

Different housing solutions to support our older Australians



Based on AHURI Final Report No. 378: Alternative housing models for precariously housed older Australians

What this research is about

This research investigates the potential of alternative housing models to increase the supply of affordable housing for older Australians and the role alternative financing schemes could play in expanding those options.

The context of this research

Older Australians on lower incomes who do not own their own homes are at increasing risk of housing stress and instability, with private renters and single women facing particular risks. In addition, precarious housing has negative impacts on the health, safety and wellbeing of older people, while also undermining their capacity to age well in place.

Recent projections indicate some 440,000 households aged 55 years and over will need affordable housing by 2031, a 78 per cent increase in unmet demand from 2016. Given the slow rate affordable dwellings have been added to the market for many years, it is highly unlikely that current housing responses, including investment in social housing, will be able to meet this need.

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The key findings

There is an urgent need for innovation in the Australian housing market to drive an expanded and more diverse range of affordable housing options for lower income older people.

Almost 75 per cent of survey respondents reported that the housing needs of lower income older people (55+) in the jurisdiction where they were based are ‘not well’ or ‘not at all well’ met. Participants said relying too heavily on the private rental sector to house older lower income people was problematic, and one of the main reasons why alternative affordable housing options are urgently needed.

Potential housing options

The research identified a range of models with the potential to expand and diversify the supply of affordable housing for older Australians: accessory dwellings; mobile and manufactured homes; collaborative housing; rental retirement villages; homeshare arrangements; and dual key housing.

Accessory dwellings (also known as ‘granny flats’ or secondary dwellings) are a self-contained dwelling that is established in conjunction with another house (the principal dwelling) and on the same parcel of land (not being an individual lot in a strata plan or community title scheme).

Mobile and manufactured homes are prefabricated dwellings constructed either wholly offsite and transported to their location or constructed on-site from modular components manufactured offsite and delivered flat-pack style. As with conventional construction, land prices dictate the overall cost of prefabricated affordable housing.

Collaborative housing (cohousing) usually comprises a mix of private dwellings around collectively owned and managed spaces such as a community house with a kitchen and dining room, and common outdoor areas which encourage interaction between residents. Collaborative housing options are resident or community led, and common features include resident participation in design, governance and management; mutual support and reciprocal relationships between residents; and alternative forms of financing.

Retirement villages are residential complexes where residents have a contract with the operator, either to occupy the premises and/or to receive services. They are currently home to approximately five to seven per cent of Australia's population aged 65 and over. However, at a national average unit price of \$463,000 retirement villages are not usually considered an option for low-income households.

Homeshare is a form of communal living in which a home provider, often an older adult, shares a spare room in their home with another person in exchange for money, service provision, or a combination of the two. It is seen as an affordable housing option for the older population who are not home owners and are struggling to find affordable and suitable accommodation in the housing market. However, there can be a potential loss of autonomy for the older person because of the sharing of their space, and difficulties in managing interpersonal relationships. The potential for elder abuse also exists, as does the risk of people's vulnerabilities and frailties being manipulated.

Dual key housing is a single title property that is designed as two separate dwellings. One dwelling is usually larger than the other, with a common combination being a studio or one bedroom apartment embedded within a family home with two to four bedrooms. Dual key homes may facilitate older people living in close proximity to sources of care and support, such as when the property is shared by multiple generations of the same family, or on a cohousing basis by two older households. However, dual key housing does perpetuate and rely on a rental model governed by existing residential tenancies legislation.

Alternative financing options

The research highlighted the role that alternative financing schemes such as shared equity, build-to-rent and rent-to-buy could play in expanding the affordable housing options available to older Australians, including the potential for home ownership under certain conditions.

Shared equity schemes involve the home buyer sharing the costs of home purchase, potentially both the deposit and ongoing mortgage repayments, with a 'partner'. This may be as part of a private arrangement, where two or more households join forces to purchase a home together, or via a government-backed scheme. Even comparatively affordable shared equity arrangements are likely to be out of reach for many older people on lower incomes with few assets.

Build-to-rent is when multi-dwelling developments are purpose-built and retained by a single owner (such as the developer) for rental. Build-to-rent offers the potential to increase affordable housing supply and also facilitate improvements to tenant conditions in the private rental sector, including longer leases and higher standards of building maintenance. Features of the Australian market, including low returns and high risk; the costs of management; land tax, the illiquidity of property assets; and a lack of market information and track record have created barriers to institutional investment in build-to-rent developments.

Rent-to-buy schemes involve some form of agreement between the landlord and the tenant, that the tenant will have an opportunity to purchase the property they are renting at a future time. In Australia, rent-to-buy schemes are not supported by government, and in fact there have been moves to ban them as the schemes, when operated by private entities, tend to expose the tenants to strong financial risks.

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Density and good design

The importance of good housing and urban design as a foundation for successful innovation in the provision of affordable and appropriate housing for older people was a recurring theme in the research. Participants generally agreed that higher density housing options would be a key element of expanding affordable housing supply and could work particularly well for older people, who tended to have small household sizes. Higher densities can promote affordability by using land, the most costly element of most housing developments, more efficiently. Ensuring higher density dwellings retain liveability, however, depends on good design.

