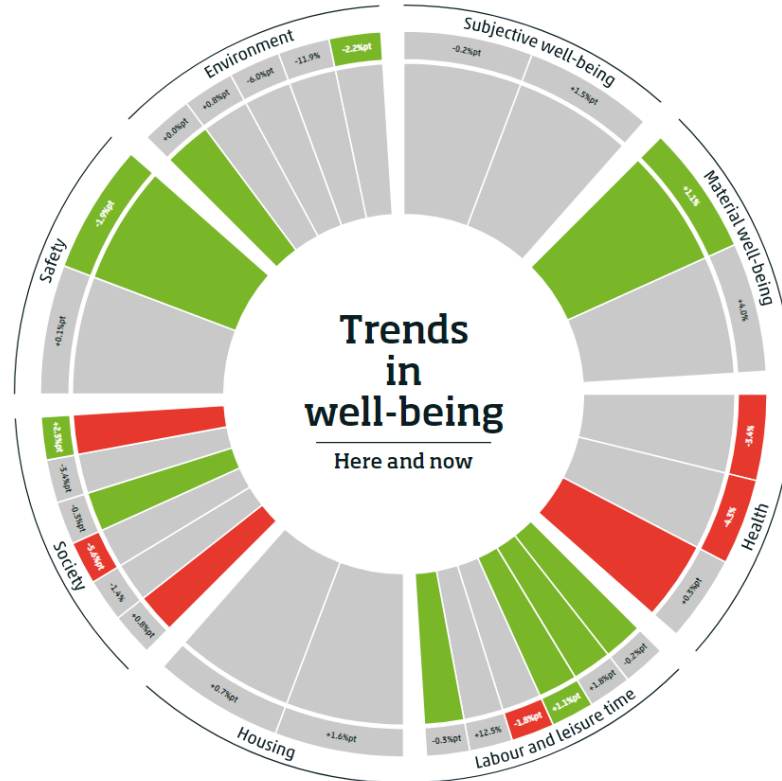
Using a set of financial and non-financial well-being indicators, we assess the position of Dutch households in five policy areas: “work and income”, “wealth and debt”, “housing”, “climate change” and “energy”. We focus on vulnerable households.

1. We examine whether accumulations of vulnerabilities arise within these areas, and which groups have struggled to improve their situation in recent years.
2. We offer insights into the extent of accumulation of vulnerabilities.
3. We illustrate these accumulations for three specific groups: insecure workers, high-rent tenants and households with high energy costs.

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Motivation



Source: CBS

Method

Data:

- Most data is microdata from Statistics Netherlands for 2012 and 2020
- Added climate risk data from the Climate Impact Atlas
- Added crime figures from the National Police.

Method

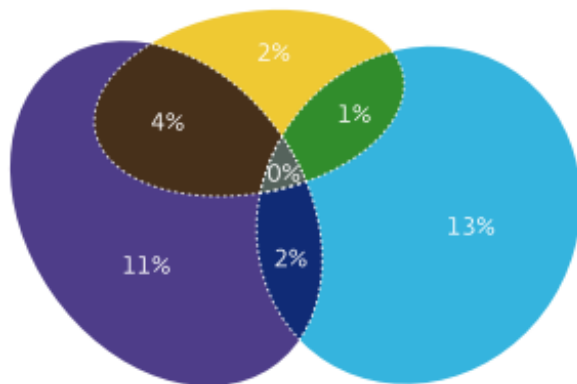
Area	Variable	Vulnerability criteria	% of households
Work and income	Insecure income	Self-employed or flexible contract	15%
	Vulnerable, not working	Occupational disability, unemployed or otherwise without work	12%
	No pension accrual	Household accruing no supplementary pension	7%
	Low income	<120% of poverty line	17%
Wealth and debt	Few financial assets	<€5,000 in liquid assets	31%
	High debt	More debts than assets	14%
	Problematic debt	In arrears	6%
Housing	High housing expenses	Housing expense ratio >Nibud standard	8%
	Overcrowded conditions	Less than 20m ² per person	2%
	Unsafe neighbourhood	>10 crimes per 100 inhabitants	11%
Climate change	Heat stress	>40° C on a summer's day	18%
	Waterlogging due to rain	>15 cm of water due to extreme precipitation	17%
	Flood risk	>50 cm of water due to flooding	25%
Energy	High energy costs	Energy costs >8% of disposable income	17%
	Low energy-efficiency label	E, F or G label	25%

