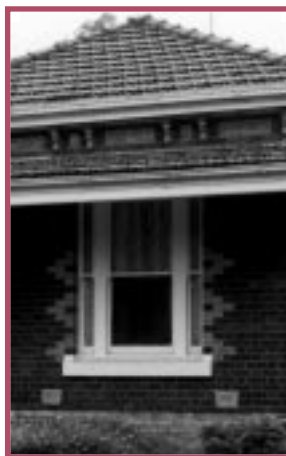


Young people's access to home ownership

CHASING THE GREAT AUSTRALIAN DREAM



The usual understanding of the relationship between dependency and independence in relation to young people is being reshaped by broad economic and demographic change as well as directly through government policy. Young people are left in a situation in which adulthood is becoming increasingly elusive and where 'There are few clear markers of arrival at adulthood and the responsibilities and benefits of being a 'full' functioning member of our community are being delayed for longer and longer' (Stott Despoja 1997:1).

While we know that broad structural shifts are changing the pathways from adolescence to adulthood, little is known about how these shifts may affect young people as they progress into early adulthood and beyond, particularly regarding housing.

Changing Pathways

The effects of economic restructuring have been fundamental for young people, and the economic cost of independence is ever increasing. Effects have included prolonged retention rates in education and shifting opportunities through changes in the youth labour market, with young people becoming increasingly marginalised (Hartley 1989; Fagan and Webber 1994). In political terms, young people's rights, responsibilities and obligations are being reshaped directly through government policy (Hartley 1997). The ability of young people to form independent households is being delayed (Hartley and de Vaus 1997:60). Changes to patterns of family formation mean that when independent households *are* formed, many young people live together instead of, or prior to, formal marriage, and

WENDY STONE reports on recent findings from a major Institute study of families across the life course. She examines whether today's young families are able to enjoy the benefits of home ownership that previous generations have taken for granted, given the broad economic, political and demographic change that has occurred in recent years.

that marriage and child rearing are delayed (de Vaus 1997:14).

As a result of these changes, we have become familiar with changing patterns of housing for marginalised and non-marginalised young people. Discussion of housing for young people has become synonymous with talk of homelessness, emergency accommodation, and marginalisation from adequate shelter. Attention to issues such as these has led to increased awareness of the needs of young people (Sykes 1993; Neil and Fopp 1994; Fopp 1997) and recognition that their housing needs are increasing (as indicated through increased take-up rates of Special Accommodation Assistance Program, as discussed in Sykes 1993:77-83). We know that where family supports *are* available, many young people who leave home return (Young 1987). It has been estimated that between 40 and 50 per cent of young people, particularly those who leave home for reasons other than marriage, return home at least once due to financial, emotional or accommodation problems. In

addition, the proportion of 20 to 24 year olds and 25 to 29 year olds living with their parents has increased over the past couple of decades (Hartley and de Vaus 1997:61-62).

Owning Your Own Home

We know less about the effects of economic, political and demographic change on housing during the next 'life stage': the early adult years. For previous generations of young Australians, particularly during the 1950s and 1960s, the establishment of independent households, usually involving home ownership, formed a 'natural' and early step on the

road to adulthood (see Table 2, discussed below). Stable housing, and access to home ownership in particular, has been the *key* to partnering and child rearing for the majority of Australian families. Home ownership has traditionally provided stability to families at critical stages of the life cycle (Badcock 1995) – and many Australian families form within the stability of the environment provided by home ownership (Richards 1990).

In addition to occupying a significant place in Australian social life, owning your own home occupies an important role in Australian cultural and economic life. Apart from providing immediate shelter, ownership provides its occupants with a sense of status as well as very real property rights. This enables a level of security and control not attached to other housing tenures (Winter 1994).

Home ownership also represents the principal means through which Australian families have accumulated wealth. This accumulation of housing wealth has formed a central plank in Australia's social welfare system (Castles 1997). It has been of sufficient magnitude to enable many Australian families to care for themselves financially in old age, and to pass on this capital to future generations (Badcock 1995). Furthermore, housing wealth has the potential to enable additional wealth accumulation throughout the life course (Burbidge 1997).

