



THE FUTURE OF HOUSING FOR OLDER AUSTRALIANS

POSITION PAPER

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AGED AND COMMUNITY SERVICES AUSTRALIA

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ABOUT THE ACSA FEDERATION

Aged and Community Services Australia (ACSA) is the leading national peak body for aged and community care providers. ACSA represents church, charitable and community-based organisations providing housing, residential and community care and home support services to older people, younger people with a disability and their carers. About 700,000 older Australians depend on care and support provided by ACSA members in the metropolitan, regional, rural and remote regions across Australia.

ACSA operates within a federated structure of state associations which are independently incorporated and to whom mission-based providers belong as members. The state associations are members of the ACSA national body.

The ACSA Federation is made up of the following members:

- Aged and Community Services Association of NSW & ACT (ACS NSW&ACT)
- Aged and Community Services SA & NT (ACS SA&NT)
- Aged and Community Services Tasmania (ACS Tas)
- Aged and Community Services Western Australia (ACS WA)
- Aged and Community Services Australia - Victoria (ACSA Vic)
- Aged and Community Services Australia - Queensland (ACSA Qld)

Mission-based and not-for-profit (NFP) aged care organisations are charged with responsibility for providing services to those most in need. They deliver about 60 per cent of aged care services, about 85 per cent of all community aged care in Australia.¹

These organisations are visible and highly accessible in the community resulting in the public relying on NFPs for service, support and care.

¹ Australian Government, Department of Social Services, Report on the Operation of the Aged Care Act 2012/13.

POSITION PAPER: INTRODUCTION AND PURPOSE

Housing is essential to safety and wellbeing. In its consultation with older people, The World Health Organization (WHO) reinforced the impact of appropriate housing and access to community and social services on people's quality of life and level of independence.² Older people strongly value housing and support that allows them to age comfortably and safely within a community where they feel a sense of belonging.

The demand for seniors housing is expected to increase significantly in line with the ageing of the population over the coming decades. Broad changes to the housing situations of older people and the household structures in which they live have significant implications for successful ageing. To ensure the wellbeing of older Australians, policy and planning for age friendly housing needs to consider the design, demand, affordability, supply and location of housing solutions for this age group.

This paper outlines the issues associated with the provision of a range of seniors housing products, including affordable products for those on lower incomes. It identifies strategies and makes recommendations for removing some of the key barriers to providing these housing products to address the current gaps in the seniors living market. Many older Australians have to meet rising costs of living on a limited income. While many have substantial assets, they are tied up in the equity of their homes and the majority pay for their daily living costs from savings, superannuation, allowances or the Age Pension. Those who are renting on low incomes are at a higher risk of homelessness.

It is imperative that federal, state and local governments throughout Australia consider the impact of the broader planning and budgetary measures on the housing situation of older Australians. An integrated and coordinated plan involving all levels of government and housing providers is needed to meet the demand for appropriate housing for older Australians into the future.

² WHO Library Cataloguing-in-Publication Data Global age-friendly cities: A guide, 2007.

ACSA RECOMMENDATIONS

RECOMMENDATION 1

That a joint national affordable housing strategy be developed by all three levels of governments to pursue the following objectives:

- Granting density concessions for purpose-built housing for older Australians;
- Reforming current tax arrangements that serve to drive house prices upwards;
- The adequate supply of reasonably priced land for affordable housing developments;
- Affordable and accessible public transport;
- Accessible outdoor environments;
- Consistent housing, planning and retirement village legislation throughout Australia
- Efficient planning approval mechanisms, minimising regulation 'red tape' for building construction; and
- Providing incentives to include universal and accessible design features in new housing developments.

RECOMMENDATION 2

That the term 'seniors accommodation' be included in the relevant state and territory legislation so that these developments will be given special consideration in planning.

RECOMMENDATION 3

That government provides zero interest loans and/or innovative funding to organisations to upgrade and expand targeted housing solutions for older Australian. This capital assistance would prioritise upgrades to dated ILU stock and projects that include accessible design, integrated care services, opportunities for community engagement and support for low income, low asset residents.

