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Reconsidering the Housing Asset-Based Welfare Approach: Reflection from East Asian Experiences

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Housing is a platform of wealth accumulation in many home-owning societies. Ownership of assets often contributes to help people build social capital, influence their social participation and helps them access increasingly privatised goods and services. Such 'asset-based welfare' has been fashionable in Western academic circles, considering the ways in which housing could become a real or potential welfare resource. It may not, however, be such a novel idea from an East Asian perspective since the promotion of home ownership has always been embedded in the wider context of welfare provision in many parts of the region. Despite the argument that an increasing level of home ownership could potentially compensate for the erosion of family support, the sustainability of a home-ownership-based welfare approach has been questioned. At the forefront of 'post-growth' societies with societal ageing, recession, housing price volatility and neoliberal policy reforms, using Japan as a case study, this article examines the reasons and conditions behind the lack of success in commonly identified strategies of asset-based welfare in a regional context. The policy-driven market failures which supersede the cultural obstacles require re-examination.

Key words: Asset-based welfare, home ownership, equity release, social inequalities, East Asia, Japan.

Introduction

In home-owning societies, housing is a platform of wealth accumulation for individuals and families. Home ownership is important, particularly because, beyond mere ownership of assets, it often shapes people's life chances, influences their social participation and also helps them access increasingly privatised goods and services. Thus, Sherraden (1991: 13) articulately describes 'while income feeds people's stomachs, assets change their mind'. Such an asset-based welfare approach views social inequalities in ownership of assets as problematic, and thus tries to alleviate inequalities by helping low-income individuals and families to accumulate assets through policy measures such as individual development account schemes (see, for example, Regan and Paxton, 2001; Moser, 2007). Asset-based welfare was also a rationale behind some contemporary policy developments in the UK, including housing equity share schemes and the Child Trust Fund (which was, however, not targeted but provided universally, and the universal provision was subsequently abolished in 2010). Housing assets can also support the welfare needs of family members throughout their life-course, particularly as a source of income security in old age (Rowlingson, 2006).

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In this context, at a societal level, widening access to home ownership, and asset-building more generally, and integration of less-privileged households into mainstream society have been important parts of the promotion of the asset-based welfare approach (Watson, 2009). As some scholars (Dupuis and Thorns, 1998; Forrest and Hirayama, 2014) argue, however, home ownership as a 'social project' promoting widening access and providing households with stability and ontological security in the golden age of welfare has increasingly been shifted to become an investment-focused 'economic project'. For Forrest and Hirayama (2014), examining particularly Japan and the UK, neoliberal policy tends to be more acute in housing compared to other areas of social policy. Instead of providing security and stability, negative externalities such as risks, uncertainty, differentiated access and asset value volatility are more likely to represent home ownership in a globalised context. In the current economic climate, therefore, many individuals and households are increasingly excluded financially from accessing home ownership due to a combination of job insecurity, a decline in real incomes, family breakdown and house price volatility.

Another notable point is that assets which households own are predominantly 'housing assets' based on owner-occupation. The nature of such assets compared to other types of financial assets, such as savings, pensions, stocks and shares, is that it is not easy to liquidise to fund welfare services (Doling and Ford, 2007; Izuhara, 2007). In this context, the UK is considered to be the most progressive model in terms of asset-based welfare in Europe (Toussaint and Elsinga, 2009), as until the credit crunch, approximately 20 per cent of all mortgage lending was equity release (Quilgars and Jones, 2007). When the mortgage market is developed and globalised, it can help unlock the full potential of asset-based welfare (Doling and Ronald, 2010). This is also part of the reason why home ownership is now increasingly considered to be a consumption good and an 'individual financial safety net' in some national contexts (Lowe *et al.*, 2011). In order to encourage people to invest in securing their long-term welfare, individuals need to become 'financialised agents', embracing the saving culture (Watson, 2009). In this regard, households need to become self-sufficient, make decisions about their own safety-net strategies and protect themselves against financial difficulties (Giddens, 1991), and such an approach requires systems and institutions to support the individual strategies.

