Housing asset-poor older Australians: pathways into housing assistance

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Abstract

In an ageing society, economic wellbeing and housing of older people are becoming increasingly pressing issues. Wealth accumulated during working age, and especially housing wealth, is important to wellbeing of older Australians: in a country with an extremely dynamic housing market, homeownership is the primary wealth-accumulation method. Those who are 'asset-poor' in later middle age and retirement age (over 65) are typically life-long renters or those who dropped out of homeownership. Losing homeownership is usually precipitated by events such as divorce and unemployment. Our quantitative analysis of Housing, Income and Labour Dynamics in Australia (HILDA) database shows that those who have recently dropped out of homeownership status have higher likelihood of subsequently needing housing assistance—either in the form of social housing or rent assistance—than long-term renters. Our qualitative analysis, based on interviews with older asset-poor people explores their various housing solutions and the ways they cope with asset poverty.

Introduction

There is a consensus that all Australians, regardless of their wealth, should have an opportunity to age well. Housing is an important factor in the overall quality of life, and for older people this is even more so because of their decreased mobility and higher proportion of time spent in the home environment.

The housing needs and wellbeing of Australians whose combined superannuation (retirement) savings[i] and housing wealth may not be sufficient to support them through retirement represent a growing policy concern because of population ageing. Contributing to this concern are the following factors: demographic change, labour market deregulation, tenure churning, housing market volatility and liberalisation of housing finance. These are key features of the current policy environment in Australia and in the comparable countries explored in this project.

Socio-demographic changes

Population ageing is a general trend in OECD countries, due to a considerable drop in birth rates since the 1960s–70s. The share of the population aged 65+ is projected to nearly double between 2000 and 2050 (Whiteford and Whitehouse 2006, p.78). While baby boomers approach retirement in better health and enjoying more wealth than any generation before them, the challenges presented by longer life expectancy, and the shrinking tax base of subsequent generations, pose particular public policy issues. Population ageing has a number of socio-economic consequences, one of the most certain being a considerable increase in health and pension expenditure. Populations of various OECD countries are ageing at different rates and some countries, like Australia, may be able to retain a younger age profile due to high immigration levels. Nevertheless, Australia will have increasing numbers of asset-poor older citizens who are unlikely to be in a position to meet health expenditures, or have sufficient retirement savings.

The growth of single-person households adds to the need for affordable housing in older age groups. Whether they are renters or home owners, the asset positions of sole-person households tend to be inferior because they do not benefit from the economies of scale in consumption (Hendershott *et al.* 2009). For those who became single due to divorce, the division of assets typically erodes wealth. These demographic-related asset issues predominantly affect women: 70 per cent of single Australians aged 50+ are women (Wood *et al.* 2008a). They have generally lower levels of retirement savings because their working careers are often interrupted by child-rearing. The housing position of older lone women renters is, inevitably, even more precarious (Jones *et al.* 2007).

Welfare state regime

Esping-Andersen (1999) proposed three ideal types of the welfare state among OECD countries: social-democratic, corporatist and liberal. Liberal welfare state regimes, typical of English-speaking countries, are characterized by a strong market orientation, low taxes and little redistribution through the welfare state. Welfare state regime is a significant factor in the determining socio-economic position of asset-poor older people, especially through welfare entitlements in retirement (e.g. age pension as a proportion of the average wage). Low level of age pension is closely related to a 'wealth-fare' role of housing in retirement as a compensation for modest welfare entitlements (Castles 1998; Kemeny 2005).

Labour market deregulation

Over the past 30 years, the labour markets of OECD countries have been deregulated to different degrees. The highest degree of deregulation has been achieved in English-speaking countries with liberal welfare regimes. The purpose of labour market deregulation is usually articulated in terms of labour flexibility in the service of productivity and global competitiveness. Critics point to less popular consequences such as job insecurity for an increasing proportion of the labour force. A secure full-time job, an entitlement of most employees in OECD countries in the 1950s and 1960s, is nowadays a privilege of a minority (Reich 2008). Furthermore, the labour force is increasingly polarized between high earners and people with precarious jobs and stagnant low incomes. The growing disparity in labour market outcomes prompts concerns about increasing numbers of lower-income people approaching and entering retirement with low net wealth. This problem is likely to worsen, especially in highly deregulated liberal regimes such as Australia. In addition, insecure, intermittent and part-time and casual employment is an important determinant of delayed home ownership.