However, the place of home ownership in Australian life is being altered by a tenure restructuring that has been taking place since the early 1980s (for a detailed discussion see Winter and Stone 1998). Yates (1997:265) states: 'From the post-war period through to the 1980s, Australia's housing system was dominated by tenure-based policies directed towards home ownership and the provision of public housing. Private tenants were virtually excluded from housing assistance of any form. The 1990s, however, have seen an apparent U-turn in housing policies with elimination of explicit home ownership policies, the withdrawal from direct involvement in public housing funding and a rapid expansion of rental assistance for private tenants.' At the same time, within a context of labour market restructuring, government savings policies emphasising investment in superannuation and share holdings compete directly with savings for, and investment in, home ownership.

Changes in public policy, coupled with a range of other factors, have resulted in a shift in the nature of occupancy and housing consumption across tenures. For example, in terms of home ownership, it has generally become necessary for a household to have two income earners to gain access to home ownership (Wulff 1982).

In the private rental sector, it is becoming clear that whereas occupancy in this tenure was always assumed to be short term, this is no longer the case. It is now known that 40 per cent of households in the private rental sector have rented continuously for more than 10 years (Wulff 1997), and that a high proportion of households in this tenure suffer affordability problems (Yates 1997). Changes in the public sector have seen increased targeting of public housing onto those with the greatest assessed need, so public housing has become welfare housing (Paris, Williams and Stimson 1985).

Australian Family Life Course Survey

Against a backdrop of economic, political and demographic change, and within the context of tenure restructuring, this article moves the focus

away from youth housing, to the next stage: housing during the early adult years. In particular, the focus is on the housing of 'young adults' and 'young families' aged 25 to 29 years, ages by which many young adults have traditionally achieved home ownership, family formation and financial independence (Hartley and de Vaus 1997; de Vaus 1997).

Two lines of analysis are presented. The first asks whether young Australians and their families are able to access the benefits of home ownership that previous generations have taken for granted. The second line extends

the first and asks, if not, what are the housing alternatives for young adults and families? Policy implications are discussed in terms of how well the housing needs of

young Australian families, in terms of shelter, stability and security, and long-term financial wellbeing, are being met.

The analysis draws upon the Australian Family Life Course Survey, a national random telephone survey conducted by the Australian Institute of Family Studies during the latter part of 1996. A total of 2,685 respondents (aged mainly between 25 and 70 years old) participated in the survey. This paper focuses in particular upon those households in which the survey respondent was aged 25 to 29 years. This group numbered 296 and represented 11.1 per cent of the sample. The marital and parental status of this group was diverse. Over two-thirds were married or living in a de-facto relationship (64 per cent), 2 per cent were separated or divorced, and 34 per cent were never married. Many (40 per cent) lived with dependent children, 39 per cent lived on their own or with a partner with no dependent children in the household, and 21 per cent lived with other adults, including parents.

Accessing Home Ownership

Recent research suggests that access to home ownership is changing. Yates (1994) compares Australian survey findings at two points in time to demonstrate that while home ownership remains the preferred housing tenure in Australia, entry into home ownership is becoming increasingly difficult for some sectors of the community.

Yates compares access to home ownership between 1975–76 and 1991 by examining the proportion of each survey sample who were outright owners and purchaser owners at each time period, with regard to the age and income of respondents. In 1975–76, 4 per cent of low income under 30 year olds were outright owners, and 19 per cent of the same group were purchaser owners. Yates shows that by 1991 these figures had fallen to 3 per cent of low income under 30 year olds owned their home outright, and the proportion of this group who were purchaser owners fell by more than 50 per cent to only 8 per cent. The comparison indicates that between 1975–76 and 1991, the youngest age groups in the lowest two-thirds of the income distribution are increasingly less likely to be found entering home ownership (Yates 1994:29).

A replication of the Yates analysis using the 1996 Australian Family Life Course Survey shows similar results to those reached by Yates for the 1991 period (Table 1). The 1996 results confirm that only small



Changes in public policy, coupled with a range of other factors, have resulted in a shift in the nature of occupancy.

