

# Equity Release – Realities for Older People

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## Introduction

In 1991 a cohort of people who are now very old indeed made a record. They, at the ages of 60-64 years, had the highest rates of owner occupation in New Zealand before or since at 87.7 percent. High rates of home ownership, represented by more than 75 percent of a cohort being in owner occupation by their thirties, has been a feature of New Zealand for all cohorts born between 1927 and 1956.<sup>1</sup> The extraordinary commitment to owner occupation was generated by a combination of factors prevailing in the post-war period. Firstly, it reflected familial commitment to home ownership. Second, its achievement was propelled by low house prices and a building industry that targeted low cost entry level housing. Third, it was supported by a political commitment to home ownership across the political spectrum in the post-war period until the late 1980s. The pillars of that commitment were: long-term mortgages, first at three percent and later at income related interest rates, the ability of households to capitalise a universal family benefit, and a public housing agency that not only provided both mortgages and income-related rental stock, but had responsibilities for urban development.

The late eighties and early nineties saw those pillars dismantled. What have remained, however, are:

- Cohorts of older people who still have very high rates of home ownership;
- A retirement income policy and superannuation that is calibrated according to assumptions that older people are primarily mortgage-free owner occupiers; and,
- With an ageing population, the prospect of older people increasingly attracting the health care dollar.

The fiscal impact of an ageing population, anxieties about incomes and living standards, a persistent model of older people as inevitably on a pathway of physical and mental decline, and New Zealand's traditionally higher rates of residential care compared to similar jurisdictions have driven a persistent concern with 'downsizing'. However, the concept of downsizing is both ill-defined and contradictory. Nevertheless, within public policy, two streams may be discerned. The first relates to a view that older people should be 'downsizing' housing wealth to release equity tied up in housing assets. The second, attached to the 'ageing in place' policy framework, couches the idea of 'downsizing' in terms of reducing dwelling and allotment sizes on the assumption that smaller dwellings and gardens will allow older people to remain independent for longer with less assistance in their homes.

The three-year public good science programme *Finding the Best Fit* has found that neither of those forms of 'downsizing' are particularly attractive to older people.<sup>2</sup> The question that inevitably arises, irrespective of the preferences of older people, is whether either of those 'downsizing' pathways are practical for older people. Is the vision of cashing up or the imperative to access smaller dwellings realistic? This report focuses on the first of those issues, that is, the realisation of housing assets.

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<sup>1</sup> N. Jackson, 2016, Preliminary analysis of home ownership/non-ownership by birth cohort, for the period 1986-2013. Unpublished paper.

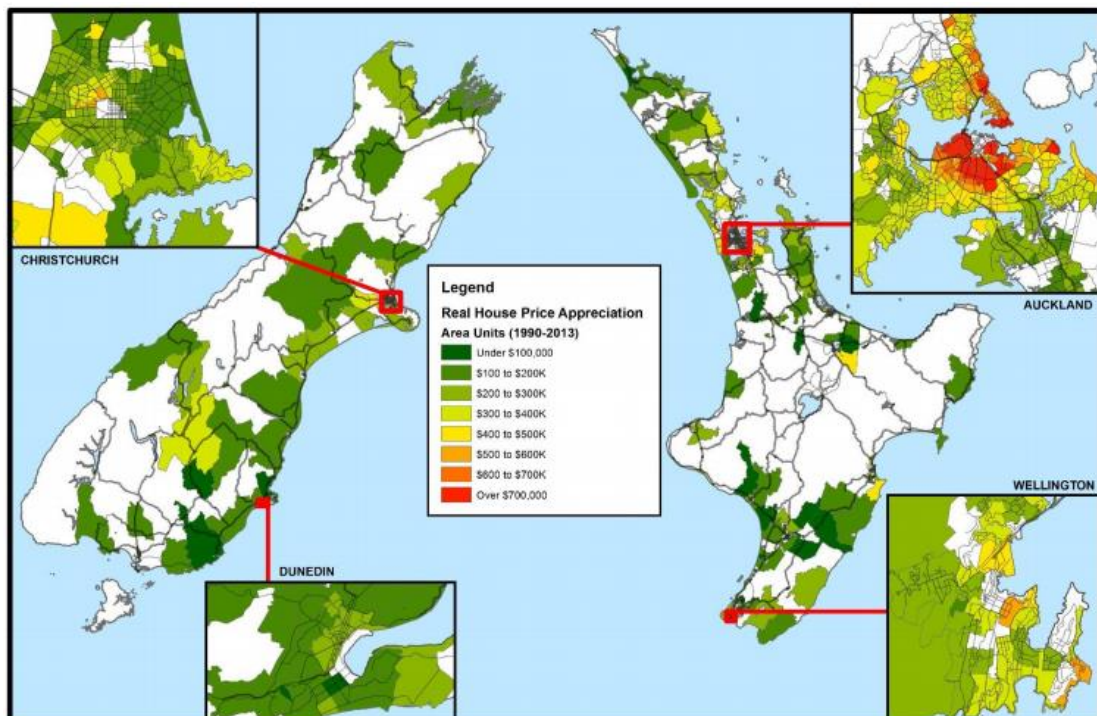
<sup>2</sup> See <http://downsizing.goodhomes.co.nz> for the programme's team, research directions, findings, presentations and tools. Funded by the Ministry of Business, Innovation and Employment through the contestable public good science fund with additional assistance from the Retirement Villages Association, the Commission for Financial Capability and the BRANZ Building Levy.