Tenure churning

In the past, the majority of Australians have accumulated wealth through home ownership. As highlighted in previous research, the idea that housing careers[ii] progress smoothly from leaving the parental home through renting and then ownership until death or incapacity, with low housing costs matching lower income post-retirement, is losing its relevance in the 21st century (Beer *et al*. 2006). This linear progression is being replaced by more complex housing careers shaped by biographical events such as separation and divorce that are much more common nowadays. Combined with job insecurity, this is causing churning in and out of home ownership. The outcome is increasing asset insecurity among older Australians. This is particularly evident among older private renters who are a growing minority of the disadvantaged households threatened by housing stress (Jones *et al*. 2007).

Housing market volatility

There is a growing belief that 21st century housing markets will be more volatile (Shiller 2005). Older homeowners, with reduced incomes and a heavy reliance on their accumulated housing wealth are especially vulnerable to price and liquidity risks. However, these investment risks also pose challenges for younger home owners who are highly indebted because they had to borrow a high percentage of their home's purchase price. Recent events in the UK and US housing markets are a vivid illustration of these risks. Australian housing markets have not witnessed the same volatility so it is conceivable that repayment risks are a more relevant fear in the Australian context. Real house prices have soared since 1996 and the first home buyers and existing home owners who trade up are commonly forced to take on large mortgages. This could expose large numbers of owner-occupiers to repayment difficulties.

Deregulation of housing finance

Housing market volatility and an upward trend in house prices poses significant investment and/or repayment risk. This is in large part due to deregulation of mortgage markets that brought forth new mortgage products which allow home owners to treat their homes like 'money taps': the large capital gains that have accrued due to house price rises have prompted withdrawals of housing equity. This leaves some middle-aged home owners with high levels of mortgaged debt. There are fears that banking on continually rising house prices and stable interest rates is a risky proposition as evidenced by recent events in several OECD countries.

Over the past 30 years significant structural and cultural changes have affected OECD countries and their housing markets. The policies of neo-liberal deregulation reduced governments' involvement in the market as a whole, and the provision of housing specifically. Neo-liberal reforms were more radical in the English-speaking world, evidenced in their housing markets by a pronounced decrease in social (particularly directly government-provided) housing. The neo-liberal paradigm shift dictated a move away from (allegedly) high-cost public housing toward the more flexible and 'cost effective' demand-side measures of providing direct subsidies to individuals that facilitate their access to the private housing market. Even countries like the Netherlands, which historically have had high levels of social housing, witnessed a fundamental shift away from financing its continued provision (Haffner *et al*. 2008).

Due to the retreat of welfare 'safety nets' there is increased reliance on the private housing market and individual wealth accumulation. In the 'brave new world of personal responsibility' (*The Economist* 2009), people are more exposed to the adverse consequences of poverty and housing insecurity in older age. In this context housing wealth has acquired a more prominent role as a 'wealth-fare' (Easterlow and Smith 2004) pension insurance. 'Replacement rates' (the proportion of an average wage that the state undertakes to pay its retired citizens) influence the role that housing wealth plays in retirement. States with higher replacement rates better protect their citizens from poverty in old age regardless of their asset position. Partly in response to the low pension replacement rates in the USA, Australia and Canada, housing wealth functions as a 'fourth pillar'[iii] of welfare in retirement (Yates and Bradbury 2009). In this context, those who do not own their own home have fewer housing options and face much bleaker prospects, including poverty and housing instability in old age – the focus of this paper.

In this paper we do not only look at the structural factors but we also examine the agency of the asset-poor older Australian—views, decisions, subjective experiences and ways of coping with housing and financial situations—in order to better understand the issues, subsequent policy implications and the effect of existing policies on people’s lives.

Research questions and method

This paper focuses on two research questions:

1. What is the size of the asset-poor group of older Australians and is their asset situation likely to place increasing demands on housing assistance programs? The Household, Income and Labour Dynamics in Australia (HILDA) Survey and our AHURI-3M micro-simulation model were deployed in order to answer this question. Analysis of the demand for housing assistance is presented below.
2. What coping strategies are being used by asset-poor older Australians to address the housing implications of their wealth situation and what are their views on current Australian and overseas policies?