Main results

- ❖ **Work & income**
- ❖ Wealth and debt
- ❖ Housing
- ❖ Climate change
- ❖ Energy

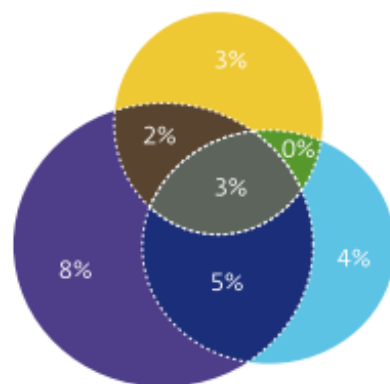
- The various labour market vulnerabilities often coincide, especially among jobless people.

4A Overlap voor zelfstandigen en flexwerkers.



- Laag inkomen (17%)
- Zelfstandige of flexibel contract (15%)
- Geen aanvullend pensioen (7%)

4B Overlap voor niet-werkenden

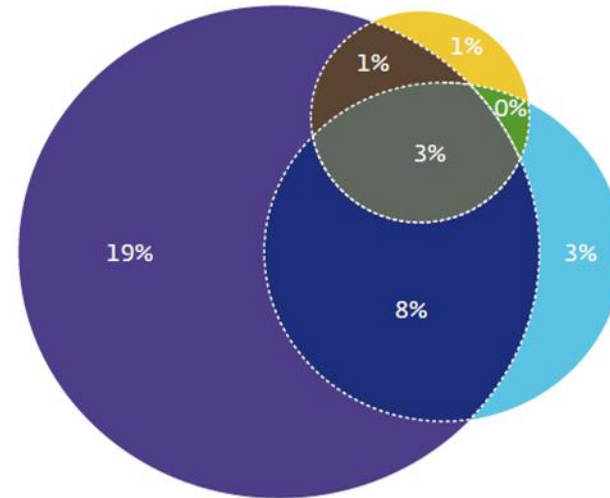


- Laag inkomen (17%)
- Werkloos, arbeidsongeschikt of geen baan (12%)
- Geen aanvullend pensioen (7%)

Main results

- ❖ Work & income
- ❖ **Wealth and debt**
- ❖ Housing
- ❖ Climate change
- ❖ Energy

- A significant group of households (11%) have both net debt and low financial assets.
- Around 3% of Dutch households are in a potentially very precarious financial situation of having net debt, low financial buffers and being in arrears.

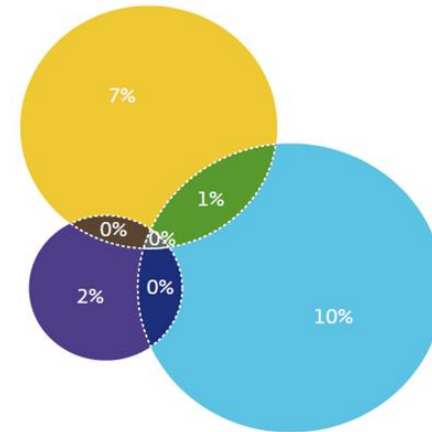


- Weinig financiële middelen (31%)
- Netto schuld (15%)
- Betalingsachterstanden (6%)

Main results

- ❖ Work & income
- ❖ Wealth and debt
- ❖ **Housing**
- ❖ Climate change
- ❖ Energy

- There is little overlap between the vulnerabilities examined in the housing area: high housing expenses, cramped accommodation and living in an unsafe neighbourhood do not often occur in combination.
- Around one in 12 households has excessively high housing expenses, fewer than in 2012, but the number living in an overcrowded conditions has doubled.