Table 1. Low income outright owners and purchasers, aged under 30 years, 1975–1976, 1991 and 1996

Year	Tenure	Age of respondent	
		< 30 years	All ages, total %
1975–76	Outright owner	4	50
	Purchaser owner	19	16
1991	Outright owner	3	58
	Purchaser owner	8	8
1996	Outright owner	3	43
	Purchaser owner	8	12

Notes: Low income households are those in the lowest three income deciles at each period.
Sources: ABS, 1975–76 Household Expenditure Survey, Catalogue No. 6517.0, in Yates 1994, p.29.
 Housing and Locational Choice Survey, in Yates 1994, p.30.
 Australian Family Life Course Survey 1996, Australian Institute of Family Studies.

percentages of low income young adults and families are able to enter home ownership by age 30. While the survey data are not directly comparable with the 1991 nor 1975–76 data, these results nonetheless provide some indication of support for the trend in home ownership rates identified by Yates.

Given that the rate of entry into home ownership for people aged under 30 years has decreased

Entry into home ownership is becoming increasingly difficult for some sectors of the community.



since the 1970s, the question raised is whether these households are delaying their entry to home ownership, or are permanently 'locked out' from home ownership.

Figure 1 uses retrospective housing careers data from the 1996 Australian Family Life Course Survey to show the proportion of respondents who entered home ownership for the first time (as purchaser or outright owners) between 1956 and 1996, by the median age of entry into home ownership for the sample as a whole (26 years), by age 30 years, and by age 35 years. The

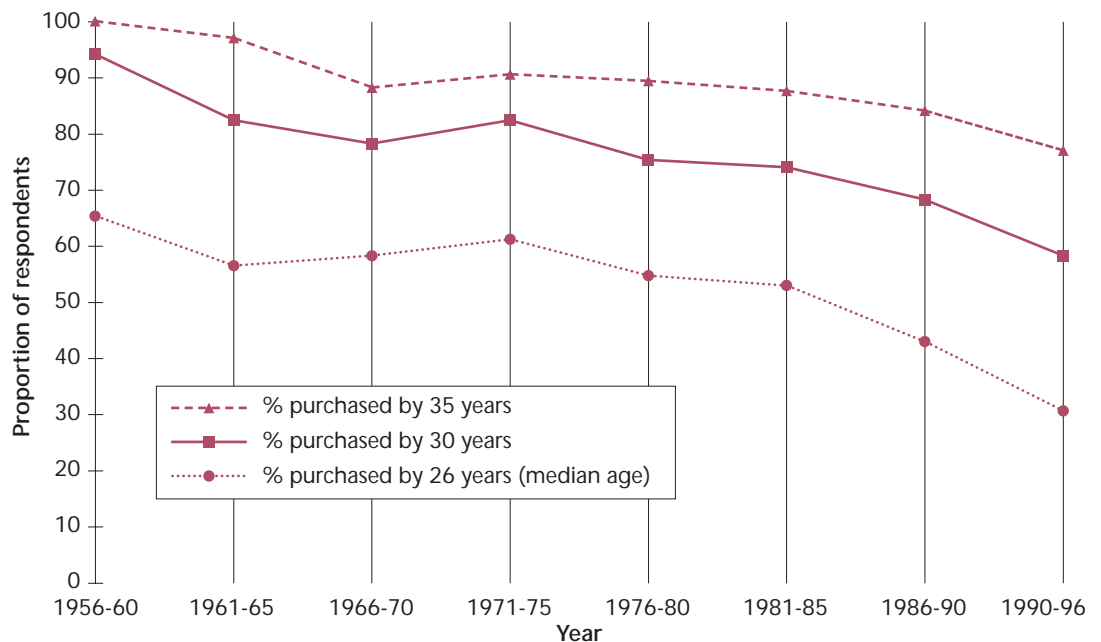
downward trend of each of the lines clearly illustrates that the percentage of households entering home ownership at a young age is decreasing.

Of those home owners who bought in 1990–96, only 31 per cent were of the median age of entry to home ownership (26 years). This compares with a figure of 66 per cent for those home owners who bought in 1956–60. Of those who entered home ownership in 1956–60, all had done so by the age of 35. In 1990–96, only 78 per cent of those who entered home ownership had done so by age 35, leaving just over a fifth to make their first entry to home ownership after age 35.