Research project we are reporting on in this paper used both qualitative and quantitative methods to address the research questions. Specifically, we apply the following three approaches:

1. The analysis of pathways of older Australians into housing assistance programs and their ‘survival’ in home ownership
2. In-depth interviews and focus groups with older Australians which focused on their coping strategies pre-retirement and in retirement
3. Policy simulations based on overseas initiatives that explore whether interventions targeting older asset-poor homeowners could improve their housing circumstances and reduce the need for government housing assistance

Analyses of the pathways into housing assistance programs—Commonwealth (Federal) Rent Assistance (CRA) and the provision of public housing—was performed using data on a large panel of Australians that were ‘at risk’ of becoming recipients of housing assistance programs. The empirical work focused mainly on Australians aged 50 and over, and was a sample of individuals recorded in the HILDA Survey as renters in 2002 or 2006 data collection rounds. This approach provided a dynamic picture of our sample’s wealth and debt circumstances as well as home ownership status in 2002, and then identifies whether there were correlations with housing outcomes further down the track in 2006. It therefore enabled us to establish whether the asset-poor older people’s housing circumstances were becoming precarious so that future interventions to support their housing circumstances became more likely.

Our qualitative approach was based on 30 one-to-one interviews conducted in 2009 and three focus groups comprising older asset-poor Australians currently living in Melbourne metropolitan area. The qualitative interviews and focus groups explored the concerns, hopes and aspirations of asset-poor older people for their future housing and their views on current policies, as well as the constraints they must respond to as they strive to achieve a secure housing future in retirement. These narrative data enabled us to uncover the housing predicaments facing over-55s who did not accumulate sufficient housing or other wealth to cushion their retirement years and their views on how and whether current national policies address their housing needs. These data complement the findings from the quantitative part of our research by helping us to identify the emerging issues and challenges facing policy-makers as awareness of the housing problems of asset-poor older citizens spreads beyond the policy community.

A changing profile of asset-poor older Australians

In recent years a new group of asset-poor older Australians is emerging, posing specific challenges to existing housing policy assumptions. Post-World War II, the government targeted housing assistance programs on the low income and disadvantaged, a group that typically has, in economic terms, 'low net worth'[iv]. Middle and high income groups were served by private housing markets that offered reasonably priced access to home ownership given abundant supplies of land. Tax-advantaged owner-occupied housing also proved to be a reliable vehicle for the accumulation of wealth that helped secure an old age free of poverty because housing costs are low for the outright owner, and housing wealth can be released as a last resort to meet acute spending needs if they arise (Parkinson *et al.* 2009). This environment changed with successive house price booms in Australia since the late 1980s which have pushed real house prices to extremely high levels. Many first home buyers and increasing numbers of those 'trading on' are forced into borrowing up to their credit limits, and sometimes beyond. This owner-indebtedness combined with less secure labour market position and housing price volatility creates unprecedented exposure to financial risks.

These developments have created a new group of asset-poor: those who do not have the low income characteristics of those traditionally eligible for housing assistance, but nevertheless have suffered misfortune and/or made ill-advised housing and financial decisions that result in loss of home ownership status. For example, among home owners in 2001, we estimate that over 950,000 (12 per cent) had made at least one transition into rental housing by 2006. Our preliminary analysis of these transitions suggests that most involuntary transitions are dictated by adverse biographical events (e.g. divorce) or deteriorating economic circumstances (e.g. unemployment). Furthermore, it seems that these disruptions to housing careers are more than a temporary hiccup for many of those affected. We estimate that 460,300 (or 48 per cent) of those falling out of home ownership did not recapture their home ownership status by 2006. Nor is this phenomenon restricted to the young; an estimated 284,400 over 50-year-old home owners in 2001 made at least one transition into rental housing by 2006.

The 'new' asset-poor can suffer permanent scarring (e.g. to credit ratings) that adversely affect their housing career and livelihoods. These fears are prompting governments to introduce measures that help threatened households to cling on to their home ownership status. It is believed that such measures will 'pay off' in the longer run as eligible households will be less likely to need help from housing assistance programs and prove more economically resilient as they age.