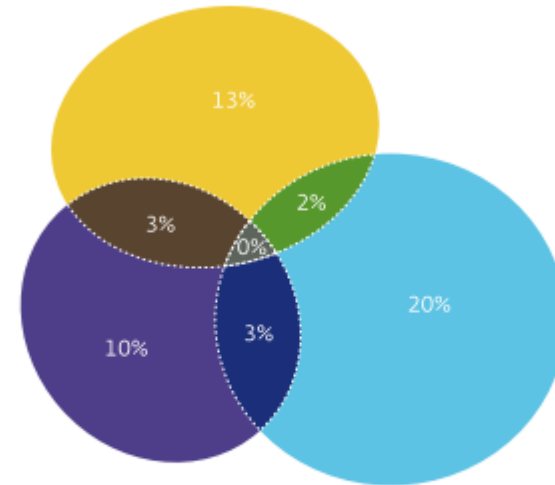


- Krap behuïsd (3%)
- Onveilige buurt (11%)
- Hoge woonlasten (8%)

Main results

- ❖ Work & income
- ❖ Wealth and debt
- ❖ Housing
- ❖ **Climate change**
- ❖ Energy

- Only limited overlap between different weather and climate risks.
- Around one in 12 households is exposed to at least two physical climate risks (heat stress, flood risk or waterlogging caused by rain).



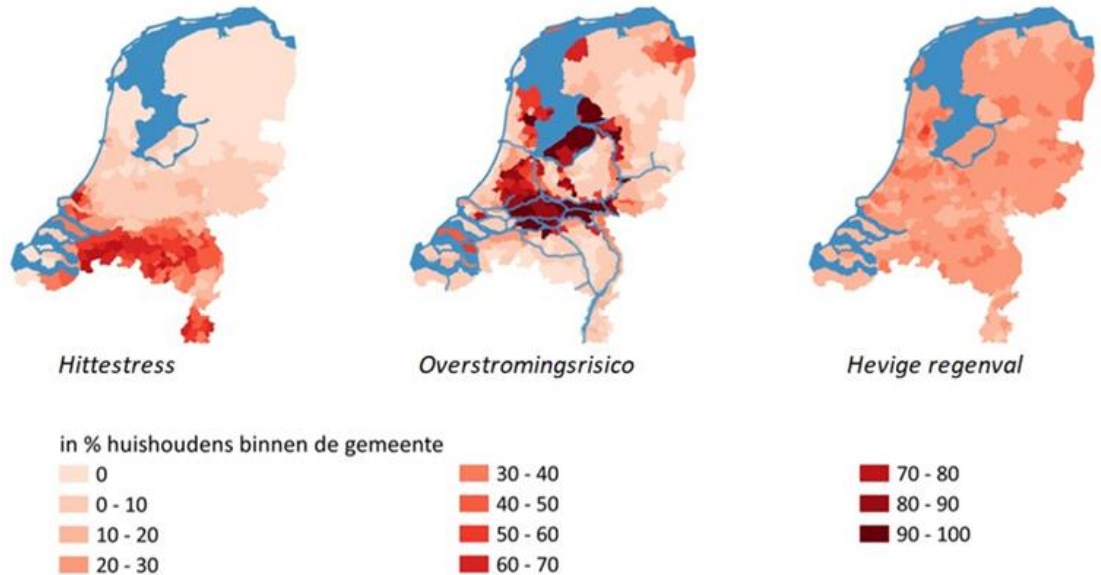
- Veel wateroverlast bij regen (17%)
- Overstromingsrisico (25%)
- Erg heet op zomerdagen (18%)

Bron: DNB, CBS microdata en de Klimateffectatlas. 3

Main results

- ❖ Work & income
- ❖ Wealth and debt
- ❖ Housing
- ❖ **Climate change**
- ❖ Energy