Participants talked about design in a broad sense, including accessibility and universal design standards, age-friendly neighbourhoods, and flexibility for adapting to people's changing needs as they age. Interviewees recognised the value of developments being not just internally cohesive, but also integrated with their broader communities. Mixed use developments which include public facilities and services work well in this respect but other forms of integration (such as pedestrian paths or open space accessible to the public) can also be incorporated. Gated developments, on the other hand, intentionally create hard barriers between housing developments and their broader neighbourhood.

Alternative housing models for market consideration

The research identifies seven housing models representing different combinations of identified attributes – designed to be both affordable and to support older people to age in place:

1. **Mixed use apartment building:** a one-bedroom apartment in a multi-level block owned by a state housing authority in the middle ring suburbs of a capital city. (*Rent*)
2. **Cooperative housing:** a development for older people of two-bedroom units located on land owned by a community housing provider in a regional town. (*Rent*)
3. **Communal housing:** a studio apartment in a two-storey building owned by a community housing provider in the inner suburbs of a capital city. (*Rent*)
4. **Transportable home:** a one-bedroom prefabricated home located on vacant public land in the middle ring suburbs of a capital city. (*Rent*)
5. **Shared equity home ownership:** state government and resident sharing ownership of a two-bedroom unit in the outer suburbs of a capital city in a development of eight units. (*Own*)
6. **Dual key property:** two dwellings within one house located in the outer suburbs of a capital city. The two sets of residents share the costs of the mortgage and would usually be two generations of the same family. (*Own*)
7. **Village-style housing:** a studio apartment located in the inner suburbs of a capital city in a development of 50 dwellings across several 3 – 4 storey buildings. (*Rent*)

The models reflect a range of key learnings from the evidence review undertaken as part of the research:

- Ownership opportunities are possible in the context of affordable alternative housing for the target group, for example, through shared equity financing arrangements, as well as via resale caveats or leveraging a small deposit provided by a resident (from superannuation, family member contribution, government grant or other means).
- There is movement away from the detached suburban house with garage and backyard model with most alternative models, at least in metropolitan and larger regional markets. Many affordable alternative housing models adopt higher density forms, offering fewer bedrooms, smaller floor plans, limited or no private outdoor space and no private car parking, in order to keep costs down and allow developments to be located in areas well-serviced by high quality amenities and accessible transport options.
- There is considerable scope for affordable housing models to offer older people a range of social benefits, including intergenerational living and opportunities for mutual support. There may also be safety and security advantages for older people living in close proximity to others, including younger adults.
- While there is potential for older people to benefit from smart home technology and ready access to amenities in mixed use settings, currently these features do not seem to be commonplace in affordable housing models.
- There is a diverse range of possible affordable housing models to suit the different preferences and needs of people as they age. Some of these options are likely to be unfamiliar to many older Australians and their appeal remains largely untested.

The appeal and features of the seven models identified in this research have been tested with a nationally representative sample of precariously housed older Australians and industry stakeholders and will be outlined in subsequent reports from the *AHURI Inquiry into precariously housed older Australians*.

What this research means for policy makers

The purpose of this research project was not to provide the whole picture in terms of the scope, scale and workability of alternative housing models for lower income older Australians, but rather to illustrate a range of opportunities for better addressing the needs of precariously housed older Australians. Key themes with policy implications that emerged from the review of evidence and the fieldwork undertaken for this project included:

- Increasing density is a key pillar of expanding affordable housing supply for older Australians in amenity-rich locations with ready access to supports, helping people to age well in place. Lower-rise medium density development is more likely to capture the benefits of increased density, while still meeting people's need for privacy and space, than high-rise apartment buildings.
- Acquiring land at low cost is fundamental to expanding affordable housing supply for older Australians. There is opportunity for land owned by governments and some not-for-profit organisations to be used more efficiently.
- People's capacity to age well in place is greatly enhanced by having ready access to social supports, through family members, neighbours and the broader community. Housing models such as accessory dwellings, homesharing, collaborative housing and dual key properties can all facilitate access to social supports.

- Increasing the supply of social housing which facilitates ageing in place would greatly assist with ensuring all lower income older Australians are able to access appropriate and affordable housing.
- Opportunity exists to reform the private rental sector across jurisdictions to make this tenure type more secure, affordable and attractive for lower income individuals, as well as delivering economic returns for investors.
- It is more difficult to secure regulatory approval for non-mainstream housing models. Existing policies, processes and regulations at local, state and federal government levels are not designed to readily accommodate models such as cooperatives/ cohousing and mobile or manufactured housing.
- There is a lack of coordination of affordable housing supply across local, state and federal governments.

Methodology

This research reviewed academic and industry literature and conducted an online survey and in-depth interviews with professionals involved with the housing industry in Australia and overseas.

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