



ÁREA TEMÁTICA: Cidades, campos e territórios

A habitação própria como vector de percepções de segurança e/ou insegurança em termos habitacionais

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Resumo

Esta comunicação sintetiza os resultados relativos a Portugal do estudo “Origins of security and insecurity of homeownership”. Este estudo, de carácter transnacional teve a sua componente portuguesa assegurada pelo CESIS – Centro de Estudos para a Intervenção Social. A parceria transnacional envolveu organizações do Reino Unido, França, Alemanha, Bélgica, Holanda, Hungria, Finlândia e Suécia. Os dados empíricos resultam de trinta entrevistas com proprietários e com arrendatários de habitações localizadas na cidade de Caldas da Rainha.

Partindo da dicotomia ‘habitação própria-habitação alugada’ e prestando particular atenção à situação financeira dos agregados em causa, analisa-se de que forma a posse de habitação própria molda as percepções de in(segurança) financeira e habitacional dos indivíduos e de que características diferenciadas se reveste, no contexto sócio-económico e cultural da sociedade portuguesa.

Palavras-chave: Habitação; Segurança e insegurança habitacional; Habitação própria





1. HOUSING DECISIONS AND THE MEANING OF TENURE

For most Portuguese respondents, the dwelling is seen as a home or a refuge rather than an asset, which reveals the strong emotional ties that people have with their residences. This is true both for homeowners and renters. Among renters, those with rental contracts that date back over long periods tend to express these feelings more strongly, but even those with recent contracts do not usually regard their home as a temporary residence and still have an emotional attachment to it.

Only in a few cases do the respondents regard their homes simply as a roof over their heads or as an investment. For one of the respondents, the idea of the home as an investment goes hand in hand with the idea of it as a burden, creating mixed feelings that cannot easily be separated. Another interviewee, who has owned his home only for two years, considered it to be mainly an additional motivation to keep on going, which gave further meaning to a “life of work”. Buying comes as a natural step in the respondents’ lives and they are encouraged to buy by the small or non-existent difference between the values of rents and mortgages. Job security, for instance, although understandably important is not a decisive factor when entering into home ownership.

As for tenure, the strong promotion of home ownership over the last few decades and the small or non-existent difference between the value of rents and mortgages are certainly the reasons why all the homeowners and most of the renters state a preference for home ownership. Only those who are afraid of getting into debt express a preference for renting.

The avoidance of debt is one of the few perceived benefits of renting and this is closely associated with the fact that it is the only choice for those people who are unable to buy because of a low income, because they are elderly or both. Another important advantage of renting relates closely to the recent history of the Portuguese housing market, in other words to frozen rents, which have resulted in long-term tenants paying very low rents.

The main advantage of buying, referred to by almost all the interviewees, concerns equity. For the respondents it makes sense to spend money on their own property rather than on something they will never own.

“Since I had to pay, I wanted to pay for something that was mine. Nowadays renting costs much the same as paying a mortgage. So obviously I wouldn’t ever rent somewhere. And buying a property is a capital investment. I would never pay for something that would never be mine” (Non-marginal owner, female, 29 years old).

“One day, it (the home) will be mine. Just imagine getting to the age of 50 or 55 and still paying rent... If things go well, I’ll buy another property. If they don’t, I’ll get to that age and my mortgage will be paid off and I’ll have a pension to live on. That’s my idea. If I went on renting...the later I left it to buy a house, the longer I would have to keep on paying for it and I was always afraid of that” (Non-marginal owner, male, 28 years old).

Sometimes, even the idea of renting produces a negative reaction.

“I was in a rented house for so many years. Would I rent another one? No! At some point, it was just not worth paying the rent. For the same amount or little more I could have my own home. And this way I don’t have a landlady coming after me to collect the rent or anything else. At least I’m charge of my own destiny and what happens to my home” (Marginal owner, female, 33 years old).



