5th Australasian Housing Researchers' Conference

17-19 November 2010, University of Auckland, New Zealand

Rethinking the "Project" of Home Ownership in a Post-Global Financial Crisis World?

KEYNOTE SPEAKER

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Introduction

Home ownership as a "project" can only be understood within an approach that is historically grounded and embedded in cultural and social context, local, regional or global. To appreciate this we need to examine the social processes at work and the shifts in political ideologies and policy framings that have shaped how we view home ownership and affected our housing behaviours. Time is another important dimension and one way of appreciating this is though the analysis of different "cohort" experiences. These reflect the time and circumstances within which each generation constructs their life course. To limit the focus to economic or financial explanations alone is too limited and fails to appreciate that social change is as important to understanding what is happening as is economic. Neo classical economics in particular has a very limited engagement with history and with processes of change through its focus on models of the world based on equilibrium and a closed model of process. Challenges to this are emerging from economic historians and evolutionary economists but their work is not yet seen as part of the mainstream (Oxley, Thorns, Hong and Walker 2008, Lipsey, Carlaw and Becker 2005).

Home ownership in New Zealand and Australia has long been seen as the ideal tenure. It has been dominant for much of the twentieth century. By the mid 1950s two thirds of the population were in home ownership and this peaked at 73 percent in 1991. Since then the rate has declined reaching 62.6 percent in 2006 and is predicted to continue to fall to reach around 61.3 percent by 2016. Home ownership has been underpinned both by a strong belief that it is the normal tenure and that not achieving this reflects badly on the persons concerned thus its decline is viewed as significant and raises the question as to whether changes to tenure and future housing demand are taking place. Understanding these questions raises complex issues regarding the shifting basis of the value we place upon housing, what shapes decision making and the extent to which this is driven by economic rationalism and financial consideration as opposed to more social value changes with respect to security, life style, lower consumption values and environmental concerns. To explore these we need to reflect on how home ownership is viewed and the values that are ascribed to this tenure. The emphasis in public commentary on home ownership as a core value is illustrated by:

> "Owning your home in New Zealand is considered almost a birthright
> A New Zealand tradition, a culture of home owning so embedded in the national psyche that it assumes its own momentum" (Ansley 2001: 18, 20).

Land is also significance for many. For members of the New Zealand Maori population land has a special meaning as shown in the reflection on this from a member of the Tuhoe people of the Eastern North Island. Mataamua moved back to home settlement four years ago after completing his doctorate in philosophy at Massey University. It was, he says, an easy choice to make.

"There are decisions you make every day in your life, such as what to have for breakfast, that sort of thing, but there are a handful of major decisions that define you as a person for the rest of your life. That (coming home) was one for me. "I sacrificed income and opportunity to come home. We don't have the amenities and services here, but the rewards far outweigh anything."

"Living here fully understanding my identity. It is the core of my being. The core of who I am is here, knowing I am part and parcel of the community I come from. No matter where I am in the world, I will always be from this area. We enact our culture on a daily basis services here may be limited, but the rewards far outweigh anything." **(In the Tuhoe heartland** By TRACEY COOPER - The Press Saturday June 5th).

The neo-liberal turn in the 1980s and 1990s resulted in restructuring of economic directions and changes to tax and macro economic policy settings creating conditions for the growth of greater income inequality and more targeted forms of state assistance in the delivery of housing policy. This moved support largely to demand side assistance with greater reliance on market based solution. The changes also created a shift in the valuing of home ownership from a social good to primarily a wealth generating good with a much greater emphasis of its ability to enhance consumption activities through the extraction of wealth gained through housing booms. The strong emphasis in the housing research literature on housing careers reinforced the idea that housing mobility was centred on maximising economic returns and increasing individual status and amenities within housing and location within an urban/rural area. The focus also deflected attention from those who for a variety of reasons did not comply with this normative model. Alternative formulations more recently introduced such as the idea of housing pathways and journeys place much greater attention to the experiences of housing and the meaning this holds (Clapham 2002, 2005 and Winstanley et al 2000). Such approaches show that there are increasingly varied "pathways and journeys through housing that was suggested by the model of the housing career. Further they recognise the disruptions and changes that are brought about by such interventions into the "pathways" such as health problems, unemployment, loss of a partner, and family break-ups and reformations.

