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# **Housing aspirations of Australian households: Positioning paper**

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## EXECUTIVE SUMMARY

This paper sets the context for undertaking research into the housing aspirations of Australian households. The research project, of which this literature review forms the first stage, addresses the question of changing aspirations for home ownership among different age groups and household types in the twenty year period 1977 to 1997. This paper, therefore, establishes the position of housing aspirations in Australian society; discusses the wider links between aspirations and housing choice by households; and explores hypothesised changes in housing aspirations. In addition, the paper introduces the methodological framework to be used in the study. Finally, this paper points to the policy relevance of research of this nature.

The key findings from the literature include:

- Australian research into housing aspirations generally focuses on the issue of the preference for home ownership over other housing tenures.
- Home ownership's favoured position is related to the benefits enjoyed by individual householders in terms of use value, exchange value and symbolic value.
- Besides the benefits home ownership offers to individuals, the literature suggests several other advantages that flow to the society and economy. In broad terms, these latter benefits include enhancing national stability, building community, and encouraging social and neighbourhood involvement.
- Home owners are more likely than renters to consider that the benefits of owning a home far outweigh the disadvantages. In contrast households in private rental are highly likely to consider that the benefits of renting **do not** outweigh the costs.
- This study places the question of housing aspirations into the framework of housing careers and family life cycle/life course. Traditionally, particular positions in the family life course were associated with typical movements through the housing career ladder. The housing career has been portrayed as beginning with a move from the parent's house into rental accommodation. Moves further along the housing career represent improving housing situation, with the ultimate goal being outright ownership. Not all households move up the ladder towards home ownership, while some can make backward steps. These patterns have been supported by research both in Australia and internationally.
- Concerns are mounting about the changing nature of housing aspirations. In particular, the link between life course stage and home ownership appears to have lessened and the propensity to move into ownership reduced. This study reports on available evidence both in Australia and internationally that tends to support such concerns.
- Several reasons have been put forward to explain these shifts. These include household compositional changes; other wider social changes; changes in housing affordability; and the attractiveness of alternative forms of investment.

The methodological framework for the proposed research will involve secondary analysis of several existing Australian data sets, each of which contain information relating to household type, income, age, life cycle stage, housing tenure and preferences. These social surveys date from 1977 and provide an extremely valuable and previously under utilized source of information.

The analysis will be used to address two broad issues

- How do aspirations/preferences differ between different age cohorts of Australian housing consumers;
- How are aspirations/choices changing between cohorts?

A cohort represents a group of people who were born in the same years and therefore experienced the same broad social and economic experiences. In addition to birth cohorts, ten year age groups (sometimes referred to as 'age cohorts') will be used in the analysis, such as 15-24 yrs, 25-34 years, 35-44 years, 45-54 years; 55-64 years and over 65 years.

Given that the housing surveys used in the analysis were undertaken by different agencies, across different geographical spaces and with different sampling and questionnaire formats, they are not directly comparable. The over-arching framework of cohort analysis will provide an interpretive linkage between each of the surveys and cross-references will be made between surveys. Methodologically, the analysis plan will consider the interplay between household type, age and household income in shaping housing preferences, predominantly through the use of cross-tabulation techniques.

In terms of policy, this study will contribute to debates about the appropriate form of delivering housing assistance and, more broadly, to housing industry concerns about dwelling types and forms, and future housing requirements. With respect to the former, an analysis of tenure preferences fits well within the changing nature of housing assistance (from supply to demand), which has basically resulted in a shift of tenure outcomes from public to private rental alongside a retreat from home ownership programs. In terms of the latter, the building and development industries are looking to be informed on the potential new directions in housing. Questions are being asked about whether young Australians are turning away from home purchase; whether detached houses on quarter acre blocks are fading against the desire for inner city medium to high density; what the baby boomers are likely to demand in the next stage of their housing careers and so forth. Although this study cannot address each and every one of these questions, it will generate an understanding of compositional changes in housing preferences and provide a context within which to interpret these shifts.

In recent years, economic concerns have dominated the development of social policy. This research is based on the premise that an understanding and appreciation of non-economic factors (such as preferences and aspirations) should not be overlooked. In order to develop policies and deliver housing programs that meet the needs of the client population (and avoid unintended consequences), a full appreciation of the social, behavioural and attitudinal concerns of different groups is required.

## 1. INTRODUCTION

- 1.1 This positioning paper reviews the research literature regarding the issue of housing aspirations and develops a broader context for the research conducted by the AHURI Queensland and Swinburne-Monash Research Centres. This project aims to consolidate the available data regarding housing aspirations of Australian households. It does so by analysing a series of available data sets focusing on various aspects of housing choice and preferences.
- 1.2 Whilst housing aspirations potentially represent an endless combination of housing and location preferences, in this paper and the accompanying research we focus mainly on aspirations as they relate to tenure choices. This is not to deny the importance of the large range of other factors which collectively represent housing aspirations, but rather to point to the important place that tenure choices have in Australian society (Paris 1993; Badcock and Beer 2000).
- 1.3 This paper begins by discussing the nature of housing aspirations in Australia before turning to discuss the link between life cycle and housing career. The third substantive section then develops the argument put forward by many researchers regarding the changing nature of tenure aspirations and choice. The final two sections deal with the methodological issues involved in the project before turning to raise some policy questions.

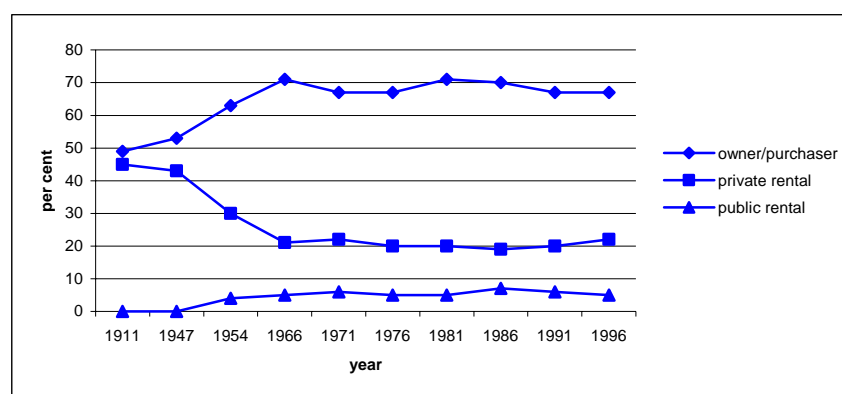
## 2. HOUSING ASPIRATIONS IN AUSTRALIA- OWNING VERSUS RENTING

2.1 The debate about housing aspirations in Australia (and in other countries) generally revolves around questions regarding home ownership preferences in relation to other tenures. To date, a significant collection of empirical and theoretical material has been published focussing on various aspects of housing tenure choice and aspirations (see, for example, Wulff 1993). For much of this material, the starting point is generally the dominant position that home ownership has in the Australian housing system. In general day-to-day terms the 'special status' afforded home ownership is evident in the interest shown by the media and the general public to fluctuations in interest rates and the level of housing affordability. Culturally interest is also evidenced by the number of 'lifestyle' programs which are generally oriented towards homeowners. Put simply, home ownership is a highly desirable good in the majority of western countries (Mulder and Wagner 1998).

### Rates of Home Ownership

2.2 In distributional terms, home ownership is by far the most dominant form of tenure. Over time the proportion of home owners has increased, reaching a peak in the late 60s early 70s (71%) after growing from the immediate post war era when just over 50% of all households were either owning or purchasing (figure 1). Whilst much research is focused on the period of growth following the second world war, the experience during this time was simply an extension of trends established earlier (Burke et al. 1990, Hayward 1986).

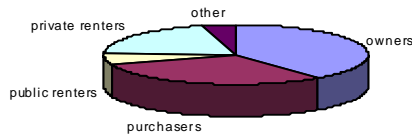
Figure 1: Housing tenure, Australia- 1911 to 1996



(Source: ABS Census of Population and Housing, various years)

2.3 Data from the 1999 Australian Bureau of Statistics show that some 70 per cent of Australian households continue to either own their homes outright or have a mortgage. The remainder either rent in the private sector or from a government-housing agency (figure 2).

