

# Social Security for Low-Income Households and Residential Location Choice

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This paper analyzes the relationship between the tightness of social security policy of each municipality and residential location choice of low-income households in Japan. This paper firstly provides a economic model of low-income households seeking for a better residential location and municipalities struggling to control the number of applicants for the social security program. This paper then estimates the structural parameters of the economic model to show what factors are influential to households' decision and municipalities' cost of providing the social security program. Our estimates are obtained using aggregate municipality-level data. Although some more factors need to be considered in the future research, this paper provides the structural estimates that explains households' preference in residential location choice and municipalities' cost structure using prefecture-level data. Of course, using micro-panel data will provide more precise estimates. Under the limitations of data, however, our approach utilizes the available information. The structural estimation seems to improve the plausibility of estimates, but the effect of acceptance rate on households' locational choice is not significant enough to reject that its parameter is zero.