Project of home ownership

In New Zealand from the 1870s the colonial government favoured freehold tenure and the owning by individuals of title to land and housing (Hawke 1985, Oliver 1968, Thorns 1992). The town and cities of Aotearoa New Zealand, as a settler society, grew as a result of migration from overseas rather than rural to urban migration. Thus housing policies in the late nineteenth and twentieth centuries focussed on increasing supply as this was seen as deficient. Schemes through to the 1970s encouraged newly formed households to purchase new houses as their first home thus provided a stimulus to the building industry. Governments generally saw home ownership as a social and political project that contributed to building strong families and communities and serving as a bulwark against political extremism. Home

ownership was a beneficial and virtuous state to be attained by all citizens ensuring that this became the kiwi dream and aspiration.
In the parliamentary debates around the 1919 Housing Act one member expressed this sentiment in the following where he suggested that:

> Home ownership arouses a better sentiment in the people's pride. Directly you give people a chance of living in a decent house, you render family life a possibility, family discipline possible, and you get at once an elevating influence working. It will kill discontent and disloyalty, and lead people to be more moral and self-denying
> (NZ Parliamentary debates vol 185 October-November 1919: 371-374)

This illustrates the strong association with home owning and the creation of moral, law abiding and "good" members of the community. We see this reiterated by Walter Nash a key member of the first labour Government in the 1930s commented that:

> But I am also a conservative in the sense that I look upon the family as the foundation of the nation. I believe that no nation can prosper or progress where people lack the conditions necessary for a "home" and "home life" in the best and fullest meaning of these words. It is by the toil of their hands, that men live, and by the strength of the family that the race will continue (quoted in Winstanley 63:2001).

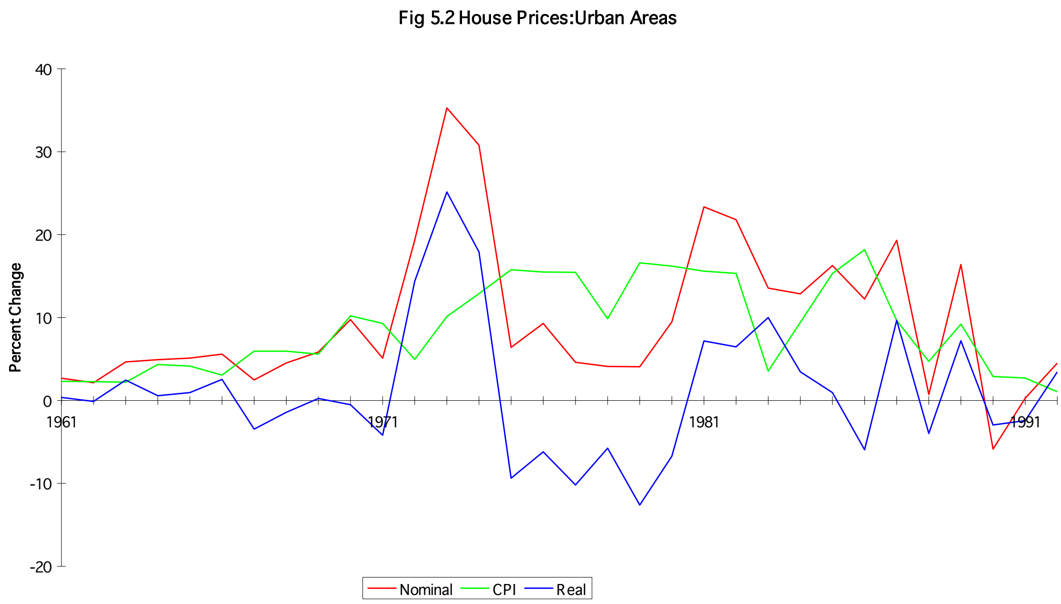
The emphasis on "home" and "family" as the building blocks of the nation were seen as underpinned by owning property and ones own "home". This secured a place where they could establish themselves and then contribute to their local and national communities. It was seen as a bulwark against extremism and potential destabilising doctrines that were prevalent in the 1930s and 1940s on both the right and the left of the political spectrum.

The linking of home ownership with family values, security and commitment to the country and locality was thus a strong sentiment underpinning thinking and policy to enhance and support owner occupation. Politicians reflected the essentially patriarchal view of the times with respect to the roles of women and men in both the family and society. In the immediate post war years New Zealand encouraged women to return to the home and be wives and mothers after their more extensive participation in the workforce during the war. Thus marriage, home ownership and family formation were encouraged by state policies. The delayed marriage and childbirth from the war years and the reemphasis on home and family helped to create the post war surge and the baby boom generation (post 1946 birth cohort).