Figure 2: Tenure, Australia 1999



(Source: Australian Bureau of Statistics 2000c)

2.4 The expressed preference for home ownership is closely intertwined with the preference for a detached dwelling (table 1). The commonality of this preference (both across social groups and over time) makes it easy to understand why it has become part of the popular wisdom to refer to home ownership of a detached dwelling as ‘the great Australian dream’.

**Table 1: Tenure by private dwelling structure, Australia, 1999**

	<i>Owners</i>	<i>Purchasers</i>	<i>Public renters</i>	<i>Private renters</i>
Separate house	88.2	91.6	45.9	54.5
Semi detached	6.2	4.5	26.3	15.7
Flat	5.0	3.6	27.6	29.5
Other	0.6	0.3	0.2	0.3
Total	100	100	100	100

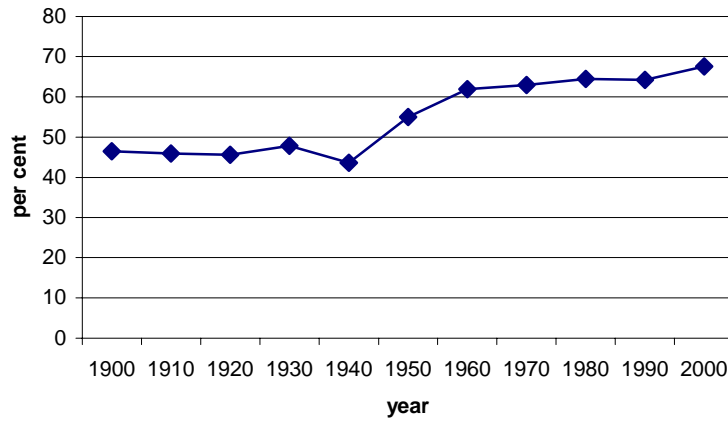
(Source: Australian Bureau of Statistics, 2000c)

Aggregate data from other developed countries illustrates a similar pattern, with a number of countries sharing high ownership rates. Figures from the US Bureau of Statistics illustrates that the place of homeownership in the American housing system has increased significantly. Commensurate with the information above, homeownership in the US at the start of the last century (1900) stood at around 46%, by the middle of the century it comprised approximately 55%, while by the year 2000 it accounted for 67%. Similar patterns are evident for the UK (figure 4) with home ownership growing in importance over the late 20th century. Commenting generally on these outcomes, researchers Clark, Deurloo and Dieleman (1997:7) consider that the shifting dominance of home ownership comprised the most significant



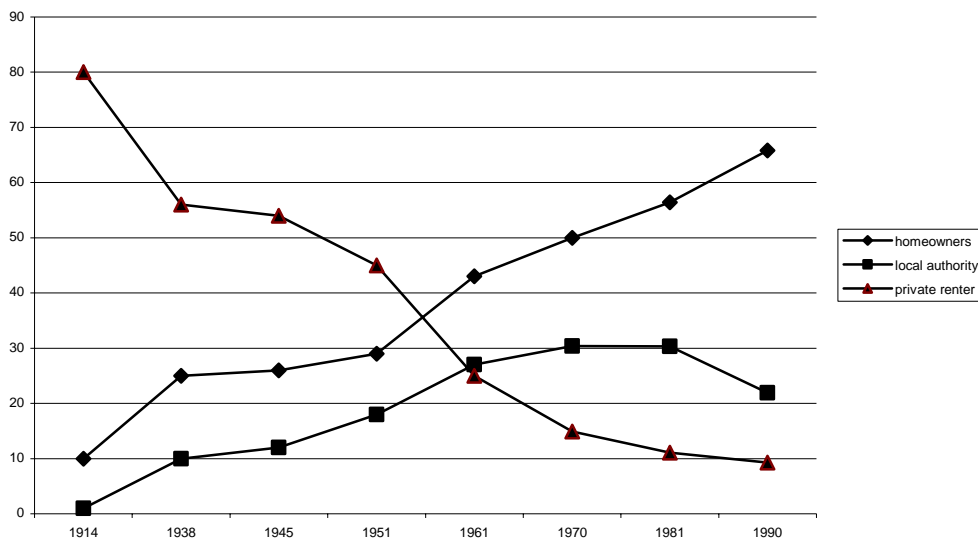
change in housing markets arguing that it is “*the* phenomenon in the transformation of housing markets in the western world since 1945”.

Figure 3: Home Ownership rates, United States of America, 1900 to 2000



Source: U.S. census Bureau, Housing Vacancy Survey: Census of housing , <http://www.census.gov/>

Figure 4: Housing tenure in Great Britain, 1914 to 1990



Source: Marsh and Riseborough 1998

## The Dominance of Home Ownership in Australia

- 2.5 A number of explanatory frameworks have been put forward regarding the dominance of homeownership in Australia and the role it plays in society. These have included explanations for the post-war growth in ownership, together with discussions about the net utility attached to owner occupied housing versus other tenures (Bourassa, Grieg & Troy 1995; Badcock & Beer 2000).
- 2.6 In explaining the growth of home ownership after the Second World War Australian commentators have turned to several factors. These include
- a period of rapid social and demographic transition;
  - sustained economic growth; and
  - a period of policy re-appraisal by the government.

*Social and demographic transitions.* The social and demographic change that occurred during the post-war period is associated with increasing numbers of home owners in several ways. During the period following the war, Australia recorded consistently high birth rates and high levels of immigration. This, combined with high rates of marriage resulted in a boom in the rate of household formation, which in turn resulted in an increase in housing demand (Burke et al 1990).

*Economic growth.* Combined with high rates of household formation, the period during the 1950s and 1960s also saw strong growth in the national economy. As such the characteristics of the labour force changed- low rates of unemployment, increasing rates of labour force participation and increased paid employment for women- and when combined with low rates of inflation added to the demand associated with the changes in household formation (Bourassa, Greig, and Troy, 1995).

*Policy re-appraisal.* The third aspect which can explain the increased dominance of home ownership was the significant shift in government policy that occurred in the period following world war two. Moreover, as Kemeny (1983) suggests, the change in government policy involved more than simply a facilitation of established patterns. It brought about a fundamental change in the patterns of tenure choice.

Whilst some such as Kemeny (1983) have presented these arguments in terms of a mono-causal dialogue, arguing that government policy was the important contributor, others such as Whitwell (1989) argue that such a view is incorrect and that all three interrelated factors need to be addressed.

- 2.7 Another closely linked explanation has been the role of home ownership in Australia's welfare state. Winter and Stone (1999) point out that the position home ownership has in modern Australia can be traced to the need to save for retirement. Quoting Castles (1997:33-34),

... it is impossible to understand the adequacy of Australian income support provision...without some consideration of the role of home ownership...Individuals must save enough from their current wages to meet future eventualities, by far the most significant of which is the

need for adequate income support in old age. Under these circumstances, therefore, home ownership and occupational welfare become the major guarantees of horizontal distribution for most families.

- 2.8 The dominant position of home ownership has generally been considered as a given, and although many sociologists (together with others) have attempted to understand the meaning of the home to individuals and families (Williams 1984, 1986, 1987; Saunders and Williams 1988; Dickens, 1989) few studies attempt to ask why there is such a commonplace aspiration for home ownership (Richards 1991). A few studies have looked at the balance of costs and benefits which attach to home ownership versus other tenures and explain the desire for ownership as being a function of the positive net benefits that attach to owner occupied housing. Referring to this Kemeny (1983: 1) argues that “the conventional wisdom in Australia-and in most capitalist societies-is that home ownership is the ideal form of tenure, and that private and public renting are both more expensive and are intrinsically unable to offer comparable security of tenure or household control over the home”. The list of possible benefits is substantial but can be summarised in terms of three housing values- use value, exchange value and symbolic value (Warde 1992).

*Use value.* The use value associated with a house is associated with the utility gained from living in a dwelling. It is simply, the practical usefulness of having a home. Consequently, the benefits of ownership in terms of use value can include being able to do what you want with the home (i.e. renovations) or enjoying a higher quality of housing that is often associated with ownership (Megbolugbe and Linneman 1993).

