Chapter 6

Homeownership and family transfers within a Nordic welfare state

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Introduction

In Norway, like many other countries, there is a growing interest concerning intergenerational equity. The interest relates to trends that suggest that the relationship between generations is changing, such as prolonged transition to adulthood, ageing population and retrenchment of the welfare state. Whereas the descriptions of the prolonged transition to adulthood draws attention to increasing debt burden (i.e. student and housing loans) and increasing difficulties in entering working and housing market among young adults (Johannessen et al 2013), the picture of the ageing population emphasize improving economic conditions and the growth of public resources directed toward old people (Sørvoll et al 2016). Welfare state reforms appears to increasing the inequalities between different age groups. Cuts in generosity and increasing qualification conditions makes benefits less universal and restrict the number of recipients. Corresponding to international trends, the baby boomer generation have benefitted from favorable economic conditions and a relatively generous welfare state which subsequent age cohorts will not directly benefit from as such circumstances are unlikely ever to be repeated (Attias-Donfut et al 2005). In sum, these trends have contributed to debates over the relationships between generations. The inequalities between different age groups suggest two competing possible consequences (Williamson and Watts-Roy 2009). Firstly, the disparity may contribute to conflict between age groups. The conflict hypothesis argues that the economic distribution between the generations is unfair and unjust. Public pension system, access to health care and favorable economic conditions has improved the living conditions of elderly, while the young are facing the responsibility of increasing public costs and uncertainty in the level of welfare benefits. In worst case, this conflict may reduce the legitimacy of the welfare state. Critics of the generational conflict perspective, however, argues that the gains of one generation are not necessarily at the cost of others. The intergenerational conflict hypothesis focus only on financial inequalities between generations at the societal level and underestimate the voluntary support between generations at the family level (Gulbrandsen and Langsether 1999). Ties within a family will normally closely connecting different generations. As an alternative to conflict, the second consequence of inequality between age groups may be solidarity and intergenerational dependency between generations. The exchange of social and economic support between generations is a cornerstone of both the family life and welfare systems (Albertini and Kohli 2012).

In this chapter, we are particular interested in the distribution of housing wealth and family transfers. Housing is a crucial part of a family's welfare. In many European countries, homeownership provides this welfare. Homeownership differs from renting with its dual capital-cum-service nature (Fahey and Norris 2010). The owner-occupied dwelling is not only accommodation, but also a capital asset often perceived as a source to improved economic well-being and accumulation of wealth (Ronald 2008; Ronald and Elsinga 2012). The combination of increased levels of homeownership and rise in real house price values has led to substantial quantities of personal wealth held in housing across many OECD nations (OECD 2013). Housing has become a central part of the family's wealth and asset management. Financial products for releasing home equity makes it possible to convert housing wealth into a source for releasing money required to cover welfare needs (Smith and Searle 2010; Gulbrandsen and Sandlie 2015; Soaita and Searle 2015). This gives homeowners the opportunity to use housing wealth as a private insurance supplementing public pension in retirement (Elsinga et al. 2007; Haffner 2008; Toussaint and Elsinga 2010) and, probably more important in a family context, housing might constitute a vital condition for intergenerational relations and family transfers.

The growth of homeownership and housing wealth in many nations raises the question whether housing and the housing market are becoming more important in shaping of life chances and increasingly differentiated opportunities across life courses (Forrest 2015). In response to harsh market conditions and cuts in public housing support, family transfers is emphasized as a process of growing importance (Forrest and Yip 2011). The increase in house prices in some countries, for instance Norway, has both increased the young adults' need for financial support in entering the housing market and put their parents in a better position to provide such support. However, if family support is becoming essential in determining life chances, this challenge the design of the traditional welfare state. A central purpose of the welfare state is protection and promotion of social and economic well-being of its citizens independent of social and family background and the principles of equality of opportunity is central for its functioning. Not all households have, or will have, sufficient housing wealth in order to cover the costs of their own or their family's welfare need (Malpass 2008; Searle and McCollum 2014).

Since the end of the Second World War, homeownership has been a central part of Norwegian social housing policy. Today, about 80 percent of the households are owner-occupiers and close to 95 percent obtain homeownership during their life course. The Norwegian welfare state has traditionally been more generous compared to the counterparts among the OECD nations. In Esping-Andersen's (1990) terms, the welfare model is social democratic and based on the principle of universalism. This imply less dependence on family support in shaping life chances. Norway therefore makes an interesting case studying the importance of generational interdependency and welfare. Using data from nationwide surveys on households' debt, assets and family support, this chapter analyses the distribution of housing wealth and family transfers within an egalitarian Scandinavian Welfare State. The chapter mainly addresses the following questions: How is housing wealth distributed in Norway? What attitudes do Norwegians have towards releasing and using home equity? To what extent do parents help their children entering homeownership?