RECOMMENDATION 4

The introduction of a government-supported home equity release scheme with clear guidelines on the amounts of money that could be drawn down and for which purposes.

RECOMMENDATION 5

That the Commonwealth Government introduce an age pensioners saving account scheme in which older Australians could invest the surplus from the sale of their home. The money in this account scheme would be dedicated to future care and living costs and would be exempt from the asset and income test for the age pension.

DEMOGRAPHY AND DEMAND

At the time of the 2011 Census 14 per cent of Australia's population was aged over 65 years and it is projected that this figure will increase to 19 per cent as soon as 2033³. Census data also shows that home ownership is declining at a faster rate among people aged 65 and over than in the general population. The projections indicate that this trend is set to continue for several decades to come and is not simply a baby boomer 'bubble' that will disappear after 30 years. With this in mind it is imperative for governments, at all levels, to provide strategies and direction for housing of this rapidly growing cohort.

AHURI research has identified that Australia will have increasing numbers of asset-poor older citizens who are unlikely to have sufficient retirement savings or be able to meet their health costs.⁴ This has been supported by data from a survey conducted by REST Industry Super which found that only six per cent of expectant retirees felt they were financially prepared for retirement.⁵

The growth of single-person households adds to the need for affordable housing in older age groups. This issue predominantly affects older people, particularly older women, with projections that the number of Australian women aged over 60 in lone person households will increase by 2.8 per cent – more than any other group – each year between 2006 and 2031.⁶ Women also generally have lower levels of retirement savings because their working careers are often interrupted by giving birth and child rearing.

The data on current and future demand for age-friendly housing for older people on low to moderate incomes is limited. Although older Australians have higher rates of home ownership than all other age groups, recent data shows that almost a quarter of people aged over 65 are either renting or still paying off a mortgage. According to the Australian Bureau of Statistics, 76.3 per cent of Australians aged 65 and over owned their home without a mortgage in 2011-12 and 7.5 per cent were paying off a mortgage, while 13.5 per cent were renting.⁷ Several studies highlight that the number of people still paying off mortgages as they approach and enter retirement has also been steadily rising since the 1990s. Further research from the Australian Housing and Urban Research Institute (AHURI) shows that around two thirds of those aged 65 and over had a weekly income of less than \$400.⁸

In the 21st century, the number of older people in non-stable housing situations has been increasing at a faster rate than population ageing. From 2001 to 2026, AHURI has predicted that:

- The number of renters aged 65 and over in low-income households will increase by 115 per cent from 195,000 to 419,000;
- Low-income, sole-person households are projected to grow by 120 per cent over the same period from 110,800 to 243,600, approximately two-thirds of which will be made up of older women; and
- The demand for housing suited to older, low-income couples will increase by 117 per cent from 32,200 to 69,900 (by 2026).⁹

The ageing of the Australian population in the coming decades will be accompanied by a steady decline in outright home ownership. This trend will increase demand for affordable age-friendly housing options as older renters and mortgage holders on low incomes seek to reduce their housing costs. It also has significant implications for policies designed to support older Australians as many of those policies assume or rely on high levels of housing stability and home ownership.

³Australian Bureau of Statistics (ABS) (2012-2013): 2071.0 Reflecting a Nation: Stories from the 2011 Census. ⁴Bridge, C. et al. (2011) Age-specific housing and care for low to moderate income older people, AHURI Final Report No.174. Melbourne: Australian Housing and Urban Research Institute. ⁵REST Industry Super The Journey Begins White Paper <http://www.rest.com.au/News-Media/Media-Releases/2013/One-third-of-Baby-Boomers-financially-unprepared-f>. ⁶Australian Bureau of Statistics (2010): 4102.0 Australian Social Trends: Using Statistics to Paint a Picture of Australian Society, Canberra: ABS, 8. ⁷Australian Bureau of Statistics (2013): 6253.0 Household Income and Income Distribution Australia, 2011, 12, Canberra: ABS. ⁸Bridge, C et al (2011). 'Age-specific housing and care for low to moderate income older people', AHURI Final Report No. 174, Australian Housing and Urban Research Institute, Sydney. ⁹Jones, A et al (2007). 'Rental housing provision for lower income older Australians', AHURI Final Report No. 98, Australian Housing and Urban Research Institute, Brisbane.

