Homeownership-based welfare?
Empirical perspectives from the UK

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What are people’s views and strategies towards the paradigm of ‘homeownership-based welfare’ (HBW)?

What are the opportunities and limitations for this for different socioeconomic groups?

What alternative provisions for welfare do people who rent make?
Asset-based welfare

The power of assets is not just that they can be deployed productively or tapped to weather unexpected events, but that owning assets have behavioural effects that can change the manner in which people think about and plan for the future (Cramer and Shanks, 2014:2)

To tackle poverty
- Prevent poverty
- Complement traditional welfare
- Historic land reforms
- Subsidized saving

To address inequality
- Progressive taxation of wealth not just income
- A post-war political project?
Asset-based welfare

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Key pathways to asset-building

- Saving and investing
- Acquiring a home
- Receiving an inheritance or a gift
- Increasing one’s human and social capital
**Asset-based welfare**

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**Criticism**

- Regressive ‘asset-agenda’
- Pretext to undermine traditional welfare
- Behaviour change?
- Can the poor afford to save?
- Risks to market volatility
Homeownership-based welfare

Pro’s and con’s
An owned home may confer a stability that facilitates the development of other assets. Yet, the initial high expense may put households at risk with regard to liquid assets which inhibit the development of other assets, leaving households exposed to a volatile market (Key, 2014:48).

Owned home as an asset

✓ Forced saving
✓ Means for wealth building
✓ Financing retirement or self-employment
✓ Rent-free living
✓ Leaving an inheritance
Homeownership-based welfare

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Inequality

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**Property Wealth (net)**

**Financial Wealth (net)**

**Physical Wealth**

**Private Pension Wealth**
Data

- 112 phone interviews (Family Resource Survey 2012)
- Stratified by
  - region
  - age
  - tenure

### Cohorts

<table>
<thead>
<tr>
<th></th>
<th>Outright by cash</th>
<th>Outright by mortgage</th>
<th>Mortgagors paying off</th>
<th>Re-mortgagors</th>
<th>Social tenants</th>
<th>Private tenants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>35-49</td>
<td>5</td>
<td>0</td>
<td>11</td>
<td>9</td>
<td>7</td>
<td>12</td>
<td>44</td>
</tr>
<tr>
<td>50-65</td>
<td>12</td>
<td>21</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>2</td>
<td>68</td>
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<tr>
<td>Total</td>
<td>17</td>
<td>21</td>
<td>22</td>
<td>20</td>
<td>18</td>
<td>14</td>
<td>112</td>
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</table>
### Participants’ financial situation

<table>
<thead>
<tr>
<th></th>
<th>Outright by cash</th>
<th>Outright by mortgage</th>
<th>Mortgagors paying off</th>
<th>Re-mortgagors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comfortable or alright</td>
<td>14</td>
<td>18</td>
<td>14</td>
<td>14</td>
<td>68</td>
</tr>
<tr>
<td>Just getting by</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Very difficult or difficult</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>21</strong></td>
<td><strong>21</strong></td>
<td><strong>19</strong></td>
<td><strong>110</strong></td>
</tr>
</tbody>
</table>

**Social tenants:**
- Comfortable or alright: 3
- Just getting by: 7
- Very difficult or difficult: 8

**Private tenants:**
- Comfortable or alright: 5
- Just getting by: 4
- Very difficult or difficult: 5

**Total:** 14
### Data

80 homeowners

<table>
<thead>
<tr>
<th>Age group</th>
<th>Home values (£000)</th>
<th>Equity (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>median</td>
<td>min - max</td>
</tr>
<tr>
<td>35-44</td>
<td>147</td>
<td>40 - 400</td>
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<tr>
<td>45-54</td>
<td>202</td>
<td>60 - 800</td>
</tr>
<tr>
<td>55-65</td>
<td>185</td>
<td>84 - 600</td>
</tr>
</tbody>
</table>

North West (estimated at £40,000)

South East (estimated at £800,000)
Households’ views and strategies

Home versus Asset

- 70% primarily a home
- 12% equal home/asset
- 18% primarily an asset

It’s more an extension of me than it is a piece of wealth. It has got me written all over it, so it is an extension of me.

(f, 65, owner)

I raised my son in this house, it’s love! It’s my love, my memories… I was offered an exchange this is my home so I had to… I’m forced to pay the Bedroom Tax.

(f, 54, social tenant)
I look at property as investment. I live in one property but I can also leverage its appreciation to buy other properties. It so becomes an investment and generates revenue.

(m, 55, re-mortgagor)
When I think about the future, I think of it as an asset but if I think about the present is my home. So it is equally balanced, they go hand in hand. Luckily they both go the same way. A better place to live is more expensive and is also a better investment.

(m, 54, outright)
Households’ views and strategies

The affluent (9%)

- Total wealth more than £1m
- No need (savings, investments, pensions, insurances)

I am very secure now, Adriana. Touching wood, I cannot foresee any financial disaster that would cause me to utilise any of my property wealth.

(m, 53, outright)
Active asset-builders (49%)

Homeownership-based welfare?

- Moving up (n=10)
- Buying to develop
  - Major extensions (n=20)
  - Successive properties (n=1)
- Letting out
  - Buying to let (n=14)
  - Downsizing into 2 properties (n=1)
  - By inheritance (n=1)
  - Letting out when moving up (n=2)

What for? A comfy home, better returns plus:
- Retirement
- Elderly care
- Inheritance
- In-vivo gifts
- Safety-net
Households’ views and strategies

Marginal homeowners (13%)

Homeownership-based welfare?

More likely to:
✓ be self-employed
✓ be eligible for social housing/RTB
✓ proud to leave an inheritance

Alternative welfare strategy:
✓ family solidarity
✓ 1-3 month on-goings
✓ marginal landlords

- The affluent
- Asset-builders
- Marginal homeowners
- Non-homeowners

n=10
n=32
n=15
n=55
Non-homeowners (29%)

All tenants (14 private, 18 social) prefer to buy rather than rent.

Private tenants
- Divergent group
- Polarized welfare strategies

Social tenants
- No alternative welfare provisions

I’ve just moved from a private landlord… We’ve had to keep moving, it wasn’t stable, secure tenancy. So we’ve just moved into social housing, which is so much better, absolutely brilliant… Thank goodness! (f, 45 plus four others).
Tentative conclusions

People views/strategies

✓ A dwelling = an hybrid between a home and an asset
✓ Participants prefer to buy rather than rent
✓ A majority were engaged in asset-building via homeownership

Opportunities and limitations

✓ Potential for property gains:
  Relies on the structural conditions of the UK housing system
  Increasingly regressive & exclusionary
✓ Raises many questions, for instance:
  Risky: ‘all eggs in one basket’
  Increasing demands on housing wealth
  Marginality & inequality
Thank you