



EXECUTIVE SUMMARY

Older Australians and the housing aspirations gap

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Housing aspirations and constraints for lower income Australians

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Housing aspirations and constraints for lower income Australians

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Executive summary

Key points

- This report examined the housing aspirations of older Australians, defined as households over the age of 55. The number of older Australians increased by almost 3 million between 2006 and 2016. The research collected data through a national Australian Housing Aspirations (AHA) survey, interviews and focus groups, supplemented with data from the Australian Bureau of Statistics (ABS).
- Older Australians aspire to live in a variety of different locations, with the most popular choices being the middle to outer suburbs of capital cities (around 35%) and small regional towns (around 20%). Generally, they would like to own a detached dwelling (69%) with three bedrooms (50%) although there is an appetite for two-bedroom apartments, particularly in the 75+ age group. Older Australians do not wish to be in the private rental market with 80 per cent demanding ownership.
- Aspirations are driven by a desire for long-term, stable housing. While the number of bedrooms, building quality and dwelling type are important, safety and security and having somewhere that feels like home are critical for older Australians.
- The short and longer-term housing aspirations gap (the difference between current and ideal housing) for later life Australians is not large with over 90 per cent of the 2,400 older Australians responding to the AHA survey stating their current housing meets their short-term housing aspirations, while 70 per cent reported current housing meets longer-term aspirations. There is unmet demand, or a housing aspiration gap, for dwellings in small regional towns, separate houses, two and three-bedroom dwellings and home ownership. The housing aspirations gap is larger for renters, private and social, than for home owners.
- Policy innovation could deliver the housing and housing assistance required to meet the diverse aspirations of later-life Australians through four key avenues:
 - Housing assistance to develop alternative home ownership options to improve security of tenure and facilitate ageing in place. Continued reform of the private rental sector to deliver a long-term, secure housing option.
 - Better matching of new housing supply to aspirations, especially in the private rental sector, to meet the demand for two and three-bedroom houses (including attached) located in high level amenity locations.
 - Giving social housing tenants more agency and choice in the selection of their homes, including for those caring for grandchildren.
 - A central housing information service providing information on how to plan as housing needs change in later life; dwelling development options, such as subdivision, to assist ageing

in place and broader help on navigating different sectors of the housing market as household circumstances change.

Key findings

Factors influencing housing aspirations

The housing aspirations of older Australians are shaped by both their shelter and non-shelter priorities. Home ownership, underpinned by a need for long-term, stable housing is a priority for this cohort. This was particularly the case for Indigenous Australian grandmothers given their critical role in keeping families together and providing care to grandchildren. The physical safety of a dwelling and control over the space in which they live are important and is associated with the desire to remain independent within their home and age-in-place. Continued employment and the needs of dependent children are important for a small number of older Australians in the 55–64 age category.

Important shelter aspects relate to the number of bedrooms, dwelling type, quality and security but older Australians are often willing to compromise on the physical aspects. While large back gardens are less important to older Australians, some outdoor space was considered important for those of all ages and tenures. Aspects of location which influence aspirations include the perception of safety, social connections within the community, walkability, quality public transport, access to services and amenities and proximity to family and friends.

Housing aspirations

Within this research, housing aspirations were explored through the AHA survey, where respondents selected their ideal location, number of bedrooms, dwelling type and tenure. More than 2,400 older Australians answered questions, providing a robust description of the aspirations of older Australians. The most popular outcome was to live in the middle or outer suburbs of a city, an aspiration which increased with age. Small regional towns were the second most chosen location for those aged between 55 and 74 years, while those aged 75 and over were more likely to indicate a preference for the inner suburbs of a capital city. Few older respondents aspired to live in the CBD of a capital city.

Separate dwellings were the ideal housing option for more two thirds of those aged over 55 years with an attached dwelling the second choice. Respondents aged over 75 years were more likely to select attached dwellings or apartments than the younger cohorts, presumably as a viable downsizing option. For around half of all later life Australians, three was the most popular number of bedrooms. One bedroom was an option for only a few respondents while two bedrooms was much more popular to households aged 75 and over. Home ownership remains the ideal tenure among older Australians with 8 out of 10 choosing this option. Living in an age-segregated community appealed to only a small proportion of the older population.

