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Banking on Housing; Spending the Home

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Banking on Housing; Spending the Home

Abstract

British mortgagors hold more wealth in their homes than ever before. They are spending more freely from these assets now than they are likely to again. 'Banking on housing' is concerned with when, where, why and how people choose and use their mortgages to roll equity out of housing and into other things. It is a study of the consumption of housing, the consumption of mortgages, and the use of housing wealth in consumption more broadly.

Keywords

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Banking on Housing; Spending the Home
Susan J. Smith, Beverley A. Searle and Nicole Cook (2007)

BACKGROUND

Sustained price appreciation across almost a decade has turned housing into a major store of wealth, particularly in the 'home ownership' societies of the English speaking world (Belsky and Prakken 2004; Smith 2006). This has attracted attention because, of all personal wealth holdings, housing is the most salient driver of consumption (Case et al. 2005), especially in settings like the UK where mortgage markets are most complete (Mullbauer 2006). There is some debate around the precise mechanisms transmitting housing wealth into the wider economy (Attanasio et al. 2005); but housing equity withdrawal (HEW) is important, and *mortgage* equity withdrawal (MEW) – a means of borrowing from housing wealth to fund spending more generally – is increasingly significant. Although MEW is not the largest component of HEW, its style is changing, and it affects the marginal propensity to consume from housing wealth across the OECD (Girouard 2007).

In the late 1970s and early 1980s, UK governments pioneered a wave of financial deregulation that made MEW possible. More recently, competition amongst lenders together with unprecedented mortgage product innovation have made this process much easier and more routine. So it is not surprising that UK borrowers – who have a distinctively high proportion of personal wealth invested in owned homes – are at the leading edge internationally in the drive to spend from, as well as save into, their mortgages. The UK is an apposite location for a project exploring the links between 'banking on housing' and 'spending the home'. While the majority of research on this topic has been quantitative and economic in orientation, 'Banking on Housing' (BoH) adds a qualitative, cultural dimension which is appealing for the following reasons.

First, our own reviews show that the major UK surveys, if they document MEW at all, find it hard to keep pace with the changing lending environment; they probably undercount MEW events [output 9]. They lack key details on what motivates such borrowings; and they provide useful but limited clues as to how the cash is spent. There are gaps to fill and scales to calibrate; a role for the close dialogue of qualitative inquiry to inform the stylized facts of economics.

Second, little is known about the way people choose and use their mortgages as an interface between housing wealth and spending money. Traditionally, mortgages are large loans that are gradually cleared. It is only recently that borrowers have acquired the flexibility to draw from, as well as pay off, their accounts. This small shift marks a sea change in how housing wealth works; 'Banking on Housing' was designed to explore what people think, feel and do about it.

Third, while 'spending the home' gives a notable boost to consumption, almost all the details of 'shopping with mortgages' remain to be specified. When spending from housing wealth, how do borrowers weigh the lure of the high street against the practicalities of home renovation and repair; how do they decide whether to lavish MEW on high days and holidays today, or conserve it for tomorrow's needs? BoH asks a cross section of borrowers to explain what happens to the wealth extracted through MEW, even as it accumulates across the life course.

OBJECTIVES

British mortgagors hold more wealth in their homes than ever before. They are spending more freely from these assets now than they are likely to again. 'Banking on housing' is concerned with when, where, why and how people choose and use their mortgages to roll equity out of housing and into other things. It is a study of the consumption of housing, the consumption of mortgages, and the use of housing wealth in consumption more broadly. The objectives are:

1. To establish the place of housing wealth in homebuyers' conceptions and management of spending, savings and debt.
2. To document the motivations, beliefs and behaviours associated with the consumption of mortgages to enable or inhibit home equity withdrawal.
3. To trace the flow of equity out of housing and into other arenas and styles of consumption

Each objective was addressed with the mix of methods described below; key findings are flagged in the results section and discussed in seven 'Findings' submitted to Society Today. The project also contributes to the wider objectives of the Cultures of Consumption Programme (see the activities and achievements schedule). The project objectives were met in full; there are no difficulties to report.