The strong home ownership sentiment and government support through housing loan schemes administered by the State Advances Corporation, special saving schemes and the ability to capitalise family benefits (used towards the deposit) enabled home ownership to be achieved by low and modest income families. Government loans were directed at first home owners buying new houses through group building schemes which provided entry level housing at a low cost that could be afforded with state loans. This form of funding and building encouraged suburban peripheral growth especially in the 1950s and 1960s (Davidson 1994, Ferguson 1994).

At the beginning of the 1970s economic conditions changed, partly as a consequence of the formation of the EU and changes to New Zealand's trading position, to create increasing volatility with housing markets becoming characterised by booms and busts. Changes in house prices in the 1950s and 1960s were not significant in real terms and capital appreciation rates were thus fairly modest. However, as shown in Figure 1, 1971-3 produced a significant change with rapidly escalating housing prices producing a substantial boom which inflated prices and created a shift in expectation with respect to returns on housing encouraging a more speculative ethic. This was though short lived and was followed by a rapid fall in prices resulting in mortgagee sales and losses rather than gains. New Zealand has experienced four housing upturns and slumps since 1974-1980 period, which was the largest fluctuation during this time amongst those OECD countries measured (Thorns 2011).

Figure 1 Houses and Prices Urban Areas 1961-1991



The increasing fluctuation and instability in the market was in part a response to the deregulation that took place as part of a wider shift to a neo liberal economic agenda through the 1980s. The economic and social reforms of the 1980s and 1990s in housing encouraged a move to greater reliance upon targeted benefits, through income supplementation and increased competition and choice through market provisions (Murphy 1999, Campbell and Thorns 2001/2, Thorns 2000). In housing the instrument for the reforms was the Housing Restructuring Act 1992. This Act abolished the Housing Corporation and created a new entity, Housing New Zealand, to mange the rental stock. The public mortgage portfolio was sold to the Bank of New Zealand and a more market based approach to rent setting for those in public housing. Support would come from an Accommodation Supplement (AS), an income supplement, as the major form of state support available to low income households (Murphy 1997, Kemp 1998). The AS was available to assist both rent payment and purchase but was income tested and the majority of the funding has gone to assist rental payments in the public and private sectors rather than to assist in home purchase (Thorns 2007). This package of measures shifted policy attention from the supply to the demand side of the market.

The changes to housing provision were part of a wider restructuring and transformation to late modernity that has emphasised more strongly individualism, and flexibility and choice served by markets that are responsive to consumer's demands. This new liquid modernity, as Bauman (2000) has termed it, is associated with the increased exposure to risks. One of the most influential theorists in the sociological literature on risk has been Ulrich Beck whose body of work set the parameters of the debate around the nature of risk in contemporary western societies (Beck, 1992a, 1992b, 1996a, 1996b). Beck's general thesis is that risk is the key feature that sets apart the current period of 'reflexive modernity' from earlier 'simple modernity' (or industrial society) and has been the basis of the fundamental changes that have occurred since the 1970s. Beck is not arguing that risk is new. There have always been risks. What is new is that the risks that characterised modernity have given way to the 'manufactured uncertainties' of late modernity (Beck 1999). Beck notes the difference between modernity, when wealth and 'goods' were produced, and later modernity when the production of 'goods', is accompanied simultaneously with the production of 'bads', or risks. In this literature the risks emanate largely from two sources: high-tech risks and ecologically based risks. What the current economic and financial crisis indicates is that we also need to extend this understanding to embrace these new risks. The more computerised systems of financial trading and the increasingly interlocked global nature of the financial institutions exposes markets to more rapid reactions and systemic risks and failures as was witnessed by the global crisis in the banking and financial institutions in 2008-9. The character and complexity of these systemic risks has led Beck to describe the risk society as 'a catastrophic society' where catastrophes are brought about by the repeated crises of science and technology in which no one seems any more to be "in control". Associated with this is a lack of trust and confidence in the institutions that have formed the backbone of modern society to deal adequately with these problems and therefore individuals have to increasingly find their own solutions and try and deal with risks that are increasingly complex.