## High Hopes for Equity Release, House Prices, Debt and Shocks

It has already been noted that ideas of older people's equity release as a mechanism for boosting living standards in old age and funding age-related care reflect high rates of owner occupation among older people. The vision of equity release has also been propelled by New Zealand's apparent inexorably rising house prices. The preoccupation with rising house prices has been particularly intense around the Auckland region and in the last decade or so. But there has been a sense that rising house prices have been evident around New Zealand. That intuitive sense reflects a degree of reality. There is no doubt that nationally there was in the first decade of the 21<sup>st</sup> century a step-change for housing prices in rural and provincial towns and a climb in house prices in urban areas, mainly in the Auckland region. But substantial real house price appreciation is not as widespread or as persistent as the public discourse might imply.

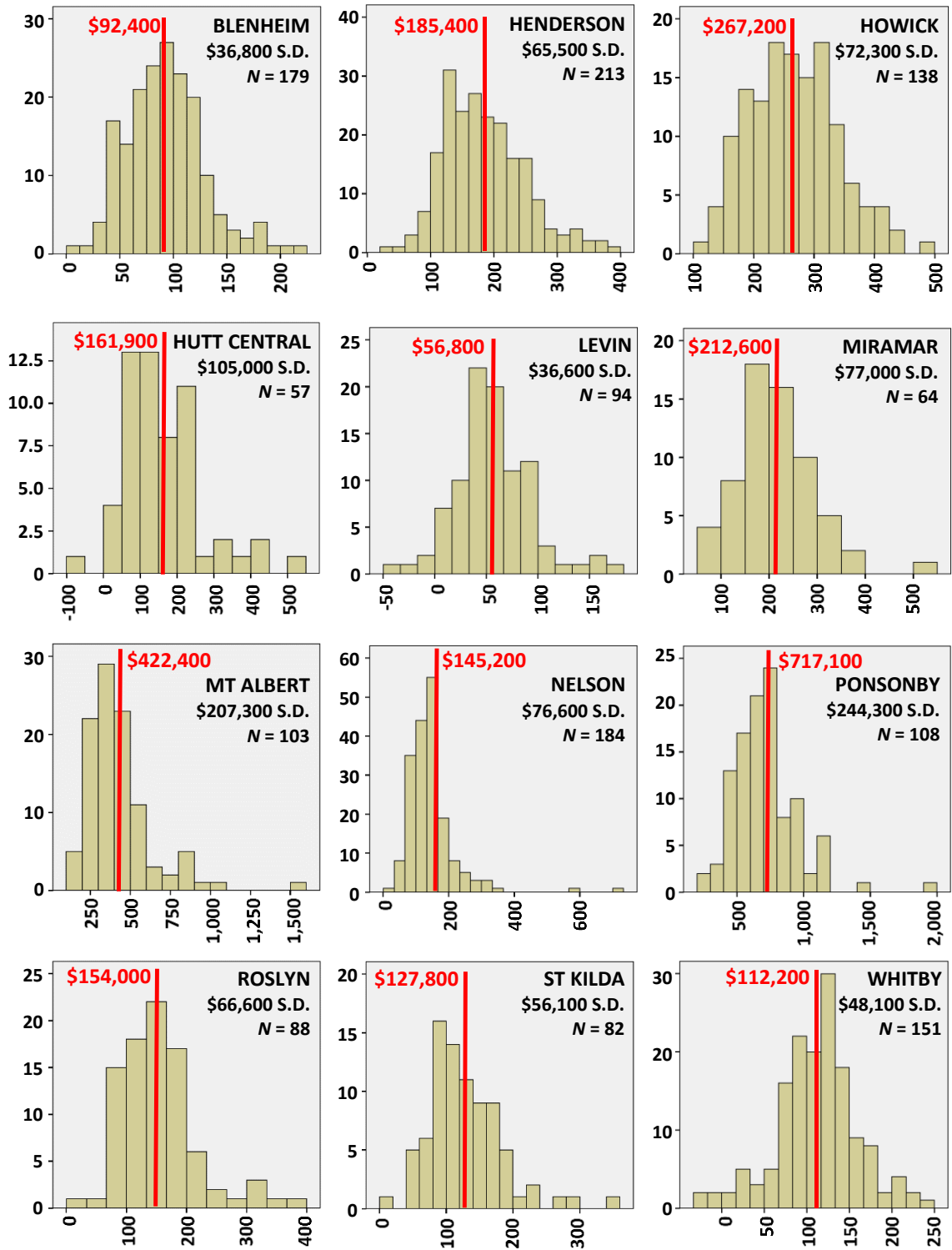
Low capital growth is widespread and high growth very spatially concentrated. Median house prices between 1990 and 2013 have been variable spatially. Some areas show real house price appreciation for the dwellings involved in repeat sale were less than \$100,000 over twenty-three years (Figure 1). When the capital gains of individual dwelling prices as they were represented through repeat sales is analysed, the variability and the modesty of gains becomes very apparent.<sup>3</sup> So too does the illusory quality of the belief that rising median house prices or mean capital appreciation data indicates a universal benefit and opportunities for equity realisation for owner occupiers. The distribution of capital gains for individual house can vary considerably. Large standard deviations prevail. Average capital gains frequently represent the impacts of a minority of houses (Figure 2).