While the Yates comparison suggests income is becoming an increasingly important determinant of entry into home ownership, these results suggest that age, too, is increasingly significant in the ability of households to own their home. While age and income are related, these data suggest for some young families, at least, home ownership will not form part of the 'settling down' experience, and this may be the case for extended periods of time or even permanently.

The ability of high income families to access home ownership at young ages cannot be accounted for by cultural preferences. The array of housing and tenure preference studies completed in Australia show an overwhelming preference for home ownership among all sections of the population (Wulff 1993). This is supported by Australian Family Life Course Survey data that show 42 per cent of private and public renters aged 25 to 29 indicated one of the main reasons they were renting was they could not afford to buy their own home. A further 4 per cent indicated they believed they will never be able to buy (Figure 2). The majority of these respondents were on low incomes (76 per cent of respondents who indicated they could not afford to buy belonged to the lowest two household income quintiles). These figures were also supported across age groups, and the percentage of respondents reporting they were renting because they were unable to afford home ownership increased with age.

Figure 1. Proportion of current home owners who entered home ownership by 26 years (median age), 30 years and 35 years, by year of purchase



Note: 26 years represents the median age at which home owners in the Australian Family Life Course Survey sample entered home ownership.
Source: Australian Family Life Course Survey 1996, Australian Institute of Family Studies.

Table 2. Percentage of owned or purchased dwellings, 1954–1996

	1954	1961	1966	1971	1976	1981	1986	1991	1996
Owner/ purchaser	63.3	70.3	71.4	68.8	68.4	70.1	69.1	67.3	66.4

Sources: Bourassa, Greig and Troy 1995:85; ABS 1997:1.

The fall in the proportion of households entering home ownership by the median age is interesting in light of the latest Census, which displays a continuing fall in the overall home ownership rate (Table 2). The 1996 figure of 66.4 per cent (ABS 1997:1) is the lowest since 1954 and marks 15 years of continuous decline in the home ownership rate in Australia. These figures suggest access to home ownership has become increasingly difficult, at least for some households. Despite this, home ownership (purchasing and/or owning) remains the preferred housing tenure in Australia (Wulff 1993).

Home Ownership and Housing Alternatives

Moving on from the question raised of whether those households not in home ownership by the median age (or by the ages of 30 or 35) will ever access home ownership or whether they will be locked out of home purchase permanently, this section asks three questions:

- What are the housing alternatives for young adults and families not in home ownership?
- Which households have not attained entry into home ownership at young ages?
- What are the consequences for young adults and families of not owning their own home in the short and long term?

Alternatives to home ownership

Using data from the Australian Family Life Course Survey to understand how young families 'fit' within the housing system, we see that while many young adults and families had entered home ownership by the ages 25 to 29 (a combined total of 47 per cent of purchaser owners and outright owners), the majority had not (Table 3).

Table 3. Housing tenure of 25–29 year olds (per cent)

Outright owner	6
Purchaser owner	41
Private tenant	38
Public tenant	3
Other accommodation	13
Total (n = 296)	100

Note: Totals may not equal 100 due to rounding.
Source: Australian Family Life Course Survey 1996, Australian Institute of Family Studies.

The main alternative to home ownership for 25 to 29 year olds is clearly the private rental market, and over a third of this group rent privately (38 per cent) (Table 3). Public rental, too, plays a smaller although important role as an alternative to home ownership, and 3 per cent of the survey sample in this age range rented publicly. A number of these young adults were living in housing that they were neither renting nor purchasing. Indeed, the number of people in this age group who had 'other' accommodation (13 per cent, including those living rent free, boarding or living with parents) was more than double the proportion of any other age group who were in similar housing circumstances. (Note that as the survey was conducted via telephone, the number of respondents in the most marginal housing circumstances, including those who are homeless, are underestimated in these results.)