*Exchange value.* The exchange value represents the economic value of the home. Houses are a form of stored wealth and have the potential to provide large capital gains, the exchange value of owner occupied housing is seen in its ability to act as an investment. In short, rather than simply paying for a home, a home-owner is also contributing to an investment which generally keeps growing and can be transferred between generations (Megbolugbe and Linneman 1993; Winter 1994).

*Symbolic value.* Over and above these more tangible benefits are a range of symbolic benefits that attach to ownership. These include feelings of achievement and belonging. Home owners gain control over their housing situation. Home ownership is therefore said to offer a basic form of security (Saunders 1990, Megbolugbe and Linneman 1993). The symbolic meaning of owner occupied housing is also tied to broader sociological concerns including social status and identity (Mayer 1973; Winter 1994).

Summing these three points up Morrow-Jones (1989) argues that it is clear that owning a home is important for more than just simply the provision of shelter. It acts as an important source of stored wealth and represents a large range of meanings related to social status and social mobility (see also Adams 1984 and Perin 1977).

## Advantages and Disadvantages of Home Ownership and Rental

- 2.9 If individual benefits are important to understanding the position of ownership within the housing system, then an understanding of the community benefits is also important in helping to explain the position ownership has in terms of wider institutions including governments. Among researchers interested in housing, it is widely argued that home ownership over a wide base is important, or even functional, in maintaining a stable society. Troy (1991) asserts that there are a number of benefits that accrue to the community through ownership, with many being associated with increased social stability or security. There is a general feeling that a society with a high proportion of home owners will be a stable one- if more people become homeowners then “more people would be incorporated into the society and accept, support and defend the dominant values” (Troy,1991: 29). In this way, by giving the majority of individuals a ‘stake in society’, home ownership maintains society’s core values. Looked at another way, ownership is a stabilising and conservative influence on society in general, and is one which reinforces the virtues of thrift, industriousness, stability and good citizenship (Megbolugbe and Linneman 1993).

Homeownership is also tied to increased social participation which in itself is functional to the maintenance of stability, especially if the increased participation is in the political arena or at the grass roots community level. Researchers such as Cox (1982), Ditkovsky and van Vliet (1984) and Fischer (1982) and, more recently Winter (1994) and Colton and Crowe (1998) have all suggested that increased ownership is commensurate with a heightened level of social involvement, including political involvement, participation in voluntary organizations and social and community interaction in general.

- 2.10 Evidence of the individual benefits of home ownership versus renting can be gained from surveys into housing satisfaction and housing preferences. In the 1991 housing and location preferences survey carried out in Adelaide, responses were canvassed regarding the advantages and disadvantages of various tenures (tables 2 to 4). For those respondents currently owning or purchasing their homes (table 2), it was clear that the majority (97.6 per cent) thought that the advantages of home ownership outweighed the disadvantages. The main reason most frequently put forth was security of ownership (47.9 per cent), while freedom to do own thing in own space (7.0 per cent), privacy (7.5 per cent) and having pride in ownership (6.6 per cent) were also frequently mentioned. While the majority stated that there was no disadvantage in ownership (48.1 per cent), a significant proportion of respondents thought that costs of upkeep were high (19.8 per cent) or that mortgage payments were too high (10.3 per cent).

The responses relating to public rental illustrates that this form of tenure provides a middle ground between ownership and renting in the private market (table 3). When asked if the benefits outweighed the disadvantages, 87.6 per cent of the respondents answered in the affirmative. The benefits associated with renting in the public sector included affordability (42.2 per cent), security of tenure (23.0 per cent) and the lack of maintenance required (14.9 per cent). While 47.8 per cent said that there were no disadvantages in public rental, others claimed that there was a stigma attached to households renting in the public sector (6.2 per cent), that they had problems getting maintenance done (8.7per cent) or that they had a limited location or dwelling choice (5.0 per cent; 5.6 per cent).

Finally, the situation for private renters (table 4) reflects the lower status generally associated with renting as a tenure. All up 42.5 per cent of respondents thought that the advantages of renting outweighed the benefits—a much lower proportion than was the case with owners or public tenants. While a significant proportion of private renters said that there was no main advantage (48.9 per cent), 19.1 per cent thought that having a choice of location was a benefit of renting privately. Considering the disadvantages, 28.3 per cent stated that there were no disadvantages, while 22.5 per cent complained that the rent was too high. A further 18.5 per cent thought that rent money was dead money, while 11.1 per cent considered that the private rental sector provided low security of tenure.

**Table 2: Main advantages and disadvantages of home ownership, Adelaide, 1991 (Home owners only, n=2019)**

<b>Advantages of ownership</b>		<b>Disadvantages of ownership</b>	
Security of ownership	47.9	High cost of upkeep	19.6
Feeling physically safe	1.8	Lose money when moving	0.6
Having your privacy	7.5	Tied to one location	2.6
No intrusions by landlords	1.3	Feeling of being trapped	0.6
Expecting investment returns	4.8	Limits money available for recreation	6.8
Hedge against inflation	1.8	Mortgage too high	10.3
An asset in old age	5.7	Rates too high	8.1
An investment for children	5.9	Delays having children	0.4
Cheaper than renting in the long run	5.7	Other disadvantages	2.4
Freedom to do your own thing	7.0	No disadvantages	48.1
Pride in home ownership	6.6	Don't know/no main disadvantage	0.7
Other	1.5		
No particular advantage	1.1		
Don't know/ no main advantage	1.5		
Do the advantages outweigh the disadvantages?		Yes: 97.6	No: 0.7

Source: Housing and location preferences survey, unpublished tables

**Table 3: Main advantages and disadvantages of public rental, Adelaide, 1991 (Public renters only, n= 348)**

<b>Advantages of public rental</b>		<b>Disadvantages of public rental</b>	
Can afford rent	42.2	Limited location choice	5.0
Security of tenure	23.0	Limited dwelling choice	5.6
More tenants rights	3.7	Limited dwelling type	1.2
Rent changes with income	5.6	Poor dwelling quality	1.9
Don't do maintenance	14.9	Cost	1.9
Supportive of tenants	0.6	Poor accommodation standard	4.3
No government rates	1.2	Stigma	6.2
Other	3.1	Maintenance/landlord problems	8.7
No advantages	3.1	Problem with housing trust neighbours	3.7
Don't know/no main advantage	2.5	Unable to change dwelling	1.2
		Time taken to get dwelling	1.9
		Housing trust wastes money	1.2
		Other	2.5
		No disadvantages	47.8
		Don't know/ no main disadvantage	6.8
Do the advantages outweigh the disadvantages? Yes: 87.6 No: 6.2			

Source: Housing and location preferences survey, unpublished tables

**Table 4: Main advantages and disadvantages of private rental, Adelaide, 1991 (Private renters only, n= 463)**

<b>Advantages of private rental</b>		<b>Disadvantages of private rental</b>	
Choice of location	19.1	No security of tenure	11.1
Choice of size	0.6	Bond too large	1.2
Choice of dwelling type	3.1	Rent too high	22.5
Quality of dwelling	3.1	No rights as a tenant	4.9
Choice of landlord	7.4	Maintenance is not done	4.6
Cost	2.8	Poor standard of accommodation	1.2
Ease of mobility	3.1	Dead money	18.5
Quicker maintenance	3.1	Dealing with landlord/real estate agent	2.8
Closer relationship with landlord	1.2	Other	4.3
No waiting	0.9	No disadvantage	28.3
Other	5.2	Don't know/ no main reason	0.6
No advantage	1.5		
Don't know/no main advantage	48.9		
Do the advantages outweigh the disadvantages? Yes: 42.5 No: 34.2			

Source: Housing and location preferences survey, unpublished tables

Similarly, in a companion study in Sydney and Melbourne, a high proportion of the sample viewed home ownership as an advantaged tenure (Burgess and Skeltys 1992). Ninety-six per cent of the home owners considered that on balance the benefits of home ownership outweighed the costs. Among the important reasons expressed (security of tenure, freedom and investment), like the Adelaide study, it was the feeling of tenure security that topped the list (47 per cent). Renters both public and private recorded similar responses to those in the Adelaide survey, with public renters being more satisfied than private renters (See also Woolcott Research 1990).