Intergenerational solidarity and family transfers

The debate on intergenerational conflict and intergenerational dependency closely relates to the concept of intergenerational solidarity. Intergenerational solidarity describe the social cohesion between generations and involves shared expectation and obligations regarding ageing of individuals and the succession of generations (Katz et al 2005; Bengtson and Oyama 2007). Providing assistance when needed are a part of this solidarity. The solidarity between generations represents the norms, values and beliefs operating at both the micro- and macro-level of society and it has both a public (between generations in society) and a private (between generation within the family) dimension. Intergenerational solidarity is crucial for the generational contract that is basis for modern welfare systems (Albertini et al 2007): The idea of this contract is to protect the old and invest in the young within a balance between financial sustainability and the principles of social justice and fairness.

The conflict hypothesis argues that large inequalities in the distribution of wealth between the generations are threatening the intergenerational solidarity and begs for reforming the generational contract. The reasons to reform the generational contract is concerned with the problematic balance between financial sustainability of the welfare state and its purpose of providing comprehensive social security according to the principles of intergenerational fairness and social justice (Kohli 2008). On the contrary, the generational interdependency hypothesis argues that the conflict frame is too simplistic and neglecting the economic needs related to inequality within a generation (Williamson and Watts-Roy 2009). Generations or age groups are not homogenous groups. Within the same age group, people are different in access to resources and they are different in the way they have taken part in the prosperity in the society. In other words, the conflict is not necessarily between old and young, but between poor and rich. Family support may compensate for welfare state reforms and act as an informal insurance against life course risks (Kohli et al 2010). In response to harsh market conditions, for example, parents may donate wealth to their children to facilitate buying a first home (Cirman 2008). Dismantling the welfare state will probably increase intergenerational dependency where the family is the main contributor. Since the distributional principles of families might be other than the norms that guide redistribution within the welfare state, the consequence might be that inequalities will reproduce or even increase over generations.

Evidence from previous European research shows that transfers between adult generations is quite common, and both practical and financial resources flow from parents to their adult children (Kohli 1999; Kohli et al 2000; Attias-Donfut et al 2005). However, family transfers have different aims and meanings across European welfare regimes (Albertini and Kohli 2012). In the Southern Europe, for example, parents support their children mainly through co-residence, and the transfer of economic support is modest. In contrast, co-residence is rare in the Nordic countries. It was more common five decades ago. For example, in Norway, the share of people in age 65 year or more co-residing with adult children sank from 27 percent to 5 percent in the period between 1960 to 2001 (Daatland 1986; Gulbrandsen and Langsether 2003). Today, Norwegian young adults leave the parental home early in their twenties and then receive practical and financial support from them (Hellevik 2005).
Parents may have different motives for giving support to their children. They may use housing wealth strategically as a mean to obtain care and maintenance in old age from children through a bequest where the receiving of care become a benefit in return for transferring the house as an advancement of inheritance, probably most common in societies with underdeveloped systems of public pensions and welfare services towards the elderly. In this way, housing wealth may play an

important role in family relations where elderly people compensate services and care from children by giving the carer priority in the order of heirs. Drawing upon the family for care in this manner may reduce the demand for public welfare services. Such arrangements are probably dependent on co-residence involving more than two generations, whereby old parents live in the same house as one of their children or grandchildren. This model is common in both Japan and Southern Europe (Izahara 2008; Poggio 2008). However, people may not necessarily transfer housing wealth within the family only where return services exist. The housing wealth may also be transferred according to altruistic motives either as inter vivo gifts or as inheritance. In Norway, Halvorsen and Thoresen (2007) has shown that givers distribute transfers among children according to both norms of compensation and norms of equal distribution. These distributional processes within families often take place in opposite direction to corresponding distributional processes in the public sphere.