The generations coming after 'baby-boomers' will face different and perhaps even bigger financial challenges as they approach retirement. For example, today's first home buyers face greater difficulty entering home ownership than previous generations and typically achieve it at a later age, which means that home ownership is likely to have a more limited 'wealthfare' role for post-baby boom generations. They may also be less likely than earlier generations to inherit significant housing wealth from long-lived 'baby boomers'. In addition, the retreat of the welfare state has affected generations 'x'' and 'y' more than the baby-boomers before them, e.g. in the area of education (increasing cost of tertiary education), aged care, income support, employment security, youth wages, etc. Longer working careers (matching a longer life expectancy) is a possible or even probable coping strategy that generations 'x' and 'y' will have to adopt.

We define the 'asset-poor' as those in the bottom 40 per cent of the Australian net wealth distribution. In 2002 (2006) asset-poor Australians lived in households with net worth of less than $41,000 ($99,000). Table 1 compares demographic, socio-economic, tenure, geographic and attitudinal characteristics of the asset-poor with the 'asset-rich' (top 40 per cent of the net wealth distribution), using the 2002 and 2006 waves of HILDA data.

Table 1. Comparison of the characteristics of asset-poor and asset-rich, 2002 and 2006 (column per cent)

	2002			2006		
	Asset-rich	Asset-poor	Total	Asset-rich	Asset-poor	Total
Age band						
Under 50	50.1	77.9	61.3	45.2	65.2	53.2
50–64	31.5	12.2	23.6	33.2	17.3	26.9
65+	18.5	10.0	15.1	21.6	17.6	20.0
Housing tenure						
Outright owner	48.0	5.9	31.8	46.3	12.8	33.2
Owner purchaser	44.2	20.0	34.9	47.2	18.9	36.1
Private renter	5.3	47.5	21.5	4.5	45.6	20.6
Public renter	.3	12.3	5.0	.1	11.4	4.5
Rent free	2.1	14.3	6.8	2.0	11.3	5.6
Gender						
Male	47.9	49.4	48.5	48.7	48.2	48.5
Female	52.1	50.6	51.5	51.3	51.8	51.5
Marital status						
Married	75.6	32.0	58.2	76.1	35.0	59.7
De facto	7.2	13.3	9.7	7.8	11.8	9.4
Separated	1.9	5.1	3.1	1.8	5.0	3.0

Housing assistance policies in Australia

There are two main forms of housing assistance policies in Australia, both of which are targeted at renters.
1. Public housing is subsidised and managed by government housing authorities. Its allocations are constrained by the available housing stock and housing authorities operate wait lists to prioritise access to public housing. Tenants pay income-related rents that are approximately 25% of their assessable income, and their rents are capped at the estimated market rent of the property. A rise in assessable income results in a fall in public housing subsidy because a higher proportion of the market rent is paid by the household. In 2010, approximately 90% of public housing tenants were paying less than market rent.

2. Commonwealth Rent Assistance (CRA) is a cash supplement provided by the federal government to private renter households who receive any form of welfare support. CRA is paid at a rate of 75 cents per dollar of rent above a specified minimum rent threshold until the maximum rate was reached. The minimum and maximum rent thresholds differ by household type, including whether the household comprises a single adult or couple, and number of children. CRA is only withdrawn when entitlement to pensions, allowances or family payments is lost.

Apart from public housing and CRA, there are several other forms of housing assistance in Australia. Community housing is available for low-to-moderate income or special needs households managed by community organisations that receive funding support from the government. Indigenous (subsidised) housing is allocated to Indigenous households only. Furthermore, both the Federal and state and territory governments have in place programs that assist people into homeownership, such as the First Home Owner Grant and shared equity home loans.

The following table presents some descriptive statistics comparing the personal characteristics of the 'at risk' of entering housing assistance programmes sample by housing assistance status in 2006.

Table 2. 2002 personal characteristics of older Australians 'at risk' of entering housing assistance programs, by housing assistance status in 2006, per cent (unless stated otherwise)