### **Reasons Why People Choose Home Ownership**

- 2.11 The reasons behind ownership desires are also evident when owners talk about their homes. In several qualitative studies respondents have talked about the benefits of ownership or the reasons for owning in familiar terms. In a study carried out in Adelaide in 1990 (Stevens and Hassan 1990), researchers ascertained respondents' views regarding home ownership. It was clear that the majority of home owners viewed this tenure as offering advantages over and above any disadvantages. Advantages were often expressed in terms of financial security- either as a form of investment, whose exchange value would be later realised, or in providing affordable housing in retirement. However, home ownership also provided stability and a chance to create one's own environment.

In a study undertaken between 1978 and 1983 of residents living in a newly established Victorian community (Richards 1991), the author reported that to a group of new home owners, home ownership was seen as a natural stage in family life. According to Richards, respondents had difficulty articulating their reasons for wanting to own a home; it was so ingrained a belief that other alternatives had simply never been considered. For the responses recorded, 305 individual reasons were discerned. Of these, a third related to financial investment or security, another 185 related to security of tenure, while responses such as 'can do what you want with it' or owning something/possession' accounted for 24% of responses. Looking at individual responses, Richards identified several themes that pointed to the benefits of home ownership and the reasons behind the decision to purchase. For some the decision to buy was a natural step-*It's sort of the thing you are born into.... (p. 115)*-while others talked about it terms of security for the future or permanence- *I just couldn't see the sense in paying rent for 35 years and that's unrecuperable money. And this is an investment...one day it is going to be ours..(p. 122).*

Winter (1994) provides an analysis of in-depth interviews regarding homeownership and housing tenure, and although his small sample does not provide generalisable results they do provide an illustration of the meanings associated with different tenures. Winter divides the meanings expressed about tenure into economic meanings, political meanings and cultural meanings. For owners, economic meanings included financial security, investment, making money, saving money and the ability to bequeath housing to children. In contrast renters spoke about the economic meanings of their tenure in terms of financial insecurity, dead money, and the inability to save. The political meanings attached to ownership and renting were characterised by issues including control/autonomy, privacy and security. In this case home

owners viewed their tenure positively, while renters tended to view their tenure situation in negative terms. Finally, the cultural meanings attached to tenure were reflected in views regarding status, lifestyle and attachment. As with the other meanings, owners provided more positive views regarding status, lifestyle and attachment while renters provided negative views.

- 2.12 Outside of Australia, particularly in English speaking countries, the meaning of home ownership has also been the focus of considerable research, and many of these studies reflect similar outcomes to those in Australia. In a study of housing and families in East London, Holme (1985) asked her sample about the decision to become home owners and about the benefits of ownership. Holme found that financial considerations predominated the reasons for becoming a home owner. However, once home ownership was established issues including independence and freedom of choice became more important. In research undertaken with older New Zealanders, Dupuis and Thorns (1998; 1996) illustrate the complexity attached to meanings of the home. For their sample, home ownership was seen to have several dimensions, involving a range of material, cultural and economic values. "The meanings of home are...not just about material possessions or identity, but a complex interweaving of the quest for security and identity with the accumulation of assets and other markers of achievement and the transfer of these to subsequent generations" (Dupuis and Thorns 1996: 500).

An even earlier study by Rosow (1948) in the U.S. found that while for some of his respondents motivations for home ownership were expressed in terms of a 'normal life condition', the large majority were related to emotional or symbolic reasons. Reasons such as 'status-prestige' and financial considerations were also important. Similarly Rakoff (1977), also reporting US research, finds that reasons including investment and freedom and/or control were important when home owners were asked about their homes. Over and above these obvious meanings however are a series of underlying concerns relating to family life, social status and security, all of which are related to much simpler home ownership meanings. He stresses that housing is "a dominant symbol of a variety of problematic and conflicting life experiences- personal success and family happiness, mobility and permanence, privacy and social involvement, personal control and escape..." and that this complex of housing symbols "reflects the ambiguous meanings Americans attach to the private sphere" (Rakoff, 1977: 86) (see also Caplow 1948; Dupuis and Thorns 1996, 1998; Somerville, 1994; Zehnder, 1998).

### **The Strength of Home Ownership Aspirations**

- 2.13 The strength of home ownership aspirations are also clear when respondents to

surveys are asked about their housing preferences. Despite a variety of influences, and the variability between people in terms of income, age and gender there has been considerable uniformity in preferences for owning a home. Gibbings (1973), Stimson (1978), Thorne et al. (1980), Kendig (1981), Baird (1984), Burke et al (1984), Burgess and Skelty (1992) and Stevens, Baum and Hassan (1991) all found that the preference of the overwhelming majority of Australians was home ownership (for an overview of Australian preference studies, see Wulff, 1993). Kendig (1981) found that 88 per cent of his sample preferred to purchase rather than rent, while Burke et al (1984) cited the findings of the Committee of Inquiry into housing costs as 93 per



cent of households with a preference for home ownership rather than renting. Turnball (1982) found that the acquisition of a permanent home was the aim of 90 per cent of his sample of young households. Similar results are reported in the two studies undertaken in the early 1990s. Burgess and Skeltys (1992) found that nearly three quarters of all renters expressed a desire to own their own home, whilst in the Adelaide survey (Stevens, Baum and Hassan 1991) relatively even more renters (88 per cent of the sample) described home ownership as their preference. The relatively greater preference of Adelaide renters over those living in either Melbourne or Sydney suggests that householders take account of the affordability constraints operating in the various cities (see section 4.9 and also Glezer and Mills 1991; King 1983).

- 2.14 Internationally, studies including those by Michelson (1977) and Rossi (1955) have found similarly strong preferences for home ownership. In Michelson's (1977) study of Toronto he found that of the group of renters in his sample, approximately 81 per cent preferred to own rather than rent. Rossi's (1955) well known study in Philadelphia pointed to the preference for owning as a strong determinant for mobility-it was clear that the most mobile group were renters who desire to own. Moreover, Rossi found that only 9 out of 438 owners wished to rent. Similarly, Morrow-Jones (1989) and Speare et al. (1974) found that the decision to move by a large proportion of their sample was driven by home ownership aspirations. More recently work by Munro and Madigan (1998) and Clark and Dieleman (1996) have illustrated the preference for home ownership in the U.K., the U.S. and the Netherlands.
- 2.15 It is clear therefore that since the Second World War, most Australians have aspired to own their own homes. Although studies in the UK, the US and New Zealand document growing levels of home ownership, the value placed on ownership appears to be particularly pronounced in Australia. Several reasons have been put forward to explain this preference, including financial security, pride, security of tenure, and at a macro level, strong economic climate and supportive Commonwealth Government policy. What is not known is whether in recent cohorts, the decline in the purchaser rate (Yates 1999) stems from changing demographic and economic patterns or a change in housing preferences, particularly among young households.

### 3. HOUSING ASPIRATIONS, HOUSING CAREERS AND THE LIFE COURSE

- 3.1 From the above it would seem that the preference for home ownership is, in general, widespread and long lasting (Lassarre 1986). This widespread desire notwithstanding, it is important to place the preference for ownership into a broad framework regarding mobility decisions and importantly, establish the link between housing aspirations, housing careers and the life course.
- 3.2 The use of a housing career framework to understand housing tenure moves and aspirations has received attention from many researchers working in the area. In its widely understood form the housing career framework is generally described as the movement between tenures, beginning with an initial move from a parent's home and ending with outright ownership. As such, an ascending housing career is typically described as stepping up a ladder- from parental home to rental, from rental to home purchase, from home purchase to outright ownership (Abramsson, Borgegård and Fransson 2000). Moves through housing careers are considered to be either positive (i.e. from renting to owning) or negative (i.e. from owning to renting). The former is generally related to traditional moves through the life course-getting married, having children-, while the latter is generally associated with unplanned life course transitions-divorce or breakdown of relationship (Dielemen, Clark and Deurloo 1995).