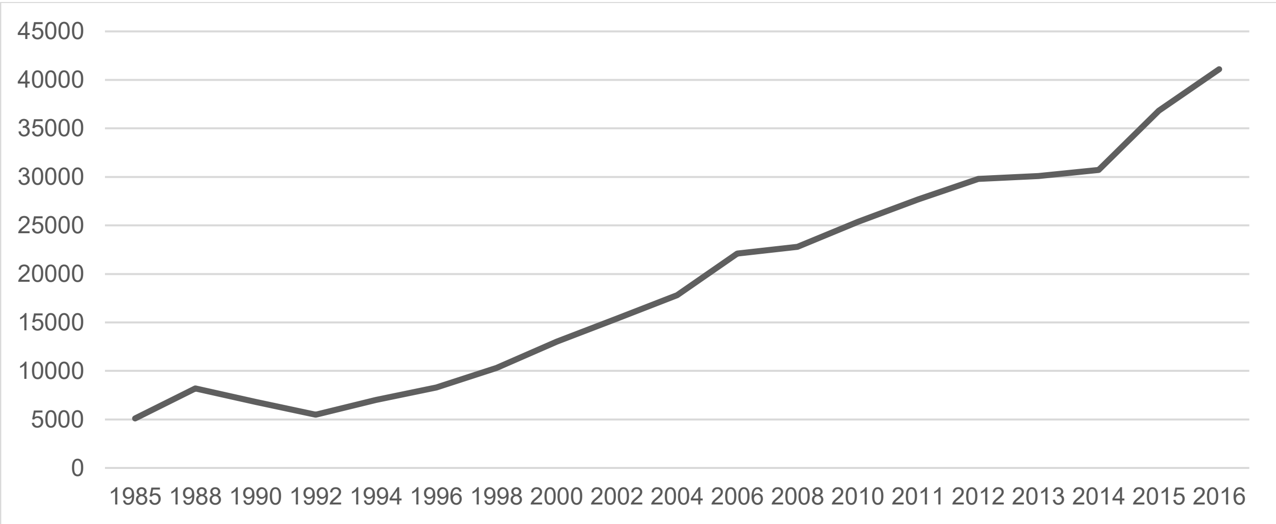
The Norwegian context

In the Norwegian context, homeownership has been an important part of the social housing policy. Through political instruments such as subsidization, price regulations and favorable taxation most Norwegian households have been able to enter homeownership. In a long-term perspective, the proportion of Norwegian homeowners has increased from 53 percent in 1920 (Gulbrandsen 1988) to 77 percent in the last population and housing census in 2011 (Sandlie 2013). Alongside this change the housing careers have also transformed. From the end of the Second World War and until the 1970s, the housing career was a process whereby people adjusted their income and housing expenditure over their life course. Families moved to a newly manufactured dwelling early in their adulthood or marriage. In the working years of life, the authorities tried to set an upper limit for housing expenses with the preferred limit set to 20 percent of an average industry workers salary. Homeownership gave opportunity to income smoothening over the life course; people repaid loans and repayments before becoming pensioners, which made it possible to live in the dwelling despite modest pensions.

Price controls were an integral part of social housing policy in the post-war years (Sørvoll 2008). Housing prices for owner-occupied dwellings were controlled until the end of the 1960s, while co-operative housing was regulated until the beginning of the 1980s. According to this policy, the aim was to enable all families to become homeowners, but this did not imply that they had the right to sell their homes at market prices. However, gradually people grew preferences towards upgrading housing standards through moving. For the people that lived in cooperative flats price controls could be a serious obstacle when competing in the free market for privately owned housing. In 1982, the price controls were reformed and a few years later eliminated.

Today, housing investments are largely a product of individual preferences restricted by income and availability of credit facilities. The combination of deregulation of the housing market and more or less continuous increase in housing prices after 1993 has made housing investment highly profitable (Figure 6.1). During the last 20 years, the housing prices in Norway have increased 5.5 times in nominal terms and more than tripled in real terms (Gulbrandsen and Sandlie 2015). The global financial crises in 2008 and 2012 had a very modest effect on the Norwegian Housing market, with house prices still increasing in 2016. Consequently, most homeowners had become richer and richer while the threshold for first-time homebuyers continues to rise.

Figure 6.1: House price fluctuation in Norway (1985-2016). Price per square meter in NOK (1 Euro=9 NOK).



Source: The Norwegian Housing Price Statistics (see Gulbrandsen 2014 and eiendomnorge.no).

In the wake of deregulation and increasing housing prices, the weighting of different housing questions has changed. In a property-owning democracy, it is becoming more essential to protect the assets of homeowners. Consequently, in 2005 the Conservative government eliminated the taxation of computed income from owner occupied housing. The changes towards the weighting of housing equity was also visible in newspapers coverage of housing policy which gradually changed from housing shortages and housing allocation to wealth distribution and weekly updates on how much peoples' home were worth (Teslo 2008).

The function and exchangeability of homes as commodities has been particularly advanced by innovations in housing market derivatives and equity release products that have challenged more simplistic conceptions of housing wealth (Poppe et al 2016). In the middle of the 1980s, the credit market was deregulated. Slowly, Norwegian households took on attitudes favorable to borrowing and, more than ever before, have been able to build welfare on borrowed money under conditions that appeared stable, favorable, and safe. Norwegian banks quite often offered flexible loans arrangements allowing elderly homeowners gradually to consume substantial parts of their housing wealth (Gulbrandsen 2016). The idea of the elderly spending their children's inheritance has been popular in newspapers coverage of elderly's growing wealth (i.e. Dahl 2013; Havnes 2013). In the wake of Piketty's (2014) book *Capital in the Twenty-First Century,* another popular suggestion has been growing importance of family transfers (Langberg 2014; Lundgaard 2016). However, there exists few studies on the growing housing wealth of Norwegian homeowners, or on how households manage and use these financial products.

