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HOMEOWNERSHIP AS A SOURCE OF INCOME IN KIND FOR ELDERLY HOUSEHOLDS: THE EVIDENCE FROM THE LUXEMBOURG INCOME STUDY

Abstract:

Although housing wealth in general, and own residence in particular, accounts for the greatest share in the household wealth composition irrespective of the country, the issue of housing as a source of additional income in kind is rarely addressed in the current literature. The study explores the distribution of imputed rental income among older households. It aims to assess the role of the income in kind in shaping the welfare of the elderly, and specifically, its impact on poverty reduction. It also investigates how the inclusion of imputed rent in the income concept impacts inequality estimates. Our empirical research covers a cross-country comparative analysis that draws from Luxembourg Income Study database and includes seventeen countries. We examine the situation of older homeowners as compared to subsidized tenants and renters at market price to answer the question to what extent homeownership can act as a source of additional pension income. This entails also some policy implications regarding the justification for incentives and privileges for homeowners and homebuyers aimed at increasing homeownership rates, as well as the need for development of subsidized rental sector.

Keywords:

homeownership, poverty, welfare, income, elderly

JEL Classification: D14, D60, I30