Figure 1 Real House Price Appreciation – 1990-2013



<sup>3</sup> L. Murphy and M. Rehm, 2015, Housing Downsizing and Older People in a Changing Society - House Price Dynamics, Finding the Best Fit Research Programme, <http://downsizing.goodhomes.co.nz/resources/downloads/tauranga%20downsizers%20auckland%20presentation%20-%20Copy.pdf>.

Figure 2 Mean and Distribution of Capital Gains Experienced by Individual Houses in Selected Local Housing Markets



Where does this leave older people? Firstly, it means that their assets can vary significantly. The median value of older people's assets in 2015 lay at \$302,000. That is, half of individuals aged 65 years or older, had assets less than \$302,000 and half had more. The average debt of an older person at the same period was \$44,000.<sup>4</sup> A recent survey by the Bank of New Zealand (BNZ) on debt repayment practices has led them to conclude that "it raises the spectre of 'intergenerational debt' rather than older Kiwis bequeathing wealth to their children... the median age for clearing mortgages for those aged 50 to 64 was likely to be 66, based on current projections."<sup>5</sup> Most importantly, the vast majority of older people's asset value lies in property, predominantly their owner occupied home. That can mean that the seemingly stable and advantaged world of older people's housing wealth is vulnerable to shocks.

Shocks may involve significant financial shocks associated with worldwide but even domestic occurrences. The latter have not attracted systematic research but some older people are vulnerable to financial elder abuse. They can also become involved in risky investments and transactions. The underwriting of children's borrowing, which can often be a positive and low cost form of inter-generational wealth transfer where house purchase is concerned, can also carry risks of loss. There are also other types of shocks that can strip out the asset value of dwellings. Those include adverse natural events and dwelling failures. The former goes beyond the dramatic impacts of the Christchurch earthquake. New Zealand has a vulnerable geography. Flooding and storm events are common. There is evidence of significant housing loss among older people associated with those events, partly due to their geographic exposure to flood and storm events.<sup>6</sup> This may be exacerbated by a tendency among older people to under-insure and/or under-claim on insurance.<sup>7</sup>

The problem for older people of building failures has emerged primarily around 'leaky building syndrome'. That is, the phenomenon of building degradation due to water intrusion associated with faulty design, materials or workmanship. Associated with but by no means restricted to mono-cladding, homes built in the 1990s up to around 2005 have proved particularly vulnerable. The effects can be severe with rot and decay potentially leading to building collapse.<sup>8</sup> Estimates of the numbers of dwellings affected have varied between 22,000 and 89,000, although government officials have come to a 'consensus' estimate of

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<sup>4</sup> Statistics New Zealand, 2016, *Household Net Worth Statistics: Year ended June 2015*.

<sup>5</sup> Reported NZ Herald, *Bank of New Zealand: Time ripe to tackle home debt*, 5 October 2015.

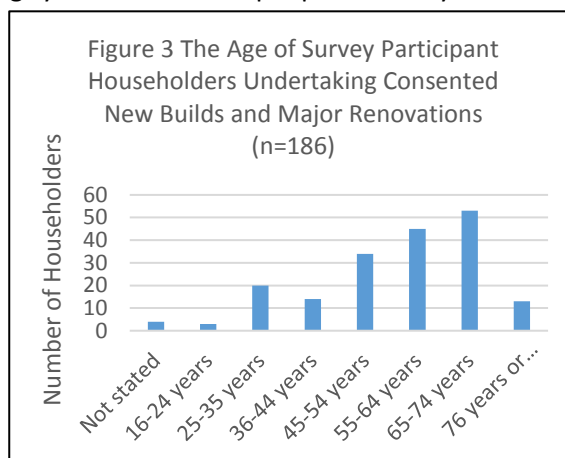
<sup>6</sup> B. James and K. Saville-Smith, 2014, Council Planning and Policies: Positive Ageing and Planning for Adverse Natural Events, Community Resilience and Good Ageing: Doing Better in Bad Times Research Programme, <http://resilience.goodhomes.co.nz/resources/downloads/PositiveAgeing%20and%20Emergency%20Planning%20Councils%20Final.pdf>, pp. 9-12.

