



DISCUSSION PAPER

HOUSING FOR OLDER AUSTRALIANS

JUNE 2020

ABOUT ACSA

Aged & Community Services Australia (ACSA) is the leading aged care peak body supporting church, charitable and community-based, not-for-profit organisations. Not-for-profit organisations provide care and accommodation services to about one million older Australians.¹

ACSA represents, leads and supports its members to achieve excellence in providing quality affordable housing and community and residential care services for older Australians.

Aged care providers make a significant \$17.6 billion economic contribution to Australia, representing 1.1% of GDP by producing outputs, employing people and through buying goods and services. The direct economic component is akin to the contribution made by the residential building construction and sheep, grains, beef and dairy cattle industries.²

ACSA members are important to the community and the people they serve and are passionate about the quality and value of the services they provide, irrespective of their size, service mix or location.

ACSA CONTACTS

Pat Sparrow, CEO

Aged & Community Services Australia
Suite 3, Level 6, 24 Collins Street
Melbourne VIC 3000
(03) 9108 0750
Patricia.Sparrow@acsa.asn.au
www.acsa.asn.au

Elizabeth Teece, Policy and Member Advice Officer

Aged & Community Services Australia
Level 6, 5 Rider Boulevard
Rhodes NSW 2138
(02) 8754 0400
Elizabeth.Teece@acsa.asn.au
www.acsa.asn.au

¹ Australian Government, Department of Health, Report on the Operation of the *Aged Care Act 1997*, December 2016.

² Deloitte Access Economics, Australia's aged care sector: economic contribution and future directions, Aged Care Guild, June 2016, page 24.

CONTENTS

Executive Summary.....	4
1. Introduction	6
2. Housing issues for older Australians	7
2.1 Australia is ageing.....	7
2.2 So where do older people live?	8
2.3 Who are at risk of homelessness or are homeless?	8
2.4 What options do homeowners have?	11
3. Profile of seniors' housing.....	13
3.1 Evolution of seniors housing	14
3.2 Retirement village model has many benefits but struggles to keep up with demand	14
3.3 Independent Living Units (ILUs).....	15
3.4 Residential Land Lease Communities (LLC) / Manufactured Home Estates.....	17
3.5 Community Housing	18
4. What role does government play?	18
4.1 A fragmented approach.....	18
4.2 National Affordable Housing Agreement (NAHA).....	18
4.3 Commonwealth Rent Assistance (CRA)	19
4.4 National Rental Affordability Scheme (NRAS)	19
4.5 Bond aggregator with government guarantee.....	19
4.6 Government-backed low-deposit home loans, shared equity and land rent schemes	20
4.7 Australian Building Codes Board (ABCB) and Universal Design	20
5. Some possible responses	22
5.1 What could government do?	22
5.2 What could our sector become involved in?.....	25

EXECUTIVE SUMMARY

Housing is of fundamental importance to individuals including older Australians.

Many aged care providers are also providing accommodation and housing. Housing is emerging as a major issue for older people and for the ability to deliver a quality service.

This discussion paper seeks to offer a greater understanding of issues older people face when making decisions about housing, what seniors' housing has to offer, the role that government plays and describes some of the responses that the marketplace and consumers themselves are exploring as innovative solutions. It is intended to provide background and resource material to raise awareness of issues for use with members, policy makers and other stakeholders. It can be used to inform the development of policy vision and recommendations in consultation with members.

The paper draws from research and commentary from government and other industry sources.

Results of the analysis shows that older Australians is a cohort which is under increasing housing stress, with a government which demonstrates a limited coordinated approach, leaving the marketplace and consumers themselves to explore innovative solutions.

Section two of the paper draws together various housing related issues for older people:

- Australia is ageing – the number of people aged 65 and over will more than double to 8.7 million by 2056
- increasing rates of homelessness, particularly among older women
- reducing levels of home ownership and unaffordable rents
- more people retiring with greater levels of mortgage debt
- little opportunity for entry into social housing
- people are downsizing more for reduced capacity and lifestyle reasons than financial
- barriers to downsizing - three of the top five issues relate to costs ie “age pension means test”, “cost of stamp duty” and “other moving costs”. Other issues relate to the practicalities of moving³

Section three describes aged specific housing issues (not including residential aged care):

- Retirement village model has many benefits but struggles to keep up with demand
- Independent Living Units – the refurbishment of ILU stock has become an urgent issue if this significant housing supply is to be retained. Many of the 34,700 ILUs originally developed with Commonwealth Government assistance through the *Aged Persons Homes Act* (APHA) between 1954 and 1986 have been lost to the community and many are in bleak condition

³ National Seniors Australia, *Downsizing: movers, planners, stayers*, August 2017 page 19

- Residential Land Lease Communities (LLC) / Manufactured Home Estates – this model offers many listed benefits over the retirement villages. In an LLC, the resident owns the home but rents the land that the home sits on. The community can stipulate an older age entry requirement.
- Community housing – although there is little opportunity to qualify for social housing, there are increasing numbers of people ageing in community housing. According to an AIHW report for 2016-17, 28% of community housing tenants were aged 55 years and older

Section four describes the kind of programs and funding arrangements that the Commonwealth Government has played to address housing affordability and related issues:

- A fragmented approach - All three levels of government provide housing assistance programs and instruments but with little coordination. Government has tended to approach housing policy separately as either a social or an economic asset. An AHURI report comments on the ability of government to respond: “there is almost no coordination between different housing policy instruments nor a conceptual framework through which the role and purpose of these instruments is identified”⁴. According to the report, response to the need for housing has largely been left to the market
- National Affordable Housing Agreement (NAHA) – this is currently under reform to provide ongoing, indexed funding for a new National Housing and Homelessness Agreement (NHHA) 2018-19 intended to improve the supply of new housing, and improve housing and homelessness outcomes for all ages
- Commonwealth Rent Assistance (CRA) – Pensioners is one group eligible for this non-taxable income supplement for the private rental market or community housing
- National Rental Affordability Scheme (NRAS) – “Although not without problems, the scheme was identified as an effective supply stimulus, delivering tens of thousands of units in a relatively short timeframe. Moreover, it was effective in steering investment towards meeting overarching affordable housing policy objectives.”⁵
- Bond Aggregator With Government Guarantee – opportunities for not-for-profit organisations to tap into superannuation funds
- Government-Backed Low-Deposit Home Loans, Shared Equity Products and Land Rent Schemes - Some state governments such as WA, SA and the ACT have successfully implemented these innovations in delivering affordable housing. In the 2018-19 Federal Budget, the Government announced it will expand the Pension Loan Scheme which allows pensioners to borrow against the value of their home
- Australian Building Codes Board (ABCB) and Universal Design – In October 2018, the ABCB commenced developing minimum housing accessibility standard options for possible inclusion

⁴ Dodson, J., de Silva, A., Dalton, T. and Sinclair, S. (2017) *Housing, multi-level governance and economic productivity*, AHURI Final Report 284, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/284>, doi:10.18408/ahuri-5307501 page 28

⁵ Rowley, S., James, A., Gilbert, C., Gurran, N., Ong, R., Phibbs, P., Rosen, D. and Whitehead, C. (2016) *Subsidised affordable rental housing: lessons from Australia and overseas*, AHURI Final Report No. 267 accessed 19/10/2018 page 73

in the National Construction Code (NCC). Accessibility standards would assist older people to live at home longer.

The final section outlines the kinds of responses the government and our sector could consider engaging in to address the need for affordable, appropriate and adequate supply of housing for older Australians.

1. INTRODUCTION

Appropriate, secure and affordable housing as a cornerstone to health and wellbeing is articulated by many proponents of adequate and affordable housing.⁶ Article 25.1 of the Universal Declaration of Human Rights proclaims adequate housing as a human right.⁷ Some commentators consider that housing should be part of the nation's infrastructure: AHURI is currently undertaking such an inquiry for social housing.⁸

It is therefore reasonable to expect that it is incumbent on a society to arrange adequate housing for its citizens.