DECLINING HOUSING AFFORDABILITY

At the same time as the demand for affordable and appropriate housing for older people grows, it is becoming increasingly difficult to develop and purchase housing in a manner that is accessible and affordable. This trend has been characterised by a combination of limited supply and strong demand.¹⁰

Excessive regulatory burdens on organisations providing housing have simultaneously limited the supply and inflated the cost of housing. Planning and infrastructure costs from state and local governments increase the cost of land and therefore housing. These costs include development application fees, the cost of planning delays, stamp duty, council rates and augmentation costs for utilities. In addition, governments have shifted much of the cost of public infrastructure, such as roads, lighting, footpaths, to organisations that are building housing solutions. This all adds to the price of land, making housing less affordable.

Government initiatives aimed at stimulating the supply of affordable housing are often overly bureaucratic. The National Rental Affordability Scheme, with its prohibitive requirements, is a good example. Another case of regulation reducing housing choice and affordability are the proposed amendments to Retirement Village legislation across Australia which will increase administration costs for affordable housing providers.

On the consumer side, a number of factors have been impacting on housing affordability for some time. These include:

- Ongoing low interest rates which have led to increasing borrowing capacity;
- Limited release of new land;
- A tax system that favours investors and existing home owners;
- Population growth that is outstripping housing construction; and
- Unregulated support for people purchasing investment properties.¹¹

Another significant issue contributing to increasing financing costs in housing is the decline in the non-bank lending sector. Since the Global Financial Crisis, these lenders have experienced greater difficulty in accessing funds and this decline in competition has contributed to higher interest rates. There have been suggestions that government could introduce schemes to provide cheap finance to the non-bank sector. For example, the Canadian Government has a Bond System which it uses to ensure an adequate supply of low cost mortgage funding to financial institutions, increasing competition in the residential mortgage market.

Further upward pressure on housing prices is coming from current tax arrangements – such as the capital gains tax, negative gearing, capital works deductions and depreciation provisions that have driven private investment in rental properties and subsequently pushed housing prices upwards.¹² As well as impacting on housing prices, the current tax arrangements are also inefficient. For this reason, the ‘Henry Tax Review’ called for a broadly based land tax that would apply equally to all land uses, but could have a threshold and different rates based on the value per square metre of land. Over time, this new land tax would replace existing state taxes.¹³ As well as removing stamp duties which can act as a strong disincentive to rightsizing, other commentators have pointed out that a land tax should reduce housing prices over time.¹⁴ For this reason, this approach must also be considered in any discussion on housing affordability.

¹⁰Select Committee on Housing Affordability in Australia (2008): ‘A good house is hard to find: Housing affordability in Australia’, Australian Senate, Canberra, 1. ¹¹Select Committee on Housing Affordability in Australia (2008): ‘A good house is hard to find: Housing affordability in Australia’, Australian Senate, Canberra. ¹²Productivity Commission (2004). ‘First Home Ownership’, Commonwealth of Australia, Canberra, 91, 92. ¹³Henry, K et al (2009). ‘Australia’s future tax system: Report to the Treasurer’, Part One, Overview, Commonwealth of Australia, Canberra, xxi, xxxii. ¹⁴Pascoe, M (2011). ‘Housing affordability summit needed’, The Age: <http://theage.domain.com.au/real-estate-news/housing-affordability-summit-needed-20111011-1liob.html>

PLANNING ISSUES

Overcoming inefficiencies in the planning system is a critical requirement for increasing opportunities to deliver a greater diversity of housing products. Planning systems need to respond to these changing market demands by reflecting a clear understanding of the nature of housing for older people and retirement living.