<sup>7</sup> B. James and K. Saville-Smith, 2014, "We had our retirement all worked out, and then ..." *Learning from Older People's Flood Experiences*, Community Resilience and Good Ageing: Doing Better in Bad Times Research Programme, <http://resilience.goodhomes.co.nz/resources/downloads/We%20had%20our%20retirement%20all%20worked%20out.pdf>. pp. 24-29.

<sup>8</sup> Overview Group, 2002, "Report of the Overview Group on the Weathertightness of Buildings to The Building Industry Authority" <http://www.building.govt.nz/UserFiles/File/Weathertightness/Reports/pdf/bia-report-17-9-02.pdf>; PriceWaterhouseCoopers, 2009, *Weathertightness – Estimating the Cost*, report prepared for Department of Building and Housing, Wellington, <http://www.building.govt.nz/userfiles/file/news/whrs/pdf/pwc-weathertightness-estimating-cost-full-report.pdf>; HOBANZ, 2014, "Guide to: Leaky Buildings", available at: <https://hobanz.org.nz/sites/default/files/attachments/Guide%20to%20Leaky%20Buildings%20Jan,%202016.pdf>.

42,000 house failures among dwellings built between 1990 and 2005.<sup>9</sup> Those estimates suggest between 6.6% and 26.9% with the consensus at 12.7% of the dwelling stock built over that period was affected by leaky building syndrome.<sup>10</sup> Older people are likely to be over-represented in those buildings because of the propensity for new-builds to be driven by people in the older age groups.

A recent survey of householders involved in new builds or major consented renovations found that a significant proportion (almost 60 percent) were aged fifty-five years or more (Figure 3). If that is part of a persistent trend in the past, then we can assume that older people are likely



to be over-represented among those burdened by the costs associated with remedying leaky building syndrome. Those costs can be considerable.

An evaluation of the government’s Financial Assistance Package (FAP) found that on average, the estimated cost of repair of a stand-alone leaky house is \$220,000, and the per unit cost in a multi-unit building is estimated at \$95,000 on average.<sup>11</sup> It is clear from a case study with older people affected by leaky building syndrome, that the financial assistance offered to those with dwellings affected does not meet the actual financial costs associated with remediation. Of the nine case study participants who had undertaken repairs, their personal contributions ranged from under \$100,000 to over \$700,000, with five spending more than \$100,000.

Importantly in the context of older people’s housing wealth and the potential for equity realisation, there is considerable evidence that there is house price stigma attached to dwellings seen as leaky homes even where there is no evidence of leaks. One participant in a case study of older people affected by leaky homes noted that householders with monolithic cladding homes were incurring significant costs to avoid market stigmatisation. Similarly, an older couple whose house was affected by leaky home stigma but had not experienced any leakiness undertook extensive re-surfacing and renewal of sealants to guard against future leaks and had weathertightness reports prepared. Notwithstanding, there were difficulties in marketing their house.

<sup>9</sup> PriceWaterhouseCoopers, 2009, *Weathertightness – Estimating the Cost*, report prepared for Department of Building and Housing, Wellington, <http://www.building.govt.nz/userfiles/file/news/whrs/pdf/pwc-weathertightness-estimating-cost-full-report.pdf>

<sup>10</sup> Statistics New Zealand, Building Consent Time Series Data.

<sup>11</sup> Ministry of Business, Innovation and Employment, 2013, *Evaluation of the Financial Assistance Package*, Wellington, Ministry of Business, Innovation and Employment.

*This is not a story that is unique to us, we know people... they spent \$300,000 on recladding their five-year-old home so they were able to sell it and it didn't even have leaks.*

*We did full disclosure on the repairs made. A lot didn't want to look at it because of the stereotyping that's emerged about this type of building, there's a blanket condemnation.*

Analysis of transaction data for house sales in Auckland and Wellington reveals the reductions in capital gains associated with perceptions of leaky dwellings for mono-clad dwellings. In Auckland the stigma loss for standalone homes is approximately \$25,000 while owners of monolithic-clad apartments and units have their capital gain reduced by approximately \$15,000. Notably the difference in capital gains is quite similar between Auckland and Wellington despite the fundamental differences in house prices. The December 2013 average house price in Auckland was \$693,549 but only \$451,200 in Wellington.<sup>12</sup> As a proportion of total capital gain realised, Wellington homeowners suffered considerably from leaky building stigma. There, owners of standalone homes had their capital gain reduced by 29% due to their home's monolithic cladding (Table 1).