The majority of older people have adequate resources to consider the various housing options: many do not. Of course, financial capacity is not the only issue affecting the housing choices of people, many seeking 'lifestyle' options as they transition to a new later life stage. Many are responding to alternative and innovative solutions which are emerging in the marketplace.

The not for profit aged care sector is well positioned to continue to provide housing for older Australians and consider options and plan for improved outcomes for the future.

The not for profit aged care sector in Australia has long been a natural fit for those who are disadvantaged and has been arguably the primary innovator in the field of accommodation and care for older people. ACS NSW&ACT, in its 2012 internal report, *Innovation in the not-for-profit aged care sector*⁹ documented many of the pioneering and leadership roles the aged care sector has played such as in the Community Aged Care Package (CACP) pilot program in 1992; Extended Aged Care at Home (EACH) pilot program in 1997; 91% of the initial 2011-12 CDC places were given to not-for-profit providers; 23 of the 25 non-government aged care organisations that by 2012 participated in Office of Environment and Heritage NSW Sustainable Advantage Program were not for profit; telehealth; ACHA program; dementia care specialist established by HammondCare in the 1930's; residential services exclusively for the homeless etc. Early homes for the 'aged' were established by organisations in the not for profit sector.

Housing is a complex area with social, economic and government intersections. There continues to be, almost on a daily basis, commentary and research on housing in general. At the same time there is a growing body of research on the subject of older people, housing and homelessness¹⁰.

⁶ For example Anglicare Australia, *Rental Affordability Snapshot*, April 2017 p4

⁷ United Nations, *The Universal Declaration of Human Rights*, 1948

⁸ AHURI, *Social housing as infrastructure*, Evidence-Based Policy Inquiry 53140

⁹ ACS NSW&ACT internal report, *Innovation in the not-for-profit aged care sector*, 2012

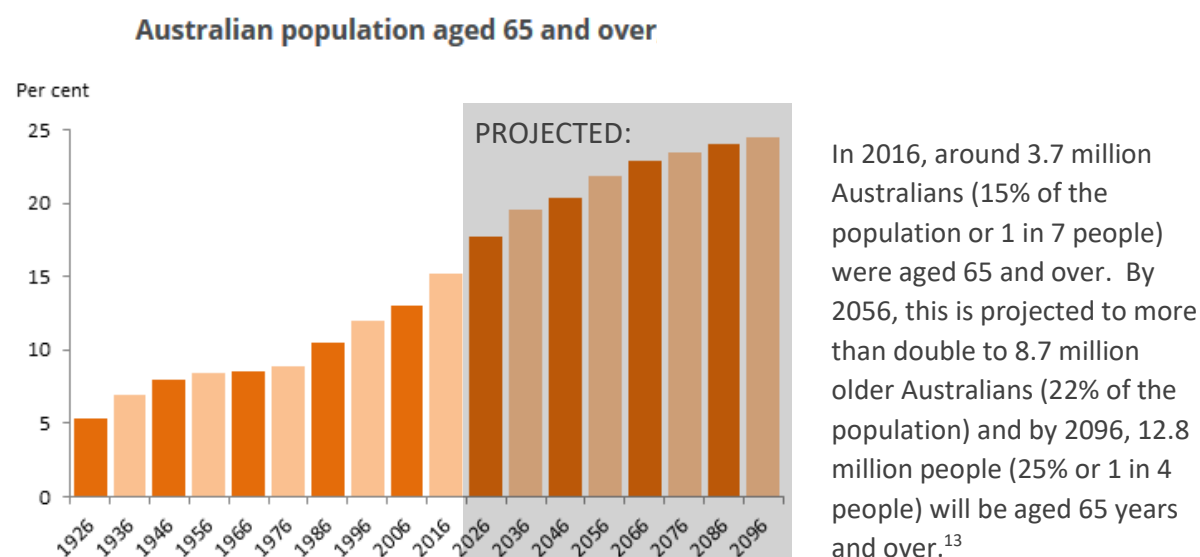
¹⁰ Housing for the Aged Action Group online library, <https://www.olderrenters.org.au/research-library-advanced-search> viewed 7/10/18

This discussion paper seeks to offer a greater understanding of issues older people face when making decisions about housing, what seniors' housing has to offer, the role that government plays and describes some of the responses that consumers themselves are exploring as innovative solutions. It is intended to be a background document which can contribute to discussions to help frame ACSA's policy for housing for older Australians.

2. HOUSING ISSUES FOR OLDER AUSTRALIANS

2.1 Australia is ageing

It is hard to imagine that just over a century ago life expectancy was 50 years of age.¹¹ With life expectancy for those born in 2015 is at 91.5 years for males and 93.6 years for females, this is projected to climb to 95.1 years for men and 96.6 years for women by 2054-55.¹²



So Australia's population is ageing. People are living longer and healthier lives, a hallmark of a prosperous nation¹⁴ for which we can celebrate and be proud.

Baby boomers are at the leading edge of unprecedented ageing growth. The first of those born 1945 turned 65 years old in 2010. This is putting pressure on the seniors housing market to keep up with demand and to keep up with the changing needs in this new age of "choice and control".

¹¹ Australian Government, Australian Bureau of Statistics, Cat No. 4102.0 - *Australian Social Trends*, Mar 2011.

¹² Australian Government, Intergenerational Report, 2015. Note that life expectancy is reported on the 'cohort' method that takes into account advances that could reasonably be expected during a person's lifetime. Figures may differ from other sources which use a 'period' method based on mortality rates prevailing in that year.

¹³ Australian Institute of Health and Welfare, *Older Australians at a Glance*, April 2017.

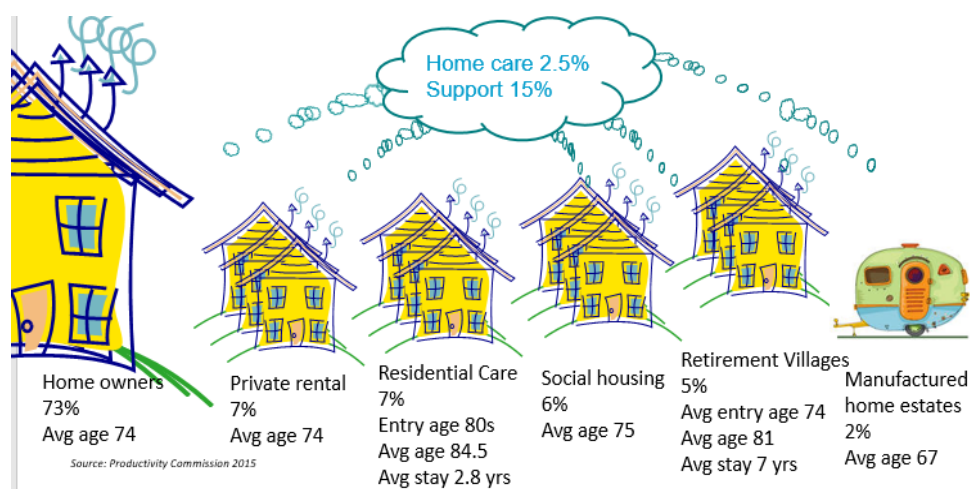
¹⁴ [https://www.gapminder.org/tools/#\\$chart-type=bubbles](https://www.gapminder.org/tools/#$chart-type=bubbles) viewed 16/10/2018

2.2 So where do older people live?

Studies consistently show that people have a strong preference for living in their own homes as they age. The following chart shows that 73% of people aged 65 and over own their homes and 7% live in private rental arrangements.

Broadly, the remaining 20% live in residential aged care, social housing, retirement villages and in manufactured home estates also known as land lease communities, an increasingly attractive and affordable option. According to the Australian Census for 2016, 7,940 people aged 65 and over were estimated to be homeless or 0.03% of the population.