METHODS

'Banking on Housing' is a mixed-methods study, drawing from both quantitative (statistical) and qualitative (narrative) data, but placing high priority on working with lay perspectives and experiences. There are three elements to the research.

1. Context: a review of MEW in the literature and across key UK datasets [output 9].		
2. Phase One: 150 qualitative telephone interviews (up to 40 minutes) with a cross section of mortgage holders [output 7]. The checklist covers three main themes:		
<i>Valuing housing</i>	<i>Consuming mortgages</i>	<i>Equity injection and withdrawal</i>
How do people imagine and value their housing wealth; where do home assets fit into a wider wealth portfolio?	To what extent do people choose their mortgages to facilitate (or limit) access to housing assets; what are the advantages and limitations of new options for MEW.	Why, where, on what terms and to what ends do people save into and draw from their housing wealth? Where do mortgages fit into strategies for saving, spending and borrowing in general?
3. Phase Two: 35 site visits hosted by a subgroup of study participants (selected from 141/150 who agreed to be recontacted) to address three new topics [output 8]		
<i>Neighbourhood effects</i>	<i>Home cultures</i>	<i>Housing futures</i>
To what extent do neighbourhood factors affect whether, when and where MEW is spent?	What does mortgage borrowing mean for the experience of home, and the practice of home making?	In future: can housing wealth be an effective financial buffer; could and should it be the asset base of welfare?

Mortgage holders for the **phase one** interviews were quota sampled from two previous studies, to secure a spread of levels of unmortgaged housing equity, and a range of mortgage types. **One hundred home-buyers** were drawn from a study of mortgage payment safety nets which is itself a random sample of mortgagors from the Survey of English Housing (Ford et al. 2004). **Fifty borrowers**, all flexible mortgage holders in 2001, were drawn from the CML/ODPM Survey of Flexible Mortgages (Smith et al. 2002).

Participants occupy a spread of property styles, spanning all eight English regions together with thirty-seven (of sixty-one) 'mosaic' neighbourhood types. Just over one in four (27%) are first time buyers, two in five (42%) have dependent children, and nearly two thirds (60%) are two-income households. The **phase two** site visits (n=35) were held with a subgroup of these, all of whom have engaged in MEW. They too embrace a spread of mortgage products and exhibit a range of home buyer characteristics, including a gender balance. [Findings 1](#) details the people and places of the study.

Both sets of interviews entail wide ranging qualitative discussions, using an ethics procedure based on the British Sociological Association's recommendations, together with a consent form designed in conjunction with the Data Archive. The discussions were guided by a checklist, recorded with participants' explicit consent, transcribed, anonymised and agreed with each interviewee, before being coded for computer assisted retrieval. Whole transcripts are also preserved, so that individual narratives as well as shared tendencies can be drawn into the analysis. In this report we use study participants' own words (referenced by a unique numerical code) to illustrate key ideas. This gives a sense of the breadth, and a hint of the depth, of the work. Since space is limited we highlight – from [Findings 2](#) – just two methodological themes.

First, BoH is a **contribution to mixed methods research**. This is a longstanding practice, but a relatively new specialism, for social science. To develop it, the study tracks households' journeys from the 'tick boxes' of extensive surveying, through the neighbourhood characterisations built into Mosaic codes, and into the malleable categories of conversation. We also employ a mix of media: talk, photography, pictures, games, graphs, and home tours, in an attempt to hold people's attention for up to three hours on a topic – financial services and management – which can be dry, intimidating and off-putting.

Most importantly, mixing methods encouraged study participants to play to their strengths, working with familiar media to convey their experiences of complex personal and financial issues. Although the mix did not suit everyone, the majority of participants approached it with enthusiasm. Amongst other things, they point out that: a mix of methods holds people's attention; images and objects provide highly effective prompts; and practical activity assists the expression of ideas.