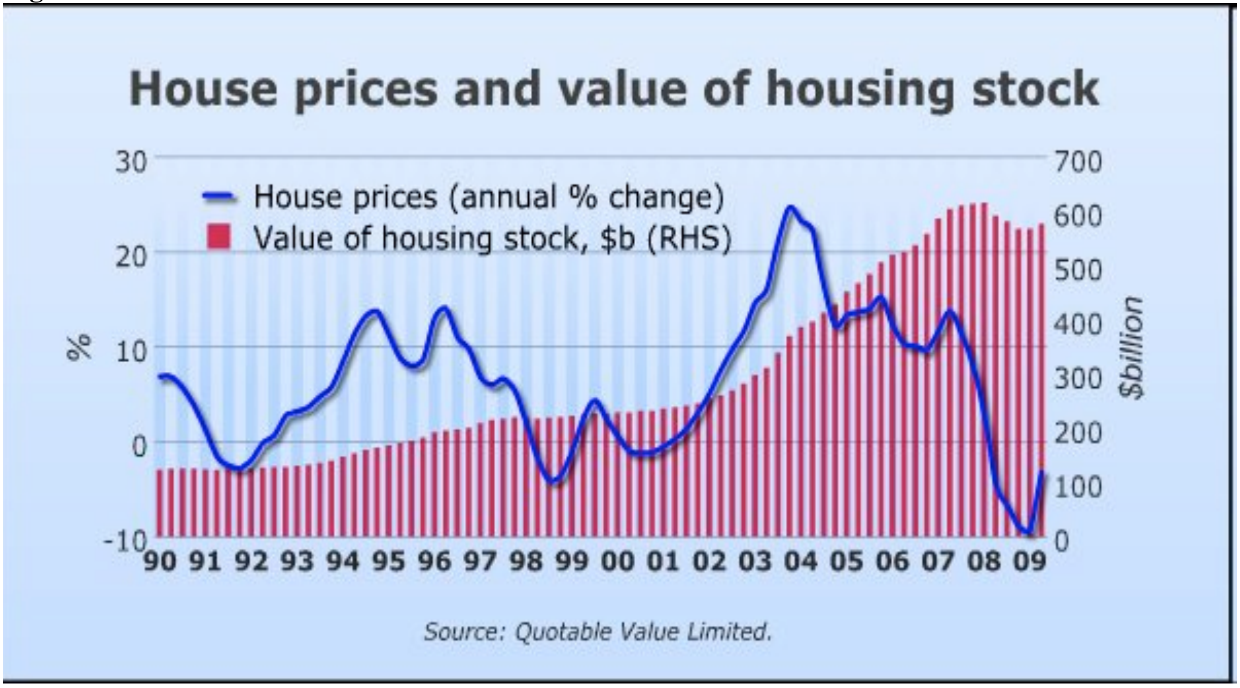
Changing home ownership project

The refashioning here of values has modified the view that was previously prevalent about the value of home ownership. The rhetoric has changed under the influence of the stronger market ideology and stress on individual provision to the view that housing is primarily about wealth generation and speculation to increase income. The house thus is seen much more strongly as an exchange and investment good than as a place of shelter and living. Such a view is encouraged by a real estate industry and development lobby and from data which show that housing has consistently returned as good as if not better rates of return than other forms of investment activity. The Real Estate Industry of New Zealand house price index shows that this has more than tripled since 1992, which represents an 11.8 per cent annual, return over last 17 years. This rate is despite fluctuations caused by booms and busts over this period. In contrast the Share Market has only returned average of 7 per cent over the last 20 years (The Press Sept 16th 2009). The transfer of wealth into housing enabled those who benefited to expand their consumption of both housing and other commodities during the most recent boom as they refinanced either to move upmarket of release money for commodity purchase. Both of these created further upward pressure and encouraged speculation.

A further indication of the economic importance of housing assets within the New Zealand economy, and hence it central place in macro economic policy, is to look at the size of the asset value relative to other aspects of the economy. This shows that the housing asset value as at December 2008 was $617 billion over 3 times New Zealand GDP while at the same date merchandising trade exports were valued at around $40 billion. Housing assets, at this time were 15 times the annual value of exports. The NZX share market was at $52 billion, managed funds were at $74 billion and the Reserve Bank estimated that corporate assets were $300 billion (PricewaterhouseCoopers 2009)).

During the 1990s house prices appreciated on average at around 50 per cent and then during the most recent boom between 2000 and 2007 at around 200 per cent. The last time this rate was achieved was in the 1970s. This was the period during which, it has been argued, the property bubble really began to have a significant impact on how some at least, viewed their property. High inflation rates increased the nominal values, encouraged speculation and redistributed wealth opening up greater gaps between those who own and those who rent (Grimes et al 2007).