Therefore for some people, owning also seems to represent independence. Ownership seems to be the only way of ensuring that no one is interfering in your life. The respondents are aware that until the mortgage is paid off in full, the bank has something to say in the matter, but they also know that as long as the mortgage payments are made regularly, they will not be hearing from the bank. This cannot be taken for granted in the case of landlords.

Changing tenure is a valid option for almost all renters, although it would be heavily dependent on improved financial circumstances, as these are the main reason for the majority of people choosing to rent. In contrast, as mentioned earlier, the initial reaction of the owners is to reject almost immediately the idea of renting. They would only consider it if they had serious difficulties, in other words health problems. But even if this was the case, the owners would prefer to move into a cheaper property, rather than renting.

This is most probably associated with the idea of the rental market being the last resort. Buying is so deeply rooted in most people's minds, for the reasons mentioned previously, that renting is seen as a strange choice, which is only appropriate for those people who have no possibility of obtaining a loan or who have tax or legal problems.

The main influence on people's initial housing decisions is unquestionably relationships. Marriage or living with your partner is the main reason for people to leave the parental home. Among the younger respondents there are few single-person households and this is largely due to financial reasons. The high prices in the private housing market and the lack of alternative, affordable (social) housing do not make life easy for single-person households. Most of the people interviewed who were living alone had chosen this option because of relationship breakdown.

Housing decisions are also determined, although to a lesser extent, by the labour market. Some of the interviewees had already moved house at least once because of their jobs and others had even moved abroad, but this is not a common occurrence. The fact that the town only exerts a low level of attraction means that people can remain living in their existing homes while working in the town. It is only in major cities that larger numbers of people move house because of their jobs, but even in these situations people tend to move only once and then stay in the new area.

Using housing equity to access finance seems to happen only rarely in Portugal. Even in the case of relationship breakdown, on only one occasion was the property sold in order to allow the ex-partner to have access to his share of the money.

Equity seems to be regarded from two different perspectives. Although, as mentioned above, equity is identified as a major advantage of buying, it is not the primary reason for doing so, given the emotional ties which people seem to have with their homes. In addition, even if people are aware that their dwelling has increased in value since they bought it, they are also aware that moving will not allow them to access the money. Because prices everywhere have gone up and not just in a certain area, moving to another house will not in itself provide them with any extra money.

For tenants, the choice of renting is, in some cases, related to an awareness of the difficulties or even the impossibility of buying, which is consistent with the advantages of renting identified by the buyers.

"Next year I will turn 40. My salary is reasonable but the salary that I am declaring for tax purposes is fairly low. I think the state doesn't give much help to single people. Before I started renting this place, I went to the bank and they told they would not give me a loan...and at that time I was ten years younger" (Tenant, female, 39 years old).

From this perspective, people do not regard their dwellings as an investment, even though most people definitely believe that the process of buying and selling property is still one of the most profitable transactions they will make, although to a lesser extent than before. However, people clearly distinguish this concept from



home ownership and do not really consider this to be an investment. Even the idea of housing as a financial resource only seems to come to mind after direct questioning. It does not appear to occupy a central role in people's thoughts. As such, it is not surprising that people have not used their homes as a financial resource in the past. A few households used the difference between the estimated value of the dwelling and the loan they applied for to obtain some additional money at the time of taking out the loan. This allowed those households to acquire capital – between 5,000 and 10,000 euros – at a lower interest rate. The money was then spent on cars, furniture or refurbishing the house. Only one of the households took out a second mortgage to buy a car. As for the remaining households, the money resulting from the sale of the previous home was always used for the next one.

When first asked, most respondents say that they would not consider using housing equity in the future. The main focus is on housing as a home and on paying off the mortgage.

“My objective is to pay it off as soon as possible because you never know...two incomes are one thing, but one income is a different matter altogether. So, my objective is to pay it off as soon as possible so that I no longer have the expense and feel more relaxed” (Marginal owner, female, 53 years old).

