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Alternative housing models for precariously housed older Australians

From the AHURI Inquiry: Inquiry into housing policies and practices for precariously housed older Australians

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Title

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Executive summary

Key points

- 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.
- Precarious housing has negative impacts on the health, safety and wellbeing of older people, while also undermining their capacity to age well in place.
- 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 and reduce the need for older people to rely on the private rental sector.
- Fieldwork findings identified a range of alternative housing models with strong potential to be scaled up in the Australian context: cohousing, integrated mixed use developments, modular-style manufactured housing utilising vacant land and low-rise medium density developments.
- Reforms to the private rental sector to provide greater protection for tenants and more flexible financing models can also contribute to improving affordable housing options for older Australians.
- Key enablers for expanding affordable housing for older Australians are government incentives and subsidies for developers; planning, regulatory and financing frameworks that accommodate alternative models; and enhanced market familiarity with alternative models.
- Increasing density and acquiring land at low cost are important drivers of affordability.
- Housing models that facilitate access to social supports, health and care services and transport (e.g. through amenity-rich locations or higher dwelling density) can enhance people's capacity to age in place.

Key findings

The aim of this research project was to identify alternative housing models for precariously housed older Australians. The range of housing stock available across Australia is fairly homogenous, with a strong focus on detached or semi-detached suburban homes designed to be occupied by single families (Gilbert, Rowley et al. 2020). The Australian policy context, including the level at which the Age Pension is set, is based on an assumption that the majority of Australians will own a home when they retire, with social housing as a residual option for a small minority.

Private renting is treated as a temporary or transitional housing status, largely for younger people before they move into home ownership, however it is increasingly the only option available for lower income older Australians who do not own a home. Relying on private rental exposes older people to housing stress and insecurity, with very few affordable rental properties available for people on low incomes. Additionally, short lease periods, eviction without cause and difficulty securing property modifications to respond to changing support needs, make private rental an unattractive longer term housing option for many older Australians.

This project involved a review of Australian and international evidence on different housing models and fieldwork with Australian and international housing experts to seek their views on appropriate housing options for older people. The review 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.

The evidence review 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. Reforms to the private rental sector to provide better supports and protections for tenants were also identified as having potential to help meet the housing needs of older lower income people more effectively.

The fieldwork undertaken with stakeholders and experts confirmed that 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 and reduce people's need to rely on the private rental sector. The following opportunities were highlighted as having the greatest potential to better meet people's needs:

- cohousing
- integrated mixed-use developments
- modular-style manufactured housing utilising vacant land
- low-rise medium density development, and
- reforms to the private rental sector to better protect older tenants.

A range of barriers and enablers to expanding alternative housing models in the Australian context were identified in the fieldwork, with key issues being:

- government incentives and subsidies for developers are a critical enabler to ensure affordable alternative models are financially viable;
- planning, regulatory and financing frameworks must respond to new ways of thinking about affordable housing for older people; and
- enhanced market familiarity with different housing models is required to determine (and drive) appetite for these alternatives.

Several key findings emerged from both the evidence review and our consultations with stakeholders:

- Increasing density can facilitate the expansion of affordable housing in amenity-rich locations which promotes ageing in place, including through proximity to transport, health and care services. However, appropriate design to ensure liveability and to address people's need for privacy and space are key considerations.
- Housing models bringing people together in dwellings which are shared or in close proximity can deliver significant social and support benefits. Such models can encourage communal activities; facilitate adult children living closer to their parents and providing care; and help older people feel more secure living close to sources of assistance.
- Land acquisition is a vital part of expanding affordable housing options. Being able to access land at no cost or below-market rates, for example through peppercorn leasing of vacant land owned by governments or not-for-profits, or utilising private land such as suburban backyards, can greatly increase affordability.

The evidence review and fieldwork findings identified a range of key housing attributes that are known or likely to affect the cost of a dwelling or development and/or influence its appeal to older Australians:

- Tenure type (ownership/rental)
- Number of bedrooms (studio/one/two)
- Dwelling type (house/unit/movable)
- Location (inner suburb/middle suburb/outer suburb/regional)
- Private outdoor space
- Private car parking
- Mutual support opportunities
- Mixed age setting
- Amenities within the development
- Pets permitted
- Smart home technology, and
- Environmental features (such as solar panels).

Seven composite housing models representing different combinations of the identified attributes (and likely trade-offs between them) have been developed in this research for testing in terms of their appeal and feasibility in other Inquiry elements (discussed below). The composite models are: mixed use apartment building; cooperative housing; communal housing; transportable home; two-bedroom unit; dual key property; and, village-style housing.