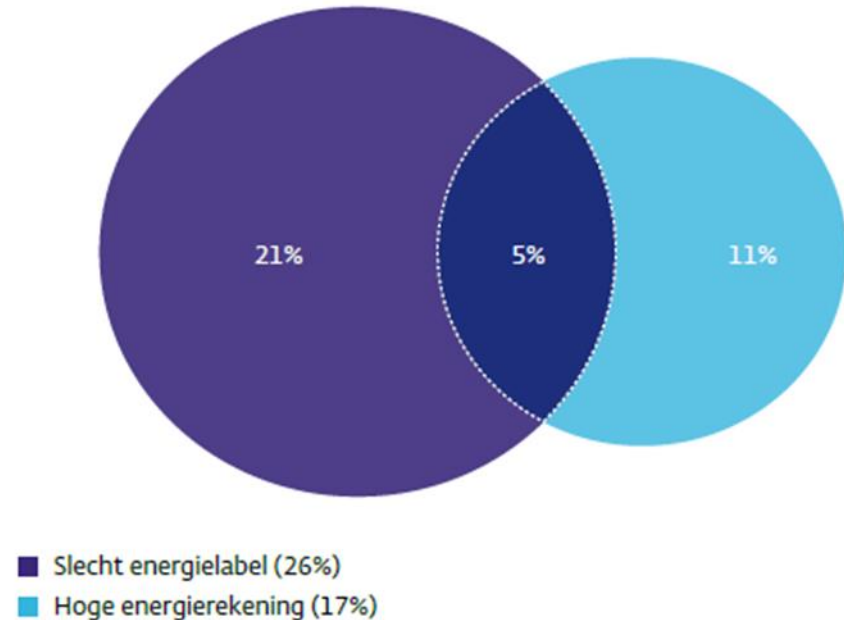
- Although there are geographical patterns in climate risks, we do not see any patterns in other household characteristics.