Once the house has been paid for, it acquires a new and important meaning, that of an asset to leave to the children. Almost all the interviewees believe that it is important to leave their house to their children. Interviewees also tend to value the possibility of giving their children a roof over their heads. They want to offer them help, which they themselves did not have, to get started on the “ladder” and protect them from possible “snakes”.

Only after direct questioning did the respondents consider using the equity themselves and, in almost all cases, only for health reasons. Nonetheless, the respondents clearly emphasise that it would have to be a pressing need and a situation in which they had no other choice.

However, it seems worth mentioning one specific situation, where the respondent uses unusual reasoning. One homeowner would consider using his home for almost all of the purposes mentioned. But what is most interesting is that the education of his children is definitely not one of them.

“We made long term plans. We opted to repay the loan over 18 years, to coincide with the time when our child, whose birth was already planned, went to university. When she is 17, our home will be paid for and we can do whatever we like” (Non-marginal owner, male, 37 years old).

Conversely, when they reflect on the theoretical situation of other people, some of the respondents believe that using housing equity may be a good idea. This is because the hypothetical situation concerns elderly people. In Portugal, the elderly are extremely vulnerable to poverty. Some respondents mention the generally low levels of pensions and the weaknesses of the social security system in order to justify their support for the use of housing equity.



2. SAFETY NET STRATEGIES

The respondents' safety nets do not seem to have a very tight mesh. Almost all the homeowners have compulsory life insurance (a few have older contracts that did not require this insurance), but this is their only safety net, apart from the compulsory insurance against accidents at work that most people have. Only a few interviewees took out non-compulsory insurance policies, to cover unemployment, for instance, despite the fact that this represents a major concern. According to a significant number of respondents, it is not that they do not recognise the importance of these safety nets, but rather the feeling that their incomes are too low.

"If our monthly income isn't enough for us to pay our debts and survive, then it will certainly not be enough to open a savings account. It's like when everybody says that there will be no money to pay for our retirement. My impulse is to open an account and put my tax money in it. But that's not possible and it isn't possible to pay the taxes and save money. So, we will sort that problem out when we get that far" (Marginal owner, female, 33 years old)

This quote raises the issue of disillusionment about welfare provision. People are aware of the weaknesses of the Portuguese welfare system, which in addition has no specific provision for housing. These perceptions may have been reinforced by the recent government trend of withdrawing from a number of areas. The failure of the system to provide adequate protection stems from the fact that it is based on wage levels. As a result, if wages are low, then transfers are obviously also low, even if the replacement rates are good.

Apart from this, however, the major problem with public welfare policies concerns the delay between submitting the application and receiving the benefit. There is a delay of several months that obviously has serious consequences at all levels. There is very little data available in this area, but there is empirical evidence from people who resort to local social security services for financial support because of the impact of these delays on the families' ability to survive. It is not surprising that some respondents describe how they took things into their own hands in order to find an immediate solution to their problems.

"We are trying to save some money and we're succeeding. This money will allow us to survive for two or three months if I become unemployed, but two or three months without a job...that's why I say...if I have to carry buckets of cement, I will do" (Non-marginal owner, male, 30 years old)

The family is often the major buffer in cases of hardship. Almost all the interviewees are confident that someone in their close family would help them if they had problems. However, for many of the respondents asking for help would be exceedingly difficult, as most people believe that everyone should be responsible for their own finances. In addition their strong feelings of pride would prevent them from asking for help. In contrast, in some cases the help given by other people is the only thing which is stopping the situation from becoming even worse.

"After paying the rent, I only have 35 euros left. If I didn't get help from my children, I don't know what I would do" (Tenant, female, 73 years old)

In terms of equity, only homeowners with mortgages which are about to come to an end feel that their property represents a reasonable sum of money. For the others, the equity is very limited and few of them are aware of the possibility of making use of it.



When considering other people's options if they get into difficulties, the alternative which most of the respondents mention is downsizing, in other words selling their current home and buying a smaller and cheaper one. This approach seems to indicate a considerable difference between the way in which people perceive their homes and the way they would use it if they had problems. The home as a haven seems to give way to the home as an asset.