Such an asset-based welfare approach has been fashionable in Western academic circles, considering the ways in which housing could become a real or potential welfare resource. However, it is not necessarily such a novel idea from an East Asian perspective, since it has always underlain housing investment, and housing assets have been an important part of social security. It is well understood that the promotion of home ownership in East Asian societies, such as Japan and Singapore, was embedded in the wider context of welfare provision (Groves *et al.*, 2007; Lee, 2009; Hirayama, 2010a).

Many existing studies highlight that housing policy was successful in expanding (mainstream) households' access to home ownership in the post-war growth period in East Asia (Hirayama, 2003; Forrest and Lee, 2004). This also helped the nations build particular ideologies around the value of home ownership (Ronald, 2008). Subsequently, the ageing of the population combined with the financial downturn started to provoke a major policy discourse from the 1990s, which opened up the debate around potential options and even strategies for families and households using accumulated housing assets in an ageing society (see Izuhara, 2007). As many authors point out (see, for example, Chua, 2003; Chou *et al.*, 2006; Ronald and Doling, 2012), there are common as well as

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differentiated policy initiatives observed in the East Asian region, given the differences in their economic trajectories, housing supply and markets and broader welfare regime structures. Doling and Ronald (2012), for example, argue that the housing assets of older people could compensate for the erosion in family support from their adult children, through mechanisms such as reverse-mortgage schemes and trading down their properties. After two decades of post-bubble recession, while social inequalities have continuously widened in Japan (Tachibanaki, 2006), the sustainability of the home-ownership-based welfare approach has been highly questioned (Hirayama, 2010a).

This article builds on the existing literature and extends the debate around the contemporary trajectories of asset-based welfare in East Asia. Despite policy initiatives – for example, providing equity release in old age – stagnated take-up rates and continuously low residential mobility are a reality in some societies. The main aim of this article is thus to critically examine the reasons and conditions behind the lack of success of the commonly identified option of equity release (for example, reverse mortgage schemes, inter/intra tenure moves) in the current post-growth context of Japan. Japan is at the forefront of societal ageing, economic downturn and neoliberal policy reforms in the region, and thus will provide a useful case study. To a certain extent, the experiences of Japan will be contrasted with those of other East Asian societies since different policy developments, social systems and markets often combine to facilitate and hinder the use of housing assets in welfare. This article begins with a discussion of the focus and shift of housing policy in post-war Japan. It then moves on to discuss why (housing) asset-based welfare has not really taken off by exploring in turn the various policy mechanisms which assist or deter asset accumulation and use. It also examines how housing provision and a market system driven by post-war policies have played a key role in hindering the opportunities for asset-based welfare. It concludes with consideration of wider social redistribution as the future approach in housing and welfare.

Japan in the social and policy contexts

Housing policy has always been a 'wobbly pillar' (Torgersen, 1987) of the Japanese welfare state compared to other policy fields (universal or social insurance-based) such as health care, education and pensions, as housing is more likely to be provided in the market domain. Housing policy in the post-war period has been firmly focused on the promotion of home ownership through long-term, low-interest loans by the Government Housing Loan Corporation (GHLC), and the lack of alternatives (Hirayama, 2003), although ownership rates plateaued since reaching close to 60 per cent in the early 1960s. Although 28 per cent of dwellings are private rental, there has been no state support for the supply of private rental housing, nor cash-based housing benefits for private tenants on low income. At the same time, the direct provision of public housing by local authorities and housing corporations (now called the Urban Renaissance Agency) has been historically low, at around 7 per cent of the total housing units, and currently is down to 5 per cent (Ministry of Internal Affairs and Communications, 2014).