Figure 2 House Prices and Value of Stock



Significant increases over last 12 years in housing wealth have occurred with transfers into housing of wealth especially for existing owners from the new entrants to the market and those migrating to New Zealand and entering the local market for the first time (see Figure 2). The impact on wealth distribution has thus been uneven and contributed to the widening of the income and wealth distribution rather than a narrowing (Arcus and Nana 2005). One of the consequences of the increasing value in housing assets is that although household debt has increased from 33% to 149% of household disposable income net wealth has grown from 219% of disposable income in 1982 to 403% by 2002 and 604% by 2007 (Henderson and Scobie 2009). This has meant that those deemed "vulnerable" as their debt servicing is greater that 30% of gross income was 6.2% for non partnered households in 2004 rising to 12.1% in 2008 and for partnered 7.9% to 18.4%. The proportion that had both negative net wealth and 30% debt servicing was only 1.8% and 1.1% in 2008. In both cases "vulnerability" has increased by 2008 but only by a relatively small percentage (approximately 5000 extra households in each case) due to the positive impact of net wealth growth). A prolonged and steep decline in house prices and values would be need to significantly increase overall vulnerability. However the figures tend to underestimate the impact on recent entrants to the market and the impact of high loan to value ratios that were a feature of the most recent lending during the latest housing boom (Henderson and Scobie 2009a and b).

The impact of this period of booms and slumps on understandings of home ownership was to reinforce the view that owning a house was a significant contribution to a household enjoying positive economic outcomes and storing wealth for future use and eventualities. For example, when the Labour led Government developed its National Housing Strategy in 2003-4 this again asserted the importance of home ownership however this was more explicitly linked to economic outcomes.

> For many households, home ownership contributes to positive economic outcomes and associated improvements in health and educational wellbeing. High home ownership rates have positive effects within communities, and are associated with social capital growth and neighbourhood stability.
>
> (NZ National Housing Strategy 2004 Discussion Document :38)

By 2004 there was still the emphasis on family and community building but in addition there is a more explicit recognition of the economic importance of home ownership to enable local economic and social development. This reflects the changed nature of the housing market over this 25 year period, that has been characterised by booms and slumps, the increased necessity of dual incomes to "afford" housing and the possibilities that booms create for substantial capital gains for those in the market and increased problems of affordability for those seeking to enter the market. This has been aided in New Zealand where there is no tax on imputed rents, no capital gains tax except for traders in property and no land transfer tax. Home ownership and second home purchase for both "holiday" homes and as a form of investment for retirement have been favoured forms of wealth accumulation as has the creation of family trusts to protect wealth.

Cohort effects and generational shifts

From the mid 1940s to the present there are three main cohorts that have attracted attention. These are the baby boomers 1946-1994), generation X (1965-79), generation Y (1980-94). The importance of thinking about these sets of people is that their experiences of housing have been constructed under quite different circumstances. Going further back we could of course look at the pre 1946 generation which was conditioned by depression and war time shortages which shaped their values and led them to be "builders" concerned with security, exhibited a more restrained attitude to spending before you could pay and who resisted living with a significant level of debt (Dupuis and Thorns 1998, 1996).

The baby boomers, who were born after the 1939-45 war, were the beneficiaries of the post war growth and relatively prosperous times for New Zealand through the 1950s and 1960s. Some have called them the selfish generation as they enjoyed substantial state assistance to establish they families and housing through savings schemes, loans and the ability to capitalise their family benefits to provide a deposit for home ownership (Thomson 1990). Labour markets were growing and unemployment was low. There were no fees for public tertiary education. The majority of this generation became home owners and by the 1970s boom had some equity in their properties. The booms therefore enhanced their property values and led to a transfer of wealth into this generation from those now entering the market generation X. The fate in the housing market of the boomers has attracted considerable research attention and debate as to whether home ownership and wealth transfer through it has fundamentally changed the social structure (Hamnett 1999, Hamnett Hamer and Williams 1991, Badcock and Beer 2000, Saunders) Does it create a new class of home owners who are wealthier than in the past and thus able to maintain a higher level of consumption which further fuelled booms and speculative activity within the housing market, Does this success influence future home ownership expectations thus reshape the decision people make around economic gain rather than creating a place to live. If the former does this stimulate high mobility and lessen commitments to neighbourhood and community previously seen as one of the key virtues of home owning. Recent data form the US indicates that boomers have taken a hit in the latest slump with their net wealth falling 25% between 2007 and 2009 (Tomper 2010).