However, it is important to interpret these results with caution, as they represent opinions about a third party¹. If the respondents were asked directly about their own specific situation, the results could be different. Moreover, when people refer in their answers to their own personal case, there is a discrepancy between what they would do themselves and what they suggest that others should do.

Two important factors which need to be taken into account in this context are whether the respondents have children and whether they have emotional ties with their home, both of which will have a significant influence on whether they are prepared to sell. As we have already mentioned, a house is often more than just a place to live and is regarded as something which the children will inherit. If the homeowners have children, selling the home is often regarded as throwing away their inheritance.

Consequently, the respondents tend to think that if the home has no sentimental value for the owner, especially if he or she is older, then the best option is to sell and buy a smaller one. This seems to be particularly relevant in the case of people whose household has become smaller as the children have left the parental home.

The strong attachment to the home is perhaps more clearly reflected in the answer of one respondent who says that...

"... if they sell the house when they are only three years away from paying off the mortgage and then rent another house...little by little they would be killing themselves. They would never see things in the same way again. They would always regret what they did. Losing everything for the sake of only three years...having really bad luck...that starts to affect you. It would definitely have a serious impact on them" (Non-marginal owner, male, 28 years old).

The second most frequently mentioned option is to look for work. One possibility is for the man who is being made redundant to find a new job. Despite growing levels of unemployment, there is a feeling that there is always work that you can do, even if you need to make a sacrifice of some kind. The respondents feel that having a job and an income is essential.

"As I see it, there's only one thing they can do and that's to sell. (...) if, at the age of 50, I have to carry buckets of cement...it's not great but it's unavoidable, at least for two or three months" (Non-marginal owner, male, 30 years old).

Another option is for the part-time worker to get a full-time job. The standard working pattern in Portugal is full-time work, both for men and women. The proportion of part-time workers is lower in Portugal than in the rest of the European Union. Therefore increasing the working hours of the part-time worker seems to be the natural solution.

Another option suggested involves negotiating with the bank to extend the deadline for repaying the mortgage and also investigating the possibility of taking out a second mortgage to cover the initial impact of the man's unemployment. Sometimes, the respondents also associate this second option with the search for



a job, which is essential for the medium and long-term viability of the option. There is the feeling that banks are likely to be interested in negotiating credit extensions, particularly if the mortgage is reaching its end. The suggestion of a second mortgage seems to be, in most cases, the result of a learning process, as this was largely unfamiliar to most of the interviewees at the beginning of the interview. In addition it is not clear whether every respondent who suggested this solution fully understood the medium-term implications of a second mortgage, in other words having a larger amount to repay each month.

Conversely, other respondents only seem to have considered the medium-term implications. In these cases, they believe that taking out another loan is out of the question, because if the people have no way of paying one loan, they will not be able to pay a second one.

Relatively few people mentioned the option of resorting to unemployment benefit and/or redundancy compensation, which, in the former case, indicates once again the weaknesses of the system. The respondents do not question the entitlement to the benefit, but they are not confident about relying on the system. They refer to the above-mentioned delay between becoming unemployed and receiving the benefit. Some respondents even use their personal experience to illustrate the difficulties of this delay.

It is interesting to see how the respondents' personal experience of housing influences their views on this subject. One respondent who had lived in a series of rented rooms promptly suggested renting out a room as a new source of income. This was one way of generating revenue from their own home. Similarly, a respondent who always contributed to the family budget while she was working and living at her parents' home suggested the possibility that the couple could ask their children, if they had any, for help.

"We also need to see whether they have children, whether the children live with them or not and whether the children can help. They can discuss the problem with their children and suggest that, if the children help them for the remaining three years, afterwards they will have a house which is worth much more than they have spent. If not, they (the parents) will sell the house, spend the money and the children will lose their inheritance" (Marginal owners, 29 and 30 years old)

It is revealing that nearly half of the marginal homeowners, but only one of the non-marginal owners, suggest that the couple should make personal sacrifices in order to reduce their expenses which would allow them to keep the house. This seems indicative of these two groups' different perspectives. Making sacrifices, which means in most cases cutting back on spending wherever possible, is necessary in order to achieve the more important objective of keeping their home, which is a refuge and an essential part of their lives.