Older Australian home owners aspire to remain in home ownership (93%), live in three-bedroom (55%) separate dwellings (83%), in the middle to outer suburbs of a capital city (38%) or outside the metropolitan area in small regional towns (19%) or large regional cities (18%). Private renters also aspired to achieve home ownership (58%), live in separate dwellings (68%) or apartments (11%) with either three (43%) or two bedrooms (41%). This cohort also expressed a strong preference for living outside the metropolitan area in small regional towns when compared to other tenures. Public or community housing tenants—to a lesser degree than other tenures—aspired to be home owners (48%), or to remain in their current tenure (43%). Separate dwellings were their favoured housing type (68%) followed by apartments (18%). Preferred dwellings would have two (45%) or three (37%) bedrooms. Social housing tenants

aspire to live in the middle and outer suburbs (27%) with non-metropolitan locations considered less ideal than inner city suburbs (24%).

Housing aspirations gap

Almost all the older Australians who participated in the survey agreed that their current dwellings met their *short term* housing aspirations (93–96%). Renters, both public and private, were the least likely to be in housing which met such aspirations. A majority of respondents aged 55 years and over agreed that their housing met their longer-term (5–10 year) housing aspirations (69–78%, depending on specific age group). The remainder were divided equally between those who were unsure if it would meet their aspirations and those who did not think their aspirations could be met in their current dwelling.

The housing aspiration gap which does exist is being experienced by specific groups. The table below provides a summary of the gap analysis highlighting the areas where the aspirations gap is greatest. Most of the gaps (calculated by comparing current dwelling characteristics to preferred dwelling characteristics for each respondent) were small, less than 10 per cent of the total cohort, with the exception of ownership, smaller dwellings for the 75+ cohort, dwellings in small and regional towns and separate dwellings for social renters. Tenants in both private and social housing are experiencing the largest housing aspiration gap and were most likely to be in dwellings that didn't meet their longer term aspirations. Despite these gaps, older Australians are generally confident that they will be able to age-in-place and meet their housing aspirations.

To a large degree, the housing aspirations and associated gaps among older Indigenous Australian households closely mirror those of other households. Where housing aspiration gaps were significant, however, these tended to relate to deep, entrenched poverty, including intergenerational poverty and deeply embedded place-disadvantage, as well as to some additional barriers and challenges Indigenous Australian households face in responding to their housing aspirations including room for extended families and the care of grandchildren.

Summary of the housing aspiration gaps for older Australians

Age	55–64 years	65–74 years	75+ years
Location	Small unmet demand for small regional towns (9%)	Small unmet demand for small regional towns (8%)	Small unmet demand for small regional towns (7%)
Dwelling	Small unmet demand for other dwelling types (2%)	Small unmet demand for houses (1%) and ancillary dwellings (2%)	Small unmet demand for houses (2%) and alternative accommodation (5%)
# bedrooms	Medium unmet demand for two (7%) or three-bedroom dwellings (10%)	Small unmet demand for two (9%) or three-bedroom dwellings (7%)	Medium unmet demand for two (11%) or three-bedroom dwellings (2%)
Tenure	Medium unmet demand for ownership (10%) and age specific housing (5%)	Small unmet demand for ownership (5%) and age specific housing (5%)	Small unmet demand for ownership (7%)

Tenure	Home owner	Private renters	Social housing renters
Location	Small unmet demand for small towns (7%) and larger regional centres (2%)	Medium demand for small towns (13%)	Medium demand for small towns (13%) and remote communities (6%)
Dwelling	Small unmet demand for other dwelling types (4%)	Small unmet demand for houses (8%) and other dwelling types (8%)	Large unmet demand for houses (20%)
# bedrooms	Small unmet demand for two (8%) or three-bedroom (9%) dwellings	Small unmet demand for two (6%) or three-bedroom (8%) dwellings	Medium unmet demand for two, three-bedroom dwellings (18%)
Tenure	No gap	Unmet demand for ownership	Unmet demand for ownership and rental in the private sector

Classification of gap between current dwelling and ideal dwelling: Small—9% or less, Medium—10–19%, Large—20%+

Source: Original analysis of Australian Housing Aspirations Survey (2018) data, unweighted.