Second, BoH was an **exercise in continuity and communication**. By the end of the project, some participants had been interviewed three times about their housing wealth, mortgages and financial behaviours. At every stage high 'permission to call back' rates were secured, and even at the end of the third interview, only one respondent opted not to be contacted again. At the end of the process, study participants were asked to explain their tenacity. Key points include:

The project is relevant

'If it was something I didn't think was worthwhile, I wouldn't do it' [2325]

Participants didn't feel pressured

'It's all right. I could have said no at any time, so that's not a problem' [2065]

'Good practice' codes work

'it's certainly not a pestering thing because you always ask permission... you have all the forms and you cover the market research code of conduct and all that sort of stuff, so in terms of due process I think that all works well.' [2136]

Pacing matters

'It hasn't been invasive at all. There's been a long gap between each one. I had fun, it's fun being interviewed.' [2217]

Mixing methods and experimenting with communication are two ways in which BoH has attempted to make best use of lay knowledge to advance conceptual, practical and policy-relevant ideas about housing wealth and mortgage finance.

RESULTS

1. Banking on housing

Whether by accident or design, the majority of mortgage holders in the study (98/150) hold most of their wealth within a single asset, their owned home. Only one in five (34/150) deliberately balances their investments in home ownership against a more diverse financial portfolio. Since so little is known about the way people experience the steady accumulation and concentration of wealth into housing, a **first objective** of the project was to address this (see also [Findings 4](#)).

Responding to the prompt '*did you consider whether to buy less house and invest in, say, stocks and shares or pensions*', the weight of opinion in the study is that:

Home owning is costly: 'given that you've only got a certain amount of money to play with, then you put it in the house' [1022]

Housing is a 'legible' investment: 'I've never understood the stock market and pensions baffle me' [1418]

The alternatives are not attractive: 'given the pensions market at the moment, I think I'd have been better off putting the money on number 9 red at Las Vegas' [1004]; 'I have no confidence in the financial market' [1526]

There is a more developed account in the data of the motivations, pros and cons associated with holding so much personal wealth within a single home asset. Broadly, however, there are two sentiments. On the one hand, BoH participants connect with an enduring sense (well-established in the literature) that owning is a better financial deal than renting, and that owned homes are (by virtue of price appreciation and favourable taxation) a wise investment:

Owner occupation is 'money in the bank': It's secure, it's not going to go anywhere; it's not like it's going to fall down, it's not like it's going to depreciate [2201]

Home purchase performs well: whatever else I had done with the same amount of money, I would never have made the same return on my investment [2295]

On the other hand, BoH participants pick up a new theme, recognising that owned homes are not just an asset to be cashed in 'if the worst came to the worst', but also a resource to be borrowed *against* if the going gets tough. Owned homes are valued both for their financial worth tomorrow and for their 'spendability' today:

Housing wealth adds a 'feel safe' factor to life...

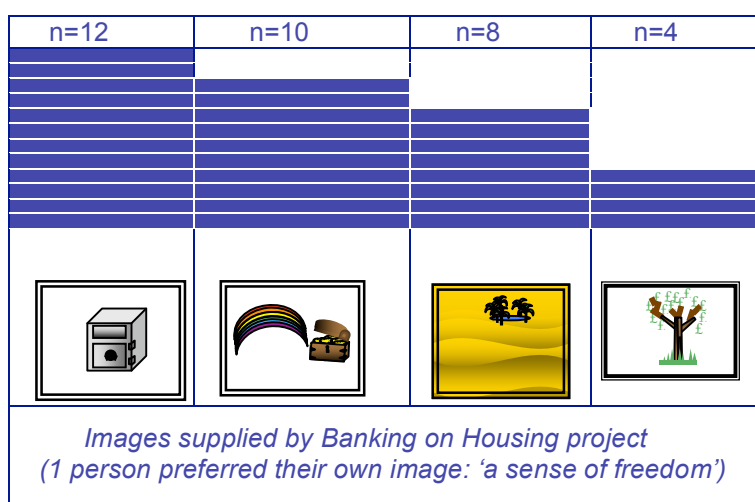
the comfort of knowing that you've got something that you can fall back on' [1431]

both as a financial tool... it's more valuable than other assets... because the banks will take it as security for other financial things [1502]

and as a welfare resource: 'I've been able to remortgage it: it's got me through a divorce... it is there for my children' [1418]

The site visits reinforce this sense that housing wealth is now partly defined in terms of its accessibility or usability. This graph shows the image each phase two study participant elected to best represent the unmortgaged equity in their home.