Alongside the increase in housing prices, the housing finance system has become more rigorous in recent years. The award criteria for a public start-up loan are more stringent (Astrup et al 2015). While young first-time buyers earlier were a target group, the loan scheme is now restricted to longer-term economically disadvantaged households. Furthermore, the Financial Supervisory Authority of Norway has introduced residential mortgage lending guidelines. According to these guidelines, the maximum loan-to-value ratio for repayment mortgages is 85 percent of property value. However, an opportunity for higher loan-to-value ratio is retained subject to provision of satisfactory additional security in the form of a mortgage on other property. In practice, the guidelines introduce a distinction between first-time buyers with or without access to financial support from parents (i.e. additional security or money transfers). Despite the continued increase in house prices and a more rigorous finance system, the percentages of young homeowners in the age group 20 to 35 years remained stable from the turn of the millennium to 2012 (Sandlie 2010; Johannessen et al 2013). This surprising stability is often explained by growth in family transfers and importance of receiving financial help from parents in entering homeownership.

In the following analysis, we describe the distribution of housing wealth among Norwegian households. In particular asking, to what extent have different households benefitted from recent increases in housing prosperity? Based on the trends where the distribution of housing is commodified and more dependent on the market mechanisms, we also ask whether intergenerational support and transfers compensate for the retreat of the welfare state (cf. Kohli et al 2010). If so, we should expect an increase in family transfers to younger family members. Even if the popularity of the idea that the elderly will spend their children's inheritance, such transfers will counteract such practice.

Data and method

In the analysis in this chapter, we will primarily use data from nationwide surveys on households' debt, assets and their use of credit markets that has been carried out since the early nineties (NSR surveys). A private opinion poll firm, TNS-Gallup collected the data on behalf of Norwegian Social Research. Up to 2001, TNS Gallup collected data by face-to-face interview in the respondent's home. Later they collected data by internet panels consisting of people recruited through telephones or postal questionnaires. Due to lower access to the internet among older people, TNS Gallup recommended an upper age limit of 60 years the first time the internet panel method used in 2004. However, as people do not stop using the internet when they become older, the upper age limit has been increased each time data is collected. In 2015, the upper limit was 71 years. Comparisons between the internet data and data from the previous face-to-face interviews and data from the Norwegian level of living surveys based on face-to-face or telephones interviews carried out by Statistics Norway at the same time show that the different data sources correspond very good (Gulbrandsen, 2005). As a supplement to these data, we will also use data from the Norwegian part of the Survey on Income and Living Conditions (EU-SILC) 2015. This is a cross-sectional and longitudinal sample survey[1], coordinated by Eurostat, based on data from the EU member states (Killengreen and Holmøy 2016). The survey provides data on income, poverty and living conditions in the European Union.

Inter- and intra-generational inequalities

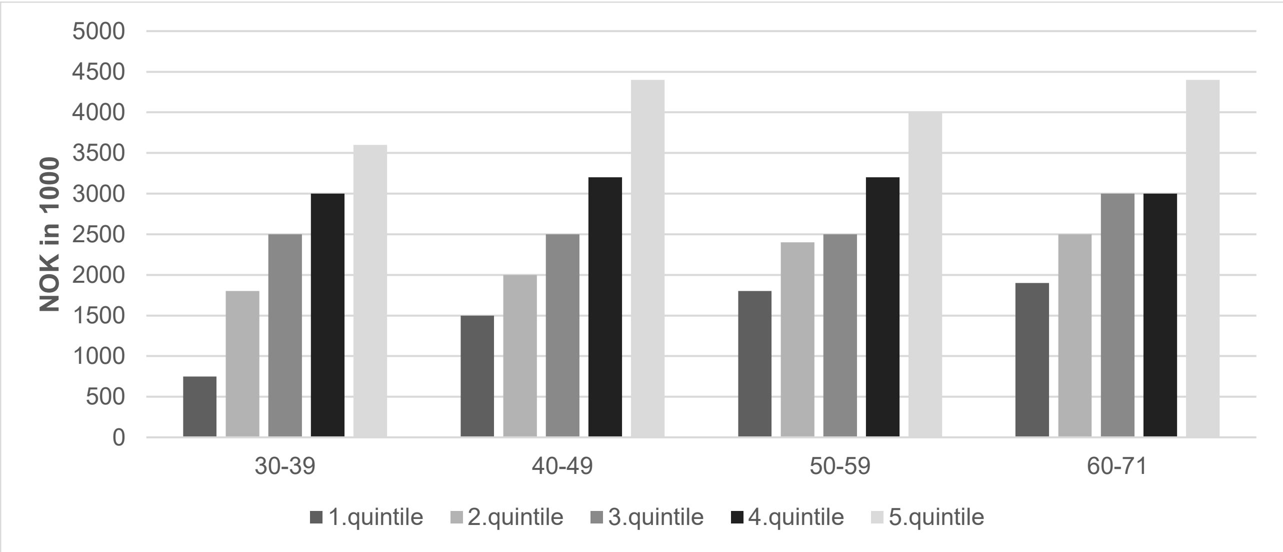
Different generations, or birth cohorts, have entered the housing market under different conditions that will give dissimilar opportunities to accumulate housing wealth. Within each generation, households will not have the same access to resources and they will enter the housing market at

[1] The sample size for Norway is 6.394 persons.

different stages of their life course. This will affect the duration and pattern of their housing careers and how profitable this housing careers may have been regarding housing equity.