	Not housing assistance recipient	Housing assistance recipient	All
Non-housing wealth ($)	156,445	27,600	62,944
Non-housing debt ($)	4,657	977	1,986
Net housing costs as a percentage of equivalised disposable income	11.3	11.0	11.0
Age (years)	58.5	65.7	63.8
Housing assistance recipient in 2002	19.1	82.1	64.8
Home owner in 2002	16.4	14.1	14.7
Moved between 2002 and 2006	56.4	34.0	40.1
Female	49.1	61.9	58.4
Has long-term health condition/disability	31.8	54.0	47.9
Number of dependent children	0.2	0.1	0.1
Married	43.6	40.9	41.6
De facto	9.1	3.4	5.0
Separated, divorced or widowed	42.7	48.5	46.9
Single never married	4.5	7.2	6.5
Major city	66.4	63.9	64.6
Permanent job contract	42.7	4.5	15.0
Fixed-term, casual or other job contract	16.4	4.5	7.7
No contract	40.9	91.1	77.3
University degree or higher	13.6	7.9	9.5
Other post-school qualification	31.8	18.2	21.9
No post-school qualification	54.5	73.9	68.6
Percentage of time unemployed since leaving full-time education	2.0	2.6	2.4
Had difficulty paying utility bills	21.8	18.2	19.2
Sample	110	291	401

Source: Authors' own calculations using the 2002 and 2006 HILDA Survey

Numbers entering housing assistance (HA) programmes: there were 331,872 older persons receiving HA in 2002; among these, 307,871 (over 90%) were still HA recipients in 2006. There were 610,806 younger persons receiving HA in 2002; among these, a lower proportion of 63% or 389, 831 persons or were still HA recipients in 2006. Hence, this shows that receipt of HA is less transient among older persons.

Table 3: Housing assistance status in 2002 and 2006 (transition matrix)

(a) 50 years or over

	Not HA recipient in 2006	HA recipient in 2006	All
Not HA recipient in 2002	126,568	59,343	185,911
HA recipient in 2002	24,001	307,871	331,872
All	150,569	36,7214	517,783

(b) Under 50 years

	Not HA recipient in 2006	HA recipient in 2006	All
Not HA recipient in 2002	879,854	203,191	1083045
HA recipient in 2002	220,975	389,831	610806
All	1,100,829	593,022	1693851

Factors shaping pathways into housing assistance

The main observations from the model of pathways into housing assistance (see Table 4) are the following: those who ended receiving housing assistance in 2006 had lower wealth, were older, were more likely to be housing assistance recipients in 2002, are more likely to have poor health, are more likely to have undergone household dissolution, are less likely to have jobs or secure job contracts and are less educated. Those who lost homeownershp status between 2002 and 2006, all else equal, were more likely to receive housing assistance in 2006 than those who were long-term renters.

Table 4: Probability of receiving housing assistance in 2006, probit model, 50 years or over (this is table 2.4 in Final Report)

(a) Includes housing assistance indicator

Explanatory variables (from 2002)	Includes housing assistance indicator			
	Coef.	Std. err.	Sig.	Marg. effect
Non-housing wealth ($100,000)	-0.28	0.07	0.00	-0.08
Non-housing debt ($100,000)	-0.01	0.73	0.99	0.00
Net housing costs as a proportion of equivalised disposable income (%)	-0.01	0.01	0.66	0.00
Age	0.18	0.14	0.18	0.05
Age squared	0.00	0.00	0.19	0.00
Whether housing assistance recipient in 2002	2.09	0.27	0.00	0.64
Whether home owner in 2002	1.99	0.34	0.00	0.29
Whether moved between 2002 and 2006	-0.69	0.22	0.00	-0.20
Female	0.05	0.20	0.83	0.01
Has long-term health condition/disability	0.05	0.21	0.81	0.01
Number of dependent children	-0.04	0.18	0.82	-0.01
De facto	-0.24	0.47	0.61	-0.07
Separated, divorced or widowed	-0.20	0.23	0.38	-0.06
Single never married	0.43	0.46	0.35	0.10
Major city	0.04	0.21	0.87	0.01
Permanent job contract	-0.63	0.34	0.06	-0.21
Fixed-term, casual or other job contract	-0.37	0.36	0.30	-0.12
University degree or higher	-0.12	0.34	0.73	-0.04
Other post-school qualification	-0.37	0.23	0.10	-0.11
Percentage of time unemployed since leaving full-time education	0.02	0.01	0.07	0.01
Difficulty paying utility bills	-0.06	0.24	0.81	-0.02
Constant	-6.16	4.55	0.18	
Sample	401			
LR Chi-sq(21; 20)	249.01			
Prob>Chi-sq	0.00			
Pseudo R-sq	0.53			

Source: Authors' own calculations using the 2002 and 2006 HILDA Survey

Coping strategies and views on housing policy: evidence from interviews and focus groups with a sample of asset-poor older Australians

This section of the paper reports on qualitative data that we collected through interviews and focus groups. Interviews and focus groups discussions focused on three themes: 1. key features of the housing career pathways of older asset-poor Australians, which help shed light on how this group ended up in their present predicaments; 2. their coping strategies and future prospects, and 3. their assessment of how and whether government policies assist asset-poor older citizens with their housing needs.