While projects supported and subsidised by governments and the not-for-profit sector can provide some affordable housing options, it is imperative that governments support the following measures which are essential for boosting the supply of affordable housing:

- The adequate supply of reasonably priced land;
- The timely provision of core infrastructure;
- Efficient planning approval mechanisms;
- Minimal regulation and 'red tape' for construction; and
- Access to finance for development.

There are a number of roles that all levels of government can play. Local government can relax infrastructure charges for operators of affordable housing and those targeting older people. State and local governments have a role to play in developing infrastructure, transport, amenities and age-friendly public spaces. State governments can also free up surplus land and make it available to mission-based organisations to develop seniors living and care services while allocating capital incentives to replace dated affordable housing stock. The Commonwealth Government could also develop funding pools to assist aged service providers to develop innovative housing models with integrated care and services. At the same time, the Commonwealth Government has a major role in funding urban infrastructure, supporting affordability and social housing programs, and in undertaking long-term strategic population growth planning.

Most importantly, there must be cooperation between all three levels of government to avoid the duplication of costs and minimise delays in development.

UNIVERSAL DESIGN

In recent years, there has been growing awareness of the critical role played in supporting older people to remain in their communities by building accessible and adaptable housing according to universal design principles. Universal design incorporates products and building features that – to the greatest extent possible – can be used by everyone.

A significant milestone in this area was the introduction of the Livable Housing Design (LHD) Guidelines in 2010. The guidelines were developed with input and collaboration from all three levels of government along with the disability, aged, community, building and construction sectors. At the same time a National Dialogue on Universal Housing Design which developed a Strategic Plan which included an aspirational target for all new homes to meet a livable housing design standard by 2020.

The guidelines also provide technical advice and guidance on the key features needed to make homes safer and more accessible for people of all ages and abilities. By adopting the Livable Housing Design Guidelines, dwellings will be:

- Easier to enter with level entry and wider doors and halls;
- Safer to move around;
- More capable of easy and cost-effective adaptation; and
- Designed to better anticipate and respond to the changing needs and abilities of the people who live in the home.

It is essential that new housing developments incorporate these features enabling older to age in place. The added benefit of these design features is that they also increase options for families with young children and people with disabilities.

A COORDINATED NATIONAL APPROACH

Australia needs a single, coordinated approach by all levels of government to the issue of housing affordability. Current housing strategies tend to focus on those in need of so-called social housing (for people with very high needs) and affordable housing for some other groups, but not so much for older people. We need a vision for housing that is underpinned by strategies that address:

- The underlying causes and drivers that make housing less affordable or unaffordable – not just the symptoms;
- The factors that influence the ability of providers to deliver a product for older people that is not only affordable but age-friendly; and
- The housing aspirations and expectations of older people.

An important step forward in addressing Australia's housing affordability would be the development of a national housing strategy under the responsibility of a Commonwealth Minister for Housing. This strategy should incorporate a National Older Persons Housing Strategy, as jointly proposed by Aged and Community Services Australia and COTA Australia in 2009.¹⁵

A major objective for the National Older Persons Housing Strategy would be to incorporate 'seniors accommodation' into the relevant state and territory legislation. This would ensure that all forms of seniors living would be considered as a unique form of development in planning terms. A simple change such as this would prevent such proposals from being categorised as inappropriate or in 'non-compliant' on the basis of inappropriate built-form definitions.

RECOMMENDATION 1

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RECOMMENDATION 2

That the term 'seniors accommodation' be included in the relevant state and territory legislation so that these developments will be given special consideration in planning.

¹⁵COTA and Aged and Community Services Australia (2009). 'A Fair Share for Older People – The Need for A National Older Persons Housing Strategy: Discussion Paper', 1.

RETIREMENT VILLAGES

Retirement villages are specifically designed to provide accommodation for older people and can play an important role in meeting the housing needs of an ageing population. At present, retirement villages are one of the main options for older people moving into purpose built accommodation. Villages are either operated by not-for-profit, church and charitable entities or by commercial businesses.