Policy development options

The project identified a number of ways in which policy innovation could be used to deliver the housing and housing assistance required to meet the diverse aspirations of later-life Australians. While noting the aspirations gap for older Australians is small, those within rental dwellings, relying on small pensions and Commonwealth Rent Assistance (CRA) to service their rent are an extremely vulnerable group of society in need of assistance.

Housing assistance

Home ownership is a key housing aspiration among older Australians, including Indigenous Australian households. Traditional finance products catering for home ownership have timeframes that are unsuitable for older Australians. Yet older Australians are working later in life and many are earning an income that could service a small, short-term mortgage. Delivering low cost, low deposit ownership products, for example through shared ownership or through a land rent type scheme, could deliver the safety, security and control characteristics of home ownership sought by older Australians. Further, two-thirds of private rental sector tenants were found to have fallen out of home ownership yet retain the aspiration of home ownership, underpinned by broader factors such as affordability, safety and security and independence. There is, therefore, a benefit in government supporting households at risk of falling out of home ownership due to financial difficulties through mechanisms such as a low cost, government-backed reverse mortgage scheme, for example.

Renters unable to service a mortgage and/or afford a deposit, but still wanting security of tenure, will need to rely on reform to the private rental sector and the willingness of landlords to offer longer-term leases. Such reform has progressed in some states, notably Victoria, and is well overdue in others. The build-to-rent sector has the potential to offer professionally managed rental accommodation with longer term lease structures. Such tenancies could suit the requirements of older renters. Partnerships between build-to-rent providers and the community housing sector could offer the same stability for low-income private renters with support services attached. A replacement for the National Rental Affordability Scheme (NRAS), which would

offer subsidised rents in return for financial incentives for landlords, could be tied to delivering long-term rental options for older tenants providing the ability to age-in-place.

Housing diversity

The diversity of new housing currently being delivered needs to more readily meet the aspirations of those who will live in them. This applies to both the ownership sector as well as the delivery of private and social rental housing. This research found an unmet demand for smaller dwellings, particularly among home owners and private renters and for larger dwellings in the social housing sector (Table above). Developers for both the private and social housing sectors need to recognise the demand for two and three-bedroom attached dwellings located in high level amenity locations; locations where shopping, recreation and allied health services are located within walking distance or a short drive from home. These dwellings need to be designed with older Australians in mind, which includes being easily adaptable when required. Strategic planning needs to deliver outcomes that reflect the demand for smaller houses within established suburbs and move away from a mind-set that apartments are the only solution to delivering smaller dwellings. Regional locations also need a greater diversity of dwelling product. Small regional towns were a popular aspiration of older Australians, but there needs to be a range of products available in these locations to meet demand. This requires a joint approach between developers and planners or the intervention of state development agencies to deliver such housing.

The research found that the current range of age-specific housing options do not suit the aspirations of a large range of older Australians, although innovation is occurring in this space. Home owners motivated by ownership were concerned that the leasehold nature of the dwelling combined with high entrance and exit fees involved in private retirement or lifestyle villages would affect their children's inheritance. Such fees also precluded tenants from the private rental and social housing sector from accessing private sector facilities. There is, however, a need to disseminate the benefits of living in age-specific housing given the extent to which it achieves the objectives of ageing in place. Innovation in this space is occurring and hopefully an improved range of products suiting the diverse needs of this cohort will be developed. Financial products that enable flexibility in relation to selling a family home and purchasing housing more suited to later-life requirements may assist older home owners achieve their aspiration of retaining the security of ownership while adapting their living arrangements. Government initiatives that seek to reduce financial penalty via taxation in later years to enable housing transitions, are generally supported by findings of this research.

The number of respondents who indicated acceptance for alternative housing arrangements was small. However, with the number of older Australians rising rapidly, there is still a viable market for many alternative housing models if the benefits are disseminated widely enough. Shared housing options, for example, are suitable for certain groups and offer a solution for many single people on very low incomes who would benefit from living in a shared space. The strong aspiration for home ownership provides opportunities to deliver new products such as land rent schemes, community land trusts and appropriately structured housing cooperatives that share the same safety and security characteristics. Properly informed, older Australians—particularly renters, may be open to a variety of housing options that can assist them to meet their aspirations.