Our sample of asset-poor respondents was selected with reference to the variables of gender, age/retirement status and housing tenure. Of the 30 people interviewed, 16 were in rental tenures (six in private rental, 10 in public or another form of subsidised rental) and 14 were owner-occupiers. Of the 16 renters, nine were over-65s and seven were over-55s. Among owner-occupiers, two were over-65s and 12 were over-55s. Women were overrepresented among renters while men were overrepresented among home owners, which is not surprising as it matches the gender-imbalance in the distribution of wealth in the general population. Older divorced men are more likely to subsequently re-partner than divorced women; economies of scale in consumption promote couples' rates of asset accumulation and are influential in helping older men regain or sustain home ownership.

In the Australian policy context, housing assets are the most important vehicle for wealth accumulation. It is therefore unsurprising to find that renters are overrepresented among asset-poor older citizens. However, with a changing social context, the housing pathways of the baby boomer generation are responsible for a new group of asset-poor Australians: those entering, or who are likely to enter, retirement as heavily indebted owner-occupiers—an outcome often associated with one or more breaks in owner-occupation earlier in life.

Using the HILDA Survey we estimated that in any given year between 2002–2005, one in four Australian home owners who did not move, nevertheless withdrew equity by adding to their mortgage. Even among 55–64-year-old home owners, equity withdrawal is not uncommon: just over 10 per cent increased their debt this way. The amounts withdrawn are not trivial with the median in excess of $20,000 in this period.

In terms if assessing government housing and retirement policies, our participants had very critical views. They expressed concerns about the lack of public provision for the aged in regard to general welfare, that is, old age pension; providing enough good-quality subsidised housing; and securing decent aged-care facilities. Their criticism was particularly strident on the subject of housing opportunities for older Australians.

Our participants often emphasised home ownership as crucial for one's financial well-being in older age, but the relationship with the 'Australian dream' of home ownership and housing wealth was both a financial and an identity issue: being a part of the wide Australian 'home-owning middle class'. According to many analysts, however, the Australian home ownership rate is likely to decrease in the future. This projected decline, combined with chronically underfunded public housing assistance programs, is likely to leave an increasing number of people in the private rental market in precarious housing circumstances. In addition, as discovered in our project, an increasing number of middle-aged homeowners are likely to lose their homeownership status and become reliant on housing assistance.

The importance of housing for an ontologically secure retirement

Giddens (1991) argued that basic to a feeling of ontological security is a sense of 'reliability of persons and things'. Although it is widely accepted that people need more than economic security to live happy and fulfilled lives, in a market democracy such as Australia, where economic growth (for societies) and economic prosperity (for individuals) are considered the main criteria of success (Pusey 2003), many people view economic security as the primary source of ontological security.

The past decades have witnessed a weakening of the nuclear family and local communities as sources of identity and ontological security. This is partly due to high residential mobility, especially in Australia. On the other hand, connections between consumption, status and identity have become more prominent—the diminishing of 'people-based' ontological security may be compensated by the emphasis on 'things-based' security.

For most people we interviewed, their home was on the top of the list of 'things' they needed in order to feel ontologically secure. Their financial situation and the household's corresponding housing circumstances, particularly housing tenure, were universally acknowledged as critical to an ontologically secure retirement. This is clearly expressed in the following quotes:

> "Work and work hard [when you are young] and get yourself into a property, buy yourself a property when you're young and do it that way so that you've got somewhere to live for the rest of your life. (Female, 63 Private Renter)
>
> I feel like I am in the group in the middle and I've done everything myself and it's very important for me to be independent. I don't want to rely on anyone ever financially. I have to feel in control because that gives me a sense of security" (Female, 58, Homeowner)

Apart from a general emphasis on the home as a source of security, housing tenure is part of one's identity—being a 'home owner' rather than a private or public tenant may shape how one is perceived by others and how one perceives oneself (Colic-Peisker and Johnson 2010). In Australia, home ownership provides a higher status than renting, and owner-occupiers are often considered to be more active participants in the life of their neighbourhoods, a connection which represents another source of ontological security.

