

EDITORIAL

This special issue explores the idea that housing equity can be used as income in old age. Such an idea is highly topical. Demographic changes in many European countries are putting pressure on collective welfare provision for the elderly. Populations are ageing, which means that the proportion of younger people is diminishing compared with the proportion of people aged 65 and over. The young generally pay for the elderly via collective welfare policies. Consequently, when a population ages, the costs are likely to become a burden on younger generations. The expectation is that European households will increasingly have to develop private financial strategies and build up private assets for old age.

About 65 % of Europeans have built up private assets by becoming home owners. When the mortgage market became more easily accessible for households, increasing numbers of people could afford to buy property. As a result, more households took out a mortgage and gradually built up housing equity by paying off the loan, frequently becoming outright owners in their old age. Moreover, house prices in many countries have gone up. Consequently, housing wealth has, for many households, become their most important source of wealth. Housing assets, however, differ from other assets: this asset is also a home. Although not a liquid asset, it generates income in different ways. Firstly, it provides income in kind: the household consumes the services delivered by the asset. People in old age have often paid off their mortgage and can therefore live “rent free”. Further, owner-occupiers can free up housing equity by downsizing or moving into rental accommodation. Finally, across the EU there is a number of mortgage products on the market that enable people to free up equity from the house they are living in.

Mortgage markets have evolved radically in recent years and several mortgage equity withdrawal products are now available. These products enable households to borrow funds using their owner-occupied property as collateral. The mortgage equity release products potentially convert housing assets into liquid assets and enable households to cash in their housing equity whilst still living in their home. In other

words, mortgage equity release products are a means to turn home equity into income.

The articles in this issue focus on the strategies households are developing for pension and care in old age and investigate the role housing equity plays in households' financial strategies. This issue presents empirical evidence from eight different countries derived from 240 interviews with home owning households. The country experts attempted in these interviews to unravel the perceptions and behaviour of households concerning financial strategies and the role that housing equity may play in them. The aim is to contribute to a wider discussion of the trade-offs between home ownership and other welfare domains by clarifying how households think and behave, and by examining the extent to which old-age policies play a role.

The articles are based on the Demographic Change and Housing Wealth ("DEMHOW") project funded by the European Union. The project aims to investigate how, across the member states, demographic change and housing wealth are linked. The results of the investigations will influence future policymaking (Doling 2007). While this special issue presents empirical evidence from eight countries and an overview and national interpretation of the 30 stories of households in each of the eight countries, the next stage of the project is to compare these eight countries and to use the information collected in other parts of the DEMHOW project to explain the similarities and differences.

This issue offers nine articles; besides the eight "national" articles which focus on particular countries, one article presents the general theoretical and methodological background common to all articles and seeks to draw some comparisons and conclusions.

The eight "national" papers in this collection present and document the original data, revealing the perceptions, attitudes and behaviour of interviewees on selected issues; they also offer results of their analysis, seeking to identify how much they were represented and diverging between the different groups of respondents. Finally, they provide some synthesis and interpretation of how these perceptions and behaviours are rooted in national contexts and related to their specific features. Even though the various authors differ with regard to how much attention they devote to representing the original data, to report the results of their analysis or to provide an

explanation by making reference to national contexts, the papers provide very comprehensive insights that are too complex to be summarised, while preserving both their qualitative disposition and national embeddedness.

While all of the “national” articles focus on the role of housing in the provision of security in old age, they are still quite diverse. Individual authors reveal different emphases, reflecting the diverse ways to utilise the vast amount of information that was gathered by the wide-ranging interviews. Even though the papers were written so as to convey evidence relevant to the initial hypothesis on the growing importance of housing equity in old-age security, they nevertheless mirror the diversity of ways to achieve this. So once again it is demonstrated how complex social phenomena can be and in which numerous and diverse ways they can be cut across and be related to each other, with the qualitative data mirroring this complexity.

The first article aims to provide some grounds and a framework for dealing with this diversity and complexity. It explains some of the basic theoretical background and methodological considerations, presents the common research instrument used and introduces the eight countries selected so as to represent cases from diverse welfare regimes. This article also draws some particular cross-country comparisons and finds remarkable similarities in how the older cohort tends to solve “the old-age puzzle”, while this puzzle appears quite different for the younger cohorts.

Srna Mandič & Marja Elsinga

Guest editors of the thematic section