The safe is a popular choice. Intriguingly it is not depicted in discussion as a way to protect money from outside demands and influences, but rather as a means of keeping valuables at the ready. No one chose the safe because it is difficult to get into. They simply flag the importance of managing 'the combination': of taking care over when and what to take out.



Mortgage holders who liken their home assets to a 'money tree' also emphasise the twin themes of spendability and caution: they talk of the fine balance between picking leaves now and allowing the tree to grow for later. Those who view home assets through the lens of the rainbow and the desert/oasis go on to emphasise both the sense of security this housing wealth symbolises, and the lifestyles it enables. Having a pot of gold to spend gives life its colour; the oasis is 'a little bit of paradise'.

One key message, over two phases of inquiry, is that possessing housing wealth adds an enormous 'feel good' factor to the lives of established home buyers. This was always a likely finding, given the timing of the research in relation to the housing cycle. Far more striking is the extent to which home assets, now they are so accessible, have become a 'feel safe' resource for uncertain times. The transcripts refer to housing wealth as a shield, a comfort zone, a buffer, even a tool. Reading these data, it is hard to overstate the significance of the safety net now woven into the experience of housing wealth: 'should the unthinkable happen, there is that safety net available... whatever happens, I know I'm going to be OK' [1417]. The main finding for this part of the research is that feelings of social and financial security which once stemmed from the institutions of the welfare state, are now rooted in a store of increasingly fungible housing wealth.

2. Shopping for (and with) mortgages

One role for ‘Banking on Housing’ within the Cultures of Consumption programme was to consider how people choose and use a key financial product: mortgages. There is growing interest in financial services and capabilities in the UK. Several standard surveys now ask mortgage holders why they choose and change lenders, whether they seek products that are cheaper in the long or short run, how they trade costs against other product features, what constrains borrowing options, and how product selection is influenced by intermediaries or other media. There is, however, rather less concern to document variations in the attractiveness, effectiveness, legibility and utility of mortgages with respect to their role as vehicles facilitating home equity withdrawal. Since this heralds the biggest change in how mortgages work since the concept was invented, Banking on housing’s **second objective** was to explore it (see [Findings 3](#)).

Just over half (57%; n=86) the BoH participants have some kind of flexible mortgage (including offset and all-in-one accounts); the remainder (43%; n=64) hold a more traditional product (designed to be paid off gradually, rather than regularly borrowed against). Flexible mortgage holders tend, on balance, to store less wealth in their homes than traditional borrowers, but as the following table shows, the groups are not too unevenly split across the high, medium and low tertiles of unmortgaged housing equity for the sample as a whole.

Mortgage type by unmortgaged housing equity								
	Low <£105k		Medium £105-£169k		High £170k		Missing	Total
	n	%	n	%	n	%	n	%
Flexible	31	36	27	31	27	31	1	86
Traditional	19	30	22	26	22	35	1	64
Total	50	33	49	33	49	33	2	50

Most mortgagors in this study found it easy to choose their loan. Traditional borrowers are the more obvious ‘rate tarts’, with three in four looking specifically for low interest loans, perhaps compromising on flexibility to achieve this. In contrast, only one in three flexible mortgage holders refers to cost cutting; the rest are specifically in search of flexible features. Some only want the option to overpay and clear debts early, but most (also) want quick access to cheap loans.

As many as one in three (51/150) study participants experienced problems when securing their loan. They find the sheer variety in the mortgage market challenging, often questioning both the legibility of products and the quality of financial advice. Nevertheless, just eight say they were actively misled or preyed on in some way.

Choosing appropriate products is a first step in consuming financial services. The way these products work in practice – how effective mortgages are as an interface between housing wealth and spending money, for example – is also a matter of how they are used. Behavioural constraints and opportunities are, to an extent, designed into different mortgage styles, but this is the beginning rather than the end of the story. For example, the following table shows, predictably enough, that those whose mortgages have flexible features are more likely than the rest to engage in MEW.

But it also shows that one in three flexible mortgagors uses their loan in a fairly traditional way: either re-mortgaging when they want to release equity, or paying their debt steadily off. Meanwhile, half the traditional mortgage holders are actively accessing home equity from time to time, readily remortgaging when they want to release funds to spend on other things.