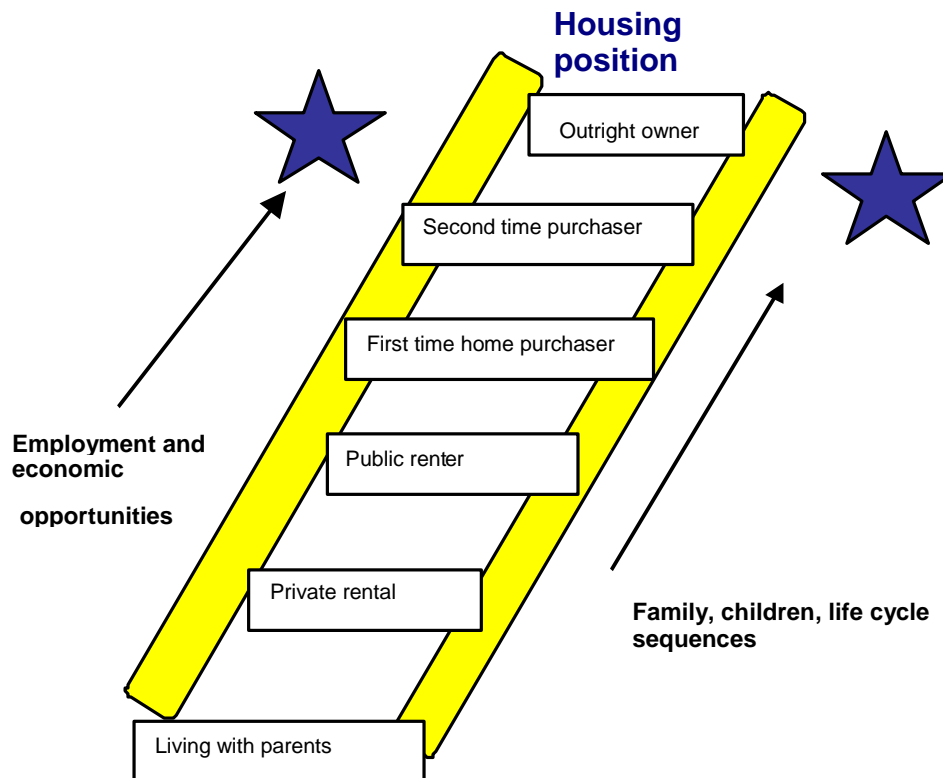
#### Association Between Housing Careers and Family Life Cycle

- 3.3 Associated with the concept of housing careers has been the concept of the *family life cycle* or *life course*. The family life cycle or the life course is defined in terms of the various stages of household formation, dissolution, child rearing and child launching which occur within society (Mayer and Tuma 1990). The life course "refers to pathways which individuals follow through life and incorporates the multitude of roles that individuals experience with respect to work, marriage and parenthood" (Gober 1992, see also Elder 1977; Clausen 1986, Dahman and McArthur 1987). Although there has been some concern about utility of retaining the concept of the family life cycle (Stapleton 1980) both life cycle concepts and life course have been widely used to understand housing tenure choices. To this end it is generally considered that there is a correspondence between the types of housing- including tenure- a household demands, and their position in the life course. In reviewing this linkage Rossi argues that family life cycle

...reflects the fact that households change in a more or less regular way in response to vital processes-births, deaths, marriages and divorces- and that the time related character of such processes constantly shifts the size and age composition of members of the household. Accordingly, the housing needs of families at different points in the socio-economic life cycle will effect its need for housing and may be expressed in changes in housing demand (Rossi, 1980:25)

- 3.4 Conceptually, the linkage between housing careers and life course can be explained by reference to figure 3. In this figure, the housing career is portrayed as beginning with a move from the parent's house into rental accommodation (rung one and two).

Figure 3: The housing ladder



(Source: author's drawing, adapted from a version presented in Kendig & Paris

Figure 3 also underscores that, in the past, employment patterns assumed a 'career trajectory' that is no longer the case today. Gregory and Sheehan (1998) refer to the 'collapse of full employment', which has occurred alongside the drop in full time employment positions; increase in part-time and casual positions and rise in unemployment. Given the long term financial commitment involved in home purchase, people with insecure or casual jobs and with little confidence in moving up a traditional career ladder will be disinclined to enter into such a contract.

- 3.5 In terms of the housing career, moves to higher rungs represent an improving housing situation, with the ultimate goal being outright ownership. Not all households move up the ladder towards ownership, while some, as a result of changing circumstances, can move down the ladder (Dieleman et al. 1995; Murie et al. 1991; Dieleman and Schouw 1989; Khoo 1991). The decision to make a housing career move is dependent on the costs and benefits of the move together with the resources needed to make the move. In the case of a move from rental to owning, a move will be made when the balance between benefits and costs of owning outweigh those of renting. Moreover, whether a preference will be met will depend on the availability of resources. Considering the impact of the life course on these decisions, we can consider that on balance the benefits and costs of different tenure combinations will differ between households and that these will change over the life course.

### Choice of Tenure in Relation to the Life Course

- 3.6 The position of different tenures (especially owning and private rental) is therefore fundamentally different. Ownership, as has already been well

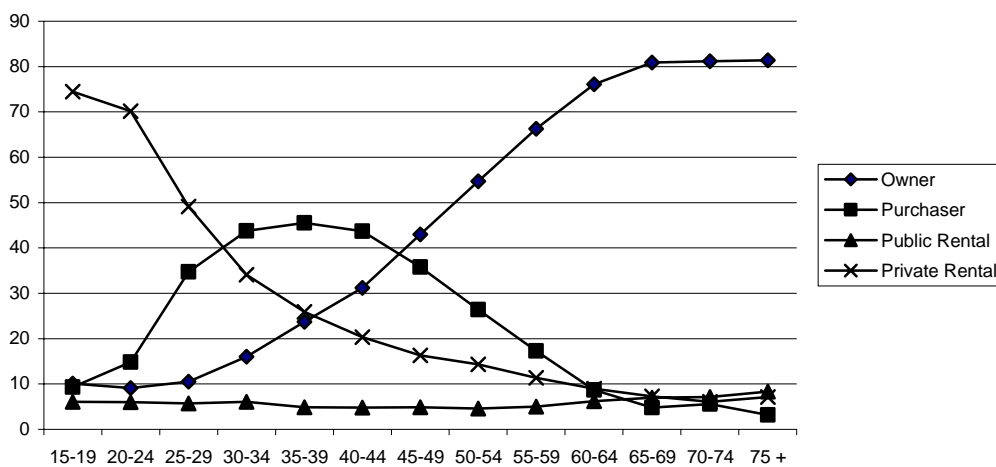
documented is the goal of most households and generally it has been considered that a large proportion of a household's life cycle will be spent either paying off a home or living mortgage free. The private rental sector in contrast is usually considered in terms of a transitional tenure. While there are households who stay in rental for long periods of time, often because they are unable to move into home ownership (Wulff and Maher, 1998), private rental generally has been considered a stepping stone between leaving the parents home and entering into home ownership.

3.7 In terms of housing aspirations, moves along the housing ladder may not necessarily represent the ideal, but may be seen as a step towards an ideal housing situation (Michelson, 1977). In this sense

Aspirations range from the possibly attainable to the probably unattainable. Strung out along the route from the immediate goal to the distant ideal are a host of options which may be approached with varying speed at different stages of an individual's or family's life. They may be discarded, modified or leapfrogged as circumstances dictate (Holmes 1985: 144).

3.8 Typically, research considering the association between life course and tenure choice has been concerned with mapping the tenure and housing moves households make during their life course, and in particular the stage at which moves into home ownership/purchase are made. Figures from Mudd, Tesfaghiorghis and Bray (1999) illustrate the association between housing careers and life course. Using census data for 1996 the authors illustrate that the proportion of households who are home owners increases with age, while the proportion of households who are either renting privately or purchasing declines with age. Although the authors do question the utility of the life course/housing career framework, they do argue that at an aggregate level the established association between position in a housing career and age stage seems to hold.

Figure 4: Distribution of tenure by age of reference person, 1996



(Source: Mudd, Tesfaghiorghis and Bray 1999)

Using data from the housing and location preferences survey, Stevens, Baum and Hassan (1992) illustrate that for the sample of Adelaide residents, preferences for home ownership increase up to 45-54 years of age and are higher for married couples with children than other household types. In a series of studies researchers including Kendig (1984a, 1984b) and Neutze and Kendig (1991) illustrate similar patterns in the Australian context. Neutze and Kendig (1991: 4) in their paper reflect on a number of early studies and point out that the majority of them illustrate “that home ownership is much higher after marriage, increases with age and is higher among two-income and high-income family units”. Kendig (1984: 282) points out that both life cycle stage and income are important for understanding tenure choice. Specifically he argues that

Moves from renting-ownership occupancy with progression through life cycle, are explained by economic advancement rather than any changes of preferences, which remain fairly constant. The capacity to buy is most usually achieved by young adults who combine two earnings in one household and save before beginning a family.

