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A culture shift towards better, affordable housing policy and development options for older Australians

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Affordable housing models for older people (65 years and over) are largely absent from recent federal and state government commitments to improve housing affordability and availability. Holistic tenure-agnostic policy development and housing reform – across designs, demographics, and desires – is urgently required.

Australia's population is ageing. In 2021, the population aged 65 years and above was projected to nearly triple to 6.66 million¹ by 2041. Although modern older lives are diverse, older people are often homogenised as 'those over 65 years'. Housing is a case in point: statements regarding well-off older people owning large shares of the housing wealth are frequently cited.^{2,3} While true for some older Australians, home ownership is gradually decreasing among those approaching retirement, falling from 80% to 72% for those aged 50-54 since 1996.⁴

On current trends, home ownership for over-65s will decline to 57% by 2056.⁵ The age pension was designed to provide older people with enough to live on if they had low housing costs, such as outright home owners or social housing tenants.^{6,7}

House prices in Australia have risen sharply in recent years, and older people are not immune from affordability issues; indeed, they are uniquely vulnerable to rising prices due to fixed incomes and the potential for increasing healthcare costs. For older Australians dependent on the age pension, the cost of their accommodation is a key determinant of their capacity to lead a decent life; research shows that older Australians on lower incomes who do not own their own homes are at increasing risk of housing stress and instability, not to mention associated health and social connection challenges.⁸

Renters face higher housing costs than home owners in retirement – an additional \$6,900 per year for the median single, and \$12,200 per year for the median couple.⁹ Private rental housing costs have risen significantly in recent years, combined with a reduction in supply.¹⁰ The 2020 Retirement Income Review found that almost one-quarter of retirees who rent privately are financially stressed, with high housing costs likely to be the primary driver of the financial stress. Increasing divorce rates at older ages¹¹ are impacting financial stability in later life – older divorced Australians have less household disposable income and fewer assets than same-age married couples.¹²

In 2019–20, over 225,000 older people were living in very low-income (Q1) and low-income (Q2) households and paying unaffordable rents in the private rental sector. Only 19% of very low-income households were paying an affordable rent of less than 30% of gross household income, and 40% were living in

households paying a severely unaffordable rent of 50% or more of gross household income.¹³ In 2021, there were over 14,000 people aged 55 years and above living in marginal housing, such as overcrowded dwellings (52%) and caravan parks (39%).¹³

Declining rates of home ownership, carriage of mortgage debt into retirement, restricted access to shrinking stocks of social housing, and lack of housing affordability in the private rental market have a particular impact on older people. This policy brief focuses on those in the private rental system or seeking an affordable alternative to staying in the family home, which may have become more expensive to maintain, and unsuitable for age-related changing needs.

Policy context

The Federal Government's establishment of the National Housing Accord, the Housing Australia Future Fund and the National Housing Supply and Affordability Council are welcomed, as is the late-2023 consultation on the National Housing and Homelessness Plan, and recent state government housing policy and funding initiatives. The National Housing and Homelessness Plan consultation acknowledged that states are 'required to address the needs of specific priority cohorts in their state homelessness plans', including older people.¹⁴

However, 'housing for older people' is largely missing from housing policy discussions to date, despite the limited options currently available for older Australians who do not own their own home, and affordable housing suitable for older people is in extremely short supply.¹⁵ There has been a lack of investment in alternative affordable housing options, and while there are some niche housing models, such as home sharing and co-housing, they are not

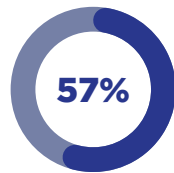
2020 Retirement Income Review³⁶

'Almost one-quarter of retirees who rent privately are financially stressed, with high housing costs likely to be the primary driver of the financial stress.'

STATISTICS

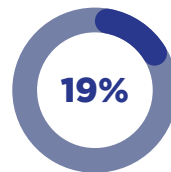
Homeownership is gradually decreasing among those approaching retirement.