In Japan, recent neoliberal policy reforms of housing have meant that asset-based welfare has become more pronounced, reinforcing the idea that housing is an individual and family responsibility (Hirayama, 2010b). It is, however, even more so now as both state and corporate assistance, which used to provide middle-income families with a stepping stone to home ownership, have been significantly reduced. Waves of

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privatisation in housing have further shrunk the available public housing provision, helped abolish the Government Housing Loan Corporation in 2007, which supported mainstream households to access home ownership, and deregulated institutional mechanisms for the protection of private tenants (Forrest and Hirayama, 2009). The need for housing benefits has been debated but they have not yet been introduced. In the mature Japanese economy, 'post-growth' characteristics are becoming apparent as it now suffers from a decline in many aspects of its economy and society: low fertility, declining marriage rates, a decline in real incomes as a result of the prolonged recession, increasing unemployment rates, house price volatility and asset deflation, to name but a few. The current fertility rate (1.43 in 2013) has improved from a low of 1.26 in 2005, but the unfavourable labour market conditions and a decline in marriage rates remain reasons behind the low fertility. The rate of societal ageing in Japan has been striking, and a quarter (25.1 per cent) of the population were aged 65 and older in 2013. Combined with the beginning of a decline in the total population and a shrinking economy have currently provoked a national debate on the sustainability of regional cities (Masuda, 2014). In some ways, home ownership has become more accessible, with lower prices, ultra-low (0 per cent) interest rates and wider availability of mortgage products in the private market. But economic deflation is also strongly associated with the stagnation of real incomes, with little prospect of long-term pay rises. Access by young people to home ownership has therefore been a real issue (Hirayama, 2010b). When many socio-economic aspects are contracting, what is the role of housing assets in relation to access to welfare?

Reviewing the East Asian experience, it is indeed important to note that the Asian Financial Crisis in 1997 and 1998 preceded the Global Financial Crisis, which had a major impact on residential asset values in many East Asian societies, including Hong Kong and South Korea. Japanese cities have had an even longer contemporary history of such asset depreciation since the bursting of the economic bubble in the early 1990s. These experiences are therefore likely to have shaped attitudes to borrowing and lending of housing loans, as well as having educated East Asian societies to the vulnerability and volatility of property asset values.

The failures of asset-based welfare

The fundamental question in asset-based welfare is whether and how assets tied into real estate can be turned into cash or income streams to fund welfare needs. While such ideas work in some national contexts, this section examines the reasons why it has not been successful in the post-growth Japanese context. Different stakeholders have different interests in equity release. The state, on the one hand, may encourage families and households to release their equity more and earlier in order to fund their own welfare, and at the same time to stimulate the nation's stagnated economy, especially since the value of assets which households own increases as people age, reflecting their distinctive saving patterns (Arakawa, 2003). On the other hand, older people themselves may be interested in releasing some equity to supplement their income or to meet the changing needs of housing in old age. Existing studies have identified various options which can be utilised by individuals to release part or all of their equity tied into housing through reverse mortgage schemes, inter/intra-tenure moves (for example, trading down properties, moving into purpose-built accommodation for older people) or renting out extra properties (see for example, Izuhara, 2007; Ronald and Doling, 2012).

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Process and outcome of accumulation

In order for the asset-based welfare approach to work effectively in later life, first of all, individuals need to own and maintain substantial 'assets' to convert for welfare use. Some policies are implemented as institutional incentives for individuals and families to accumulate (housing) assets through home ownership, pension schemes and so on, while others work as disincentives to deter people's behaviours away from further asset accumulation. In other words, some policies have anti-asset elements either through means-testing to access welfare services or through punitive taxation. A good example is the different policy outcomes in the eligibility for personal care services between England and Scotland in the late 1990s. While personal care is free in Scotland, in England those with over £23,250 of eligible capital, including housing assets, are expected to meet the full cost of social care, which often means that older people are expected to sell their property to generate the funds for residential care. The idea behind this is that public money is not for investing in individual asset accumulation. In Japan, although recipients of the Public Livelihood Assistance are restricted from using their cash benefits for mortgage repayments, a similar disincentive does not apply to social insurance schemes with universally based eligibility. Long-term care, which has been widely provided to those in need through a contributory social insurance scheme since 2000, is not means-tested. In this context, the link between social care and housing assets is explicitly divorced in this scenario (Izuhara, 2009), allowing people to age in place and to access public long-term care while keeping their income and housing (assets) intact. Widening access and reducing the burden of informal family carers were policy priorities, but the scheme resulted in a wealth gap while benefiting asset-rich older people who had substantial care needs, the 10 per cent user fees often deterring low-income households from fully benefiting from the scheme.