Table 1: Median Real Capital Gains (1997-2013) by Dwelling Cladding <sup>13</sup>

		AUCKLAND		WELLINGTON	
		Dwellings	Median Real Capital Gain	Dwellings	Median Real Capital Gain
Standalones	Monolithic-clad	72	209,904	43	104,413
	Non-monolithic	1,481	235,279	769	134,602
	Gain Difference		-25,375		-30,189
	% Difference		-12%		-29%
Apartments & Units	Monolithic-clad	33	130,235	21	57,401
	Non-monolithic	883	145,202	343	72,065
	Gain Difference		-14,967		-14,664
	% Difference		-11%		-26%

## The Experience of Equity Realisation

One of the conundrums of equity realisation is the issue of meeting the need for shelter while realising a portion of housing wealth. In the United States, Canada, Britain, Australia and New Zealand, the finance industry has sought to resolve that tension through financial instruments such as reverse equity mortgages. Despite their promotion over many years, reverse equity mortgages have not become widespread. The provider market tends to be fragile and demand has to date been low not only in New Zealand but also overseas.<sup>14</sup>

<sup>12</sup> <https://www.qv.co.nz/resources/monthly-residential-value-index>

<sup>13</sup> Prepared by M. Rehm for the Finding the Best Fit Research Programme. See also M. Rehm, 2009, "Judging a House by its Cover: Leaky Building Stigma and House Prices in New Zealand", *International Journal of Housing Markets and Analysis*, Vol. 2, No. 1, pp. 57-77.

<sup>14</sup> K. Saville-Smith, B. James, J. Warren and A. Coleman, 2009, *Older People's Housing Futures in 2050: Three Scenarios for an Ageing Society*, Wellington, CHRANZ provided an extensive review of international use of reverse equity which highlighted the risks for both lenders and consumers.

Moreover, there are significant risks around provision which have been recognised for many years but re-emphasised recently by the Australian Productivity Commission and the Reserve Bank of New Zealand.<sup>15</sup>

In October 2015, the Reserve Bank estimated that around \$300 million reverse equity mortgages were extant in New Zealand.<sup>16</sup> At that time many providers, including ASB, had withdrawn from the market leaving Heartland Bank and SBS providing products. ASB stayed in the market for around five years. The Reserve Bank announced its intention to calibrate reverse equity mortgages differently in relation to bank risk. In doing so it emphasised the complexities of risk management around reverse equity for lenders and the stability of the banking sector.<sup>17</sup>

The alternative pathway most typically promoted to releasing equity from housing wealth is the idea of moving from a higher cost dwelling to a lower cost dwelling. There are a number of trajectories. One is to change tenure and reduce the ownership interest in a dwelling, either by selling and moving into rental accommodation or by selling an owner occupied dwelling and purchasing a license to occupy. The latter is the most common trajectory of the relatively small proportion of older people who move into retirement villages. In both cases, the older person is exposing themselves to non-discretionary monthly or more frequent payments. In the case of tenants those are rental payments for which they may or may not be eligible for housing assistance. In the case of retirement village residents, those payments are monthly service payments. Unlike renters, retirement village residents retain a capital investment in the license to occupy which may be realised through sale after deferred maintenance charges are deducted.

Another trajectory is to retain owner occupation and move to a lower cost dwelling. House price data and house stock data suggest that this can be difficult to achieve if older people wish to stay within their current communities. The reasons for this are simple. First, house prices are largely decoupled from dwelling condition and size. Prices are affected by dwelling configuration, particularly whether a dwelling is an apartment, a stand-alone dwelling, or multi-units, but the main factor in house prices is locality. Second, finding a smaller, suitable dwelling is not easy. Far from dwelling sizes falling as household sizes fall, the long-run trend has been for dwelling sizes to increase (Figure 4).

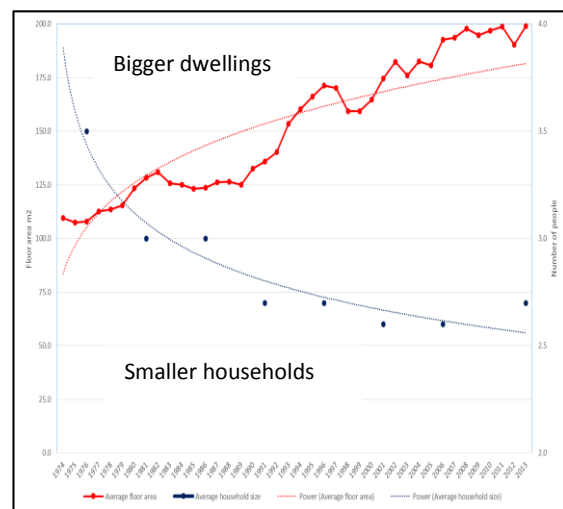


Figure 4: Falling Household Sizes and Larger New Builds

<sup>15</sup> Australian Productivity Commission, 2015, *Housing Decisions of Older Australians*, Commission research paper, Canberra, Australian Productivity Commission, p. 165.

<sup>16</sup> Reserve Bank of New Zealand, 2015, *Regulatory impact assessment on capital requirements for reverse mortgage loans*, Wellington, RBNZ.

<sup>17</sup> Reserve Bank of New Zealand, 2015, *Regulatory impact assessment on capital requirements for reverse mortgage loans*, Wellington, RBNZ.