Although retirement villages are legislated for and marketed to people aged 55 and over, most people do not move into this type of accommodation until they are in their mid-70s. A recent survey of operators and residents at Australian villages found that the average age on entry was around 73, while the average age of all residents was 79 years.¹⁶ Residents at villages which offer care and support services have a higher average age. The reasons for the ageing of the retirement village population include general population ageing and improvements in health as well as the growing availability of home care within villages.

A significant proportion of retirement village residents are single or widowed. Villages offer many opportunities for social interaction through on-site recreational facilities, community meeting centres and social activities. In the largest village survey conducted to date by independent researchers, 95 per cent of the 10,500 surveyed participated in activities organised by the village.¹⁷ Resident funded retirement villages allow home owners to obtain manageable housing with social and physical supports. This means they can 'age in place' for longer and are able to enter residential care later than people in the broader community.

The Productive Ageing Centre found that the top five factors for relocating into a retirement village are:

- Assistance in case of declining health;
- Family does not have to look after you;
- Convenient location to facilities;
- Assistance with household and gardening chores; and
- Less stress.¹⁸

At the moment a broader debate is occurring nationally on the transfer of social housing assets from state governments to the not-for-profit community housing sector. To date there has been little acknowledgment of the need for age-friendly affordable housing to be included in stock transfers and redevelopments. In some jurisdictions governments have previously been slow to acknowledge that the not-for-profit retirement village sector has strong experience, skills and resources that meet the requirements to manage social housing assets. As a result, not-for-profit retirement village providers have previously been overlooked as potential recipients of social housing funding. This is a major oversight that needs to be addressed.

It is imperative that governments and the retirement village industry continue to have ongoing discussions around proactive and innovative ways to reduce the costs of developing age-friendly affordable housing and providing incentives for purchasing it. Given Australia's rapidly ageing population, it is important that governments support the growth of the retirement village sector which is privately financed, houses many people on low incomes, provides safe and secure living and supports ageing in place.

¹⁶Grant Thornton (2011). 'Retirement Living: Industry Trends and Prospects', January 2011, Retirement Village Association.

¹⁷McCrindle Baynes Villages Census Report (2013). 'Australia's benchmark industry report for the retirement villages sector'.

¹⁸Productive Ageing Centre (2013). 'Relocation to a retirement village: Who Considers Relocation and What are People Looking for?', National Seniors Australia, 8.

INDEPENDENT LIVING UNITS

Between 1954 and 1986, eligible community benefit organisations such as churches and charitable bodies received subsidies from the Australian Government under the Aged Persons' Homes Act 1954 (APHA) to construct independent housing for older persons called independent living units (ILUs).

According to McNelis¹⁹, it was the first time many of the organisations that received these grants had been involved in providing services for older people. About 32,000 ILUs were built and some observers have suggested that their development marked the first phase of the retirement village industry.

ILUs are typically small, self-contained housing units. Originally many were intended for people with special needs and interests such as war widows or particular religious groups, although the preference for targeting particular groups has diminished.

Campuses of ILUs take a variety of forms as some consist of only a small number of dwellings while other larger groupings resemble or form part of retirement villages. Although they were only envisaged as housing solutions originally, today ILUs offer varying levels of support to residents, ranging from no assistance to hotel-style and low level care services.

McNelis gives the following three-point definition of an ILU:²⁰

- It is managed by a community benefit organisation;
- Its capital funds were originally provided by the Australian Government under the APHA;
- It is accessible to older people with relatively low incomes and assets, with an ingoing contribution of less than \$131,500 as at September 2010.

The precise number of the original ILUs that are still in operation is not known. A survey²¹ in 2010, targeting community benefit organisations thought to provide ILUs, received returns from 263 organisations. It revealed that:

- The organisations that responded to the survey managed 17,491 ILUs;
- These ILUs represent 49 per cent of all the units that this sample of providers managed;²²
- About a quarter of the organisations that participated in the 2002 survey no longer provided ILUs in 2010;
- Organisations that had participated in an earlier survey in 2002 managed 3,539 (26 per cent) fewer ILUs in 2010 than they had eight years earlier; and
- The average number of ILUs provided by operators had fallen from 80 units to 66 units in the same period.