Method of mortgage equity withdrawal, by mortgage type				
	Flexible mortgage		Traditional mortgage	
	n	%	n	%
No evidence of mortgage equity withdrawal	25	29	32	50
Remortgaged and/or overmortgaged but no routine draw down	19	22	32	50
Flexible drawdown	42	49	n/a	n/a
Total	86	100	64	100

For the majority of study participants (almost two-thirds) a mortgage is their only outstanding loan; it is their preferred source of borrowing across the board. The rest (n=52) have at least one other major debt. We asked why, given the flexibility to do so, they had not rolled these into their mortgage. The answers are:

Reasons for not rolling all borrowings into a mortgage account		
Reason	% (52)	Example
Inertia	21	'that's the way we've always done it' [1209] 'not for that amount... it was only a spur of the moment holiday' [1069]
Uncompetitive interest rate	19	'I only borrow stuff when it's interest free' [1062] 'I did very well with my [personal] loan. I got a lower rate than I've got with my mortgage' [1114]
Not cost-effective in the long term	12	'Why would I want to pay it off over 20 years when I can probably pay it off in two or three years?' [1170]
Not desirable	12	'Maybe I didn't want to put everything together' [1031] 'I can easily see it as a separate item, not affecting our daily life' [1526]
Benefits do not outweigh effort	7	'It's just not worth the effort in shuffling it all around' [1192] 'It makes your financial situation usually less flexible' [1349]
Not possible	7	'I don't think it would be possible to squeeze anything more out of the house' [1437]

Most of the reasons for not borrowing on the mortgage are about financial common sense: people think they can 'beat' their mortgage interest rate (especially with interest-free car loans); or they recognise that it is cheaper to repay quickly at a higher rate than slowly at a lower one. Four tried and rejected loan consolidation, but only one household dismissed this idea on the grounds that it might put their home at risk. The *principle* of securing general (personal) loans against the value of owner occupied housing is largely accepted by the mortgage holders in the study.

To open a discussion of how people manage this change in the financial and cultural architecture of indebtedness, we asked: '*if your mortgage were an animal, what would it be?*' The majority of answers (95/114; 83%) refer to creatures that are 'tame', familiar and comfortable. Four in every five talk of cats and dogs, even puppies and kittens to describe products which, in their experience, help drive the

domestic routine. These mortgages are part of an 'ordinary economy', skilfully managed by households who are largely 'at home' with their loan.

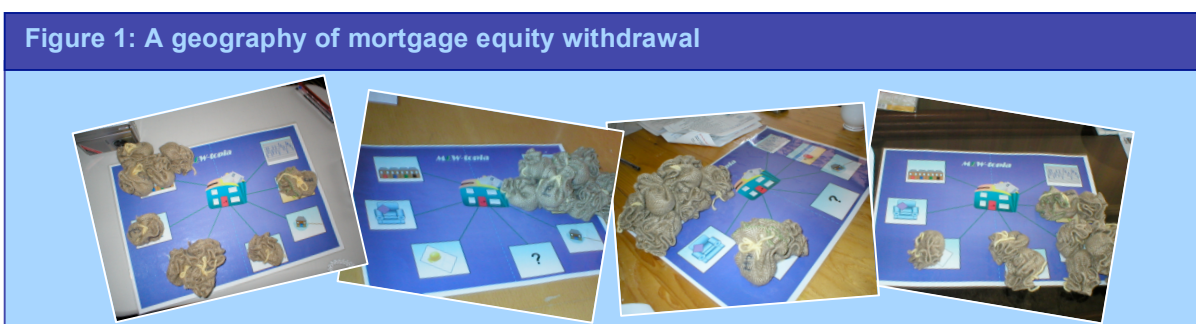
Intriguingly, the more actively mortgages are used (to roll equity out of housing), the more they are characterised as workable, reliable and broadly under control: 'a well-behaved dog' or 'a workhorse doing its job'. Only a minority (one in six) talk of animals that are wild or unpredictable. One of the project papers [output 1] explores this in more detail, explaining why those least engaged in MEW find their loans most difficult to manage. Notably, the analysis highlights the financial capabilities consumers acquire as they put their mortgages to work.