Another respondent, however, takes the idea of making sacrifices even further, and emphasises how important it is for him to avoid hardship.

"Some people spend money in a good restaurant instead of cooking a bowl of soup at home" (Marginal owner, male, 48 years old)

The different perspectives among the homeowners are reinforced by the fact that nearly all the marginal owners say that they feel powerless in the face of unemployment. They believe that it is not easy to predict and in most cases they do not have enough disposable income to save or take out insurance policies. Different factors which affect their lives are also mentioned.

"It's always possible but it's difficult to judge. Different things happen in life and we have to keep investing in our children or in our health. The political changes in society also do not allow... And there are those little



extravagances, like holidays, because we really need to recharge our batteries. We can always hope that next year will be better” (Tenants, 59 and 58 years old).

One in three of the non-marginal owners also expresses a feeling of powerlessness, but, unlike the marginal owners, they often mention options such as savings, making additional loan repayments or starting a pension plan.

There is also a clear differentiation between the respondents when we analyse their opinions regarding the responsibility for providing support to households which have problems with their housing costs. Marginal owners and tenants tend to believe that the state is responsible for providing support. However, it is important to mention that the respondents' answers indicate that a service of this kind should be set up, as the Portuguese state currently offers no specific housing assistance to homeowners. For some of the respondents there is clearly no other option but the state, because this type of service is considered to be outside the scope of private companies.

The weaknesses of the social security system are implicit in the opinions of other respondents.

“I think that that’s what social security is there for. We tend to think of social assistance as something for down-and-outs. As a result, there isn’t anything left for people with real needs and difficulties and nowhere to go for help” (Tenants, 59 and 58 years old).

Relatively few respondents refer to the banks or do not mention any organisation which they think should provide support. There are also respondents, mostly older people, who believe that no help should be offered at all. These interviewees sometimes refer to the situation during the dictatorship period when state intervention in areas such as this was non-existent. They also say that nowadays people are always expecting something from the state.

The respondents give a number of different reasons for this. On the one hand there are those people who relate housing cost problems to a lack of determination or self-disciplineⁱⁱ. These respondents make a plea for individual responsibility.

“Honestly, no. A few moments ago, I heard on the radio that there are more mobile phone numbers in Portugal than there are people...when you can’t, you just can’t! I’m not saying that no one needs help, but I am saying that: ‘I have a car, I smoke, I have a mobile phone and a dog and...oh dear, this month I can’t pay the mortgage’ isn’t acceptable. Perhaps I’m missing the point because, thank God, I’ve never had any problems. But my father worked hard to get where he is. I also work hard and if I can’t go on working in sales, I’ll work in a coffee shop or anywhere, because I have no problems with that. But I imagine that many people would have problems with doing that sort of work” (Non-marginal owner, female, 27 years old).

Individual responsibility is felt to be the essential factor, as the respondents recognise that the country's situation is far from perfect. There is a belief that while there are still considerable weaknesses in areas which are regarded as basic requirements, such as the health care system, then this kind of housing support should be postponed. In some cases, and given such circumstances, some respondents even thought that providing this type of housing-related support would be just be a waste of state funds and the taxpayers' money.

Other respondents use their own personal experience to illustrate their reasoning, even if this obviously has serious implications.



“Everyone must be prepared to make sacrifices. People must not rely on help and support. They must do what I did. I worked in France and I was working day and night until I became completely disorientated. This afternoon I will be working for four more hours and after that I will work until after midnight. Tomorrow it will be the same. This is my life. It involves a lot of sacrifice. On Saturday I started working at 7.30 and I got home after midnight. I only went home to eat a banana. That was all I ate during the day. Even I don’t know how I can take it” (Marginal owner, female, 54 years old)

Conversely, only a few of the non-marginal owners refer to the state. Most of these owners believe that the banks should be responsible for helping households with housing cost problems. They think that, together with the clients themselves, the banks should take some responsibility for protecting homeowners, by providing advice that can help prevent their clients from getting into difficulties and jeopardising the bank’s investment.