For generation X the context for their entry into the labour and housing markets was the mid to late 1980s and through the 1990s a time of considerable change in New Zealand and redirection of our economic and social structure which created a high level of uncertainty and lack of security with respect to future pathways. Cost of entry to home ownership rose and fees were introduced for tertiary education accompanied by loans that were repaid once the individual entered the job market. The need for two earners and incomes within a household became the norm for meeting the cost associated with house purchase. The reforms and changes to the financial system did lead to the rationalisation of the financial intuitions creating stronger lenders who were prepared to lend a higher loan to value ratio encouraging home ownership but also increasing the level of household debt and exposure to slumps in value on the down side of the booms. This result in debt and financial pressures that contributed to the delay in buying a first house and by 2000 saw this cohort having lower rates of homeownership that their predecessors (DTZ 2005, Morrison 2008). However, although the overall rates were lower the changes were uneven in effects and influenced by the previous generation pattern of both accumulation and inter and intra -generational transfers.

The redistributive effects of the booms and the movement of wealth into home ownership have been significant and led to an increased inequality rather than its redistribution (Forrest and Murie 1995, Arcus and Nana 2005). Financial pressures and life style decisions to reduce consumption and working hours have led some in this cohort to take the decision to "downshift" to lower cost housing to mange better the pressure and create a higher quality of life with more time for family life and community life (Stone).

The final cohort, generation Y, those born from 1986-2006, have had their whole experience shaped by the post 1980 neo-liberal turn and thus have grown up with significantly different values (Higgins and Nairn 2006). This generation demonstrates a stronger individualism which leads them to see that the responsibility for getting their lives sorted and find jobs and develop their way in life to be very much down to them. The expectation is now that the state will not be there to assist as it was in the past. The present higher entry cost to housing and declining affordability, as seen through the latest boom and crisis from 2002-2010, will dominate their experience of the housing market. The cost of entering ownership had risen from 1996-2005 by between 88 percent and 131 percent, and in the Auckland regional market and from 200-2007 by 39-60 percent (Grimes et al 2007). One consequence that has been noted is the increase in those who remain or return to their "home" rather than move into rental or purchase. This is shown in the lower rates visible in home owning amongst those in the 20-30 age group.

Another outcome of changes in affordability is the emergence of an intermediate market[1]. (DTZ 2007, 2008). Those in this sector of the market fall outside state assistance but have too low an income and too little saving access the home ownership, as the cost of entering is prohibitive. Thus the size of the intermediate market provides an indicator of the number of households being left behind by the housing market. Research shows that the size of this market fell from 1996 to 2001 largely due to a 3.3 per cent fall in interest rates. However, between 2001 and 2006 due to a combination of higher house prices, up 72 per cent, and a steady increase in interest rates" this segment of the market grew by 239 per cent (DTZ 2007, 2008) and doubled in number from 72,300 to 187,000 between 2001 and 2006. The IHM is concentrated in single and two parent households, under 40, where there are two or less sources of income. The size of this sector of the market is expected to grow considerably so that by 2016 numbers could be between 165,100 and 282,332 depending on whether an assumption of low or high nominal house price growth is made (DTZ 2008). In addition to the experiences related to cohorts moving through the various life stages there is inequality in ownership and wealth accumulation by women and men and by ethnicity. The wealth pattern by gender shows that often is not until later in life that many women became significant wealth holders and this was often the result of a death of a spouse (1995 Thorns). Law changes to how property and wealth are dealt with at marriage and de facto relationship break-up now ensure a more equal division takes place. However, this outcome has other consequences in that properties are often sold at the point of break-up, sometime at a lower price than anticipated due to the pressure for the sale and the state of the market at the time which could be in a downswing rather than at boom conditions.

[1] defined as working households unable to purchase a dwelling at the lower quartile house price under standard bank lending criteria