In a similar vein, another issue is that the level of home ownership and associated residential-property assets among older Japanese households are highly stratified. Based on the 2004 National Survey of Family Income and Expenditure, Hirayama (2010a) highlighted that the level of home ownership was as high as 97.8 per cent for elderly households with an annual income more than 10 million yen (£61,000: £1=¥165 in 2014) compared to their low income counterparts (70.2 per cent) with an income less than 2 million yen (£12,000). Overall, home ownership rates were significantly higher among those who earn more and live with other family members, as were their gross financial/housing asset levels even when comparing the highest income group earning above ¥10m (¥33m financial assets and ¥69m housing assets) with the next group earning between ¥7m and ¥10m (¥22m financial assets and ¥42m housing assets). Thirty-five per cent of older households in the highest income group owned multiple properties.

The 'housing asset-rich' indeed tend to be the 'welfare rich'. Instead of having one compensating the lack of the other as the principle of the asset-based welfare approach suggests, those who have one tend to have (or access to) both. In home-owning societies, low-fertility means that an increasing number of people are expected to acquire multiple properties through inheritance. In the Japanese scenario, multiple-property owners could access public long-term care services with small user fees while keeping their income and assets, as well as potentially charging a market rent to poorer tenants for additional income with which to purchase private welfare services. Instead of asset-based welfare alleviating intra-generational inequalities, those who can rent out second/third properties

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for extra income are often already welfare rich. Asset-based welfare is of considerable benefit to such owners, resulting in exclusionary rather than inclusionary welfare (Forrest and Hirayama, 2014).

Policy-driven market failure

In capitalist societies, since accumulation of individual assets often occurs through institutionalised mechanisms, such as home ownership and pension schemes, liquidising equity early in one's life-course also requires the support of markets and institutions. Real estate is often considered as 'immobile assets' in East Asia under the traditional family system. The notion of housing as 'family assets', and thus the importance of passing them on to future generations, could pose an obstacle to liquidising housing to fund welfare needs. Such an idea has often been emphasised as a distinctive cultural practice in East Asia, forming a strong reason behind the unpopularity of reverse mortgage schemes (Izuhara, 2009; Ronald and Doling, 2012). The importance of such cultural practices of family wealth accumulation and intergenerational transfers is often bolstered by the fact that a guarantor, often an adult child, is required before an older homeowner can join such a scheme. Such institutional constraints have helped families to maintain the customary 'generational contract' of family obligations and to keep housing assets within the family (Izuhara, 2007).

However, the lack of success in reverse mortgage schemes does not only originate from the dominant cultural practice, it is also influenced significantly by social constraints and market systems. Especially in the post-growth context, the increasing longevity (Japan has one of the world's highest, on average 83 years and 82 in Singapore in 2012), increasing mean age of women having children (the average age of the first birth for Japanese women reached 30.1 years in 2010), and a decline in the traditional form of three-generation co-residency have all tended to jeopardise the conventional timing and system of transfers. Thus, the traditional system of transfers based on extended-family living has already been eroding and new arrangements are required for the changing demographic patterns of contemporary families. This has also been reflected in the change in people's attitudes towards the meaning of their assets. A cross-national study of attitudes towards inheritance, for example, highlights that the primary bequest motives in both China and Japan are largely 'selfish', based on the life-cycle model (saving for their own life-course needs) as opposed to the commonly understood dynasty and altruistic models (saving to support future generations) (Horioka, 2014). The nature of bequest is thus often accidental for older parents leaving unused assets to their children. It is evident that cultural practice is no longer the most pressing reason for undermining the potential of asset-based welfare.

Instead, market mechanisms are the ones which closely intertwine to pose significant barriers to potential equity release. First, volatilities of the housing market are the major obstacles to equity release since the maintenance of house prices is a key factor for the potential of housing assets in welfare. Although the pioneering of reverse mortgages by the Musashino local authority in Tokyo since 1981 has often been quoted in academic literature, the take-up rates were minimal (only 119 cases over thirty years) which threatened the sustainability of the scheme and it has been proposed that the scheme be closed (*Nihon Keizai Shinbun*, 20 August 2013). A series of restrictions were applied to the scheme, such as purpose-specific monthly payment limits (the borrowers could not

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have free choices in spending) and low borrowing limits against the properties (Okuda, 1999). For condominium owners, only a maximum 50 per cent of the market value of their housing equity could be available as funds. The lack of confidence in the market was understandable as the introduction of the scheme in response to the ageing society could not have foreseen the sharp decline in property values in large cities like Tokyo after the bubble economy burst in the 1990s.

