



# Submission to Financial Regulatory Framework and Homeownership 2024

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## About Housing for the Aged Action Group (HAAG)

Housing for the Aged Action Group (HAAG) is a member-based, community organisation specialising in the housing needs of older people. The organisation has over 850 members across the country actively working towards achieving housing justice. Established over 40 years ago as a grassroots movement, the organisation has developed a robust service delivery arm in Victoria and has a strong presence in advocacy for older people experiencing housing and homelessness related issues across Australia. During the 2022-23 financial year, HAAG supported close to 1,550 older people in Victoria.<sup>1</sup>

In 2016, HAAG was funded by the Wicking Trust (a philanthropic organisation) to conduct research in every state and territory to understand the depth and breadth of housing and homelessness issues of older people. In consultation and engagement with services, people with lived experience, advocates and peak advocacy bodies across Australia, the research project produced a number of reports on the housing issues of older people.<sup>2</sup> HAAG was funded in 2020 for a further four years to continue this work.

HAAG welcomes the opportunity to provide input into the inquiry into financial regulatory framework and homeownership. This submission highlights the housing challenges that are specific to older people who are experiencing multiple disadvantages in the housing market.

## Recommendations

HAAG recommends that the Federal Government -

- Identify financial products and banking options to prevent older people in the lowest income households paying mortgages on their primary residence from falling out of homeownership due to mortgage stress.
- Fund the construction of public and community housing for older people who are not likely to find market based housing solutions to provide housing security for older people to age in place.

## Housing and Homeownership challenges of older people

The Australian retirement system is built on the expectation that older people will own a home at the time of retirement. Our research demonstrates that this is not the reality for 42% or more older people over 55 years.<sup>3</sup> A considerable proportion of older people over 55 years in the lowest income groups (income quintiles 1 and 2) were paying off a mortgage on their primary residence at last census. The number of older people living in low income (Q2) households in homes with a mortgage

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<sup>1</sup> Housing for the Aged Action Group, Annual Report 2022-2023, accessible at: [https://www.oldertenants.org.au/sites/default/files/annual\\_report\\_2021-22.pdf](https://www.oldertenants.org.au/sites/default/files/annual_report_2021-22.pdf)

<sup>2</sup> See further: Housing for the Aged Action Group, Ageing on the Edge National Action Project, accessible at: <https://www.oldertenants.org.au/ageing-edge-national-action-project>

<sup>3</sup> W. Stone, et al, Ageing in a Housing Crisis: Older people's housing insecurity & homelessness in Australia, 2023, accessible at: <https://www.oldertenants.org.au/publications/ageing-in-a-housing-crisis-older-peoples-housing-insecurity-homelessness-in-australia>

nearly doubled in the decade to 2021 (increasing 99% compared to 52% in Q1 and 67% in Q3 and above households).<sup>4</sup>

Measures such as first home buyers grants, and shared equity schemes may support some people with home ownership aspirations. However, these often do not apply to or work in favour of older people, particularly older women over 55 who may not have enough assets to purchase a property in the private housing market or secure a bank loan even with government incentives.

*“I just thought I’d go and use what I got out of it [divorce] as a deposit on another house. I’ve never thought of myself as not owning my own home. And when I went to the bank, they virtually just laughed at me, because I was 58, even though I worked all my life. I had a good deposit but nobody will touch me. I was a single woman at 58, they told me if it was my former husband, they would have given him a loan but because I was a woman, I wouldn’t get one.”*

*Member of HAAG’s NSW Lived Experience Advocacy Group*

Addressing housing affordability require a multifaceted approach that include assisting young people to purchase a property, supporting people who are currently over 55 years and paying off a mortgage to prevent them from falling out of home ownership, identifying alternative housing options that are affordable for older people such as retirement villages, co-housing models and co-operative housing models.

In addition, according to census data, about 700,000 people aged 55 and older rented from a private landlord, a 73% increase in ten years. There are at least 220,000 older people over 55 renting privately in the lowest two income quintiles.<sup>5</sup> There was an ‘unusually strong pace of growth in rent values nationally from late 2020, where the estimated median weekly rent value across Australian dwellings increased by \$115 through to the end of April 2023’.<sup>6</sup> Further, at the time of census data collection, most states and territories were under some form of lockdown, eviction restrictions and increased income support payments. Therefore, these older renters are now likely to be in severe rental stress, experiencing or at risk of homelessness.

For many single older people relying solely on income support payments such as Age Pension, the highest amount of rent they can pay is approximately \$400 a fortnight. There are no market-based rental solutions that are affordable for this cohort. They are also less likely to find alternative income streams to increase their household income or supplement their income support payments. For these older people, there are no affordable market-based home ownership options. Therefore, the government should rapidly increase funding to boost public and community housing supply across the country.

HAAG and National Shelter commissioned academics from Swinburne University of Technology to conduct research to identify and quantify the ‘missing middle’ cohort. This includes older people who have a small amount of savings or superannuation and therefore, ineligible for public and

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<sup>4</sup> Ibid

<sup>5</sup> W. Stone et al, Ageing in a Housing Crisis: Older people’s housing insecurity & homelessness in Australia (Commissioned by Housing for the Aged Action Group), 2023, accessible at: <https://www.olderrenters.org.au/publications/ageing-in-a-housing-crisis-older-peoples-housing-insecurity-homelessness-in-australia>

<sup>6</sup> Core Logic, Housing Affordability Report: Reflections on the Pandemic and the Rental Market, 2023, accessible at: <https://www.corelogic.com.au/news-research/reports/housing-affordability>

community housing. Anecdotally, HAAG understands that most people that fall into this category are older women who have previously owned housing but due to relationship breakdown, ill-health or age/gender discrimination are unable to find appropriate work. This research is due to be finalised in October.