(see also King 1983; P.A. Consulting Services, 1978)

- 3.9 Internationally, several studies illustrate the link between housing aspirations, life course and housing careers. Duncan and Hauser (1960) in a study in Chicago found that home ownership rates increase with age, suggesting strong support for the hypothesised link between life course and housing tenure. They found that the rate of home ownership rises from 15 per cent for younger couples without children, to 53 per cent for older families with children. The rate then falls for older households without dependent children (44 per cent). Similar findings are also reported by Lansing and Kish (1957) in a nation-wide survey of the United States and Okraku (1971) in San Juan Puerto Rico.

Recent examples of these patterns have been reported in several journals by Clark, Deurloo and Dieleman (1997; see also Clark, Dieleman and Deurloo 1994, Deurloo, Clark and Dieleman 1994). In an ongoing research project designed to investigate the nature of tenure choice the researchers have shown that “there is a relatively close connection between change in family composition and entry into and departure from homeownership” (Clark, Deurloo and Dieleman 1997: 8). Similarly, Mulder and Manting (1994) found that there was a strong connection between becoming a home owner and getting married, suggesting a link between stage in the life course and decisions regarding tenure choice (see also Krishnan and Krotki 1993; Dieleman and Everaers 1994).

- 3.10 In brief, the research evidence has shown that purchasing a home, the ultimate goal as portrayed in the housing career concept, tends to be associated with particular life cycle stages. Neutze and Kendig’s research summarises the relationship clearly – marriage (or partnering), age, and household income are associated strongly with a move into home purchase. What is not known is whether the strength of these relationships has been weakening over time and/or whether other factors (such as educational attainment or the nature of employment) may be exerting increasing influence.

## 4. ARE HOUSING ASPIRATIONS CHANGING? THE RESPONSE TO CHANGING SOCIAL, ECONOMIC AND DEMOGRAPHIC CONDITIONS

- 4.1 Notwithstanding the favoured position given to home ownership and the evidence suggesting a link between life course and housing career moves, there has been mounting evidence that housing aspirations may be changing, resulting in a shift in the link between life course stage and ownership and a reduction in the proportion of households becoming first home buyers. Discussing these concerns in the context of housing wealth Badcock and Beer (2000: 128) suggest that

Despite the apparent undiminished enthusiasm that Australians express towards home ownership in surveys, there are growing signs that the present generation is rethinking where it fits into the overall scheme of things.

Similarly, Wulff and Maher (1998) investigating long term renters in Australia suggest that although historically tenure patterns have been relatively stable, there is reason to dispute the accepted transitional nature of private rental and that “signs point to both structural and policy shifts impinging on tenure choice” (p. 83). Linking these concerns with life cycle arguments, Winter and Stone (1999a) point out that amidst the social changes that characterise modern Australian society the links between life course stage and housing career are changing. Changes in household form and the rate of household formation and dissolution are all impacting on traditional conceptions of the life cycle, which is in turn impacting on traditional housing careers.

### **Trends in the Timing of Home Ownership**

- 4.4 The evidence illustrating a change in the housing aspirations and/or housing careers have been presented in several forums. Key Australian studies have included the work by Yates (2000) and Winter and Stone (1998), together with chapters in the edited publication by Yates and Wulff (1999a). Generally these studies have illustrated the changing propensity by Australian households to move into ownership. Yates (2000) using data from the 1975/6 and 1993/4 Household Expenditure Surveys models tenure choice decisions in order to ascertain the changing home ownership propensities. She finds that the changing propensity to become home owners is not uniform, but rather can be differentiated between age groups and household types at different income levels. Yates finds that while some households –specifically, those with high incomes and/or singles - record large increases in their propensity to become home owners, declining levels of homeownership were greatest for couples with children and for younger high-income couples.

Using a different approach, Winter and Stone (1999a) apply Beck’s (1992) ‘risk society’ framework to understand how life course and housing aspirations have become increasingly disconnected. Using data from the Australian Life Course Survey the authors find clear evidence of changes in the association between housing career events and the life course. Specifically, while the authors find that the traditional age-related norms associated with ownership is strengthening, they do find that there is a less predictable passage through life course stages and ownership. They point out that “entry into home

ownership is becoming increasingly disconnected from other life course events. Home ownership is less likely to be preceded by marriage and childbirth than in the past” (p. 51). In this sense, “the chain of marriage, birth of first child, entry into home ownership has been broken” (Winter and Stone (1999a: 48).

Material available from the Australian Bureau of Statistics (2000b) provides recent examples of the changes in the propensity and timing of home ownership. Specifically, the data (table 4) suggests that over the period of the last decade the proportion of young households (25-34 years) moving into ownership has fallen. Between 1988 and 1997/8 the proportion of these households who were home owners declined from 42% to 34%. Moreover, the proportion of these households becoming first home buyers has declined from 70% in 1988 to 66% in 1997/8. This represented an increase in the median age of purchase from 30.2 years to 31.5 years.

**Table 4: Home owners by age group, 1988, 1997/8, Australia**

	First home buyers		All owner occupied	
	1988	1997/8	1988	1997/8
<b>Age of income unit reference person</b>	%	%	Rate (a)	Rate (a)
<b>15-24 years</b>	14.6	10.7	4.6	4.1
<b>25-34 years</b>	55.8	55.6	42.3	34.5
<b>35-44 years</b>	19.2	22.9	70.5	61.7
<b>45-54 years</b>	5.7	6.0	76.7	75.7
<b>55 years or older</b>	4.7	4.8	78.4	78.1
<b>Total income units</b>	100.0	100.0	53.9	54.2
<b>Total income units</b>	391,000	463,400	4,095,800	4,948,200
<b>Median age</b>	30.2 years	31.5 years	49.4 years	51.0 years

Source: ABS 2000, Year Book 2000, cat. No. 1301.0.30.001

- 4.2 Overseas, Haurin et al. (1988, 1996 a, b), Gyourko and Linneman (1996, 1997), Green (1996) and Hughes (1991) all provide indications of the shift in the timing of home ownership in the United States, while Maclennan et al. (1997), Ford and Wilcox (1998), Forrest and Murie (1994) and Munro and Madigan (1998) have shown similar patterns in the United Kingdom. Gyourko and Linneman (1996) analyse cross-sectional census data for the US in order to investigate the sociological and economic factors that have begun to impact on housing markets and home ownership. They point out that although there has been little change in the aggregate home ownership rate due to an aging population and the high rate of ownership for older households (a situation similar to Australia), closer analysis reveals some shifts in the propensity to move into the home ownership market. Importantly their analysis illustrates that while traditional demographic variables still impact on ownership propensities, changing labour market conditions including wage levels and the nature of employment are now also important. In short they argue “the differential implied probability of being highly educated and earning the income typical of that educational achievement now rivals the combined influence of key demographic forces such as marital status and family structure” (Gyourko and Linneman 1996: 339).

### **Changing Patterns are Affecting Housing Markets**

Green (1996) illustrates similar patterns, suggesting that changes in demographics and preferences, together with shifts in the use cost of owning has impacted on home ownership markets with the new effect being a stagnant home ownership rate. This aside however, he does find differential home ownership probabilities among individual household groups, point to a shift in traditional patterns.

In the United Kingdom Munro and Madigan (1998) point out that changes to the housing market have created a degree of uncertainty that have in turn resulted in uncertainty about home ownership. They suggest that although home ownership is clearly the major housing option, fears of overextending together with concerns about labour market shifts have resulted in an enormous range of trajectories through the traditional housing career ladder.