Furthermore, this is also due to the logic of the real estate systems in Japan where, unlike other societies in the region and the west, land and dwellings are valued separately. In this context, while land holds a value, buildings on top lose their market value quickly. Some private financial institutions, which introduced reverse mortgage schemes in the 2000s, thus only allow homeowners to release their equity based on the value of real estate, land, not the 'housing' built on top of it. With the housing supply available in the market, ownership has shifted from single-family homes to condominiums, and the latter are often the casualties of significant decline in value. In the 2013 Housing and Land Survey, over 40 per cent of accommodation available was condominium units, and the pace of increase in condominium living has been stark with an increase of 2.4 times since 1983 and a 6.8 per cent increase since 2008 (Ministry of Internal Affairs and Communications, 2014). This dual system of housing supply between single-family homes and condominiums makes the equity of condominium owners more vulnerable. While condominium living has become a preferred option for many households, the significant fall in condominium property values compared to those of single-family homes was especially evident when the economic bubble burst in Tokyo in the 1990s. The NCB Research Institute estimated that 280,000 households who had purchased a condominium in the Tokyo area between 1988 and 1994 had negative equity, and it was also evident that second-hand condominiums experienced even steeper reductions (NCB Research Institute news release, 14 September 1999). Condominium owners, now consisting of over 40 per cent of households, are normally excluded from the equity release market.

It is, therefore, worth examining the role of the (developmental) state in controlling market mechanisms in relation to housing supply and demand, which contributes to influence the value of housing (the key for potential asset-based welfare approach). We will turn to the case of Singapore. In contrast to the reliance on market mechanisms to assist the process, in Singapore it is the state that takes full responsibility in monitoring and controlling the housing supply, demand and affordability. Along with immigration, the pricing of housing is indeed a major issue in the home-owning democracy (Chua, 2014). In order to make the whole system work, unlike the economically driven approach in Japan, which focuses on new construction, the state has to maintain and potentially enhance property values by balancing competing demands for new build and its commitment to upgrading old housing estates; this also means maintaining property values for existing owners while making access affordable for new households without making it a welfare entitlement (Chua, 2014). The Singaporean model supports investment in and improvement of workers' housing assets, which are directly linked to social security (Lee, 2009), and such an housing asset-based model provides a significant alternative to the welfare state (Sherraden, 1997). For example, a 'closed loop' financial transaction system (Chua, 2014) makes citizens save monthly into the Central Provident Fund (CPF) (tax-exempt, mandatory social security savings for retirement); using pre-retirement withdrawal from the Fund, they purchase an apartment from the Housing and Development Board (HDB) which holds the mortgage, and the Provident Fund pays the mortgage directly to the

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Board. No commercial financial institution is involved in the process. As a result, 90 per cent of the population live in public housing (HDB flats), more than 85 per cent of which owned a ninety-nine-year lease on their housing by the late 1980s (Chua, 2014). Housing provision and values are not determined by the market, but by the government and its efforts to control it (Phang, 2007). Given the strict state control, asset-based welfare is conspicuous and practiced in the recent policy development and deregulation. The lease buy-back scheme, for example, allows low-income leaseholders to generate a monthly income by selling back all but thirty years of the remaining lease to the Housing and Development Board while retaining their residence; and deregulation also allows older homeowners to sublet their flat to generate an income (Chua, 2014).