This survey indicates that as few as 50 per cent of the original 32,000 ILUs may still be in operation. The researchers reported that, due to the passage of time, some operators had difficulty determining whether their units were originally funded under the APHA or a state housing authority.

¹⁹McNelis, S (2004). 'Independent living units: the forgotten social housing sector', Australian Housing and Urban Research Institute, Melbourne. ²⁰McNelis, S. & Sharam, A. (2011). 'National Survey of Providers of Independent Living Units (ILUs) or people with relatively low incomes', Swinburne Institute for Social Research, Swinburne University of Technology, Melbourne, 4. ²¹McNelis, S, & Sharam, A (2011). 'National Survey of Providers of Independent Living Units (ILUs) or people with relatively low incomes,' Swinburne Institute for Social Research, Swinburne University of Technology, Melbourne. ²²A study by Bridge (2011) of a broader sample of age specific housing providers recorded 20 per cent of the units provided by that sample provided were ILUs.

OTHER FORMS OF AGE FRIENDLY HOUSING

Discussions around age friendly housing have traditionally focused on retirement villages and independent living units. However, there are a number of other targeted housing options that specifically meet the needs of older Australians. A key element of many – but not all – of these models is an attempt to incorporate or facilitate care arrangements into the accommodation package. Although there is little research on the diversity of accommodation options in Australia, Bridge et al²³ recently developed a typology which also contained the following four models:

- 1. COMMUNITY HOUSING:** Community-housing schemes target lower-income-earning older people, often by drawing on pooled resources. It comes in a number of different forms including congregate housing, housing associations and housing cooperatives. Eligibility varies between types. Most require tenants to meet eligibility criteria set by government as well as any specific eligibility requirements required by the particular community housing organisation. The care and support component varies between and within each type, but usually involves an on-site housekeeper or support person, maintenance and some communal facilities.
- 2. MOBILE HOME COMMUNITIES:** Mobile home communities are typically parks with caravans and mobile or relocatable homes for permanent and temporary residents. They rarely include a care component however, operators of mobile home communities are increasingly targeting older people and offering communal services and facilities to meet their needs.
- 3. ASSISTED LIVING VILLAGES:** Assisted living villages are for people who cannot live completely independently, but do not require the level of care offered in residential aged care. They are mostly owned and operated by private, for-profit providers. Residents pay a weekly rental fee and other services, such as personal care and support with everyday living care may be bought for an additional cost. The cost to residents is usually set at 85 per cent of the standard single age pension plus the full rate of the Commonwealth rent assistance payment, however, this varies between providers.
- 4. AGE-SPECIFIC BOARDING HOUSES:** Boarding houses, rooming houses and private hotels provide inexpensive accommodation to people of all ages on low incomes. Although there is some research which suggests that there are proportionately high numbers of low-income older people living in boarding houses, there is little evidence about boarding houses specifically targeting older people.

Another potential housing solution for older people is the range of different multigenerational housing arrangements. These models involve a purpose built housing development where older people and younger people and families live in close proximity on the understanding that they will share informal care and support.²⁴ There has been a low uptake of these models in Australia but they have proved successful in Asia and North America.

Given the demographic outlook, future strategies to meet the housing needs of older Australians must consider the full range of housing options available, including service integrated options and those designed specifically for people on low incomes.

²³Bridge, C et al (2011). 'Age-specific housing and care for low to moderate income older people', AHURI Final Report No. 174, Australian Housing and Urban Research Institute, Sydney, 8. ²⁴Jones, A et al (2010). 'Service integrated housing for Australians in later life', Australian Housing and Urban Research Institute, 52.