Overall, using methods that emphasise what borrowers do with their loans, rather than what they (do not) know about finance, BoH points less to the shortcomings of 'duped debtors' and more to the shrewd behaviour of borrowers. Mortgage debt is a fact of life, embedded in the domestic economy, which most home buyers manage reasonably well for much of the time. This does not mean there are no predatory lenders or vulnerable borrowers (see 'future research priorities'). It does, however, draw attention to a pool of consumer competency which is a valuable, and surprisingly untapped, resource for policy.

3. Spending the home

Nearly two thirds (94/150) of study participants (and all the case study households) have engaged in MEW. The remainder either do not (yet) need the money (19/56), or are debt averse (15/56), or have secured a cheaper (usually interest free) loan of some kind (22/56). The 'MEW-active' group have higher average incomes, and slightly higher mean property values than the rest; there is little else to discriminate between these populations. Although there is an emerging economics literature exploring the socio-economic and demographic predictors of MEW, the question of what MEW is spent *on* is, as Benito (2007) points out, a surprisingly neglected theme. It is, however, at the heart of project **objective three**.

For just under half those engaging in MEW (40/94), having a mortgage makes little difference to their spending plans or patterns: it simply substitutes for other debts. For the remainder, MEW enables people to buy more (n=29), bigger or better (n=23) and/or sooner (n=14) than they would otherwise have done (see [Findings 4](#)). To document this spend, histories and trajectories of MEW are collated in phase one of the study, while geographies of consumption are variously 'mapped' in phase two. For example, figure 1 shows how participants spread ten money bags (representing MEW at their current address) across different categories of expenditure. The patterns of clustering and dispersal are just one illustration of the uneven flow of equity between housing and other spaces in the economy.



Drawing from the wider archive we concentrate here on one of the project's core questions: **when and where are the proceeds of MEW reinvested into property; why and how are they diverted to other things?** (See also [Findings 5](#)),

In 'home ownership' societies like the UK, responsibility for the quality and condition of the largest segment of the housing stock is in the hands of owner-occupiers. Given the growing concentration of spendable wealth into housing, MEW may, in the end, be key to securing decent homes in the private sector (Groves and Sankey 2005). But because MEW has so far been interrogated primarily as a mechanism transmitting the 'wealth effects' of housing into wider economies, it is often defined as if it were net of reinvestment into homes. Of course, it is analytically convenient, and it may be normatively desirable, to presume that the housing stock is adequately renewed before secured borrowings are directed elsewhere. However, in a de-regulated lending environment this can no longer be taken for granted. It is an empirical question whose answer is important for housing policy and urban regeneration, as well as for broader trends in consumption.

In light of this, it is encouraging to find ample evidence in the study of the kind of spend that helps repair, maintain and renew the owner occupied housing sector. The majority who engaged in MEW (70/94) invested at least some of the money (and 18 put all of it) into the structure and maintenance of their home. Some ring fence MEW for this: 'you don't borrow from the house for anything but the house' [1276]; others *only* look to mortgage finance (and resist tapping into any other resource) to maintain and repair their properties. However, there is evidence both in the quantitative analysis [output 9] and in the qualitative data that, as MEW becomes easier and more routine, 'equity leakage' may be gaining ground over reinvestment. There are two broad ways of accounting for this.

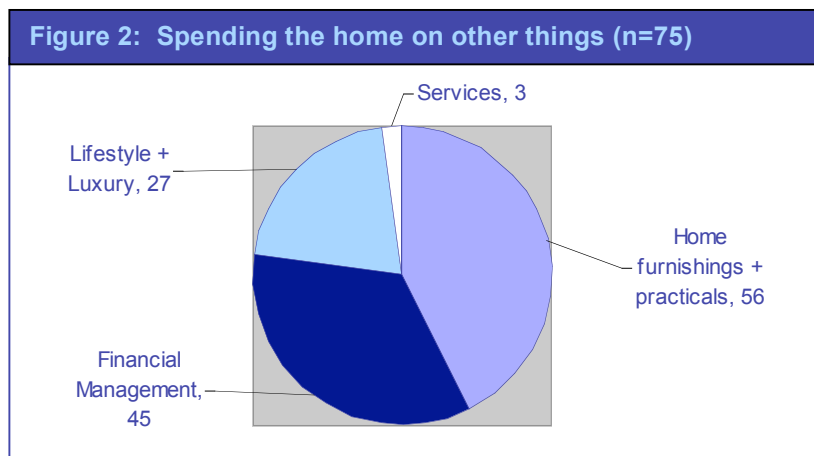
First, there are aspects of the quality, condition and environment of homes and neighbourhoods that affect (deter or attract) reinvestment. Although neighbourhood has been a prominent theme in housing research over recent years, whether and how MEW fits into neighbourhood change remains to be specified. There is, however, evidence in BoH that the decision to reinvest MEW in homes or spend it on other things is mediated by neighbourhood effects, in some rather intriguing ways.