In contrast, public investments have always been used as a strategy to stimulate the economy of Japan. Instead of a commitment to upgrading the existing housing stock, public funds were used for the construction of new houses defined in the five-year Housing Construction Planning Act. The Act was originally introduced to solve housing shortages in 1966, and its aims have gradually shifted from increasing the quantity to improving the quality of housing over the economic growth period. However, despite the fact that the total size of the housing stock already exceeded the number of households, and issues of 'vacant properties' have now become a topical housing debate (see, for example, Asami, 2014), the construction of new dwellings and buildings in urban hot spots have not slowed. While 13.5 per cent of the total dwellings were identified as vacant properties in 2013 (Ministry of Internal Affairs and Communications, 2014), and more than a half (52.4 per cent) were tradable rental properties, almost one million (987,254) new units were constructed in 2013 (a 10.6 per cent increase from the previous year), 62 per cent of which were owner-occupation or built to own (Ministry of Land, Infrastructure and Transport, 2014). The construction-driven approach to housing has continued to override an approach to maintaining and improving the existing housing stock, which tends to accelerate the process of de-valuing older housing stock, especially condominium units. The lack of sustainability in the quality of the existing housing stock will inevitably further threaten the feasibility of asset-based welfare.

In the construction-focused housing system, 'asset values' of housing tend to be emphasised over the 'use value'. In the post-growth context, where continuous and sustainable growth in the price of housing cannot be guaranteed, such ideologies and practices, however, require re-examination. The point for us to explore is the nature of the existing housing stock as providing opportunities to facilitate the flow of residential mobility to support asset-based welfare. One of the causes and consequences of the current older generation still holding the largest share of the nation's wealth and the low residential mobility once people acquired a single-family home in Japan is the under-developed second-hand housing market. The current system does not encourage people to move according to the needs of their life-course (Izuhara, 2013), through inter- and intra-tenure moves such as trading down their property or moving into a rented accommodation to release their housing equity.

The creation of a second-hand housing market could stimulate housing transactions and potentially boost 'liquidised' assets for families to use for their welfare needs. For example, through the housing reforms in China, the creation and development of the market, both housing and financial, as part of the wider transition from planned to market-orientated economy, has boosted the opportunities of households to acquire 'new wealth' and use it for welfare (Wang and Murie, 2000; Logan *et al.*, 2010). Compared with

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the time when accommodation, jobs and even food coupons were directly allocated from work units, welfare provision has become significantly more cash-driven (Tang and Parish, 2000), which can be described as large-scale promotion of asset-based welfare. Although the scrap and build approach is also at the forefront of housing reforms in the marketisation period, the creation of the second-hand residential property market assisted the early phase of the reforms. It has contributed to an increase in the number of transactions and liquidised asset levels. In Shanghai, for example, the number of second-hand units exchanged has grown from 2,821 in 1994 to 96,348 in 2000 and 312,857 in 2009 (Shanghai Statistics Bureau, 2010). In the post-growth economic and demographic context, replacing the conventional scrap and build approach, driven by the construction industry, with developing and regulating a high quality second-hand housing market could be more effective in overcoming stagnation in the market place and potentially form a future housing policy direction in conjunction with asset-based welfare.

Discussion and conclusion

A contradiction in the asset-based welfare approach is that instead of achieving widening access and alleviating inequalities in society as originally envisaged, the emphasis on individual (family) accumulation of assets is likely to lead to widening social stratification, in particular as home ownership levels are falling in many societies. Transfers of family wealth have become greater sources of social stratification than differentiated incomes from labour market participation (Spilerman, 2000; Piketty, 2014). Some scholars thus call asset-based welfare 'limited egalitarianism' (Watson, 2009) due to its predominant focus on equality of opportunities rather than equality of outcomes. Housing assets are often important prerequisites to accessing welfare, but the fundamental issue is that some people can access home ownership and subsequent asset accumulation while others cannot. In Japan, a combination of the commodification of housing, neoliberal policy reforms and housing price volatility in more recent years has produced significant wealth divisions within and between generations and families (Tachibanaki, 2006).