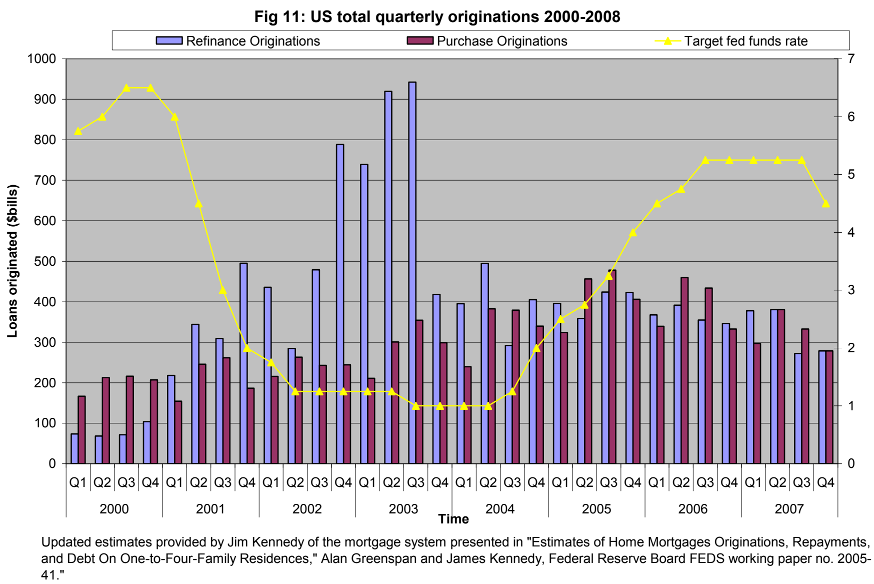
The data on ethnicity show that for the population of European background the rate in 1986 was 76.4 percent which had declined to 70.4 percent by 2006. In contrast for the Maori population the 1986 rate was 49.2 percent and this by 2006 had fallen to 42.5% and for Pacific people the 1986 level of 44.4 percent had decline to 34.1 percent by 2006. In all cases therefore there was a reduction in the level but this started from very different bases.

Global financial crisis

Influencing recent housing market conditions and decision-making by households has been the global fincial crisis. Marketisation at the local level has been a significant contributor to the most recent global financial crisis through the way the housing market has worked. The wealth generating aspects of housing have been increasingly identified as one of the key drivers of the latest boom. Speculation on future house price rises and the “profits to be made” encourage speculation and thus leverage up the price still further. The constant attention drawn to this way of making money influences how we view our houses and home ownership turning it from a social asset and a place to live and develop a sense of belonging and attachment to community into a marketable asset (Forest and Murie 1995, Forest and Yip 2011).

The collapse of the housing market from 2007 to 2010 was partly a consequence of speculative activity encouraged by a combination of overproduction driven by a boom in housing prices and liberal lending polices by banks and financial institutions. Refinancing loans and extraction of money from housing for consumption by homeowners further stimulated activity (Stone 2009, Case 2009, Stiglitz 2010, Forrest and Yip 2011, Duncan 2011).

Figure 3 Refinancing and new loans 200-2007 USA



Source Case 2009

Finding clients for housing loans, largely driven by brokers, led to the low or no doc loans that assisted in creating demand for low cost housing and stimulating a rapid rise in their prices. Many of those drawn into ownership though such loans had income levels that meant they had little chance of repaying debt and their hope was to increase their wealth through capital gain. While initially this looked good on the upside of the boom but this apparent wealth disappeared after 2007 crash and many ended up with “negative equity and forced mortgagee sales.

The globalisation of financial institutions weakened the tie between lender and borrower as local based sources of finance were replaced by ones that were national and global. A greater distance opened up between lenders and borrowers and the communities within which money was invested lessening any sense of commitment or responsibility to the local population. This served to erode trust in financial institutions, which was boosted still further when the extent of their salaries and profits became revealed as the crisis took effect and collapses occurred in major financial institutions.

The shift from seeing housing as shelter to one of a source of capital gain and thus a speculative good and the encouragement to “extract” capital through re mortgaging on the basis of the assumed capital gain allowed debt, encouraged speculative activity and thus increased vulnerability to losses when a down turn occurred (Stone 2009). Despite this experience there remains a strong belief that property ownership and speculation is still a good way to increase wealth. The recent revival in the housing market of many countries has given encouragement to these beliefs (Thorns 2011, Duncan 2011).

Social and cultural dimensions

The focus on housing as an exchange good rather than primarily as place of shelter is then a consequence of the emphasis on its economic value and its place as one of the key forms of wealth holding in high owner occupier societies such as the US, Canada, UK, Australia, New Zealand and Japan (Roland and Marja 2011, Forrest and Yip 2011).

Examining the social and cultural dimensions of home ownership allows us to see that this is about more than simply the accumulation of wealth. A place to live provides shelter and identity, it gives a person an address and a sense of inclusion. The meeting of social needs requires us to have a place where we belong. Home ownership has thus been linked to “ontological security”. This concept originally developed by Laing (1969) refers to an individual’s sense of safety and wellbeing, a feeling of reassurance in an uncertain world. Giddens (1990) picks this up in his work and sees it referring to an individual’s sense of certainty and continuity in their social and material worlds. Dupuis and Thorns (1998) work uses this concept to understand the strength of the home ownership sentiment. Owning for many gives people a sense of having a place where they feel secure in an increasingly uncertain and less secure world. In property owning countries this sense of security is invariably linked with ownership of land and house and reflects a sentiment that ones home is ones castle! As we noted earlier land holds cultural and social values. Home ownership is generally seen positively as it brings a degree of stability, pride in the local area and commitment to neighbourhood activity which can generate and sustain social capital.