Where do Australians aged 65+ live?

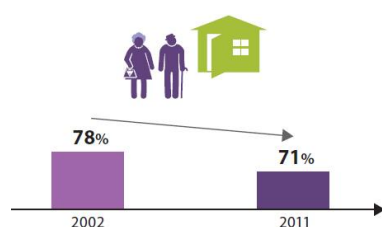


Source: ¹⁵

2.3 Who are at risk of homelessness or are homeless?

Not only is the speed of ageing putting a strain on the demand for age appropriate and affordable housing, the housing asset base of older people is eroding.

More people are retiring with a mortgage



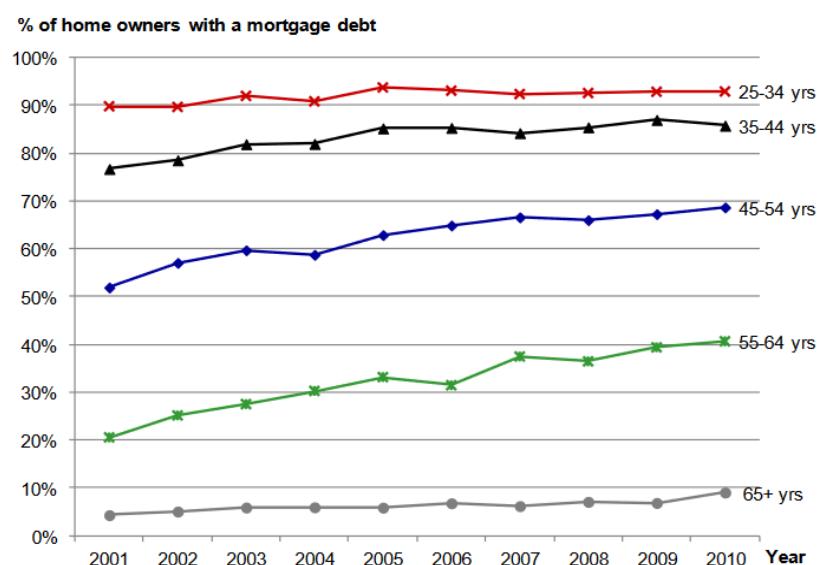
Fewer older Australians, those aged 65 and over, own their own home outright. In 2002, 78% of older households owned their homes without a mortgage dropping to 71% by 2011.¹⁶

¹⁵ Productivity Commission, *Housing Decisions of Older Australians Productivity Commission Research Paper*, 2015

¹⁶ Australian Institute of Health and Welfare, *Australia's Welfare 2015 In Brief*, p34.

Home mortgage debt among pre-retirees is rising

Over 40% of people aged between 55-64 years had a mortgage debt in 2010 compared to 20% in 2001. The 2013 AHURI report *Assets, debt and the drawdown of housing equity by an ageing population* also found that this age group was tapping into housing wealth through mortgage equity withdrawal. Instead of financing for older age, re-retirees were tapping into the wealth locked in housing for lifestyle and other expenses. This drawdown of equity in housing is leaving people financially exposed to adverse life events.



Private rental for older people is increasing



Between 2006 and 2011, there was a 43% increase in the number of people over 55 years of age in private rental.¹⁷

Private rental is becoming too expensive

Of those older households that rent in the private market, 102,600 were lower income households.¹⁸ However private rental is becoming increasingly unaffordable¹⁹ for those on low income. A recent rental affordability snapshot by Anglicare Australia found that on one census weekend in April 2017, 2,897 properties or 4.28% of listed properties were affordable and appropriate in Australia for couples on the aged pension and 1,097 dwellings or 1.62% for single people on the aged pension.²⁰ Across metropolitan Melbourne, for example, there were only 65 or 1% of the properties affordable and appropriate for couples; 13 or 0% for singles.

¹⁷ Institute for Social Science Research (ISSR), *Older Women's Pathways out of Homelessness in Australia*, 2014, p6.

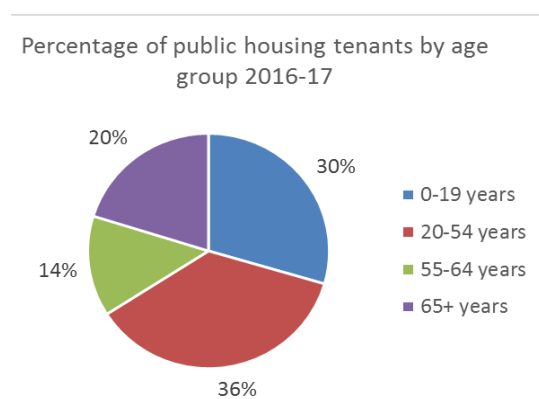
¹⁸ <https://www.ahuri.edu.au/policy/policy-analysis/supporting-older-lower-income-tenants-in-the-private-rental-sector> viewed 23.10.19

¹⁹ Australian Bureau of Statistics (2001), *Measuring Wellbeing: Frameworks for Australian Social Statistics*, 2001, Canberra, cat No. 4160.0 viewed 4 October 2018

²⁰ Anglicare Australia, *Rental Affordability Snapshot*, April 2017

Little public housing available for older people

There is little opportunity for older people wanting to enter social housing. Demand in general is strong and wait times are long. As at 30 June 2016, there were around 195,000 households on social housing waiting lists. 47% of households waiting for public housing had been doing so for more than 2 years.²¹ And older people are not given priority. In NSW the minimum age to get automatic priority in public or community housing is 80 years of age.²² Victoria has just recently reduced the age for priority housing to 55 years old.



Although there is very little prospect for older people newly entering social housing, they are overrepresented relative to the Australian population. 34% of tenants were aged 55 and over²³ whereas 27% of the overall population were aged 55 and over.²⁴

Homelessness is growing faster than the overall population

On Census night in 2016, more than 116,000 men, women and children in Australia were estimated to be homeless, an increase of 27,000 or 30% over ten years from 2006 while the Australian population grew by only 18%. During the same period, the number of people aged 55 to 64 increased by 55%, the largest increase of any age group.²⁵

Older women have increasingly high rates of homelessness



In 2016-2017, about 13,000 older women, those aged 55 and over, sought homelessness services in Australia, a 69% increase since 2011-12. About 10,000 older men sought services in 2016-2017 which was an increase of 43% over the same period while homelessness numbers for all clients, all ages grew by only 22%.²⁶

Many older women have been carers and may have not worked in the paid workforce even if superannuation was available to them at that time. Single women have lower income levels than

²¹ Australian Institute of Health and Welfare, *Australia's welfare 2017*, page 187

²² NSW Family & Community Services, <https://www.facs.nsw.gov.au/housing/policies/social-housing-eligibility-allocations-policy-supplement#efshe>, viewed 4 October 2018

²³ Australian Institute of Health and Welfare, *Data tables: Social Housing Tenants, 2016-17*

²⁴ Australian Bureau of Statistics, *2016 Census QuickStats*

²⁵ Australian Bureau of Statistics, *2049.0 - Census of Population and Housing: Estimating homelessness, 2016*, Released 24/07/2018

²⁶ Australian Institute of Health and Welfare, *Specialist homelessness services annual report 2016-17*, Data tables: Historical data 2011-12 to 2016-17, Older Clients

their male counterparts and have less superannuation, savings to draw on or assets. Given their age, they usually do not have capacity to earn additional income.