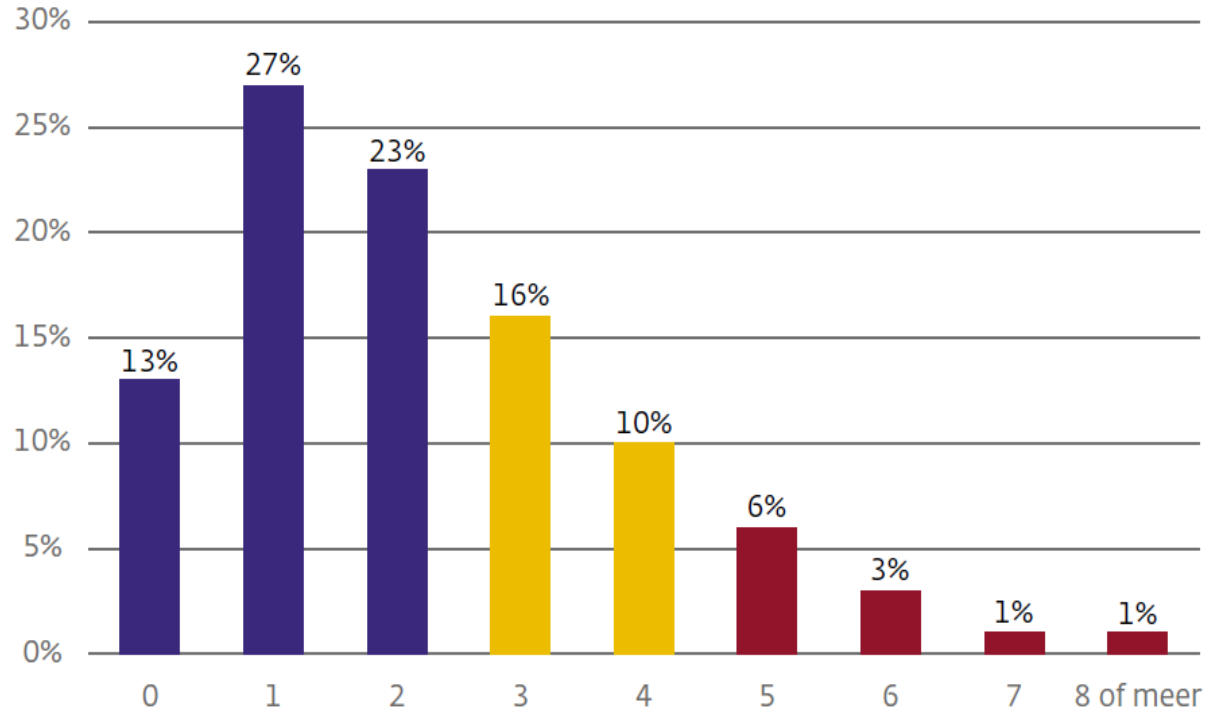
Main results

- ❖ Work & income
- ❖ Wealth and debt
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- ❖ **Energy**

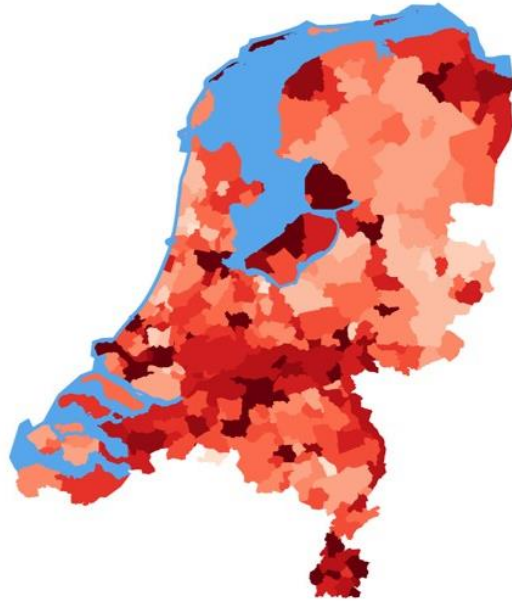
- High energy costs do not only occur in households with a low energy-efficiency label.
- Even households with a high energy-efficiency label regularly have high energy costs (more than 8% of their disposable income).



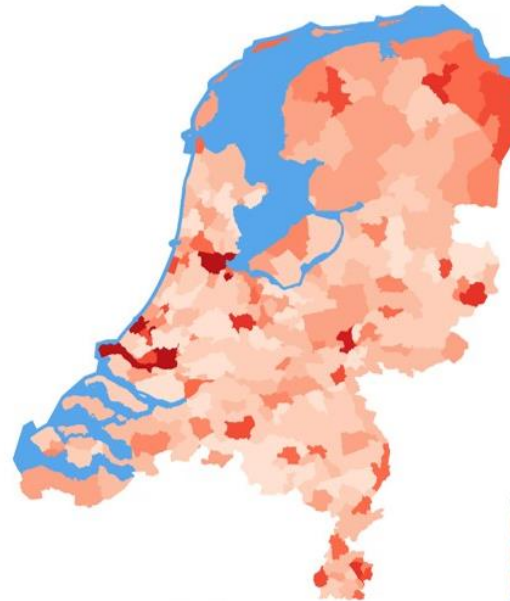
Main results: Accumulation of vulnerabilities



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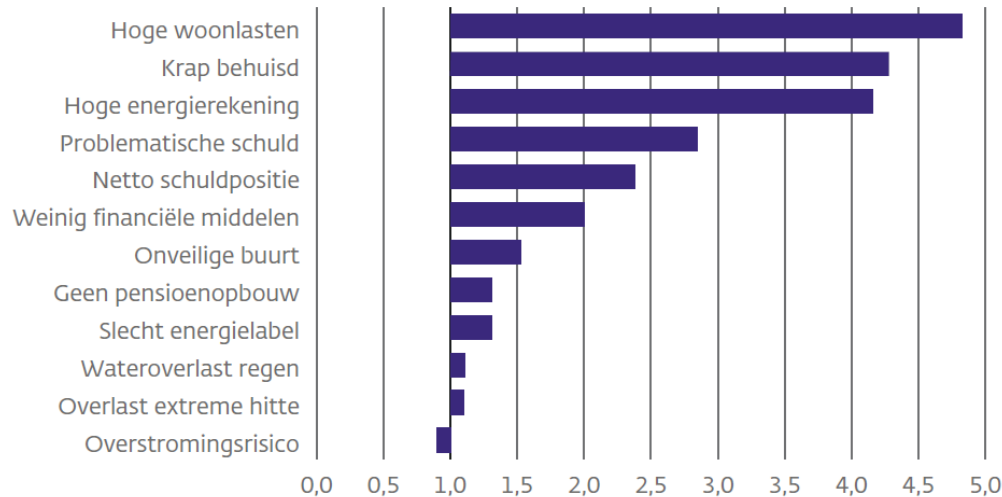
Inclusief fysieke klimarisico's