Asset-poor older people who, in the majority of cases did not achieve, or did not continuously enjoy, the advantages of home ownership, may therefore feel less ontologically secure, a feeling that can exacerbate the psychological and emotional vulnerabilities of older age. This is an important point in view of our findings that significant numbers of older Australians are falling out of home ownership. Furthermore, we discovered that these people were more likely to subsequently transition onto housing assistance programs than the typical renter.

We asked our participants how important housing was in their current and future quality of life. The answers varied from 'extremely important' to 'not at all important', with most respondents siding with the former view. The following quotes illustrate a range of positions on the subject:

> "It will probably be something like living in a tent or in a caravan [in retirement] because that will be affordable and I want to spend as little as possible for housing. I can't see myself spending most of my pension on housing. That's not where I want to be. Social housing? The way it is at this point in time, if I look at the stuff here in Melbourne; no thanks! It's, I think, just really quite degrading.
>
> [Q: What role does housing play in your quality of life?]
>
> It's minimal. If it happens, great, if not, I'm adaptable. I don't feel like I need some amazing house to feel happy. I believe that's a lot of crap … I guess having been brought up with it, my parents rented, we never owned a place. In Germany, it's the normal thing. You regard your [rental] place as your own, so I've always regarded my place as, even here, as my own." (Female, 58, Private Renter)

However, this was not a widespread view, as most respondents attributed high importance to their housing circumstances in older age:

> "Roof over my head is the most important to my quality of life. I do not want to be in public housing … this reflects my lifestyle. I have bought [my property] to reflect the lifestyle I wanted in the area I wanted with the neighbourhood that I have wanted. It is really, really important." (Female, 56, Homeowner)

For most people, satisfactory housing included an expectation that they would be able to maintain their desired lifestyle, and afford things they cared about. Hence, security of tenure and family support may not in all cases translate into ontological security. For example, most Anglo-Australian baby boomers have their doubts about living with their grown-up children. Consider the following two quotes:

> "My daughter wants me to go and live [with] her at the back of their place. I can't imagine anything worse: being stuck in the suburbs in the back of somebody's property, I mean to me

> that would be like a jail sentence. I wouldn't tell her that, but that's how I would see it, a shocking kind of isolation … (Female, 62, Home owner)
> I have an offer of accommodation with my son and his wife […]. They're, one of these days, going to remodel their house and there's a room and a bathroom for me, they keep saying. But I don't think I would like to do that. It would be nice, but I'd have to uproot and change everything all over again … At the moment, cynically, I'm useful. What happens if I'm not useful? It's not an 'if', it's a 'when'." (Female, 72, Private Renter)

Expectations are a prominent factor in creating a feeling of ontological (in)security. There are powerful generation-specific and class-specific expectations that may override financial realities. Middle-class baby boomers expected to be home owners and also expect an active retirement:

> "I'm not really a house person. I don't want to sit around at home all day. The idea of sitting down and reading a book is kind of a fantasy that's out there, and if I did it, it would be at home …
> [Q: What role does your housing play in your expected quality of life as you age?]
> Probably not much. Its location is really important. If we weren't where we were our lifestyle would be very different. So I suppose in that sense it's very important." (Male, 65, Homeowner)

For the majority of people who have expectations of a comfortable retirement made financially possible by home ownership, it is painful if such expectations are thwarted:

> "… Because we can have it [home ownership] in Australia, we want it… because it's available and was once readily available, and we have enjoyed it and it was once the goal of everybody and the fact that it's affordable to a certain extent … in my time it was affordable and an expression of self." (Female, 56, Homeowner)

For those who can afford it, retirement may represent the beginning of a desired lifestyle, rather than its end. While financial security in retirement often hinges on full home ownership, one of our married respondents described their vision of retired life to be 'making up for lost time'—even if this means living as a renter:

> "We just love travelling and seeing new places, doing new things. We would hate to think that we couldn't travel, we'd hate it. And for both of us it has come quite late in life … it's a second time marriage for both of us and so we haven't been able to be financially secure up until now to do it so we're making up for lost time.
> Q: So this decision [not to buy a house upon moving to Melbourne ten years ago] is about saying 'well maybe housing isn't as important as being able to do these other things'.
> P: Yep." (Female, 56, Private Renter)