As might be expected, feelings of attachment or commitment to neighbourhood are an incentive to reinvest MEW into property. Less obviously, a sense of *detachment* can have the same effect, as borrowers seek to add value or hasten a sale. In this latter event, however, not all the spend commonly labelled 'reinvestment' is quite what it seems. Maintaining quality is not necessarily the same as enhancing saleability, and where the two diverge it has important implications for paths of neighbourhood change.

At the same time, there are neighbourhood qualities that more decisively prompt 'equity leakage'. Most obviously, feelings of alienation or perceptions of social decline encourage people to 'mine' equity from housing. Less intuitively, confidence in neighbourhood trajectories can have much the same effect: 'you'd have to be stupid not to release a bit equity when it's going up that fast' [1111].

Is it well-established that differential house price appreciation has produced marked spatial inequalities in 'equity storage'. These new findings suggest that it is equally important to chart the complex geography of 'equity leakage'. Project outputs 5 and 7 develop this idea. They also point to a **second** explanation for the drift of MEW away from reinvestment and into other things: this has to do with **the range of competing demands on borrowings secured against housing**.

Figure 2 shows the spread of consumption (which may have been on several items) effected by those MEW-active participants from phase one who spend at least some (and in 23 cases, all) of their secured loans on items other than the structural condition of their properties (75/94). These flows of cash are directed towards three main sectors.



First, the majority (56/75) direct the bulk of spending towards home furnishings, or external 'home'-work such as driveways or gardens. This category also includes practical domestic items such as family cars or white goods. We distinguish these from a second key area of consumption driven by MEW, viz. lifestyle, leisure and luxury goods (27/75); the kind of wealth effects that more generally boost the economy. We are writing a paper on the social and cultural geographies of these 'debted' materials and events (output 6), based on a catalogue of objects chosen by study participants to represent their spending from MEW. A flavour of this database is given in figure 3.



There is, however, a third key area of 'non-housing' spend (45/75) which is not identifiable from the major survey instruments. This refers to a suite of financial services and welfare management items, including intergenerational transfers, debt consolidation, buying shares or other property, and using MEW for income smoothing. Each of these styles of spend merits separate attention (which they will, of course, receive). They are grouped together because, in discussion, they all tap into the way mortgages are used, directly or indirectly, to finance what are broadly welfare needs; either those arising now or those expected in the future.

There is scattered evidence across the phase one transcripts that MEW could and does tide people across temporary dips in income following marital breakdown, ill-health, or periods of unemployment: 'I'd be scuppered if I had a major expenditure to fund without drawing on the mortgage' [1248]. The site visits confirm the extent to which home buyers look to, and where necessary deploy, housing wealth as a safety net against unexpected life events and for family support needs. It may be a last resort, but it is very much on the cards, and is widely seen as a preferable, reliable and cost-effective alternative to private insurance. In fact, as many as one in three case study transcripts (25/35) contain the argument that home buyers *should* reserve home equity specifically to manage financial uncertainty.

The broad message across two sweeps of interviews is that, irrespective of whether governments actively position housing as an asset base for welfare, the majority of home buyers already use home equity as a financial buffer against uncertain times. So while owner occupation is popular (and has been made so) for a number of reasons, it now plays a key role in the management of financial and other risks across the life course. This is prompted by changes in the governance of welfare, and enhanced by the fungibility of housing wealth.