On the other hand, only the non-marginal owners suggest that the responsibility should lie with the Portuguese Association of Consumers’ Rights, which is probably a good indication of their experience of the service provided by this association since 2000 to people with debt problems.

Some of these respondents mention the state but nearly half of them refer to its regulatory role rather than its direct intervention in this area. The state is seen as being responsible for the creation of a legal framework which obliges all companies that offer credit to provide a service explaining to people all the consequences of borrowing. It is assumed that if the state imposes laws on the private sector, the companies will have no option but to comply with them.

Regardless of the answers the respondents give, one issue which constantly comes up concerns the deserving character of those with housing cost problems. The respondents state very clearly that any help from any type of organisation must be carefully monitored. This would ensure that people who are trustworthy and who are intending to pay would get help, whilst ensuring that those who are not paying because they do not want to do not receive any help.

Most respondents, if they were to receive sudden windfall, would use it in one of two ways. On the one hand, there are those people who put a strong emphasis on repaying the debt, using all the money or at least a significant part of it, to pay off the mortgage. This would reduce the burden on their monthly finances, but perhaps most importantly would give an intrinsic feeling of relief which the tenants in particular valued.

On the other hand, there are those who would use part to repay the debt and use the rest of the money as a cushion. Options such as investing all the money or putting it all in a bank account are clearly residual.

3. SECURITY AND INSECURITY

The feelings of insecurity and the risks perceived by households vary considerably. For marginal homeowners, the perceived risks are immense, because almost everything, from unemployment or health problems, to accidents or even neighbourhood deterioration would have a major impact on their housing situation.

“In that case...everything would go down the drain. An increase in my monthly repayments is out of the question because I can’t pay more than this. If I’m ever ill, the bank will have to repossess the house



because there's nothing I can do. If I had any savings I would use them until I got better, but as I don't have any put money aside..." (Marginal owner, female, 53 years old).

Tenants also express similar feelings, although to a lesser extent. Some of these respondents, with old rental contracts, had some concerns about possible changes resulting from the proposed new law on housing rents, which aims to bring the old, low rents up to market levels. Unemployment is referred to by all the groups but especially by the non-marginal homeowners. For these people, their job guarantees that they will remain relatively well-off, hence their natural concern about this subject.

The importance which these interviewees place on neighbourhood deterioration is also very interesting, in contrast to the answers of the two other groups. This indicates that they have greater housing mobility, but also provides information about the location of the homes of each group.

"If the neighbourhood was horrible, I would move. That's really important. It's also important not to have neighbours who make everything dirty and leave rubbish lying around..." (Non-marginal owner, female, 32 years old).

However, the risks already experienced by the different groups are also different. Among the non-marginal homeowners, only one household experienced a risk, in this case unemployment, whereas among marginal homeowners nearly half of the households had had experiences of this kind, which made a major contribution to their poor financial situation.

"I had an accident at work and I'm not earning any money" (Marginal owner, male, 48 years old). *"A few months ago my husband became unemployed. This has had a big impact on us. That was why I...the nerves...that was the reason. I got anxious because I knew I wasn't going to have enough money to pay for everything and our child wasn't working at the time. It was complicated. And now I am getting sickness benefit. And that's complicated"* (Marginal owner, female, 38 years old).

For most homeowners, at least when they first discuss the issue, income security and housing security seem to be two separate things. It seems that any problem or risk could affect every area of life, in addition to housing.

As mentioned previously, people seem to think that even if something happens which has direct and serious implications for their income security, it will be easier to maintain a house they own than a rented one. Home ownership also seems to provide security in the sense that banks are perceived as easier to deal with than landlords. Also, in addition to the option of making use of equity, home ownership security seems to derive from the perception that housing costs will eventually come to an end.