OVER-65s HOMEOWNERSHIP

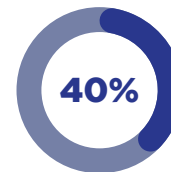


Decline to 57% by 2056

In 2019-20, over 225,000 older people were living in very-low (Q1) and low income (Q2) households.

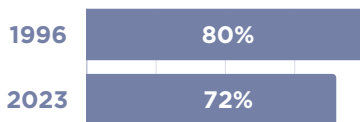


paying an affordable rent of less than 30% of gross household income



living in households paying a severely unaffordable rent of 50% or more of gross household income

Falling from 80% to 72% for those aged 50-54 since 1996 (AIHW, 2023).



RENTERS

Renters face additional higher housing costs than homeowners in retirement.

\$6,900 P.A



Median Single

\$12,200 P.A

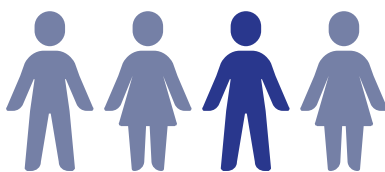


Median Couple



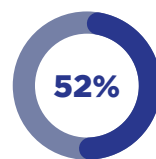
1 OUT OF 4

retirees who rent privately are financially stressed

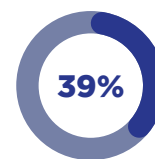


14,000 PEOPLE

In 2021, there were over 14,000 people aged 55 years and above living in marginal housing



Overcrowded Dwellings



Caravan Parks

specifically tailored to older people, nor are they delivered at scale.¹⁶ No transformation has been pursued in the modest output of new house building for older people delivered by the market, a point that nuances popular narratives of intergenerational conflict between young renters struggling to access home ownership and older, asset-rich home owners.¹⁷ This issue is compounded by the division of housing-related powers between the federal and state governments, and a lack of leadership and coordination from the Federal Government.

Housing is not seen as a human right in Australia (unlike, for example, Canada) – housing has been market-driven rather than rights-driven. While changes have recently been introduced at state and territory levels, there has historically been a tradition of home ownership and light regulation of Australia's private rental sector¹⁸ and reducing emphasis on affordable and social housing.¹⁹

Public discourse and policy regarding housing for older people has traditionally been conducted – and indeed legislated for – in the context of age-specific forms, for example, retirement villages and residential aged care. This results in segmentation of analysis of housing options for older people, with options being evaluated in isolation rather than components of a wider housing system.¹⁷ However, not all older people want to live in a retirement village, and only 4.6% live in cared accommodation in 2018.²⁰

While social housing has long been considered an appropriate option for older lower income households, demand far exceeds supply, the stock is inappropriate and inefficient, and there is an increasing complexity in the needs of tenants. Furthermore, a healthy older person is only able to get onto the priority list for social housing when they turn 80. Lack of availability means that older people who are not in a position to buy find themselves in private rental accommodation.²¹

Lower income older Australians have expressed clear preferences for shared equity home ownership models, co-operative housing models and transportable home models 'however, not only are there limited alternative housing options available, there is also limited information regarding such options, how to access them, legalities

Case Study 1

Singapore's flexibility within existing models

In Singapore, over 80% of the population lives in housing provided by the government.²⁸ Granted, most of this housing is available on a long lease arrangement, akin to purchase, but there are also rental homes for those on low incomes. The nature of the housing – primarily clusters of low- and high-rise modest-sized apartments, with corridors designed to be used as a vibrant social space for children and families – means that social connections are strong, as most residents conduct their lives outside of their home, meeting for meals and social events. One of the people I met with talked of housing as 'Singapore's most successful social policy'.

The Singaporean Government recognises the ageing of the population, and also that familial care is becoming less common, and has developed Community Care Apartments (CCAs), which measure around 35m² in size, can be leased for 15–35 years for residents aged 55 years and above and have additional optional services such as social day care and the provision of meals.²⁸ I visited one such housing complex with integrated care and community facilities. Apartments for older residents are on the upper floors, the middle floors comprise landscaped terraced gardens, medical facilities and childcare centres to facilitate intergenerational connections, and shops and food outlets are on the ground floor.