AGEING SENIORS HOUSING STOCK

The demand for new housing specifically targeting older Australians is not only being driven by the ageing of the population, but also by the age of many of the existing options. Old stock is not just problematic because it requires maintenance, but also because it fails to meet the design standards and lifestyle expectations for older Australians today, let alone into the future.

A large proportion of the original ILUs that are still in operation are in urgent need of upgrading – and the size and style of these older ILUs are no longer acceptable to current generations of older people. New mechanisms for providing capital to develop accommodation for older people on low incomes are therefore needed. While the ILU model served a useful function, new policies are needed to focus on the broader issues of supplying appropriate low cost, age-friendly affordable housing.

A further reason for adopting new mechanisms for capital creation is that the problem of ageing housing stock is not exclusive to ILUs.

A recent survey of organisations providing targeted accommodation to older Australians – in retirement living, independent living and mobile homes and other forms – found that a “significant proportion” of the stock was built before 1980.²⁵ Reflecting this, only 38 per cent of the dwellings covered by the survey did not have a ramped or level entry, while a third did not have ‘hob-less’ showers; only 15 per cent had emergency call systems.

RECOMMENDATION 3

That government provides zero interest loans and/or innovative funding to organisations to upgrade and expand targeted housing solutions for older Australian. This capital assistance would prioritise upgrades to dated ILU stock and projects that include accessible design, integrated care services, opportunities for community engagement and support for low income, low asset residents.

²⁵Bridge, C et al (2011). ‘Age-specific housing and care for low to moderate income older people’, Australian Housing and Urban Research Institute, Sydney, 31-32.

SUPPORTING OLDER HOME OWNERS

There is a common perception that older Australians remaining in large family homes as ‘empty nesters’ are distorting the domestic dwelling market by continuing to live in the ‘large’ family home. However, research has found that many retired couples make good use of the space in their home for leisure and productive activities.²⁶ The following strategies may encourage older Australians to continue to live in their family homes when they wish to.

EQUITY RELEASE

Allowing income poor home owners to access the equity in their home would enable many to have greater choice. Such a scheme could be used to contribute to care costs, improve or modify the home to make it more suitable for older residents or to help improve quality of life. In its landmark report, the Productivity Commission recommended the introduction of a government-backed home equity release scheme that would enable older home owners to draw down small, regular amounts of money.²⁷

Such a scheme has some merits, however it would need to be designed and implemented carefully to minimise the risk of unintended consequences. Any government backed-home equity release scheme would need to have clear guidelines about the amounts that could be drawn down and for what purposes. Another issue with such a scheme could arise if future means testing arrangements took into account the value of the home. An alternative may be a series of government supported financial services provided by the private sector to meet this need.

HOME MODIFICATIONS

Improvements to the organisation and equity of home modification services would also go a long way to supporting older home owners to remain at home. Home maintenance and modifications have developed in an ad hoc and inconsistent manner throughout Australia as part of the Home and Community Care program. There are no defined policy goals or benchmarks for these services throughout Australia and services vary significantly.²⁸ The transition of home modification services to the Commonwealth Home Support Program provides an opportunity to provide greater oversight and organisation of the services throughout Australia and to ensure greater equity of access.

RECOMMENDATION 4

The introduction of a government-supported home equity release scheme with clear guidelines on the amounts of money that could be drawn down and for which purposes.

²⁶Judd, B., Liu, E., Easthope, H., Davy, L. and Bridge, C. (2014) Downsizing amongst older Australians, AHURI Final Report No.214. Melbourne: Australian Housing and Urban Research Institute. ²⁷Productivity Commission (2011). Caring for older Australians, report no. 53, final inquiry report, Vol2, Canberra, 112-113. ²⁸Jones, A, de Jonge, D & Phillips, R (2008). ‘The role of home maintenance and modification services in achieving health, community care and housing outcomes in later life’, AHURI Final Report No. 123, Australian Housing and Urban Research Institute, Queensland, 143.

OLDER AUSTRALIANS RIGHTSIZING

About 25 per cent of home owners aged years who wish to release the equity in their home do so by 'rightsizing'. However, there are risks and costs associated with rightsizing.