The building industry tends to explain this mismatch in terms of an under-demand for smaller dwellings. A homogeneity of demand is said to translate into a housing stock that tends to be relatively homogenous in New Zealand. That explanation, however, is belied by the burgeoning of the retirement village sector which delivers to the proportion of older people that can afford them, both smaller and a more diversified stock (Figure 5).

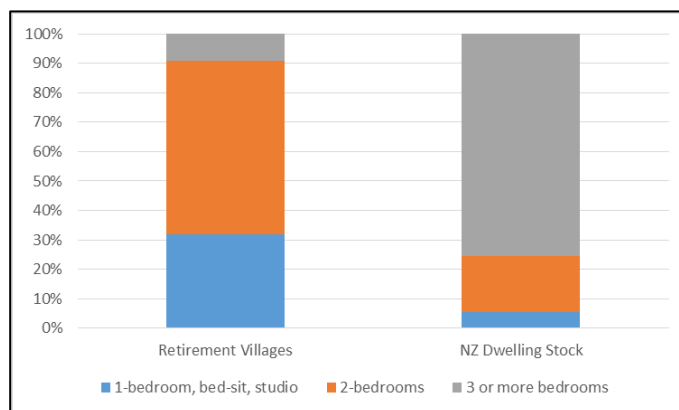


Figure 5 Retirement Village Stock compared to the NZ Dwelling Stock

It is contradicted too by data collected in the *Finding the Best Fit* programme surveys. One survey of 617 retirement village residents in 2015 found that most (83 percent) of recent movers into retirement villages had not considered options other than a retirement village, but 104 residents had. Among those 104 retirement village residents there were a variety of reasons why the resident had eventually selected a retirement village.

As Table 2 shows, in some cases, the decision was made on their behalf by a family member. The most common reason related to the lack of dwellings with the characteristics that older people desired on the market. In particular, these retirement village residents reported a desire for new dwellings, but found those on the open market either too large and expensive, or too 'pokey' and also expensive.

Table 2: Reason for Selecting Retirement Village by Residents who Considered Retirement Village and Open Market Housing

Reported Reason for Choice	% Residents Choosing RV Over Non-RV Dwellings (n=104)
Desired Dwelling not Available on Market	32%
Reduced self and household management	22%
Onsite care for self or partner	22%
Companionship	13%
Onsite Security	11%
Planning for Old Age	6%
Unchallenging Environment	4%
Children's Decision	4%
Cost Effective	3%
Additional Facilities	2%
Reduced Burden on Children	1%

\*Multiple choice

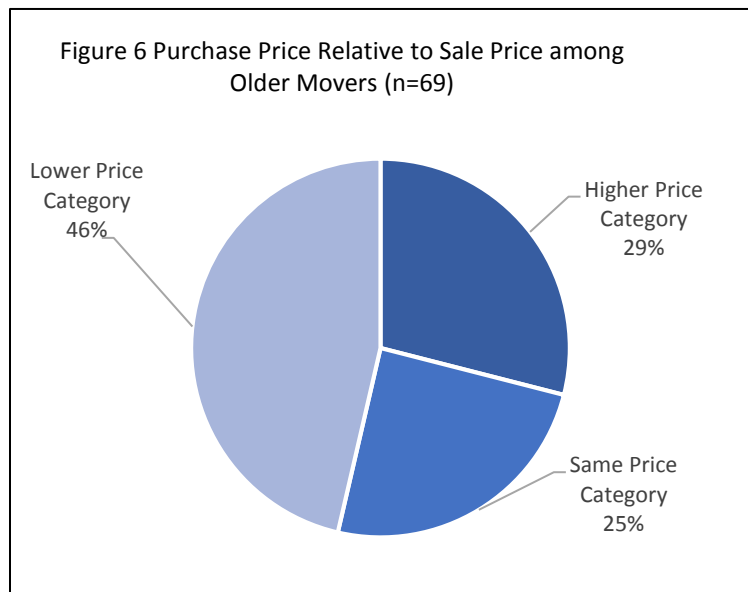
The *Finding the Best Fit* programme also surveyed older people living in the general community. In that latter survey, it was found that most older people had not moved within the five years prior to surveying. Nevertheless, a set of 126 older householders who reported that they had moved house in that period were recruited.

The data from those movers and the data from the retirement village residents provide an insight into the actual experience of equity realisation. Before discussing the equity realisation reported by each population, it is notable that only 23 percent of movers reported purposely seeking to release equity from their move. Among retirement village

residents that proportion was lower at around 17 percent. It is that data to which the discussion now turns.

### ***Realising Equity among Owner Occupier Movers Staying in the Community***

Sixty-nine owner occupiers who moved and purchased another dwelling reported on the sale price of their original dwelling and the purchase price of their subsequent dwelling. Less than half (46 percent) reported that the purchase price of their subsequent dwelling was in a lower price category than their sale price for their original dwelling (Figure 6). A quarter of sellers and buyers stayed within the same



category when buying as their sale price. Over a quarter (29 percent) paid more for the dwelling they purchased than the dwelling they sold. In short, while the largest proportion of these movers sold at prices higher than they purchased, that set of movers still made up a minority of all the transactions.