New project

The argument of the is that home ownership project as it developed in New Zealand was changed significantly in 1970s and 1980s, and the dominant discourse became increasingly focused on housing economic potential as a source of wealth accumulation. The recent financial crisis in part is a consequence of these changed values and the increased marketization of housing to the detriment of seeing its social value as a source of identity and ontological security in late modernity which is now characterised by increased risk and uncertainty.

In this changed context it is useful to reflect on question such as what is the purpose of housing policy? Is home ownership necessarily the tenure that will continue to be dominant and is it sustainable under changing economic and social conditions? If not what are the alternatives that are affordable and can meet the needs of the present and future population?

Let us review some of the key changes that we have observed:
Owner occupation in New Zealand is declining there does appear to be a significant cohort change with the rising generation either delaying or not expecting to become home owners. Falling rates of home ownership will affect wealth accumulation and the building of savings through property for retirement and this may exacerbate the issues of provision for older people. Poverty in older age in NZ has been mitigated by many in this age group being owners without mortgage debt and thus had less housing costs and the potential to release equity either through downsizing or through reverse mortgage.

The financial crisis has demonstrated that the shift to more global fincial institutions has led to a much looser connection between the suppliers of finance and the local community. The bond of trust that was present in the past between the banks and their clients and local community has become more tenuous. The financial meltdown and global economic crisis that has resulted can be seen as yet another example of a systemic failure that appears to be increasingly a feature of late modernity. These failures show how greater risks are now surfacing and how these have contributed to the erosion of trust in the key institutions that provide social stability and cohesion. They encourage us to seek individual solutions to mitigate our risks and increase our sense of security thus the increase in popularity of electronic alarms to guard against "home invasion" and gated communities to ensure that there are "people like us" in our neighbourhood (Dupuis and Thorns 2008).

Housing requires an understanding of its many dimensions and attributes. This means we have to think not about housing "careers" but about the various pathways that people follow. These are shaped by a variety of decisions that are driven by both desires to provide shelter, economic return, a safe place to live and commitments to values with respect to building home, family, and community.

The government is no longer as committed to be a direct supplier of public rental housing as a long-term option but increasingly as a residual provider of accommodation. The preference beyond this has now become to support via income supplementation. This leaves provision to the market.

If there are going to be more people not in home ownership how can we ensure that the social project is maintained that saw home ownership as the building block of society? This raises the question of way in which alternative tenure arrangements can provide the same degree of security and stability. However also necessary to acknowledge that home ownership is not always secure but is subject to market instabilities and fluctuations that can be both beneficial and disastrous as recent experience has demonstrated. So owning does not necessarily ensure stability and security. In fact sharing risk across a wider group may be more secure! The role of not for profit housing providers is one solution but this requires capital to be raised and different models to be built around shared ownership and management.

Is there a need for a new housing project for a changing world? Ways that we have developed our housing provisions in the past may not be as appropriate for a future more uncertain world where with increased globalisation we are likely to see increased market fluctuations and crises arising from peak oil, climate change and the greater probability of extreme events and energy shortages.

The new project would have to enable tenure security and provide options that reflect growing divergences in lifestyles and cultural practices as New Zealand's population is becoming increasingly diverse. Evidence of a growing number making life styles choices around family, community and environmental values – means we need more holistic housing policies linked to broader social aspiration and concerns for our future wellbeing. To achieve this we would need more joined up policies and less left to the success or failure of market activities.

It is still necessary to find shelter and build a sense of identity. This normally requires a physical shelter and for many of the world's people a close connection with land and their heritage expressed through multiple connections to language, culture, ancestors their kin and family and occupation of place. Home is a central idea within most cultures as it is about our identity, who we are, how we link with the memories, stories, narratives and experiences that build our links to the past. The creation of secure tenure is recognised to not only provide shelter but also enables participation in the society and allows people to receive recognition which is crucial to their wellbeing.

Housing in the future as in the past is required that meets physiological, social, psychological, economic and environmental needs. Its critical attribute is that it has sufficient permanency to allow everyday living to flourish (Friedman, 2006). Putting house and home at the centre of urban policy and development allows its significance to be clearly seen. It is from this base that people can move into building wider relationships within the neighbourhood, city and wider world.

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