The NSR surveys contains questions about households' assets and debts. Figure 6.2 shows the distribution of housing value (median) across different income levels (quintiles) and age groups. We may see the value of a house as the present value of the housing investment a household has done. Since income restricts the investment opportunities for households, the investments correlates positively with income in all age groups. However, the present value of the investments are approximately the same in each income group, independently of age.

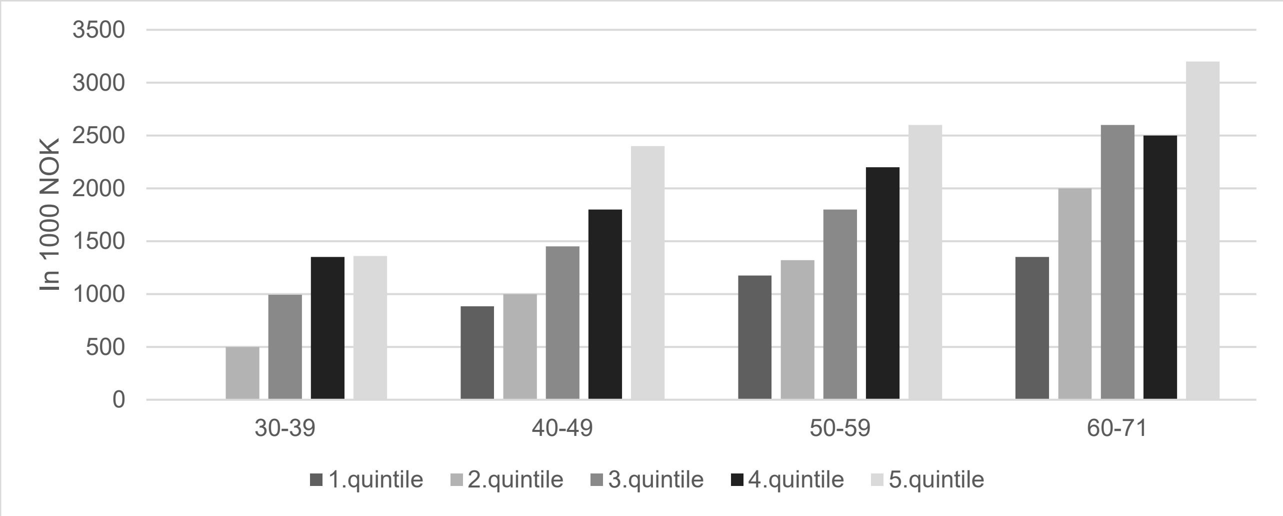
Figure 6.2: Housing value (median) by income (in quintiles) and age groups. (1 Euro = 9 NOK).



Source: TNS Gallup 2015.

The effects of age appear rather clearly if we look at net housing wealth or equity. We have defined housing equity as the value of the households' home minus the households' total debt. Figure 6.3 shows how housing equity (still median value) correlates with income and age. Equity correlates positively with income, but unlike house value from Figure 6.2, equity correlates at the same time positively with age. In all income groups equity increases when we move from one age group to the next. This is an inevitable effect of repayment of mortgages but maybe even more an effect of the enormous increase of housing prices during the last 20 years.

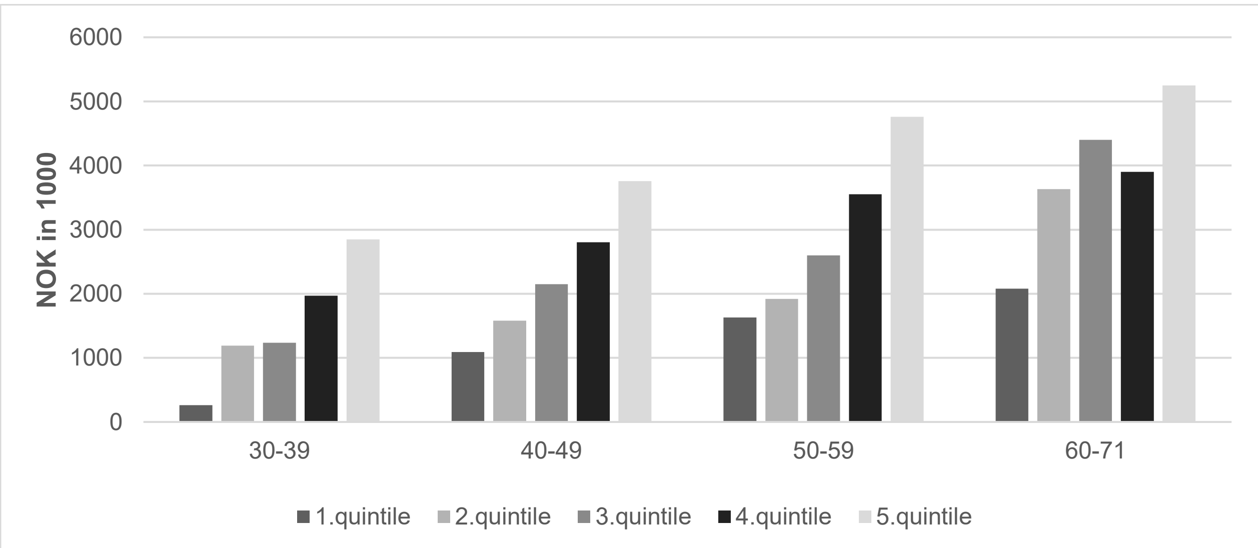
Figure 6.3: Housing equity by income (in quintiles) and age groups. (1 Euro = 9 NOK).