4. Wider implications

BoH participants are sensitive to the option, and sometimes the imperative, to use MEW to fund a range of consumption wants and needs. There is no shortage of demands on this newly-flexible resource, which seems poised to fund both today's way of life and tomorrow's well-being. To conclude, we note three themes additional to the initial research specification which signal some wider implications of the work.

- **Housing wealth and well-being**

Researchers have sought for some time to explain why owner occupation scores so well on health, well-being and overall quality of life, when compared to renting. To address this debate, a measure of self-assessed well-being was included in the phase one interviews. The analysis shows that home buyers experience the full spectrum of well-being, exhibiting a diversity which is, in turn, associated with variations in households' home investment strategies, mortgage use and consumption practices. Exploring this, the study points to the limits of 'banking on housing' as an asset base for welfare. The evidence suggests that storing up wealth and shoring up assets into a single owned home may be enabling for some, but is stressful for others. The data also unsettle a presumed link between spending and satisfaction except, intriguingly, where MEW is directed to welfare needs. For details, see submitted outputs (and [Findings 6](#)).

- **Hedging housing risk**

A series of questions and exercises was included in the phase two site visits to elicit buyers' expectations around house prices and mortgage debt, to establish the extent of their dependence on housing wealth, and to identify any risks they associate with relying on the performance of a narrow investment portfolio (a single owned home). In the second of our two submitted papers we show that homebuyers are not as irrationally exuberant as some analysts suggest. As consumers, moreover, they are attracted to the idea of hedging housing risk.

- **From a nation of owners to a society of stewardship**

The increasing inter-changeability – at times virtual substitutability – of housing assets and spending money raises some thorny practical issues. To address them, we asked home buyers' for their views on how housing wealth *should* be used, and we assessed their appetite for the regulatory shifts that might be required to achieve this. The findings show that lay practices and beliefs contain sympathy for, even a leaning towards, forms of home occupancy that imply a sustainable and socially just approach to the management of housing wealth. There may, indeed, be an inclination to replace the ideology of home ownership with what we identify as an ideal of home stewardship: with concepts and practices that attend to the liveability of housing, and which acknowledge the 'care-taking' required to preserve the use value of the stock.

Home stewardship is a fitting concept with which to conclude this report: it gathers up the findings of the project while challenging some taken-for-granted links between housing wealth, consumers and consumption (see output 3). The stewardship ideal is grounded in lay experiences, and is radical in its demands for a more co-ordinated, less individuated approach to the transmission of housing wealth into the economy. Unsettling the rigid boundaries of ownership, this public spirited theme raises questions about the conservation of housing assets that transcend tenure. It therefore raises the possibility of a different kind of home occupancy, and a new vision for the 'wealth effects' of housing.

FUTURE RESEARCH PRIORITIES

We offer the following suggestions.

1] An international dimension

Financial deregulation, mortgage innovation and house price appreciation have an international dimension, and it is worth asking how other 'home ownership' societies – with contrasting welfare regimes and mortgage market characteristics – have experienced and managed the trends of the last decade. There are already plans to pilot the 'Banking on Housing' checklists in Melbourne, Australia this August, with a view to applying for Australian funding to mount a parallel qualitative study in 2008.

2] A longitudinal approach

Home purchase is a large investment with life-time implications. While Banking on Housing participants were interviewed three times in five years, a longer timescale will help separate cohort, life course, and structural effects on the accumulation and decumulation of housing wealth. Two members of

the BoH team have, with Australian and other collaborators, already secured an ESRC/ARC award to explore this, using two panel surveys (BHPS and HILDA). There is also scope to include hitherto unasked questions around housing wealth and mortgage equity withdrawal in the planning stages (in which the BoH team is represented) of the new UK Household Longitudinal Study.

3] [Housing wealth versus mortgage debt](#)

The flip side of house price appreciation is growing mortgage debt. Although housing wealth in the UK is worth three times as much as the borrowings secured against it, this debt is unequally spread. Most critically, marginal borrowers are increasingly vulnerable to 'subprime' lenders, as households whose needs may be best served by renting are levered into home purchase. In the wake of a subprime crisis in the USA, and given the probable spread of predatory lending to the UK, new work on this theme is an urgent priority.