- 4.4 Tackling the issue from the position of the rental market several researchers (Wulff and Maher 1998; Bourassa et al. 1999; Yates 1996) report that not only has the private rental market gained in relative importance, but households are likely to stay in the rental market for a longer period of time. These trends are not only confined to the Australian housing situation. Research from Europe (Priemus 1993); the UK (Whitehead 1996); the US (Dreier and Atlas 1995); NewZealand (Morrison 1995) and Canada (Miron 1995) all report that many households are now spending longer periods of time in the private rental market than was previously the case.
- 4.5 The hypothesised changes away from home ownership has also been linked to concerns about increasing polarisation. In particular, a series of articles have pointed to the likelihood that the changes that have been occurring in the economy and society are leading to a form of socio-tenurial polarisation (Winter and Stone 1999). Examining this proposition, Yates and Wulff (1999a) illustrates that the increase in both the number of households with no person employed and the increase in the numbers of dual income households has



changed significantly the opportunities open to different households in terms of the propensity to become home owners. These changes, when combined with regional differences in housing prices have resulted in the possibility that the Australian tenure system is becoming increasingly polarised. In short they argue that “the restructuring of housing markets and the loss of low cost rental stock as a result of [pressures on available housing] suggests that housing markets are exacerbating the disadvantage reflected in the polarisation which has occurred in household incomes over the past few decades” (P. 17).

### **Influence of Social, Demographic and Economic Factors on Ownership Aspirations**

4.6 For those who argue that there has been a shift in the housing aspirations of Australian households, resulting in either a change in the traditional path to ownership or a shift in home ownership propensities, several key social, demographic and economic factors are thought to be influential. These include:

- Household compositional changes;
- Wider social changes
- Changes in affordability
- Alternative sources of investment.

4.7 One of the main changes that may result in a change to aspirations for home ownership has been termed “household compositional changes”. In short these compositional changes refer to the range of broad changes that have taken place within contemporary society, especially changes in the nature of gender roles and shifting attitudes towards contemporary relationships (Heath 1999). While these changes can be understood in terms of a number of dimensions, they can perhaps be best understood in terms of the changing nature of social relations in late modernity, and in particular, the work of Beck and Giddens (Heath 1999; Winter and Stone 1999). Arguing that the contemporary world represents a period of ‘late-modernity’ whereby social agents are increasingly reflexive about their conditions of existence and the social institutions that shape their lives, these authors suggest that this contemporary period is characterised by a new set of social relationships. Reviewing the work of Beck (1992), Heath (1999) points out that contemporary society could be characterised by, among other things, a destandardisation of traditional roles to adulthood. The impact on household formation is, according to Beck (1992:114, 116) as follows

The lifelong standard family...becomes the limiting case, and the rule becomes a movement back and forth among various familial and non-familial forms of living together, specific to the particular phase of life in question...Marriage can be subtracted from sexuality, and that in turn from parenthood; parenthood can be multiplied by divorce; and the whole thing can be divided by living together or apart, and raised to a higher power by the possibility of multiple residences and the ever-present potentiality of taking back decisions.

It is these changes in the roles to adulthood that may help to explain the divergence between housing careers and life course changes.

Over the period under study, many changes have impinged upon the structure of Australian households (FaCS 2000). Between 1977 and 1999, average household size has declined from approximately 3.1 persons per dwelling to 2.6. The increase in people living alone sole parent families; corresponding decline in couple families with children; delays in leaving home, partnering, forming a household, or having a child, are all bound up with the trend towards smaller households. Moreover, these trends are expected to continue to at least the Year 2021, with average household size declining further to 2.2 persons per households and with child-free households growing rapidly (and numerically overtaking) than households with children (ABS 1999).

4.8 A raft of other social changes, over and above shifts in the rate of household formation and form are also seen to impinge on the decisions to enter into home ownership. Mudd et al. (1999: 22-23) discuss these in terms of a broad range of societal, labour market, education, regulation and institutional transformations. Some of the key changes include

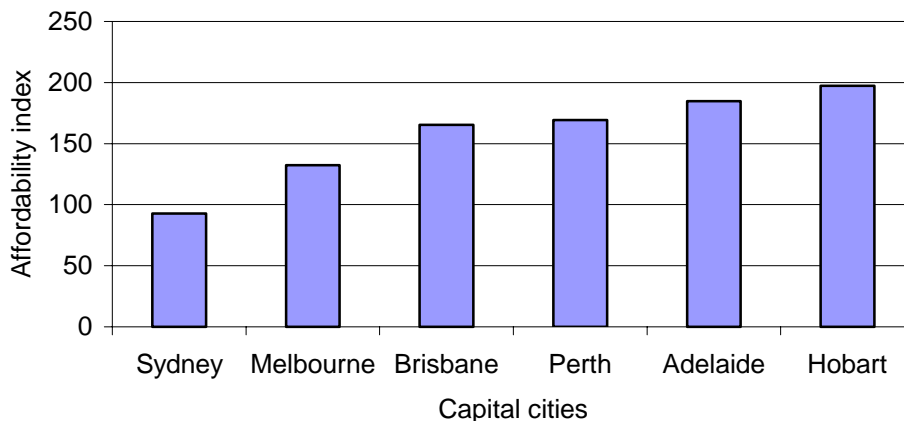
- Longer periods in higher education or training resulting in a reduced income stream. This in turn reduces the probability that young households will be able to enter into home ownership and are more likely to stay in rental accommodation or in the parental home.
- The introduction of HECS and the requirement for repayment may have inhibited the ability of university graduates to save for a deposit.
- The expansion of superannuation may have changed attitudes towards the value of a home as a source of stored wealth, with individuals relying on superannuation rather than lower housing costs in retirement. Moreover, the burden of compulsory superannuation may have inhibited many households from being able to save for a deposit.
- The changes in the rate of family formation and the delay in child rearing noted above (section 4.5) are likely to be a reflection of changes in the labour market relationships for women including a stronger emphasis on career building and improved career prospects. These changes in turn are likely to lessen the importance of home ownership.
- The rise in the number of single person households and the necessity, in most cases, for two incomes to service loan repayments may discourage households from moving to home ownership.
- Changes to job stability and the requirement for individuals to be mobile are likely to increase the propensity to rent. A lack of job stability and the increased likelihood of spells of unemployment may act to discourage home ownership. In this case income uncertainty may be enough to act as a deterrent (Bourassa 1995; Robst et al. 1999). Moreover, the requirement for increased

mobility by individuals in order to pursue careers will likewise act as a deterrent.

### Financial and Economic Influences on Home Ownership

- 4.9 The ability and willingness of households to enter into home ownership depends to a large degree on the state of the economy, finance availability and the level of uncertainty surrounding available resources. That is “the ability and propensity of households to enter into and remain in owner occupation varies with changes in housing affordability” (Troy 1991: 39-42). Significantly, the level of housing affordability has varied over time, due to changes in the official rate of interest, deregulations of the finance sector, changes in the price of housing and shifts in the rate of growth in real incomes (Mudd et al. 1999) and the restructuring of the banking industry. Affordability declined across Australia in the early 1980s and again in the early and late 1990s. Not surprisingly affordability and the costs of housing vary significantly across Australia’s regions and as well as within the big cities. Comparing the capital cities, housing affordability is lowest in Sydney and highest in Adelaide and Hobart (figure 5).

Figure 5: Housing affordability index, March 2000



Source: Commonwealth Bank/HIA, Housing Report, various years

- 4.10 The final explanatory factor has its expression in a society wide shift in investment perceptions. While there is very little empirical evidence to support this explanation, it is generally felt that in recent years there has been the rise of a group of renters who consider that the financial benefits to be gained by owning (i.e. capital gains) are not as attractive as those to be made in other forms of investment. Badcock and Beer (2000) illustrate some of these concerns by pointing to the growth in the enthusiasm for the stock market-over 40% of household wealth is now kept in shares-and the distribution of this growth between age cohorts-shares holding among younger age cohorts now dominate. I am not sure what this means. Are there age cohorts where the majority of assets are in shares, or are there cohorts where the preference for shares is more dominant compared to other age cohorts. This they argue is associated with the fact that for the younger generation of potential home buyers, the 1990s have been characterised by a

diverse range of investment opportunities which include both investing in a home and also in shares. Quoting the media Badcock and Beer suggest that "...people are now putting their capital into wealth-creating assets as opposed to bricks and mortar" (Eccelston 1998: 30).