Source: TNS Gallup 2015.

Even if housing constitutes an important part of the active and passive elements of households' wealth, wealth consists also of other important factors. Between 20 and 25 per cent of the households in the sample owns a holiday house; participants are asked the anticipated market value of these houses. In addition, participants are asked about other value of other assets including cars, bank deposits, stocks and securities. Figure 6.4 shows how net worth (median value) is distributed across income and age. The figure shows that wealth in a nation of homeowners, as Norway, is not only a question of repayment and house value increase, it is also a result of accumulation of other assets, not least financial assets, through the life course.

Figure 6.4: Net worth by income (in quintiles) and age groups. (1 Euro = 9 NOK).



Source: TNS Gallup 2015.

This accumulation processes necessarily gives an inter-generational-wealth gap between young people, who are in the life phase where they are establishing a family and buying their first home, and their parent generation who normally will have reached their sixties. As shown in Table 6.1, the 2015-value of the housing investments of those aged 25-34 and 61-71 are the same. Due to house price increase and repayment of debt, the equity is much higher in the older than among the younger age group. The gap is also bigger in the third quartile of the distribution than in the first quartile. The data shows the same generational gap in the distribution of net worth. The older are much richer than the young.

Table 6.1. The distribution of house value, equity and net worth (in thousand NOK) in the age groups 25-34 and 60-71

		First quartile	**Median**	**Third quartile**
House value	25-34	2000	2700	3700
	61-71	2000	2800	4000
Equity	25-34	- 100	333	1450
	61-71	1100	2100	3210
Net worth	25-34	13	850	2029
	61-71	1820	3350	5480

Source: TNS Gallup 2015.

Attitudes towards equity release

Evidence from UK suggests a great increase in the number of people who are remortgaging or taking further advances against an existing mortgage account (Smith and Searle 2008). Similar trends is unveiled in Norway (Gulbrandsen 2016). As the previous section shows, the amount of housing equity among Norwegian households is considerable, especially among older homeowners who have repaid their mortgages and have gained from several years of continuous in house prices increases. Thus, housing equity constitutes an important part of the generational wealth gap. Financial products make it possible for households to spend some of this equity and use it as a compliment or supplement to their ordinary income or pensions. Since 2001, the NSR survey contains a question by which it is possible to measure different attitudes towards spending such equity. The respondents were asked to choose among different alternatives on how they would spend any housing equity. The alternatives and answers are presented in Table 6.2. In general, the attitudes seem to be rather stable. In all surveys, about one out of four chose the non-spending alternative. Housing equity release is possible through both remortgaging and downsizing by selling. At all points of time, except in 2015, about twice as many households chose to borrow compared to those who chose to downsize. It is interesting to notice that the percentage who do not know is increasing. We do not know the reason for this uncertainty. One possibility is that people are more uncertain about future developments in e.g. housing market, labour market and welfare state. Therefore, they become less willing to use an important financial buffer. Another possibility is that the growing number of young household that have entered homeownership with less margins than previous households and thus are less willing to spend this marginal equity.

Table 6.2: Attitudes towards using housing wealth in the period 2001-2015. Percent.

	2001	2006	2008	2012	2015
Will definitely not consume the housing wealth	29	25	30	26	23
Borrowing with the house as a collateral	31	36	31	30	22
Release equity by buying a smaller dwelling	15	14	13	13	19
Other[a]	13	6	7	7	6
Don’t know	11	19	20	24	31

Source: TNS Gallup 2015.

[a]) The two other alternatives each of them with low frequencies were: Sell the house to a bank with the possibility still to live in the house” and “, “Release equity by selling the house and become a tenant”

The changes in attitudes towards releasing housing equity by remortgaging corresponds to some degree with previous studies on usage of equity release products (Gulbrandsen 2016). 23 percent of all households with respondents under 65 year had this kind of financial products in 2008, rising to 28 percent in 2012. In 2012, 38 percent of the homeowners in the same age groups reported that they had taken out equity release products. This growth has now halted. The share of all households and homeowners under 65 years using equity release products in 2015 was respectively 29 and 40 percent. This imply a significant decrease in new loan agreements, specifically among young people. The proportion of older people using equity release products has been stable. Among homeowners aged 60 year or older with mortgage, more than half reports they use these kind of financial products.