Most movers in the community were not seeking to 'cash-up', although some were hoping to reduce debt. For the twenty-nine movers who sought to release equity from their move, the outcomes were mixed. A little over half (52 percent) reported that they achieved the amounts that they had planned. About 10 percent reported that they were unable to transform any equity into ready cash after repayment of debt and other costs. Around 48 percent reported that they were able to transform some equity into ready cash but significantly less than they had hoped for. Notably, high sale prices do not always bring a cash windfall. Fourteen older movers sold their previous dwelling at \$700,000 or more and six reported that they were seeking to liquidate some of their home equity into cash. Of those six, one reported that they left the transaction with very little financial benefit and a further three were left with less than they expected from the transaction.

In any event the amounts for cash remaining from sale were relatively small. The largest single set of older owners who moved report no remaining cash within a period of five years with about two-thirds having less than \$50,000. Of those, 69 percent own their dwelling with no mortgage. Some seventeen of the 61 older movers with less than \$50,000 in cash remaining from their previous house sale report that they were able to move to being mortgage free. Mortgage free owner occupiers have been shown to have high living standards relative to their incomes, primarily because of their very low housing outgoings

compared to those who have non-discretionary outgoings related to their accommodation such as monthly service charges, mortgage repayments or rents.<sup>18</sup>

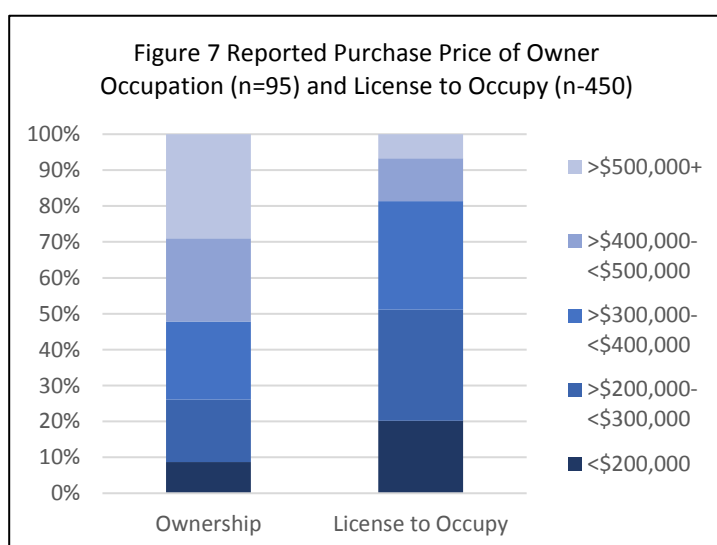
### **Realising Equity among Movers to Retirement Villages**

The profile of equity realisation among movers to retirement villages is somewhat different to that of older movers who stayed within the community. This reflects a variety of factors. As Table 3 shows, retirement village residents tend to be older than movers in the community. They are also less likely to be independently mobile and driving. However, they tend to have incomes from a multiplicity of sources. Nevertheless, they are less able to share costs with a household member. Similarly, issues of companionship, security and a desire for onsite care may be attached to the higher rate of living alone.

Table 3: Socio-Demographics of Older Movers and Retirement Village Residents

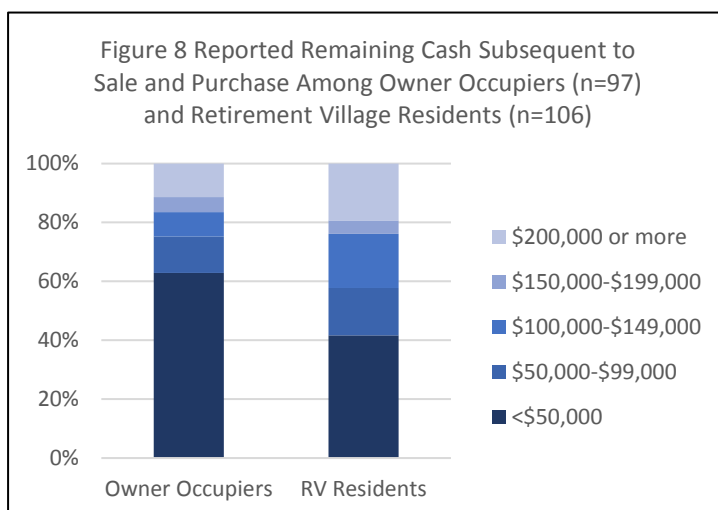
Characteristic	% Older Movers in the Community (n=126)	% Retirement Village Residents (n=617)
75-84 years	21%	53%
85 years or more	6%	32%
Lives alone	35%	69%
Driver's License	96%	79%
National superannuation, Veterans or War Pension	91%	89%
Additional income from interest, rents, or investments	57%	54%
Other superannuation, annuities or pensions	21%	26%

Finally, of course, retirement village residents who purchased a license to occupy are reducing their ownership interest in a dwelling. While the up-front cost of a license to occupy tends to be lower than owner occupation (Figure 7), retirement village residents typically forego any capital gain, have significant deferred maintenance charges when moving, including when selling and purchasing an alternative type of dwelling within a village, and non-discretionary monthly fees.