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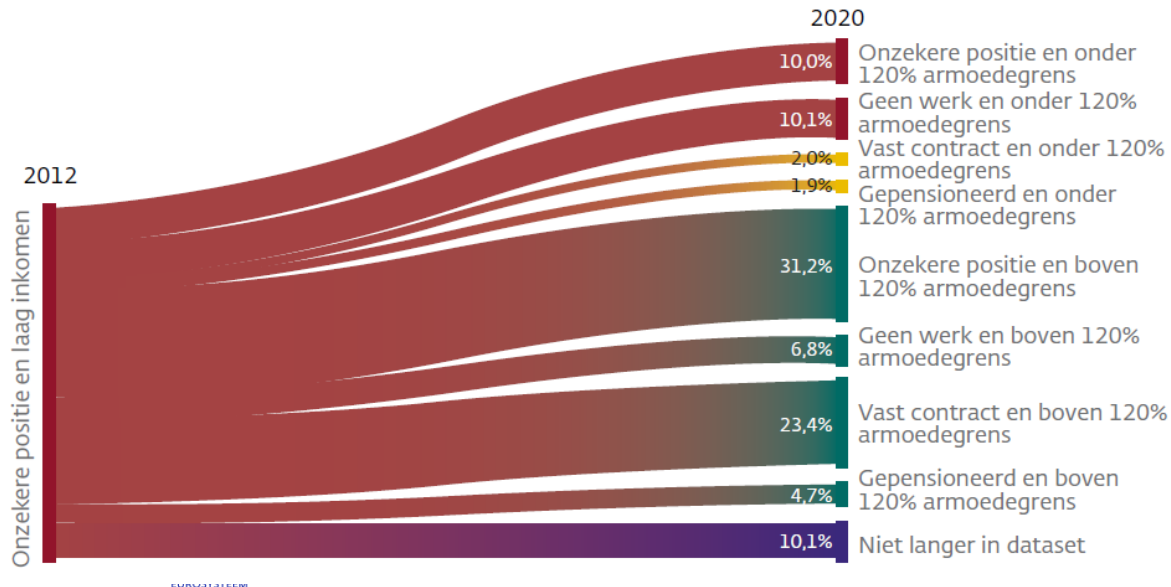
- Insecure workers are more likely to face high housing expenses and live in overcrowded conditions.
- Their financial position leaves little room to absorb shocks.



Main results: case studies

- ❖ **Insecure workers**
- ❖ High-rent tenants
- ❖ High energy costs

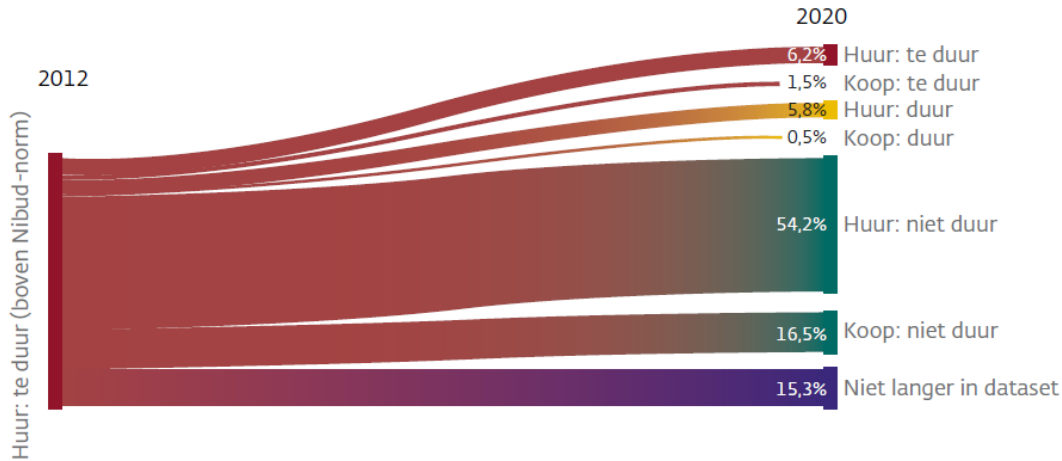
- Most insecure workers from 2012 were in a less vulnerable position in 2020.
- A quarter of the insecure workers from 2012 were still on low incomes in 2020. This group is more often self employed, and less often flex worker.