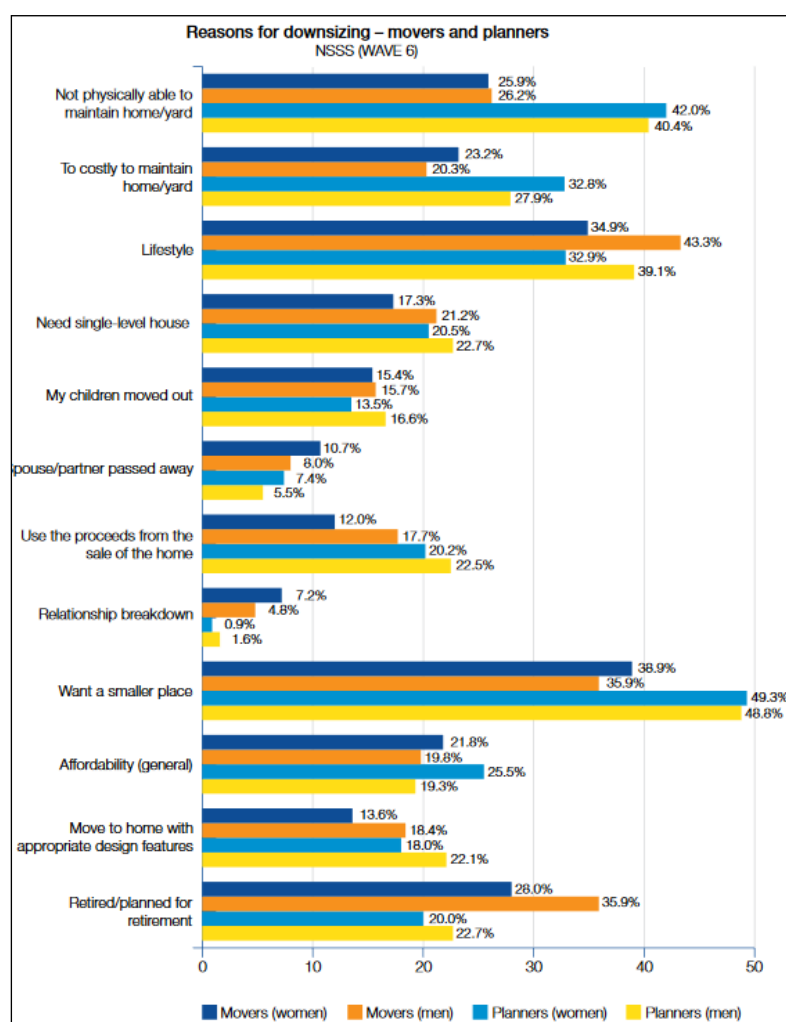
2.4 What options do homeowners have?

Downsize: People are downsizing for reasons more important than money

In a study, National Seniors Australia defined downsizing as “a type of housing equity withdrawal in which housing wealth can be used to fund retirement spending or aged care costs. Another example of housing equity withdrawal is a reverse mortgage, a bank loan, either as a lump sum or an income stream, using the property as security”²⁷.

However while older people’s financial base may be diminishing, the study found that finances were not the main reason for moving. Moving in order to “use proceeds from the sale of the family home” was low on the list with reasons such as “not physically able to maintain home/yard”, “lifestyle” and “want a smaller place” were among the top reasons.

Reasons for downsizing



Source: *Downsizing: movers, planners, stayers*²⁸

²⁷ National Seniors Australia, *Downsizing: movers, planners, stayers*, August 2017 page 7

²⁸ National Seniors Australia, *Downsizing: movers, planners, stayers*, August 2017 page 15

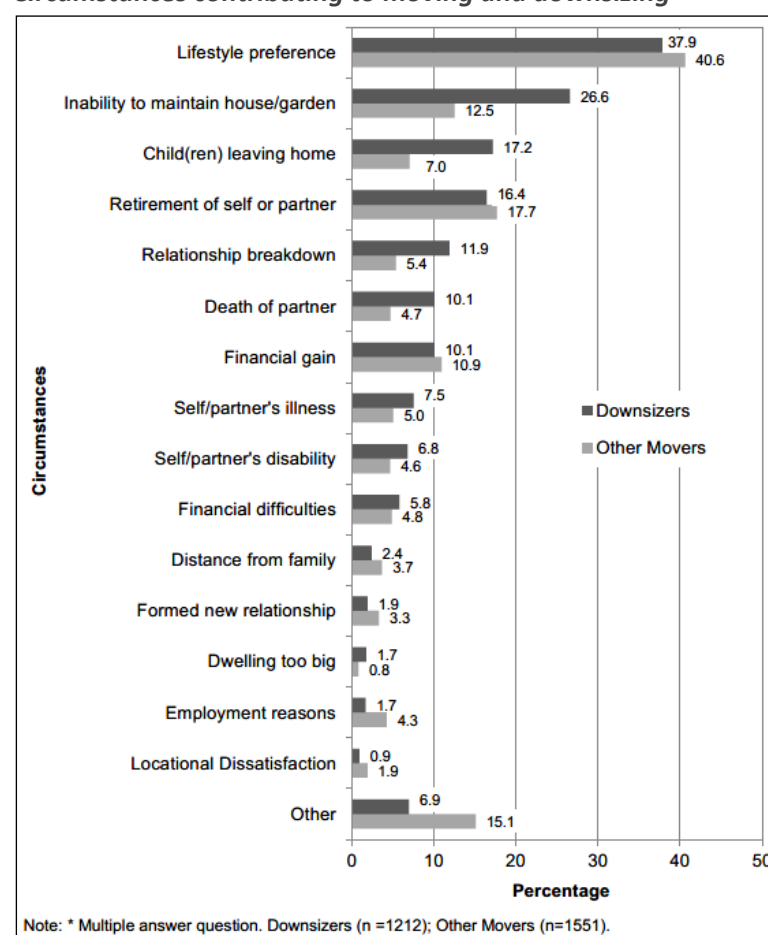
Nevertheless, the report, in its comparison to 2014, suggests that releasing proceeds from the sale of the home is becoming more important. Data showed that the percentage of people who record “use proceeds from the sale of the family home” increased over the three year period to 2017.

Movers – selected reasons for downsizing

Reason for downsizing	2014 %		2017 %	
	Female	Male	Female	Male
Not physically able to maintain home/yard	31.9	25.4	25.9	26.2
Too costly to maintain home/yard	28.8	24.2	23.2	20.3
Need single-level house	14.8	19.4	17.3	21.2
Use the proceeds from the sale of home	8.0	10.6	12.0	17.7
My children moved out	8.8	18.5	15.4	15.7
Spouse/partner passed away	12.8	6.3	10.7	8.0

Other research conducted by AHURI found similar primary motivators, that is “lifestyle” and “inability to maintain the house/garden”.²⁹

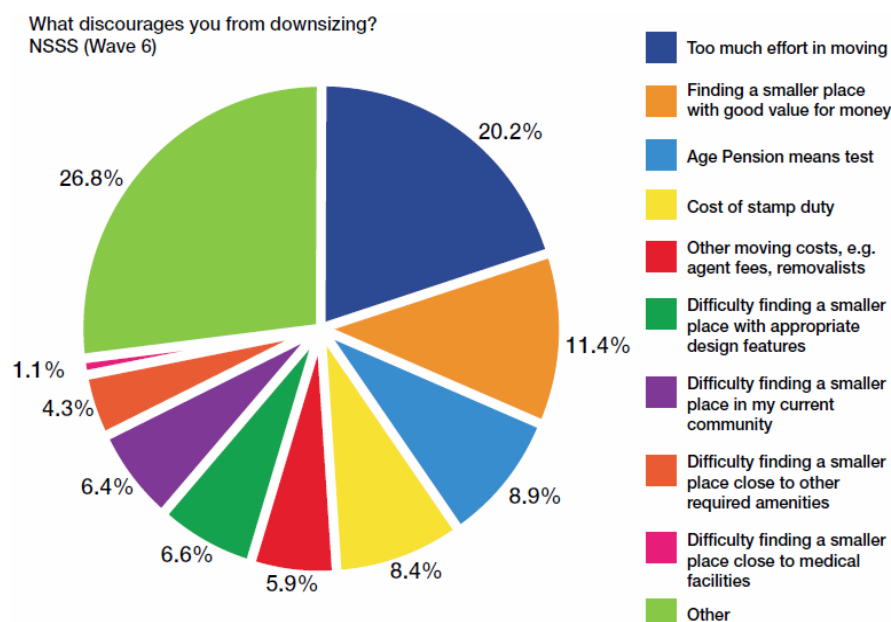
*Circumstances contributing to moving and downsizing **



²⁹ Judd, 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. Page 82

What are the barriers to downsizing?