Unsurprisingly, the profile of cash remaining from selling other assets to enter a retirement village was somewhat higher relative to movers in the community. Around 66 percent of

<sup>18</sup> P. Koopman-Boyden and C. Waldegrave (eds), *Enhancing Wellbeing in an Ageing Society (EWAS) Monograph No. 1*, The Population Studies Centre, University of Waikato, Hamilton and the Family Centre Social Policy Research Unit, Lower Hutt, Wellington, pp. 86, 104-105; K. Saville-Smith, 2013, *Housing Assets: A Paper for the 2013 Review of Retirement Income*, Wellington, Commission for Financial Capability, <http://www.cffc.org.nz/assets/Documents/RI-Review-2013-Housing-Assets-and-Retirement-Income.pdf>.



movers in the community realised less than \$50,000 in cash. Less than half of the retirement village residents (47 percent) reported their remaining cash from the sale of assets to buy a license to occupy was less than \$50,000. At the other end of the scale, only 12 percent of moving owner occupiers report cash remaining from their sale and purchase of \$200,000 or

more, compared to 22 percent of the retirement village residents seeking some release of equity (Figure 8). Nevertheless, 44 percent of the 106 residents who reported wanting to release equity, reported that they had not achieved as much equity release as they had hoped. This compares to 48 percent of movers within the community.

### Using Realised Equity

So what did older people spend the cash that they did release from moving either within the community or into retirement villages? As Table 4 shows, the use attracting the single largest proportion of the cashed up older movers was investment. A smaller proportion simply banked the realised equity.

Table 4: Using of Cash Released by Older Movers in the Community and Retirement Village Residents

Use of Equity Released	% Cashed Up Older Mover (n=63)	% Cashed Up RV Resident (n=546)
Investments	37%	32%
Supporting/helping your children or other family members	32%	26%
Special recreational or fun activities	30%	30%
Day to day living costs	19%	45%
Banked/Rainy Day Reserves	14%	3%
Health costs	11%	23%
Renovations	11%	0%
Reduced mortgage/debt	5%	<1%
Funded Rental Property	3%	0%
Replaced car	3%	0%
Charities	2%	<1%
Household items	0%	2%

\*Multiple response

There was a hint here of reducing risk and a couple invested in rental properties. Both those individuals already had a rental portfolio. One sought to reduce the mortgage associated with the rental dwelling and the other acquired an additional rental property. Consumption was mentioned repeatedly. Special activities were reported by almost a third, a much higher proportion than the 19 percent who used their monies for day to day living costs. Eleven percent used these funds for health care costs. The remaining consumption items could be

described as improving the infrastructure of their lives – expenditure on renovations and car replacement. The final category of expenditure, and one which attracted almost a third of these cashed up older people, was assisting children or other family members.

There were some differences between cashed up retirement village residents and the cashed up older movers in the community. The most significant of those relates to day-to-day living costs with 45 percent of cashed up retirement village residents reporting expenditure on day to day living costs compared to 19 percent of cashed up older movers in the community. This almost undoubtedly reflects the payment of non-discretionary fees. There was also a comparatively high proportion of retirement village residents reporting payment of health related costs. Special treats were cited by a similar proportion in both populations but retirement village residents did not report renovation costs, while 11 percent of older movers in the community did. That retirement village residents report no renovations reflects the sequencing of renovations and the funding stream used for them. Renovations are usually funded from the deferred management fee at the point of exit.

What is clear from the older people involved in these surveys is that relatively modest amounts of liquid cash was generated by moving dwellings, even when individuals chose to move from ownership to a tenure over which they had less control and which removed from them opportunities for capital gain. The latter also exposed themselves to non-discretionary and regular payments. A rental payment or a weekly service fee of \$130 would require at 3 percent interest, a capital sum of around \$220,000. Less than a quarter (22 percent) of retirement residents reported released equity in that region and around 11 percent of moving owner occupiers did. The greatest financial advantage for 8 percent of owner occupiers appears to have resided in being released from mortgages or other debts, or to be put in investments.

### **Key Findings**

The data presented here leads to four broad conclusions. First, neither finding a smaller, affordable dwelling nor equity realisation is easy. Indeed, some movers expend the same or more in their purchase of owner occupation than they receive from a sale price. Second, equity realisation is relatively modest and substantial proportions of older people, irrespective of whether they are in the community or in a retirement village are unable to release the amount that they had hoped for. Third, some movers in the community seek to reduce their housing costs by reducing or completely paying off their mortgages or debt. Fourth, non-discretionary housing and service costs in retirement villages mean that realised equity is directed to day-to-day living costs for a substantial proportion (45 percent) of the 'cashed-up' residents, while over a third of movers in the community (37 percent) direct some of their cashed up equity to investments.