Main results: case studies

- ❖ **Insecure workers**
- ❖ High-rent tenants
- ❖ High energy costs

- High-rent tenants are on average more likely to have almost all the other vulnerabilities covered in this publication.
- High-rent tenants are also much more likely to be in a vulnerable position in the housing market and labour market.
- Being a high-rent tenant is found to be a temporary status for the vast majority of households.

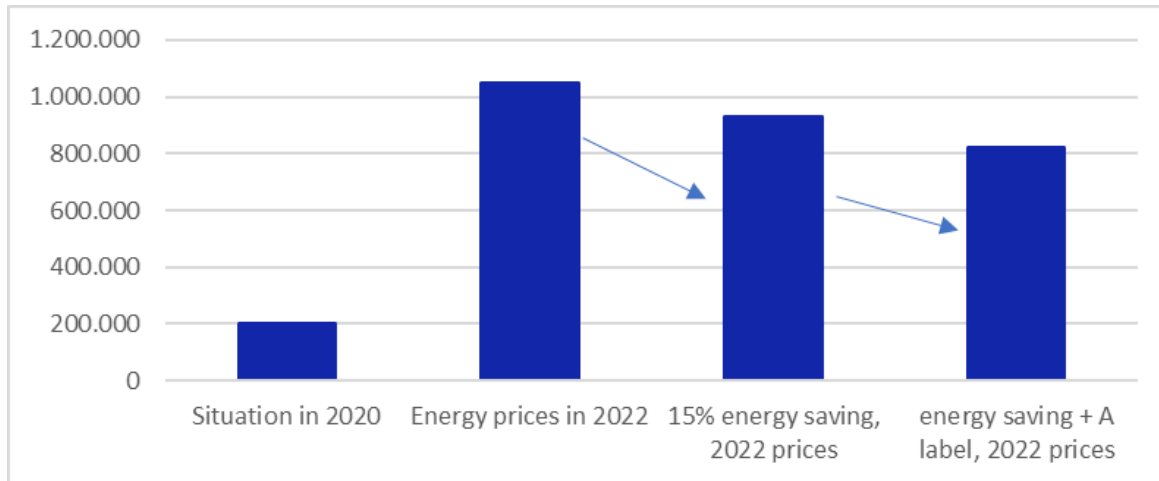


Main results: case studies

- ❖ Insecure workers
- ❖ **High-rent tenants**
- ❖ High energy costs

Main results: case studies

Number of households with high energy costs:



- ❖ Insecure workers
- ❖ High-rent tenants
- ❖ **High energy costs**

Policy recommendations

1. Consider different forms of vulnerability, and hence the policies required to address them, in relation to each other.
2. Make households more resilient by increasing the labour participation and income security of vulnerable groups, thereby helping them to build up buffers.
3. Improve access to the housing market: Maintain the pace of housebuilding. Distribute the housing stock better.

Current work

1. Integration of well-being indicators in our economic forecasting: affordability of housing and energy and heterogeneity of inflation.
2. Research on impact of economic developments and policies on households (EUROMOD), supporting the policy clusters:
 - Labour market
 - Housing market
 - Climate & nature
 - Public finance

Thank you very much

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