The National Seniors Australia report illustrates the things that discourage “stayers”, those not currently considering downsizing, from moving.³⁰ Three of the top five issues relate to costs - the “age pension means test”, “cost of stamp duty” and “other moving costs”. Other issues relate to the practicalities of moving proving difficult.



3. PROFILE OF SENIORS' HOUSING

This section provides an analysis of the traditional models where older Australians live. It commences with a brief discussion on the evolution of seniors specific housing.

Included are:

- Retirement Villages
- Independent Living Units (ILUs) a model which is predominately a form of Retirement Village
- Residential Land Lease Communities / Manufactured Home Estates
- Community Housing which is one arm of social housing

Not included are:

- Owners' “family” homes

³⁰ National Seniors Australia, *Downsizing: movers, planners, stayers*, August 2017 page 19

- Private rental
- Residential aged care
- Public housing

3.1 Evolution of seniors housing

It was only in the middle of last century age specific housing started becoming a significant feature on the social and political landscape.

Although the Royal Freemasons in NSW record that they built cottages for older Australians as early as 1860, it was not until 1954 that the Commonwealth Government enacted and provided funding for housing through its *Aged Persons Homes Act*.

Over time, 34,700 independent living units (ILUs) were injected into the Australian community. This represented a significant increase in age specific housing stock until the *Act* ceased in 1986. These rental ILUs were predominately built, owned and operated by the church and charitable sectors.

It was only in the 1970s that for profit property developers became interested, entering the market by building and selling retirement village units.

3.2 Retirement village model has many benefits but struggles to keep up with demand

The retirement village model provides an appropriate social and amenity environment not found in a comparable general residential strata apartment³¹.

In general, the model offers a sense of community, a low-maintenance lifestyle, safety, security of tenure and age-appropriate design while in practice continues to innovate to meet the demands of the rapidly changing ageing cohorts³². It is a “tried and true” model with retirement village legislation in every state and territory.

Grant Thornton research report in 2014 evaluated the benefits to the Australian community of retirement villages.³³ It found that retirement villages:

- Delay moves to residential aged care by 5 years
- Reduce the number of hospital admissions
- Reduce hospital stays by an estimated 2 days
- Reduce GP visits where a village has on-site medical services

³¹ Lois C Towart, University of Technology Sydney, *A Comparison of Retirement Village Living with General Residential*, October 2017

³² IBID

³³ Grant Thornton, *National Overview of RV Sector, 2014*

- Improve mental health by reducing social isolation
- Make a significant contribution to GDP.

The Grant Thornton report predicted that at an increased penetration rate of 7.5% (5.7% in 2014), “combined with the increase in the seniors’ population, means that there will be approximately 382,000 people wanting to live in a retirement village in 2025. This is more than double the 184,000 residents currently calling a retirement village home”³⁴.

According to the report, in 2014 there were 141,600 units in 2,272 villages in Australia. There were more units operated by for profits than not for profits with this mix differing from state to state. NSW & ACT had the highest number of villages and units in the country with Tasmania the fewest.

Size and type of villages in Australia

State	Number of villages	Number of dwellings	Over 65s penetration rate	Dwelling by operator type	
				For profit	NFP
NSW & ACT	743	42,625	4.90%	68.9%	31.1%
Victoria	436	33,159	5.30%	72.7%	27.3%
Queensland	361	29,878	6.40%	62.3%	37.6%
SA	411	17,874	8.60%	31.4%	68.6%
WA	243	15,846	6.90%	62.6%	37.4%
Tasmania	78	2,218	3.40%	32.1%	67.9%
Australia	2,272	141,600	5.70%	59.9%	40.1%

Source: Grant Thornton, 2014, *National Overview of the Retirement Village Sector* (www.retirementliving.org.au/research)

3.3 Independent Living Units (ILUs)

Refurbishment of ILU stock has become an urgent issue that needs to be addressed if this significant housing stock is to be retained.

ILUs are self-contained dwellings managed by not for profit and local government organisations who provide rental housing for older persons with low incomes and low value assets, and who do not own their own home. They operate under state or territory residential tenancy or retirement village legislation. Prospective residents can pay either a low ingoing contribution or an ongoing rental amount.

Over 34,700 ILUs were developed under the *Aged Persons Homes Act* (APHA) between 1954 and 1986 with Commonwealth Government assistance.

AHURI conducted two major national surveys of ILUs in 2002³⁵ and in 2010³⁶.

³⁴ IBID page i

³⁵ McNelis, S. (2004) *Independent living units: the forgotten social housing sector*. Australian Housing and Urban Research Institute and Swinburne-Monash Research Centre, AHURI Final Report No. 53.

³⁶ McNelis, S. & Sharam, A. (2011) *National Survey of Providers of Independent Living Units (ILUs) for people with relatively low incomes and low assets - Final Report*. Swinburne University: Melbourne.

The 2010 report found that between 2002 and 2010, 25% of providers withdrew from providing ILUs. There was a relatively high loss (26%) of ILU dwellings in the same period, ranging from 49% in Queensland to 23% in Victoria. Against the national trend, there was a marginal increase in ILU stock in South Australia between 2002 and 2010. (Note for the purposes of the survey, the definition of ILU changed to residents who rent units or had made a capital contribution of less than \$200,000, the threshold amount for receiving Commonwealth Rent Assistance as at June 2017.)

A 2017 survey of ILUs in NSW was conducted by COTA NSW³⁷. It found that there was a 28% reduction in the number of units in NSW over the period from the 2010 AHURI report period and 2017.

Funding for the ILU program was transferred from the Commonwealth to the States in 1986, placing them in competition for funding with state housing authorities and community housing organisations. The result is that ILUs have been largely ignored by funding bodies ever since. Despite precarious funding, ILUs remain an important social housing option for older people with relatively low assets and incomes.

Despite the fact that ILUs in 2004 provided 27% of all social housing for older Australians, there is no systematic approach to funding the capital work now required.

Much of the original ILU housing stock is now between 30 and 60 years old and in urgent need of upgrading, reconfiguration and in some cases, replacement. Most of the units are small, one bedroom and now below community standards.

ILUs could benefit from capital assistance such as tax incentives or low interest loans.

Work needs to be undertaken to determine the potential cost involved in upgrading these units. Such a review would be complicated by the fact that no database of ILUs has been created: only surveys have been conducted. Furthermore recent surveys did not distinguish between the “old” ILUs and the “new” ones as defined by the \$200,000 entry contribution criteria. Presumably only the “old” ILUs would be in need of major refurbishment. The AHURI 2011 survey indicated 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 under a state housing authority.

³⁷ Langley, L & Appleby, K, Scoping Paper – The Current status of Independent Living Units (ILUs) in NSW, COTA NSW, July 2017

3.4 Residential Land Lease Communities (LLC) / Manufactured Home Estates

To date ACSA members have expressed little interest in participating in the land lease community model, also known as manufactured homes estates or resort communities, even though it is reported to be becoming a popular seniors housing option.