In the United States it has been suggested that "although non-financial factors such as pride of ownership and community belonging continue to favour home ownership, the financial rules of thumb that were applied with great success in the past are no longer operative" (Knight and Eakin 1998:20). The authors argue that changes to residential markets, tax laws and changes to labour markets, together with other contextual changes have reacted to shift the balance of financial decisions between renting and buying and to question the "financial wisdom of residential investment" (p. 28).

- 4.11 To summarise, while the aggregate home ownership rate remains at a stable 70% of households, for the reasons articulated above, it is not clear (a) whether younger households will eventually achieve home ownership rates equivalent to their older counterparts; (b) whether traditional links between life course events and housing decision continue to operate as strongly as in the past, or have been eroded by other intervening factors such as higher education and/or employment security, and (c) whether over time the view of owning a home as providing a good financial investment has declined.

## 5. METHODOLOGY AND DATA

- 5.1 The methodology associated with this project is straightforward. Basically the research involves analysing a series of survey data sets in order to describe, at each point in time, the housing situation and housing aspirations of the survey respondents.
- 5.2 The analysis will be used to address two broad issues
- How do aspirations/preferences differ between different age cohorts of Australian housing consumers;
  - How are aspirations/choices changing between cohorts?
- 5.3 A cohort represents a group of people who were born in the same years and therefore experienced the same broad social and economic experiences. In addition to birth cohorts, ten year age groups (sometimes referred to as 'age cohorts' will be used in the analysis, such as 15-24 yrs, 25-34 years, 35-44 years, 45-54 years; 55-64 years and over 65 years.
- 5.4 The unit of analysis will be the household, as based upon the characteristics of the household reference person.
- 5.5 The data sets to be used include
- Movers in Adelaide, 1977 (Principal Investigator- Hal Kendig)
  - Income and Housing survey 1981-82 (Principal investigator ABS)
  - The Australian Family Project, 1986 (Principal Investigators- Michael Bracher and Gordon Carmichael)
  - Housing and Location Choice survey, 1991 (Principal Investigator- National Housing Strategy)
  - Housing and Location Preferences Survey, 1991 (Principal Investigator- ABS)
  - Australian housing Survey, 1994 (Principal Investigator- ABS)
  - ANU, Negotiating the Life Course, 1997 (Principal Investigators- Peter McDonald, Frank Jones, Deborah Mitchell,
- 5.6 None of the data sets are directly comparable because they have all been undertaken by different agencies, across different geographical spaces and with different sampling and questionnaire format. Nevertheless, each survey will be analysed separately thereby **providing an overview of what can be gained from available data sources**. The over-arching framework of cohort analysis will provide some interpretive linkages between each of the surveys and cross-references will be made, where appropriate. As a minimum the

analysis for each survey will provide an examination of tenure patterns against various socio-economic variables. This will involve either simple univariate analysis or possible multivariate analysis. Where appropriate other information (i.e. future housing aspirations) will also be analysed. Each survey being analysed contains information pertinent to the question of housing demand: age, tenure, household type, household income, presence or absence of children.

- 5.7 Methodologically, the analysis plan will consider the interplay between household type, age and household income in shaping housing preferences. For example, to be *old*, living alone, receiving a low income and renting a dwelling can be a significantly different experience than being *young*, living alone, low income and renting. For the former, hope and the opportunity to either gain further income or eventually move into home ownership is minimal. In contrast, for the young, paying a high proportion of income on rent, while working part time or studying, may be seen as a rite of passage into eventual home purchase.
- 5.8 Two additional lines of enquiry will be pursued where the data are available. First, an analysis of the experience of *first home buyers* will be undertaken. This will attempt to identify changes in the characteristics of first home owners across the age cohorts covered by the survey. Second, the aspirations of *non-home owners* will be analysed in order to understand more fully the situation of households currently in the rental sector.
- 5.9 In conclusion, this research project will undertake fairly detailed secondary analysis of a number of Australian housing surveys in order to examine change over time in the link between households and home ownership. This will be done both in terms of housing outcomes (actual home ownership rates among different age cohorts and household types) and expressed preferences (the latter information is available in selected surveys only).

## 6. HOUSING ASPIRATIONS AND PUBLIC POLICY

- 6.1 The forgoing has set up several questions regarding the housing aspirations of Australian households. The policy issues these questions raise depend in part on the reasons that explain the change in housing aspirations. If the change is due to declining affordability for certain households then policy should address the affordability issues. If the changing aspirations appear to be associated with changing preferences or tastes then the policy response that may be required is to look at securing the benefits traditionally associated with home ownership for other tenure solutions. In particular this may represent the need to consider the position of owner occupation vis-à-vis private rental. For example, public rental is as able to provide low income households with security of tenure, as is home ownership. Comparable security is not available in the private rental sector where increasing numbers of social security recipients are residing.
- 6.2 Since the post-war period Australian housing assistance policy has been tenure oriented. For example, in the immediate post war years, housing assistance was provided primarily through public housing (rental) and later combined with the construction and sale of public dwellings to eligible households (low income home ownership programs). Since the mid to late 1980s, housing assistance (Rent Assistance) has been flowing to low income groups to find housing in the private rental sector. Although Rent Assistance assists with affordability, it does not necessarily provide other benefits that people may desire or need. To the extent that one tenure or another both suits and enhances the life opportunities of low income households, it is important to understand the housing preferences of low income households and what they perceive as the benefits to themselves and their families.
- 6.3 For example, in a longitudinal study undertaken in the late 1980s by the Australian Institute of Family Studies, the experiences of three groups of low income households were tracked for five years. At the end of the study, the group who had been assisted into home ownership were found to have increased their employment and incomes more than the others; expressed higher levels of housing satisfaction, and were more satisfied and involved with their homes with respect to renovating and improving (Wulff 1991). Nonetheless, these assistance schemes have been curtailed by state housing authorities due to financial concerns over the ability of families to repay the loans in a declining economy. A similar longitudinal study has been conducted in the United States that followed 171 low income home buyers and 140 continuing renters for 18 months, interviewing respondents twice during that period (Rohe and Stegman, 1994). In this study, housing tenure was used as the main independent variable and three dependent variables were composite measures of 'self-esteem', 'sense of control' and 'life satisfaction'. The authors found that when respondents were asked direct questions about the outcomes of owning a home, 85 per cent said 'it made them feel better about themselves'; 71 per cent reported they felt an increased control over their lives, and 89 per cent said it had affected their life in a positive way. The multivariate analysis, however, (controlling for a range of demographic and social characteristics) was less compelling in its results. Nonetheless, the authors state that the study 'provides some support for claims made by advocates of low-income home ownership programs' (p. 181).

- 6.4 Homeownership may not be the only way of providing people with a better feel about themselves, increased control and a more positive outlook. An investigation of which characteristics of homeownership made people feel this way could inform policy in terms of appropriate alternatives that provide security for those who are not seeking homeownership.
- 6.5 Although in recent times, and in many countries, economic concerns have dominated the development of social policy, an understanding and appreciation of non-economic factors (such as preferences and aspirations) should not be overlooked. In order to develop policies and deliver housing programs that meet the needs of the client population (and avoid unintended consequences), a full appreciation of the social, behavioural and attitudinal concerns of different groups is required. While, for example, knowledge of housing preferences of young people may not serve as the ultimate determinate in designing public programs, it can provide critical information in policy development, such as in the timing of the assistance, the method of delivery, the extent and likely duration of need.



## 7. SUMMARY

- 7.1 The forgoing has presented the background material for the AHURI funded research project being undertaken by researchers at the AHURI Queensland and Swinburne-Monash Research Centres.
- 7.2 It has proceeded from a discussion of the housing aspirations of the Australian public- generally considered to be owner occupation- and has discussed the possibility of a shift in preferences/aspirations as a result of a series of widespread social and economic changes.
- 7.3 The research undertaken in this study will fill an important gap in our understanding of housing change in Australia. While much is said about the changing nature of housing outcomes, there is little understanding of the contribution of preferences and life style factors in explaining these changes. By means of reanalysing a number of major social surveys this research will document the compositional changes in housing demand/preference over time while at the same time providing contextual understanding of the social and economic factors that shape these changes. The value of re-examining existing data in the light of new research and policy issues cannot be over stated.

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