When considering incentives for landlords, Australia can build on the Commonwealth Rent Assistance (CRA) program and learn from a similar – but more flexible – system in the US. Nationally, there is a voucher program, administered by the Department of Housing and Urban Development, which provides two options: project-based vouchers, which are attached to an apartment owned by a community/state housing provider; or vouchers that follow the household, and the tenant must seek housing in the private sector. Although the US voucher is cash limited and only a quarter of the US households that meet program eligibility criteria receive the voucher,²⁹ the scale of assistance provided in the US is more generous than CRA.

and other information pertinent to decision making'.²² Ensuring that policy and industry can deliver more diverse housing options is critical to improving the ability of older people to access such models, with tenure that provides the same stability and security of mainstream home ownership.²³

Lessons from other jurisdictions and options for treatability

During my Churchill Fellowship, I met with housing and aged-care providers, governments at all levels, older people, and researchers, and visited several housing options in Asia (**case study 1**), Europe (**case studies 2 and 3**), and the United States. Culture underpinned three themes that drive the lack of productive discourse about housing for older people. 'Culture and housing tenure' included issues such as Australia's culture of home ownership versus renting, housing as a commodity rather than a necessity, and perceived socio-economic differences within tenure. 'Culture and welfare' broadly considered Australian societal attitude towards those

receiving welfare, what comprises welfare, and who receives welfare. 'Culture of ageing-in-place' explored the different attitudes around the world, such as ageing-in-what-place (a formal facility or village, for example), ageing-in-what-environment (e.g., multigenerational or age segregated) and ageing-in-an-old-place (often an ageing family home that needs modifications to make it habitable as someone ages).

In Australia, the above three subthemes are firmly entrenched; generally, Australians have traditionally aimed for home ownership over rental, in the last 50 years or so have come to view welfare (i.e. social housing) as a last resort, and have aimed to age in their family home or move into a 'desirable' retirement village. Some of the countries that I visited (Austria, Denmark, Germany, and Singapore, for example) take a much more fluid approach to each of the cultural subthemes, and the housing available to older people was, as a result, more varied in design, investor and management models, tenure (including mixed tenure), location, and cost.

Case Study 2

EU social housing – a significant part of the housing system

In much of Europe cultural attitudes towards social housing are different from those prevailing in Australia. In Vienna, Austria, over 60% of residents live in 440,000 socially provided homes. These homes are not built only for those on low incomes – people earning up to €3,500 per month after tax (AU \$5,400 at time of Fellowship) are eligible, meaning that 75% of Viennese are eligible. If someone moves into social housing and their income rises, they are not obliged to move out. These homes, therefore, are available for a person's entire life, with appropriate age-related modifications permitted if required.



Alterlaa social housing complex in Vienna houses 9,000 people in 3,200 apartments. Image credit: Adobe Stock.

At over 20% of the total housing stock²⁴ social housing is also a large sector in Denmark, founded on three pillars: being non-profit, which keeps rents low, having tenant democracies where the residents influence their own housing, and having a financial model where the state and municipalities support the construction of non-profit housing.²⁵

Case study 3

Denmark's flexibility of funding and development options

Denmark has strong, and numerous, co-housing communities. Co-housing models can differ, but generally involve self-managing communities where residents have their own private, self-contained home, with communal facilities and spaces. Co-housing communities can be owner-developed and designed, or social housing provider designed, and age specific or multi-generational.

Funding flexibility (either corporate investment and private mortgages) and planning and design are key to their success, in Denmark and globally. For example, two co-housing communities that I visited in the United States (US) were established by the residents, and in both cases the residents were able to raise the money themselves, whereas obtaining a mortgage for such a venture in Australia can be problematic.²⁶ Institutional investment from impact investors (which seek social returns and often accept lower financial returns), community housing providers, member-based organisations (such as mutuals and co-operatives) and governments would speed up the process and possibilities for co-housing,²⁷ and give collective groups the help to create a new pathway to more affordable ownership and rental options.