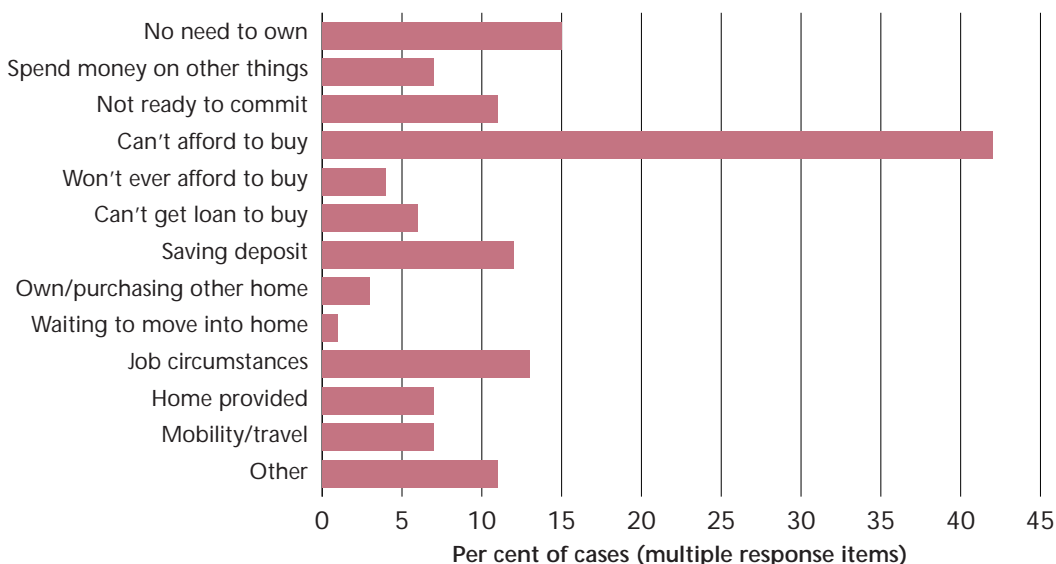


For some young families, at least, home ownership will not form part of the 'settling down' experience.

Alternative housing for whom?

Age and income have been identified above as important determinants of the ability of young

Figure 2. Private and public tenants aged 25–29, reasons for renting (per cent)



Note: Items are multiple response, percentages will not equal 100.
Source: Australian Family Life Course Survey 1996, Australian Institute of Family Studies.

Young families in the public and private rental markets miss out on much of the security and financial gain of home ownership.



families to enter home ownership. Cross-sectional analysis of 25 to 29 year olds in the Australian Family Life Course Survey sample *not* in home ownership also indicates that income and earning capacity (defined in this analysis in terms of number of income earners) are significantly related to housing tenure. Table 4 shows that low income households are overrepresented in the private rental market, public housing and in 'other' accommodation.

Table 5 shows an overrepresentation of single income earner households and households with no income earner in private and public rental.

In terms of young families, the same data indicate that while couple

families, with or without children in the household, seem most able to access home ownership, single person households and sole parent households are not. In particular, sole parent families are overrepresented in the private market (64 per cent), public housing (14 per cent) and in other housing (14 per cent) (Table 6).

Housing outcomes

Home ownership is clearly not a housing preference for all young families. The peculiarities of this life stage, and changed pathways and opportunities, mean that for some households rental and other tenures are better able to meet housing needs than home ownership. Analysis of the Australian Family Life Course Survey data, presented in Figure 2, indicates that flexibility for work, travel and generally 'not being ready to commit' are significant housing considerations for a number of young households.

Discussion of tenure preferences draws attention to the question of how well the needs of young families for whom home ownership is preferred, yet not accessible, are being met. Recent housing research has shown public and private rental are problematic in meeting the housing needs, family needs and financial needs of their occupants (Foard et al. 1994; Dalton and Maher 1996; Wulff and Maher 1998).

A recent evaluation of the effectiveness of public housing (an alternative to home ownership for low income households in particular) showed that

even though public housing does not perform well in facilitating access to employment and services, providing housing choice and in meeting demand, this tenure is in many ways better than the private rental market at meeting the needs of its occupants (Foard et al. 1994:7).

Dalton and Maher (1996) have documented how broad structural change has impacted upon the ability of the private rental market (the main alternative to home ownership for young families) to meet the needs of a range of households. Their research has pointed to the emergence of long-term occupancy, poverty traps, and problems associated with security of tenure and discrimination in the private market. These findings are supported by Wulff and Maher (1998) who have shown that long-term private renters in particular tend to rent in the least formalised sector of the market, with least security.