In conclusion, the home as a haven seems to be systematically protected by the feelings of commitment and sacrifice that have been mentioned previously, even if this implies having a very basic standard of living. On the other hand, housing security seems to be strongly connected to the security of life in general and hard work. The home as a refuge is also a place of shelter from the aggressive outside world.



4. CONCLUSIONS

Home ownership in Portugal represents, most of all, a haven of independence and intimacy. Owners develop emotional ties with their homes. The strength of these links often helps the owners to develop their identities. In these cases, housing seems to mould social identities, paving the way for social recognition and inclusion.

Among the tenants, only those with frozen rents have a feeling of security, which comes from their low monthly housing payments. Housing affordability is an issue for Portuguese tenants with newer contracts and high rents, as well as for marginal homeowners. It is not unusual for households to spend very significant amounts of their monthly income on housing, a situation that is aggravated by the low salaries that are typical of the Portuguese labour market. As a result a significant proportion of households feel highly insecure and are often living on a knife-edge.

Therefore people seem to derive a feeling of security from home ownership, regardless of their objective living conditions and resources. Home ownership seems to encompass concepts of permanence and stability, in contrast to the unstable and temporary character of the rental market.

It is common for people to stay in the same home for several years. Although tenants seem to move more often in search of better conditions and the opportunity to own their own home, the emotional investment made by homeowners seems to discourage them from moving.

Renting seems to be regarded as a last resort rather than a choice. In fact, it has been shown that in the Portuguese context the rental market is not a real alternative, given its biased structure.

Relationships play a central role in housing issues. In a context where economic conditions restrict the access to housing, relationships still represent the main reason for moving out of the parental home. Furthermore, relationships are also the primary reason for respondents to access the money stored in their homes, since equity does not seem to be an important part of people's views of housing. On the other hand, economic conditions also restrict other areas of the respondents' lives. The majority of them have cut their spending in other areas because of housing.

However, housing is widely seen as a good investment and equity is said to be an important asset, often a decisive factor in the choice to buy a house. Nevertheless, the emotional significance attached to housing seems to prevent the respondents from considering their own home purely as an investment and as a source of equity. The possibility of using the equity in the future is not welcomed with much enthusiasm. Likewise, only a few respondents had used housing as a financial resource in the past.

Health reasons seem to be the only motivation for respondents to use the equity stored in their homes. Once again, for some interviewees, there is a considerable difference between their own situation and hypothetical situations, where respondents support the use of housing equity.

Their reluctance does not even seem to be based on the awareness of the existence of an effective support network. The respondents' safety nets rarely have a tight mesh. In most cases, their financial resources only represent small cushions and their insurance policies are generally limited to compulsory mortgage-related insurance. However, the respondents do believe other types of insurance to be important, because they are aware of the weaknesses of the welfare system. Despite this, the majority of the respondents do not take out additional insurance policies, mostly because of financial constraints.

In this context "welfare families" continue to play a major role, by preventing hardship in some cases and by acting as an important safeguard, even if used only as a last resort. Although equity may act as a potential buffer in the future, solutions based on individual effort emerge as the main driving forces for overcoming difficulties. Personal sacrifice, with all its implications, is still the preferred solution for a significant proportion of the respondents and, for others, hard work seems to be the best method of ensuring success.

ⁱ Respondents were asked to give advice to a couple in their mid-fifties. The couple still have three years remaining on their mortgage and their house has increased in value by 300 per cent since they bought it. The wife works part-time and the husband has just learned that he will be made redundant in three months time. The wife's salary is not enough to cover all of their outgoings but they do not have any outstanding debts apart from their mortgage.

ⁱⁱ This seems largely consistent with the fact that, according to the European Values Study (1999), 41.9% of the Portuguese population considered laziness or lack of willpower to be the most important reason for living in need. The overall figure in all the countries surveyed was 24.1%.