While low fertility in home-owning societies means that more people can potentially inherit their parental assets, the increasing number of vacant properties suggests some inherited properties may not have either asset or use values to beneficiaries. Moreover, the nature of bequest is often accidental, leaving unused assets to their children because of asset-based welfare being under-practiced. Such a paradox requires different policy initiatives facilitating wider social redistribution, and developing the idea of housing as 'social stock', instead of an 'individual/family responsibility'. Existing policy is focused around facilitating intergenerational transfers within families, strengthening family obligations over housing access and welfare. It assists early transfers of wealth for the welfare of the younger family generations. The demographic location of wealth (which generation in the family tends to own more wealth) differs cross-nationally depending partly on the cycle of economic and social policy developments, and thus the level of assistance and direction of the flow of resources across family generations are different (Forrest and Izuhara, 2012). In Japan, for example, parents may give their children a substantial deposit for their house purchase, while Chinese parents may purchase their only child a commercial apartment in the new market. In the global age of increasing insecurity and differentiated access, however, parents are increasingly becoming a key source of welfare, as opposed to the traditional family ideology of 'filial piety' in East

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Asia. Indeed, intergenerational transfers increasingly represent a key part of welfare resources. The timing of transfers is crucial as inherited assets late in one's life-course usually have little impact on consumption and investment patterns. To overcome this issue (and also stimulate the economy), the Japanese government introduced a series of tax incentives to encourage older generations to further release their equity and earlier. Transfers are explicitly tied to welfare use, with tax-free cash gift allowances (¥11 million: over £65, 000: £1=¥165 in May 2014) if recipients spend it on house purchase or housing renovation (but not towards mortgage repayments); additionally, grandparents are currently allowed specifically to transfer up to ¥15 million (over £90,000) tax-free to fund their grandchildren's education.

Parents investing extensively in their children no longer means investing in their future welfare, expecting reciprocal support from their children. Family obligations and asset transfers used to be explicitly connected in some East Asian socio-legal systems, but such traditional notions of the 'generational contract', exchanging long-term care and housing assets, have been diminishing in Japan (Izuhara, 2009). If reciprocity is not the basis of intergenerational transfers, policy measures such as means-tests for accessing welfare services and inheritance tax are required to redistribute individual and family wealth within society. However, only a small minority have been subject to inheritance tax: among all deaths, for example, only 4.2 per cent paid inheritance tax in 2012 according to the National Tax Agency, although the rate would be higher if it was calculated just among older households, or if it included those who were exempted from taxation due to concessions and special measures. In the revised inheritance tax law started in January 2015, with a lower exemption threshold (from ¥50m + ¥10m x the number of legal beneficiaries to ¥30m + ¥6m x the number of legal beneficiaries), more families will be subject to taxation. In this context, asset-based welfare can be considered and promoted at the wider societal level instead of the micro-level as part of individual family strategies. This legal reform will also prompt older home owners to see their assets in a different light and may encourage them to become more proactive in making their own decisions regarding the use of wealth in welfare.

Finally, there are a number of reasons to consider why the value of housing has not been used as a real welfare resource for individuals in the current social context of Japan. Volatility in the housing market is an issue which highlights the maintenance of the pricing of housing as key to the potential use of housing assets in welfare. Singapore has a more pragmatic and less ideological approach to welfare and housing, which recognises the importance of state provision as a form of social housing. In this approach, it is equally important for the state to retain other welfare in kind as a safety net for those who are unlikely or unable to access sufficient monetised housing welfare. It is evident in many market-orientated systems that the emerging issue of housing as a shelter for excessive wealth, thus enhancing the welfare of already well-resourced individuals and families in cash and in kind, has resulted in a significant number of vacant properties. The Singapore model of strong state commitment to maintaining the value of both housing new-builds and old estates has been successful, but it could only work in such a small city state. Apart from some hot spots in major urban areas, post-growth Japan has been already suffering from the depreciation of land and housing values for some two decades. This may be the time to transform the ideology of home ownership from one of financial assets and investment to one of greater emphasis on use values. In the process, it requires a better balance between family wealth accumulation and social redistribution through taxation

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or other policy measures in order to provide the asset-poor population with better access to welfare. The success behind it would be developing housing as 'social stock' with more emphasis on maintaining and upgrading the existing dwellings. In this way, more creative ways to use surplus houses could be thought of for welfare use. Instead of leaving the issue to families to counter-weigh, re-constructing the discourse away from the dominance of housing values will be necessary to promote different models of safety nets which home ownership may provide.

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