*A co-housing community in Jystrup, Denmark.
Image credit: SEIER+SEIER/flickr*

Principal options for Australian policymakers

Governments and stakeholders must become and remain engaged in leadership in shaping the direction of housing policy, inclusive of older people, and there is nothing in the Constitution that legally prohibits the Federal Government from taking a leadership role on policy, standards and coordination. All governments need to become more collaboratively proactive and strategic on housing³⁰ and distance themselves from the attitude that housing can be 'left to the market'. While there is a budget for tackling homelessness, within the housing system there has traditionally been a focus on first home owner grants, or tax subsidies for landlords. Effective reform requires a holistic approach to break down silos (e.g. between governments, construction, developers, retirement living), break down inherent cultural norms (about older people's socio-economic situation and their desires for appropriate housing in later life) and cease 'cookie cutter' developments of 'aged' housing.

Martin et al.³¹ found that while there is no template for creating and maintaining a national approach to a policy area in the Australian federation, there are factors that can elevate and sustain efforts at reform, including:

- encompassing the core areas of social housing and homelessness
- bringing in the new core areas of housing assistance, tenancy law, residential building quality
- aligning housing-related taxation, finance, planning, and development with a strategy mission
- articulating with other relevant and interdependent policy areas.

Without government leadership at all levels, actions to address housing will continue to consider issues such as affordability, supply, financing, design, planning, and management of housing in silos. A national approach which focuses on the utility value of housing – that of providing a safe, affordable, and secure base from which to live – must be initiated.

Stakeholder consultation

Engaging respectfully with stakeholders party to major housing reform is challenging. Complex interconnections between housing policy, markets and provision, and wider political and economic processes¹⁷ must be recognised, alongside the potentially conflicting desires of developers, architects, and governments. For example, in Copenhagen, the co-housing group driving the project was frequently offered (cheaper) land in another part of the city by the city government – an area that they had no connections to and did not want to move to – because land in their chosen suburb was worth more, financially, to private developers.

Preliminary consultation on the following recommendations should include:

- federal and state departments of ageing, and housing and social services; federal and state treasurers; ministers for local government; Housing Australia; Australian Tax Office
- Australian Local Government Association (and states)
- Age Discrimination Commissioner
- non-government housing and retirement living providers
- architects, planners, housing funders (corporate investors for large housing developments, e.g. superannuation funds and banks for more flexible options for individuals), property developers, construction industry
- mid-to-older people, carers, and families
- universities (e.g., architecture and building students)
- special interest groups such as Housing Action for the Aged; Australian Association of Gerontology; EveryAGE Counts; Council on the Ageing, Shelter, and Council of Social Service (national and state levels); Older Person Advocacy Network; National Seniors; Property Council Retirement Living Team; Council for Elders.

Policy recommendations

It is recommended that:

1. The National Housing and Homelessness Plan, and state and territory housing and homelessness strategies, incorporate explicit consideration of housing for older Australians and possible solutions to identified policy challenges
2. Federal Government convene a Senior Officers Group by the end of 2024 to develop policy options for consideration by National Cabinet, ensuring federal

and state governments work together to undertake significant tenancy reform by, for example³²:

- establishing single points of ministerial accountability for all housing policy, funding, and delivery levers
 - bundling federal, state, and local incentives across the housing ecosystem to optimise attracting housing investment
 - implementing nationally comparable planning reforms
 - promoting and supporting alternative housing funding, design, and management models, for both corporate investors (bringing new investors, e.g. super funds to the discussion) and individuals, especially individuals older in years (who have traditionally not been eligible for home loans) and for options such as co-housing, build-to-rent and shared ownership
 - increasing the variety of living options that have been historically stifled, e.g. ‘granny flats’ and, where appropriate and well designed, tiny homes.
3. Federal Government convene an industry roundtable by the end of 2024 to develop alternative housing models, working with the departments of health and aged care, treasury, and human services, alongside state and local governments
 4. Federal Government establish an innovative housing options fund by the first quarter of 2025 which provides grants to support partnerships between industry, local and state governments and gives housing and planning ministers, developers, and investors the power to deliver demonstration projects and pilots.

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