A stable life partnership in later life enhances a feeling of ontological security, even if financial foundations are not rock-solid. The feeling of security of couples was founded upon the expectation of emotional support and the prospect of activities that can be enjoyed together. Loss of a partner either through death or divorce makes economic survival in retirement more difficult and also requires more emotional reliance on social networks, as shown in the following account:

> "I don't have my husband with me. And that then, you know, that made, I guess that coloured why I'm here, too. Because on your own, you feel, well, I'm sort of naturally drawn to a community I miss. So there is a community here [in community housing in St. Kilda], a sense of community. Had he still been alive, I guess we might have looked at some other option." (Female, 66, in Community Housing)

Conclusion: policy implications

This paper’s findings question some of the key assumptions underpinning an Australian housing policy that has promoted first home ownership, but neglected the sustainability of home ownership. This reflects a widely held belief that early achievement of homeownership leads to a secure housing career. But even among older Australian homeowners (a group who we might expect to have firmly established roots in the tenure), there was a 1 in 10 chance of exiting home ownership within the 5 year period 2001-2006. On this evidence the view of home ownership as a guaranteed buffer against housing-related poverty in older age does not stand up to scrutiny. As our population ages the increased insecurity among older Australian home owners will have more profound ramifications.

One important reason for taking this proposition seriously is the key finding that owner-occupiers recently falling out of home ownership are significantly more likely than longer term renters to make transitions onto housing assistance programs. Moreover, enrolment on housing assistance programs typically persists. In view of these findings policymakers might have to consider the sustainability of home ownership. There are policy interventions that can assist ageing owner-occupiers to retain their ownership status. Early intervention strategies such as shared equity initiatives could substantially improve the quality of life of financially vulnerable older Australians, and more efficiently use government funds. Good policy design will need to be based on precise identification of the important triggers causing older households to fall out of home ownership.

In the view of some experts such as Robert Shiller, our exposure to the risks associated with home ownership is now greater. Moreover, with the retreat of the welfare state individuals’ asset positions are of growing importance to wellbeing. The traditional orientation of asset portfolios toward owner-occupied housing is arguably ill suited to the vagaries of 21st century pathways to wealth accumulation. It is perhaps an appropriate time for radical change in relevant policy parameters. We suggest that increasing the mandatory (employer and employee) contributions to superannuation would place people in a stronger position to navigate financial vicissitudes later in life. Improved lifetime education in financial literacy may provide a knowledge basis on which younger people can better manage their financial futures. Developing strategies for avoiding over-reliance on credit card and similar debt obligations would be part of this approach. Future taxation reform also offers levers for reducing asset poverty through the life course, particularly measures that shift the tax burden from savings to spending.

Housing problems that are correlated with mortgage stress can also be alleviated with the implementation of policies that insure or buffer against hardships caused by equity withdrawal. In turn, this could reduce involuntary loss of home ownership and future reliance on housing assistance. For example, fuller disclosure on the obligations and risks associated with particular mortgage products could reduce the prevalence of risky borrowing.

Separation or divorce among partnered couples was found to be a potent trigger and pathway to loss of owner occupation status. While policies that directly address the complex emotional, psychological, social and financial causes of breakdown go well beyond the scope of housing policy, a better understanding of how these factors impact and interact may provide housing policy-makers with some guidance on how to tailor housing provision and regulation to reinforce the efficacy of primary social policies targeted directly at the problem.

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Notes

[i] The introduction of compulsory Superannuation Guarantee (retirement savings) in Australia in 1992 was based on the assumption that the baby boomer generation could not be supported by the public pension system and that private funds should mitigate the cost to the state. Its application seeks to sustain a higher quality of life and standard of living in retirement for those who spend their lives in paid employment, but not for those who may have worked part-time, with breaks (e.g. women because of childrearing and/or other caring responsibilities) or not at all.

[ii] The concept of housing career first appeared in the 1960s (see Foote *et al*. 1960) and is now well established in housing research. According to Beer *et al*. (2006, p.15) it pertains to the 'sequence of housing circumstances a household occupies over time'.

[iii] The first three pillars are: voluntary savings, the safety net of the age pension and compulsory superannuation contributions (Yates and Bradbury 2009).

[iv] The term is frequently used to describe the net asset position of a household that results when total debt is subtracted from gross wealth.