Intergenerational transfers

Despite a continuous increase in house prices and growing housing wealth among Norwegian households the last two decades, Norwegians' attitudes towards releasing housing equity by remortgaging has not changed much in this period. The negative side of the accumulating housing wealth among Norwegian homeowners is the growth in prices for first-time buyers entering homeownership. However, despite increasing house prices and a more rigorous finance system, the percentage of young homeowners in the age group 20 to 35 has remained stable. This somehow unexpected stability suggests that family transfers have become more important in entering homeownership and that the extent of such parental financial help is increasing. In the following sections, we describe transfer patterns with data from both the parents and the children's perspectives.

Giving parents

Table 6.3 shows the results from eight nationwide surveys where parents aged 40 year or older are asked if they have helped their children financially in entering homeownership. The percentage that answered positive to this question has been remarkably stable in the period from 2008 to 2015. Between one-fourth and one-third say they have given such help to their children. The stability indicates that increasing house prices and changing rules for housing finance has not changed the extent of family transfers between parents and children entering homeownership.

Table 6.3: Percentage that have helped their children financially in entering homeownership among parents aged 40 year or older.

2008	2009	2010	2011	2012	2013	2014	2015
31 %	31 %	28 %	28 %	30 %	32 %	33 %	26 %

Source: 2008-2014 Norstat, 2015 TNS Gallup

In the simple analysis presented here, it is not possible to draw conclusions about the relationship between the size of net worth and the propensity to give financial assistance to children entering homeownership. For this, a more elaborate, multivariate analysis is needed (unfortunately, beyond the scope of data available for this particular research). However, Table 6.4 indicates that the percentage who have helped their children entering homeownership increased by the size of net worth. Among the highest quartile, more than half (53%) of the households answered they have given financial assistance to their children's house purchase. The corresponding percentage among the quartile with the lowest net worth is 21 percent.

Table 6.4: Percentage that have helped their children financially in entering homeownership by net worth in quartiles.

1 quartile	2. quartile	3. quartile	4. quartile
21 %	34 %	45 %	53 %
(104)	(103)	(108)	(105)

Source: TNS Gallup 2015.

In general, the amount of money parents say they have transferred to their children is very modest compared to their net worth and the house prices the children are facing. The median amount given is 250 000 NOK or about 27 500 Euro. Using the median amount given in assistance, the relationship between financial transfers and parents' net worth become more visible. Table 6.5 presents the percentage of parents who have helped their children with at least 250 000 NOK in entering homeownership by the size of net worth. The difference in family transfers reflects the financial inequality within the parents' generation.

Table 6.5: Percentage that have helped their children with at least 250 000 NOK in entering homeownership by size of net worth in quartiles. (1 Euro = 9.3 NOK). Respondents aged 60 to 71 year.

1 quartile	2. quartile	3. quartile	4. quartile
5 %	17 %	20 %	33 %
(104)	(103)	(108)	(105)

Source: TNS Gallup 2015.

Although homeownership is widespread among Norwegians, increasing house prices contributes to differences in how profitable this homeownership has been for different generations. The general picture to be drawn from the data in Tables 6.4 and 6.5 points to the possibilities of how the housing market may contribute to the reproduction of inequality within generations. The availability of financial resources within a family, demonstrates the importance of inter-generational interdependence, and for the opportunity to give financial assistance to children entering homeownership.

Receiving children

Analysis of data from children receiving financial transfers, identifies a similar stability in the transfer patterns (Table 6.6). To characterize the receivers of family support, data is used from the Norwegian part of European Living Conditions Survey - EU-SILC 2015. This survey contains a question which asks homeowners if they have received different forms of help from their parents when they bought their home. Guarantees for loan are the most common form of parental support when children buy a home. As we can see in Table 6.6, this support is most widespread among homeowners in their twenties, where about one third have received this form of help. The corresponding number among homeowners in their thirties is about one fifth. One explanation for the drop may be that the two age groups are in different stages of their housing career. Homeowners in their thirties may have changed home since they bought their first home and guarantees from parents are probably most usual in first-time buying. The second and most striking findings in Table 6.6 is the remarkable stability in the number of young homeowners receiving this form of support. Despite a period of high and steadily increasing housing prices, the share of young homeowners with mortgages that parents have guaranteed are more or less the same in 2001 and 2015.

Table 6.6: Share of young homeowners with mortgage that parents or parents-in-law have guaranteed their loan by age and year. Percent.