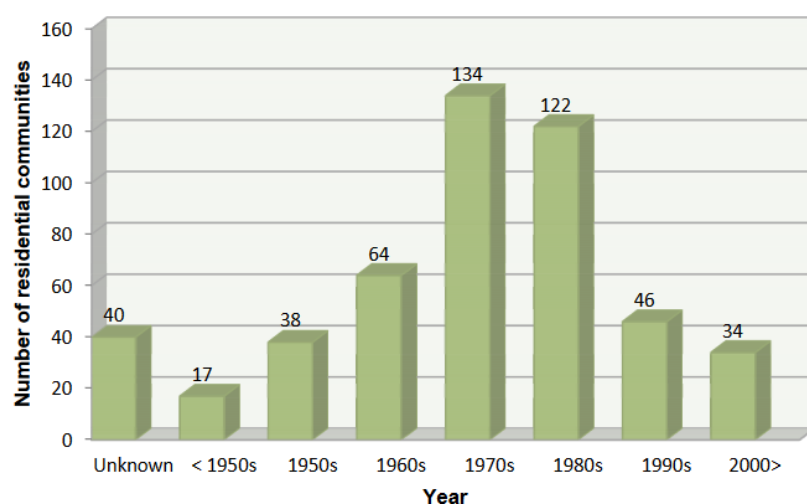
In an LLC, the resident owns the home but rents the land that the home sits on. The community can have a rule that residents must be over a certain age to live there. These communities are regulated by the states and territories.

Benefits to this arrangement are:

- No ingoing entrance fees
- No stamp duty on the home
- No exit fees in most cases
- No council rates because the land is leased from the operator
- The resident keeps any capital gain
- Affordable purchase price - a manufactured home built in a factory can be cheaper
- Government Rent Assistance is available for eligible residents
- Relaxed lifestyle – residents can enjoy features such as swimming pools, tennis courts, gymnasiums, hairdressers, cafes etc in a community of like-minded people.

In NSW for example, there were close to 500 land lease communities by 2015, accommodating about 34,000 residents. Some catered only to permanent home owners while others had a mixture of tourists, tenants and long-term casual occupants. Operators range from large corporations to small family businesses.³⁸

No of Land Lease Communities in NSW by year established (as at 2015)



Source: ³⁹

³⁸ NSW Fair Trading, *Residential Land Lease Communities Profile of the Industry*, November 2015

³⁹ NSW Fair Trading, *Residential Land Lease Communities Profile of the Industry*, November 2015

In recent years, Ingenia Communities has shown strong interest in buying old caravan parks and converting them into LLCs.⁴⁰

3.5 Community Housing

While ACSA members have traditionally developed retirement villages and ILUs as a response to the need for housing for seniors, a few are also Community Housing Providers working with state and territory governments to deliver community housing services. Community housing is affordable rental housing for people on very low to moderate incomes that is generally managed by not for profit community housing organisations, one arm of social housing.

There is one application process for social housing applications using the same eligibility criteria. According to the AIHW *Housing assistance in Australia 2018, Social housing tenants Source Data Tables*, in 2016-17, 28% of community housing tenants were aged 55 years and older.

4. WHAT ROLE DOES GOVERNMENT PLAY?

This section describes the kind of programs and funding arrangements that the Commonwealth Government has played to address housing affordability.

4.1 A fragmented approach

All three levels of government provide housing assistance programs and instruments but with little coordination. Government has tended to approach housing policy separately as either a social or an economic asset. An AHURI report comments on the ability of government to respond: “there is almost no coordination between different housing policy instruments nor a conceptual framework through which the role and purpose of these instruments is identified”⁴¹. Response to the need for housing has largely been left to the market.

In 2016, Nick Greiner, former NSW Premier, wrote that “affordable housing, the market segment immediately above social housing... largely escapes policy and political attention at all three levels of government”.⁴²

4.2 National Affordable Housing Agreement (NAHA)

The Commonwealth Government is working with the states and territories to reform the National Affordable Housing Agreement (NAHA) and provide ongoing, indexed funding for a new National Housing and Homelessness Agreement (NHHA) from 2018-19, to improve the supply of new housing and improve housing and homelessness outcomes across the housing spectrum for all ages.

⁴⁰ Caroline Cummins, *Ingenia in Black from Greying*, Sydney Morning Herald, 23/08/2017

⁴¹ Dodson, J., de Silva, A., Dalton, T. and Sinclair, S. (2017) *Housing, multi-level governance and economic productivity*, AHURI Final Report 284, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/284>, doi:10.18408/ahuri-5307501 page 28

⁴² <https://www.smh.com.au/opinion/how-to-fix-sydneys-housing-affordability-problem-20160725-gqd42f.html> viewed 1/10/2018

4.3 Commonwealth Rent Assistance (CRA)

Rent Assistance is a non-taxable income supplement payable to eligible people who rent in the private rental market or community housing. Pensioners are among those who may be eligible for Rent Assistance.

Rent assistance include amounts paid for:

- lodgings (if board and lodgings is paid, only the amount paid for lodgings attracts Rent Assistance);
- the use of a site for a caravan, mobile home, tent or other structure;
- the right to moor a vessel;
- services provided in a retirement village (special conditions apply).

4.4 National Rental Affordability Scheme (NRAS)

The National Rental Affordability Scheme (NRAS), which commenced in 2008, aimed to increase the supply of new and affordable rental dwellings for low to moderate income families by providing an annual financial incentive of \$8000 per dwelling per year for ten years. This incentive was to be indexed and issued to Community Housing Providers to provide affordable rental dwellings at least 20 per cent below market rates. Applications ran for four rounds from 2008 to 2010. In 2014, the Federal Government discontinued any further application rounds but gave assurances that it would continue to fund current allocations.

“Although not without problems, the scheme was identified as an effective supply stimulus, delivering tens of thousands of units in a relatively short timeframe. Moreover, it was effective in steering investment towards meeting overarching affordable housing policy objectives.”⁴³

Of the 23,000 new affordable homes built by Community Housing Providers since 2008, 17,860 or 78% were built under the NRAS program.⁴⁴

A few ACSA members were successful in receiving incentives under the Scheme.

In December 2018, the Australian Labor Party announced its policy on housing affordability including incentives for the construction of 250,000 affordable houses across a decade at a cost of \$6.6 billion.

4.5 Bond aggregator with government guarantee

In the 2017 Budget, the Federal Treasurer announced an affordable housing bond aggregator and a National Housing Finance and Investment Corporation, both designed to enable not for profit organisations to build more housing. This will facilitate community housing providers borrowing

⁴³ Rowley, S., James, A., Gilbert, C., Gurran, N., Ong, R., Phibbs, P., Rosen, D. and Whitehead, C. (2016) *Subsidised affordable rental housing: lessons from Australia and overseas*, AHURI Final Report No. 267 accessed 19/10/2018 page 73

⁴⁴ AHURI, *Inquiry into Australia's affordable housing industry capacity*, April 2017, p7

money from superannuation funds. The government guarantee made this especially good news for providers and investors.

The establishment of a National Housing Finance and Investment Corporation is a welcome initiative, something that advocates have been calling for.⁴⁵

4.6 Government-backed low-deposit home loans, shared equity and land rent schemes

Some state governments such as WA, SA and the ACT have successfully implemented these innovations in delivering affordable housing.

In the 2018-19 Federal Budget, the Government announced it will expand the Pension Loan Scheme which allows pensioners to borrow against the value of their home.

4.7 Australian Building Codes Board (ABCB) and Universal Design

The ABCB is a Council of Australian Government (COAG) standards writing body that is responsible for the development of the National Construction Code (NCC), comprised of the Building Code of Australia (BCA) and the Plumbing Code of Australia (PCA). The ABCB is a joint initiative of all three levels of government in Australia.

The NCC provides the minimum necessary requirements for safety and health; amenity and accessibility, and sustainability in the design, construction, performance and liveability of new buildings (and new building work in existing buildings) throughout Australia.

Livable Housing Guidelines, developed by industry and the community ensure that a home is easier to access, navigate and live in. It is also more cost effective to adapt to ageing-in-place.

Attempts to incorporate Universal Design guidelines into building design has met with little success as compliance has been voluntary.

In October 2018 the Australian Building Codes Board (ABCB) released *Accessible Housing Options Paper* for consultation. Minimum accessibility standard options are being proposed for possible inclusion in the National Construction Code (NCC) for housing.