Apart from being denied the housing security associated with home ownership, research has also highlighted the high housing costs faced by long-term private renters. It has shown that while the housing costs of home owners typically decrease over a lifetime, the costs of housing for renters do not (Dalton and Maher 1996). Thus, in addition to being locked out from the potential to accumulate housing and wealth over a lifetime (Badcock 1995; Burbidge 1997) private renters who cannot access home ownership face relatively high and long-term housing costs as well as long-term insecurity.

Conclusion

This paper has aimed to add to our understanding of the 'settling down' process of contemporary young Australians and, more specifically, to examine the adequacy of the housing system in meeting the needs of young adults and their families as they undertake this process.

Analysis has indicated that while many individuals and families can access home ownership at young ages (by 25 to 29 years), the majority cannot. In sum, home ownership is increasingly becoming the preserve of households with two incomes, while rental tenures host those who are poorer and have an uncertain labour market position. This suggests the rental tenures are no longer stepping stones for some young families. In addition, a number of young families will spend significant periods

Table 4. Housing tenure of young households, by household income quintile

Tenure	Lowest income quintile	Second income quintile	Middle income quintile	Fourth income quintile	Highest income quintile	Total %
Outright owner	2	5	7	6	6	5
Purchaser owner	11	23	48	54	69	40
Private tenant	61	53	28	31	20	39
Public tenant	11	-	1	2	3	3
Other accommodation	14	19	16	7	3	13

*Notes:*Totals may not equal 100 due to rounding, and do not equal totals in Table 3 due to some missing income data. Income quintiles are calculated using *all* age groups in the sample. *Source:* Australian Family Life Course Survey 1996, Australian Institute of Family Studies.

Table 5. Housing tenure of young households, by number of income earners in household

Tenure	Couple, 2 working	Couple, 1 working	Single, 1 working	Couple, 0 working	Single, 0 working	Total %
Outright owner	9	-	6	11	4	6
Purchaser owner	62	50	14	33	8	41
Private tenant	26	35	48	44	67	38
Public tenant	2	4	2	11	8	3
Other accommodation	2	11	30	-	12	12

*Note:*Totals may not equal 100 due to rounding. *Source:* Australian Family Life Course Survey 1996, Australian Institute of Family Studies.

Table 6. Housing tenure of young households, by household composition

Tenure	Single person household	Couple, no child(ren)	Couple, with child(ren)	Single parent, with child(ren)	Living with other adults	Total %
Outright owner	6	6	7	-	6	6
Purchaser owner	25	55	58	7	8	41
Private tenant	66	32	28	64	42	38
Public tenant	-	2	3	14	3	3
Other accommodation	3	5	5	14	40	12

Notes: Totals may not equal 100 due to rounding. 'Living with other adults' may include other family or non-family members.
Source: Australian Family Life Course Survey 1996, Australian Institute of Family Studies.

during the process of 'settling down' into adult life without the benefits of home ownership enjoyed by previous generations, and that some families may be locked out of home ownership permanently.

The findings lend support to research that has documented change in the nature of tenure occupancy. The findings suggest that age, income and family earning capacity in particular are related to the likelihood of early entry into home ownership during the early adult years (the earliest stages of the housing career).

Further, an examination of short-term housing outcomes for those households not able to access home ownership raises the immediate policy consideration of how well today's housing system meets the needs of young families. Research has shown that young families in the public and private rental markets miss out on much of the security and financial gain of home ownership, and that many (particularly those in private rental) may face additional and long-term financial strain.

Public saving through superannuation, rather than a welfare system featuring home ownership, is now preferred in Australian policy terms (Castles 1997). Recent changes to the labour market that encourage flexibility over permanency, coupled with relatively high unemployment rates (of youth unemployment in particular) raise the important question of whether young families today will be able to care for themselves in old age without the benefits of home ownership. This paper has shown that this question must be addressed if contemporary young Australian families are to be able to live with security throughout their lives and into old age. Government intervention encouraging increased access to home ownership may need to be reconsidered.

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