	20-29 year		**30-39 year**	
	2001	*2015*	*2001*	*2015*
	32	31	20	21
N=	(317)	(290)	(705)	(391)

Source: Living Conditions Survey 2001 and EU-SILC 2015

The living condition survey from 2015 also includes a question for people with a mortgage, asking if they have loans from their parents (Table 6.7). This form of support is less common than guarantees for loans. About one out of ten homeowners aged between 20 and 29 have received loans from their parents. The corresponding number for homeowners aged 30 to 39 years is 7 percent. Unfortunately, previous surveys do not include this question so we cannot say anything about the development over time in this form of housing support.

Table 6.7: Share of homeowners with mortgage that has received loan from parents by age. Percent.

	20-29 year	**30-39 year**
	12	7
N=	(290)	(391)

Source: EU-SILC 2015

The general picture of young people entering homeownership is that the incidence of assistance is quite low. This raises the question of whether support from family is necessary or not. Our main survey shows for instance that a majority of the homeowners in the age group 20-29 have become owners without any financial help from their parents (Gulbrandsen, 2016). We do not know what this help means for the receiving children. Nevertheless, whether the children need help to enter homeownership or not, family transfers give them a better start on their housing careers, either by entering homeownership earlier than what would have been possible without this help, or by starting out with less debt and more housing equity than other young first-time homebuyers.

Concluding discussion

In Norway, as in many other countries, increasing house prices have raised the profile of housing and housing wealth on the political agenda. There is a growing rhetoric concerning the generational conflict between ‘housing poor’ young people and the ‘housing rich’ middle aged and older cohorts. Although policies attempting to restructure expectations of citizens that their current and future welfare needs should be partly or fully self-funded, so-called ‘asset-based welfare’, there are small signs of movement towards this. For example, policies for adaption of dwellings to old age and reduced physical health presupposes deductibles from the elderly themselves. There are also signs of marketization of elderly care with increase of privately purchased services among older people.

As Searle and McCollum (2014) have argued, the suitability of asset-based welfare is in several ways limited. Housing equity is not equally distributed and not old people have, or will have, sufficient housing wealth in order to cover costs of their care and welfare. One important divider goes between homeowners and renters, but there are also important divisions within the group of homeowners. As the results in this chapter shows, older households have gained from increasing house prices in recent years. Not only in terms of their housing equity, but also in terms of new financial products making it easier and giving opportunities to invest in other forms of assets such as holiday homes, stocks and securities. However, there are big differences in net worth both between and within different generations or birth cohorts.

The combination of growing housing equity and introduction of new financial products have given older homeowners the opportunity to release some of their housing equity. Some take this opportunity, but the attitudes towards spending housing equity has been remarkably stable and restrictive during the period of substantial increase in house prices. We identify no generational differences in these attitudes. However, attitudes do change in different stages of the life course and people become more conservative in spending their housing equity in older age (Gulbrandsen 2016). It seems that older people have been more willing to release equity by downsizing.

The increase in housing equity among older households has enabled parents to help children entering homeownership. Based on the prices of entering homeownership and the stable percentage of homeowners among younger households, we may expect to see the growing importance of family transfers in this housing transition. However, our results show that the pattern of such family transfers has been remarkably stable. Increasing house prices do not correlate with an increase in family transfers. On the one hand, this may be an expression of younger household managing this transition on their own. On the other, this could also mean that parents give help according to a child’s needs irrespective of how developments in house prices.

It is also worth mentioning that the amount of money transferred to younger family members is usually modest. In other words, these transfers do not largely reduce older households housing equity. The consequence of small housing equity withdrawals among older households, either for consumption or family transfers, may be a greater importance of inheritance in the future. This correspond with Piketty’s (2014) assumption in that the inherited wealth may increase social inequality over time. How important this inheritance will be in producing and reproducing social inequality will probably vary (ex. in amount of inherited wealth, number of siblings, timing of inheritance etc.). However, for some of the heirs the inheritance can be substantial and it can provide resources for new investments in their own their children’s housing (or other forms of assets).

Intergenerational solidarity and dependency within the family challenge the redistributive policies of the welfare state. Regardless if family transfers supplement or substitute universal transfers and assistance schemes it will produce and reproduce social inequality. In Norway, homeownership was originally justified by social and redistributive arguments. However, the increasing housing wealth among Norwegian households may reinforce inequalities both within and between generations. The housing market is not a unitary market in which all have the same access and the same profit. The importance of housing wealth in family welfare makes this contradiction acceptable. Homeownership has been a lucrative investment and the returns have made the home a saving and insurance account for family welfare. Although the Norwegian welfare system yet is generous, the housing wealth make a key supplement to public pensions and social security systems for both the homeowner and its family members. Reallocation of wealth within the family is probably more secure and accurate than reallocation of resources by the welfare state. Thus, the majority of young Norwegian families will most likely prefer the secure transfers that occurs within the family frame rather than public transfers through the tax system were the individual gains are far more uncertain.

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