More choice for social housing tenants

Given the growing number of older renters relying on benefits, social housing tenants are looking for greater choice over their housing. This of course requires the need for a much greater supply of housing options. However, the perception is that their aspirations are of little consequence as by living in public or community housing their control over their housing outcomes is being traded for security of tenure and others will make decisions for them. Part of

this lack of control is generated during the process of being offered a dwelling which requires a decision to be made quickly; one tenant explained that the decision had to be made in 48 hours and then a move made in 5 days. Consequently, there is little opportunity to research the dwelling, location or neighbourhood. The policies within public housing often make it difficult to achieve housing aspirations, with tenants having very little control over their housing choice (Productivity Commission 2015). Echoing the recommendations of recent research, a social housing exchange platform could be one avenue to assisting households to meet their aspirations in addition to better stock utilisation and enhancement of employment opportunities (Sharam, Byford et al. 2018).

Central housing information service

To further assist older Australians meet their housing aspirations, there is an opportunity for a *central housing information service* that guides households through their changing housing needs and provides information on accessing housing through different sectors.

Some households have planned for housing in later life, others were unsure of what they needed or were unable to anticipate how their housing needs would change. Other home owners aspire to age-in-place and make use of the development potential in their properties but explained that they lacked the knowledge or financial capacity to do so, although not the motivation. Providing access to targeted information for this cohort of home owners would be one step towards allowing them to achieve their housing aspiration of remaining where they are, while also generating infill development. For those with limited financial capacity, a grant or partnership opportunities might go some way towards assisting this cohort to achieve their housing aspiration of ageing in place. There is a potential role for state development agencies to provide such an information service helping owners develop their land. Critically, the information needs to be targeted towards cohorts before they enter their retirement years.

Despite the high self-report understanding of the housing sector, there is evidence to suggest this understanding is limited to traditional tenures. That is, home owners understand the housing market in regard to buying and selling property, private renters may share that knowledge if they have fallen out of home ownership and also have an understanding of the private rental market, while those in social housing are generally aware of how their system works. Challenges arise when households change tenures with previous home owners reporting a lack of knowledge or understanding of the social housing sector for example. It is at this point that there is a need for more readily available information to guide households.

The study

This research is part of a wider AHURI *Inquiry into housing aspirations and constraints for lower income Australians*. Previous studies have shown that older persons have very different shelter and non-shelter priorities than younger populations, which in turn inform their housing aspirations (Beer and Faulkner 2011). While moves in earlier stages of the life course are often motivated by employment and family formation factors, post-retirement moves are more likely to be related to other factors, e.g. lifestyle choices (Gurran 2008) and the departure of adult children from the family home (Clark and Deurloo 2006). Many people, however, adapt their housing aspirations as they become increasingly exposed to vulnerabilities during the process of ageing (Annard, Lacey et al. 2015). It is important to understand about what households want from the 'housing bundle' in terms of key shelter and non-shelter aspirations as well as how, why and for whom aspirations may be constrained. This research investigated the short and long-term shelter and non-shelter aspirations of later-life Australians aged over 55 years with the view of creating an evidence base for policy innovation needed to deliver the housing and housing assistance required to match the varying aspirations of later-life Australians.

Housing aspirations were explored initially through focus groups (*n=68 participants*), used also to inform the development of the Australian Housing Aspirations (AHA) survey. The AHA survey collected responses from 7,343 Australians split across the three cohorts including 2,400 from those aged 55 years and over. The research included a focus on older Indigenous Australian households through dedicated interviews (*n=11*), informed and overseen by an Indigenous Reference Group. Interview data provided a means of comparing the housing aspirations of older non-Indigenous and Indigenous Australians. Finally, telephone interviews (*n=30*) were conducted to further explore the policy implications of the focus group and survey findings. While the survey had a national focus, qualitative research was conducted in regional and metropolitan Victoria, New South Wales and Western Australia.

The research was aimed at understanding: *How can existing and innovative policy be harnessed to assist lower income later-life Australians achieve their shelter and non-shelter housing aspirations, and improve housing opportunities?* And did so by addressing the following three critical research questions:

- What are the shelter and non-shelter aspirations of later-life Australians across their life course?
- Where lower income later-life Australians are unable to achieve their housing aspirations, what is the nature of their housing aspirations gap and how does this vary by socio-economic status, tenure and location?
- How can current and innovative housing policy solutions be harnessed to assist lower income later-life Australians meet their short, medium and long-term housing aspirations?

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