Much of the policy focusing on overcoming the barriers to rightsizing to date has had a limited focus on stamp duty. The former NSW Labor Government removed stamp duty for over-65s moving from their primary residence and purchasing a new apartment off the plan or new home built on vacant land up to \$600,000 for a two-year trial period from 2010. Some observers though, have queried the benefit of the NSW stamp duty release because the cap it contained on housing prices was too low and offered little incentive for those selling high value real estate, the main reason for rightsizing.²⁹ It is also limited to newly built dwellings. In the first year of operation in NSW only 249 persons had taken up the offer, costing the NSW Government just \$3.2 million in its first eight months against a full year budget of \$10 million.³⁰

In a similar reform, from 1 July 2014, people over the age of 60 in South Australia have been eligible for an \$8,500 grant towards the cost of a new home worth up to \$400,000 – and phasing out at \$450,000 – when they rightsize from a larger home. However, this grant is not available to people purchasing a new home in a retirement village or residential park.

This narrow focus on lessening the financial cost of rightsizing ignores the other significant obstacles that exist, and perhaps goes some way to explaining the limited success of the initiatives in NSW and South Australia. A recent Australian study on rightsizing – based on surveys and interviews with older people and policy forums with government and industry stakeholders – identified several other barriers.

According to the research, the greatest barrier was the lack of appropriate housing stock. The biggest people difficulty faced by older people who wanted to rightsize was finding affordable 'age-friendly' options in the neighbourhoods where they wanted to live.³¹ The report concluded that while there are limited options for people seeking smaller and accessible housing available, this will remain the case. This finding underscores the need for improved planning and capital incentives for the upgrade and development of affordable, age-friendly housing stock.

Another barrier to rightsizing that has been identified is that excess funds left over from the sale of a high value home could exclude some older people from eligibility for the age pension. In recognition of this, the Productivity Commission recommended that the Commonwealth Government introduce an age pensioners saving account scheme which would allow age pensioners to invest surplus funds from the sale of a home towards future care and living costs. Funds in this saving scheme would be exempt from the assets and income test for the age pension.³²

RECOMMENDATION 5

That the Commonwealth Government introduce an age pensioners saving account scheme in which older Australians could invest the surplus from the sale of their home. The money in this account scheme would be dedicated to future care and living costs and would be exempt from the asset and income test for the age pension.

²⁹Pinnegar, S., van den Nouwelant, R., Judd, B., & Randolph, B. (2012). 'Understanding housing and location choices of retiring Australians in the 'baby boom' generation; scoping report prepared for the National Housing Supply Council'. City Futures Research Centre, University of New South Wales, Sydney. ³⁰Chancellor, J. (2011). Few seniors seek break on home purchase stamp duty, Sydney Morning Herald. <http://smh.domain.com.au/few-seniors-seek-break-on-home-purchase-stamp-duty-20110415-1dhwg.html> ³¹Judd, B et al (2014). 'Downsizing amongst older Australians', AHURI Final Report No. 214, Australian Housing and Urban Research Institute, 157-158. ³²Productivity Commission (2011). Caring for older Australians, report no. 53, final inquiry report, Vol 2, Canberra, 27.

CONCLUSION

Australia is becoming older and this trend will continue for the next three generations. Although older Australians are currently more likely to own their own homes than any other age group, the proportion of older people who are renting or still paying off a mortgage is rising.

Feedback from providers suggests that the provision of low cost housing is in the main, not profitable. A broad range of housing stakeholders and providers have consistently called for national planning to coordinate initiatives related to the provision of low cost housing for elderly Australians.

ACSA joins this call for a coordinated national plan for affordable housing that would integrate national and state based institutions. It is imperative that governments support the adequate supply of reasonably priced land, the timely provision of core infrastructure, efficient planning approval mechanisms, minimal regulation 'red tape' for building construction and access to development finance which are the essential ingredients in providing affordable housing.

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