The ABCB on page 26 of its *Accessible Housing Options Paper*⁴⁶ set out a table of preliminary costings applied as part of constructing a new Class 1a house or Class 2 apartment building. Estimated costs are depending on the Options (Option 1 includes five of the seven elements of the Livable Housing Design Guidelines (LHDG) Silver level specification; Option 2 is all seven elements of the Silver level; Option 3 is Gold level) and the low, medium or high impact scenario. A Class 1a house is A Class 1a building is “a single dwelling being a detached house; or one of a group of attached dwellings being a town house, row house or the like”⁴⁷.

⁴⁵ Anglicare Australia *Rental Affordability Snapshot*, 2017 page 5;

⁴⁶ Australian Building Codes Board (ABCB), *Accessible Housing Options Paper*, September 2018

⁴⁷ Australian Building Codes Board (ABCB), *Understanding the NCC Building Classifications*, <https://www.google.com/url?q=https://www.abcb.gov.au/-/media/Files/Resources/Education-Training/Building->

As an example, the preliminary cost impact (weighted average) for a Silver level (Option 2) specification Class 1a house would be \$4,169. The equivalent to retrofit into an existing building would be \$87,246.

Cost impact for new buildings⁴⁸

Option (Scenario: Low, Medium or High impact)	Class 1a house (\$)	Class 2 apartment (\$)
Option 1 (Low Impact)	75	110
Option 1 (Medium Impact)	2,181	2,892
Option 1 (High Impact)	8,027	7,411
Option 1 (Weighted Average)	2,966	2,950
Option 2 (Low Impact)	75	110
Option 2 (Medium Impact)	3,360	43,622
Option 2 (High Impact)	11,093	34,491
Option 2 (Weighted Average)	4,169	11,276
Option 3 (Low Impact)	75	110
Option 3 (Medium Impact)	10,754	16,863
Option 3 (High Impact)	48,422	55,255
Option 3 (Weighted Average)	20,710	28,766

Cost impact for retrofitting existing buildings⁴⁹

Option (Scenario: Low, Medium or High impact)	Class 1a house (\$)	Class 2 apartment (\$)
Option 1 (Low Impact)	75	110
Option 1 (Medium Impact)	32,592	33,370
Option 1 (High Impact)	186,312	170,855
Option 1 (Weighted Average)	76,828	91,716
Option 2 (Low Impact)	75	110
Option 2 (Medium Impact)	41,568	38,320
Option 2 (High Impact)	214,296	249,305
Option 2 (Weighted Average)	87,246	115,905
Option 3 (Low Impact)	75	110
Option 3 (Medium Impact)	65,443	52,430
Option 3 (High Impact)	501,497	473,070
Option 3 (Weighted Average)	214,629	205,917

[classifications.pdf&sa=U&ved=0ahUKEwjWyr x9 zdAhXKvbwKHZq1DSAQFggEMAA&client=internal-uds-cse&cx=partner-pub-8993703457585266:4862972284&usg=AOvVaw3MfcmQGQ3sljkwPOSENZJb](#), viewed 11/10/18

⁴⁸ Australian Building Codes Board (ABCB), *Accessible Housing Options Paper*, September 2018

⁴⁹ IBID

5. SOME POSSIBLE RESPONSES

This section presents a preliminary list of optional solutions to the need for adequate housing for older Australians including a brief description of some emerging and innovative models. This list is not intended to be definitive but rather offered as a source for discussion.

The object is to ensure sufficient supply of housing for older people which is affordable, accessible and provides diversity of choice.

5.1 What could governments do?

1. Develop and implement a national older persons housing strategy through a COAG process to apply to all levels of government to ensure all older Australians have access to secure, accessible and affordable housing.

With all levels of government working together, this could:

- plan for growth
 - develop strategies to address supply, affordability, accessibility and diversity of housing
 - streamline planning and approval processes
 - remove taxation impediments to development
 - develop strategies to encourage investor / developer investment in the housing market
 - remove disincentives to downsizing
2. Rejuvenate outdated independent living units possibly through public funds or low interest loans.

This would help save this significant affordable housing stock from being lost to the community. As part of taking back control, government could build a database of the location and status of this important asset.

3. Re-instate the National Housing Supply Council

Abolished by the Federal Government on 8 November 2013, the Council's role was to provide estimates, projections, analysis and policy advice in relation to housing supply and demand in Australia, essential to any planning process. Council's perspective ranged across all levels of the housing system, encompassing the owner-occupied and private rental sectors, as well as community-managed and public housing.

4. Develop innovative financing mechanisms to boost affordable housing

There may be a number of financial mechanisms to incentivise the development and implementation of affordable housing.

Some examples include:

- Reactivate the National Rental Affordability Scheme (NRAS)

NRAS, although not without its problems, has been shown to be very effective in growing the stock of new affordable homes. It would need to overcome one major problem with NRAS. In the original scheme dwellings only had to remain affordable for 10 years, after which they could revert to market rates and thereby be lost to the stock of affordable housing. NRAS would need a longer horizon to make it attractive to investors and be responsive to social needs.

In December 2018, the Australian Labor Party announced its policy on housing affordability including incentives for the construction of 250,000 affordable houses across a decade at a cost of \$6.6 billion.

- Stock transfer

Over several years, State and Territory governments have been progressively transferring public housing stock to the community housing sector, which allows them to leverage the assets to build further affordable housing. In WA, there is also an interest in stock transfer of the management of stock apart from the transfer of the physical asset.

- Shift from stamp duty to property land tax

AHURI in its November 2017 report *Pathways to state property tax reform* states “Australia’s system of property taxation is one of the many factors contributing to this decline in [housing] affordability”. Each state and territory jurisdiction in Australia currently applies its own set of duty and municipal rates regimes.

AHURI has proposed a 10-20 year pathway to a modest broad-based recurrent property tax incrementally replacing existing transfer duties. Such a plan would require support and commitment from all levels of government. This would create a simpler, fairer and more sustainable housing system and deliver economic and social dividends. It is designed to be revenue neutral for each state. Most owners and first-time buyers would be better off under changes put forward, with lower prices in the future and those buying cheaper properties would pay reduced land tax.

Eliminating transfer or stamp duty would remove one of the disincentives to older people as they consider downsizing.

- Social Impact Investing (SII)

Social impact investing brings together capital and expertise from the public, private and not-for-profit sectors to achieve a social objective, to finance social services or social infrastructure. Payments are normally made based on achieving agreed social outcomes rather than on inputs or activities. Investors usually expect their investment to be repaid and, potentially, to earn a return, the rate based on the level of social outcomes achieved.

Social impact investment could be used to address unmet social needs in affordable housing. A lack of scale has been recognised as a barrier to large investors. It can be noted that the not for profit sector has the necessary scale required to attract institutional investors.

ACSA is well positioned to work with all stakeholders, that is, all levels of government; the impact investor market; service providers/organisations; and others such as Impact Investing Australia, the Australian Advisory Board on Impact Investing. Such collaboration could help develop this nascent market to ensure that significant investments occur into affordable housing for older Australians.

- Work with Super Funds to deliver affordable housing at scale

Superannuation funds have been exploring ways of investing super funds to deliver social benefits and affordable housing in particular. An example of this has been First State Super's 2019 investments in buy-to-rent developments providing rental accommodation at 80% of market rate for keyworkers in Sydney and Melbourne.⁵⁰ Super funds have been investigating ways to work with Federal and State Governments to deliver on a larger scale. The Housing All Australians not for profit has suggested that governments could lease land free of charge to the superannuation industry so more funds can invest in affordable housing.⁵¹

5. Mandate inclusionary zoning with effective retention protective mechanisms

Such a requirement could 'quickly' provide affordable housing stock, especially in the growing housing market in Melbourne and Sydney.

If mixed income communities are to be preserved, long-term restrictions are vital to ensure units remain affordable over time and not return to market rates. The US has had many years of success with this model.⁵²

6. Set minimum standards for Universal Design under the building code

Current housing designs do not work for many people including older people. Greater accessibility can more easily and more cheaply be achieved if included at design stage. Universal design could allow more people to stay living in their homes to an older age. The Australian Building Codes Board is currently conducting consultations to discuss possible changes to the building code.

7. Housing First - Prioritise housing for people experiencing homelessness

The guiding principle of Housing First is that safe and secure housing is quickly provided prior to, and not conditional upon, addressing other health and well-being issues. This model which began in the United States in the early 1990s has since been taken up by several European countries, Canada, New Zealand and a pilot program by Mission Australian from 2010-2013.

⁵⁰ <https://firststatesuper.com.au/blog/affordable-rental-housing> viewed on 17/02/2020

⁵¹ <https://thenewdaily.com.au/finance/property/2019/08/01/super-funds-affordable-housing-pradolin/> viewed on 17/02/2020

⁵² <https://inclusionaryhousing.org/> viewed 7/10/18

This MISHA project found that after two years, 97% of clients were still living in secure housing and the cost savings to government equated to \$8,002 per person per year.⁵³

8. Increase supply of “last resort housing” for people experiencing homelessness

In a recent report and using a cost-benefit analysis, the University of Melbourne found that it is cheaper to provide last resort housing to homeless people than to leave them sleeping rough. Last resort housing refers to legal rooming and boarding houses and emergency accommodation.⁵⁴

5.2 What could our sector become involved in?

1. Increase development and promotion of retirement villages

This ‘tried and true’ model with its many benefits to all stakeholders can continue to make a significant contribution to seniors’ housing into the future.

The sector could further explore financial cost benefit comparisons of this model with other models including living in the family home. Comparing costs benefits for both resident and operator could help increase the attractiveness of this retirement village model.

2. Research and invest in innovative seniors housing models – Construction and design

Some examples include:

- Vertical villages

Although not a traditional model, some developers are capitalising on the functional and accessibility advantages of vertical retirement villages. This can be an attractive alternative - inner-city located, accessible and well-designed apartments close to community facilities. Uniting Communities has commissioned the construction of a 20-storey vertical retirement village in Adelaide’s CBD. Additionally, the building has received a six-star Green Star rating from the Green Building Council of Australia (GBCA).⁵⁵

- “Home Farm” high-rise village in Singapore

Home Farm is a concept for a retirement community, based around an urban farm. Residents grow their own self-sustaining fruit and vegetable farm, most of which is grown vertically on the exterior of the buildings. It fosters engagement, connection with nature and an optional income. Apartment types range from studio apartments to “three-generational apartments” designed for families with children

- Public-Private Partnership possibilities

⁵³ <https://www.ahuri.edu.au/policy/ahuri-briefs/what-is-the-housing-first-model> viewed 17/02/2020

⁵⁴ Witte, E. 2017 *The case for investing in last resort housing*, MSSl Issues Paper No. 10, Melbourne Sustainable Society Institute, The University of Melbourne

⁵⁵ <https://architectureau.com/articles/vertical-retirement-village-to-be-south-australias-greenest-building/> viewed 29/10/2018

Wintringham is a not-for-profit organisation that provides housing and aged care support services to elderly women and men (50 years and older) who have experienced homelessness or were at risk of becoming homeless in Melbourne. It now plans to expand into Tasmania.

Tasmanian Government plans to build an aged care facility in Hobart on government owned land. The Commonwealth will provide the bed licences and recurrent funding. All of the units will be retained and owned by the State Government with Wintringham managing the facility.

- Convert old pubs to provide for the homeless – Commencing in 2013 and in recognition of the enormous need, this has been an initiative of Anglicare Sydney (formerly Anglican Retirement Villages). From this first development at Thurles Castle Hotel in the inner Sydney suburb of Chippendale to the redevelopment of the Steelworks Hotel in Port Kembla in 2018, projects are intended to provide high-quality, affordable housing along with support services to rental tenants that foster independence and connection to the local community.
- “It is a huge task, and I guess in terms of how you approach it, in some ways it’s the same question as, ‘How do you eat an elephant?’ One bite at a time.”
Sydney Anglicans news, *New home for elderly homeless opens in Thurles Castle pub*, Nov 2013
- Abbeyfield – small group, rental, live-in housekeeper, separate bed-sitters
 - Tiny house living – This is an affordable option however finding land where it is legal to put your tiny house apart from a caravan park or a family member’s property is a barrier.
 - Co-housing – this model is well established internationally and is slowly emerging in Australia. Collaborative Housing are typically designed for 12 to 35 households. Homes are owner-occupied or rented, with units often being smaller in size and clustered together to allow for more shared open space. Shared spaces typically feature a common house, which may include a large kitchen and dining area, laundry, and recreational spaces. Communities are designed, developed and managed by residents.⁵⁶
 - Inclusive communities – seniors housing providers could continue to integrate with other communities with retirement villages such as kindergartens, grocery shops, cafes/restaurants, community gardens, wineries or a mix of age groups. Kathryn Greiner, who chaired the NSW inquiry into retirement villages, recently recommended “integrating designated seniors living apartments in medium or high-rise residential developments where people of all ages live”⁵⁷.

3. Research and invest in innovative seniors housing models – Operational

Some examples include:

- “Virtual Village” - Beacon Hill Village Boston, Waverton Hub Sydney and more recently the San Francisco Village⁵⁸ is where older residents of an existing residential community pay a membership fee then user fees to access centralised services and community activities

⁵⁶ <https://www.collaborativehousing.org.au/> viewed 19/11/2019

⁵⁷ High-rise retirement living is the way of the future, experts say, <https://www.commercialrealestate.com.au/news/high-rise-retirement-living-is-the-way-of-the-future-experts-say/> viewed 19/10/2018

⁵⁸ <https://sfvillage.org/> viewed 7/10/18

- Seniors' artists community – This model in Los Angeles is an intentional community bringing older people together focused on a common interest.
- “Apartments for Life” Humanitas – a unique “yes” culture in the Netherlands
- Homeshare, a supervised matching service - Australia

This model involves an older person providing low-cost or free accommodation to another person in exchange for domestic or social support usually of around 10 hours per week. This arrangement could be supervised and monitored by a professional service provider funded under a Commonwealth Home Support Program new service type or a MyAgedCare claimable support option. Homeshare Australia and New Zealand Alliance (HANZA) had meetings late last year with Ken Wyatt, MP, to make the case for homesharing to be recognised as a ‘proper’ service for older people and people living with disabilities.

There are significant social and economic benefits to this model. The Australia Institute estimated the Melbourne based Uniting Homeshare (formerly Wesley Homeshare) program, which ran for 17 years, generated net benefits of over \$11 million including savings to what otherwise would have been residential care services and hospital visits.⁵⁹

- Housemate matchmaking website - The Better Together Housing charitable organisation is running a pilot program designed to assist women find independent shared accommodation on the Sunshine Coast.⁶⁰
- Housing refugees co-located with a village – CatholicCare gave tenancy and settlement support to refugees using empty units at a village in Melbourne. The Eltham Refugee Housing and Support Project provided accommodation and settlement support to newly arrived refugees from Syria and Iraq for two years.⁶¹
- Transition care – Retirement Villages offering short term housing and care for older people moving between hospital and home
- Retirement villages partnering with in-home care providers and other fee for care services
- Home care providers at a local level partnering with community housing providers in the delivery of in home care to the ageing population in community housing

⁵⁹ Homeshare Australia – HANZA Inc, *Submission To Future Reform – an integrated care at home program to support older Australians*, August 2017

⁶⁰ <http://bettertogetherhousing.com.au/> viewed 7/10/18

⁶¹ <https://www.ccam.org.au/page/99/eltham-project> viewed 7/10/18