Each model has been designed to reflect desire for affordability, diversity and ageing in place. Additionally, the models reflect themes emerging from the evidence review and fieldwork: potential home ownership opportunities for lower income older Australians; movement towards higher density developments in amenity-rich locations; the scope for housing to deliver social, safety, security, health and wellbeing benefits; and, the need for a diverse range of housing options for older people.

Policy development options

As a supporting research project in a broader Inquiry program of research, the primary output for this project is the suite of seven composite models for further testing. This testing of the models involves engaging with lower income older Australians about the appeal of the models, as well as in-depth discussion with industry stakeholders around their potential scalability and feasibility. Specific and detailed policy and practice relevant insights and recommendations will emerge from these processes.

The evidence presented in this report illustrates a range of opportunities for better addressing the needs of precariously housed older Australians, and emerging policy and practice considerations. Important findings with policy implications are:

- 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. Models such as accessory dwellings, mobile and manufactured homes, homesharing, collaborative housing and dual key properties all offer opportunities for increasing density.
- 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, for example, as sites for mobile or manufactured houses. Land in private hands could also be better utilised as sites for accessory dwellings or collaborative housing.
- 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. Location and type of housing plays an important role in how easily people can access these supports, and their feelings of safety and security. Housing models such as accessory dwellings, homesharing, collaborative housing and dual key properties can all facilitate access to social supports.

Based on the evidence presented in this report, several policy and practice considerations have emerged:

- Considerable previous research has been undertaken on the need for increased investment in social housing, so the current project focuses on alternative responses to the affordable housing shortage. The fieldwork undertaken for this project strongly suggests, however, that 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.
- There are few, if any, well known examples of the sorts of alternative housing options scoped in this report operating in Australia. It is therefore not surprising that Australians lack familiarity with alternative housing models. If there is limited expressed market demand, there is likely to be limited supply. However, this is a two-way relationship: limited availability of alternative options at present means low market visibility and awareness.
- Affordable housing developments tend to be less profitable for commercial developers, with high land costs in amenity-rich locations and high profit expectations making it unlikely that developers will choose to build affordable housing without government incentives and subsidies; different financing mechanisms; and/or moves towards higher density modes of living.
- Entities wishing to develop affordable housing, including social impact investors, not-for-profits and self-organised collectives, may find it harder to secure land, finance and regulatory approval in a housing landscape dominated by larger players with greater borrowing and development capacity. There is need and opportunity to find new ways to support smaller/bespoke players in the market to provide affordable options.

- 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. Higher density builds are still likely to generate resistance in some neighbourhoods.
- There is a lack of coordination of affordable housing supply across local, state and federal governments. While there is some recognition of the affordable housing shortage, and of the need to support the growing proportion of older Australians to age well, the two issues are rarely linked (Faulkner, Verdouw et al. 2021). The role of housing in contributing to better health, wellbeing and social inclusion outcomes for older Australians is poorly acknowledged.

The findings of this research suggest that cultural assumptions about the roles of housing and governments in Australia may be barriers to policy reform. The current policy context reflects a view of housing as a means of private wealth generation rather than a basic public good with flow-on effects for people's health, wellbeing and social inclusion. The role of government in housing provision in Australia is currently residual at best. Changing the narrative around housing in Australia could help promote the normalisation of tenure types other than home ownership and the expansion of affordable housing that supports older people to age well in place.

The study

This report is the output of the second supporting research project within the AHURI Inquiry into housing policies and practices for precariously housed older Australians (20/PRO/32250), which addresses the overarching question:

How can we deliver the types of housing precariously housed individuals, in or approaching retirement, want and need to support their life aspirations, wellbeing, participation and inclusion?

This supporting research project examined current and potential housing options for lower income older Australians, including Age Pensioners, with a specific focus on identifying *alternative (or non-mainstream) housing models for precariously housed older Australians*.

Older Australians on lower incomes who do not own their own homes are at increasing risk of housing stress and instability. Renters and single women face particular risks, with older single women increasingly becoming the new face of homelessness in Australia (AAG 2018; AHRC 2019; Homelessness NSW 2016). The shortage of affordable housing for older people is getting worse as the population ages, and declining housing affordability means more people enter retirement without owning a home or still paying off a mortgage.

Increased supply and a more diverse range of affordable housing options are urgently required to support older Australians to age well in place. Ageing in place has benefits for individuals' wellbeing, as well as being more economical, and is overwhelmingly preferred by older people over moving into higher dependency care settings (AHURI 2019a; Peace, Holland et al. 2011; Wagner, Shubair et al. 2010). Unaffordable, insecure or unsuitable housing is associated with poorer psychological and physical health outcomes for older people (Baker, Mason et al. 2014; Butler 2018; Connolly 2012; Dalstra, Kunst et al. 2006; Duncan, James et al. 2016; Ong, Wood et al. 2019; Webb, Blane et al. 2013).

The need for policy reform to ensure lower income older people without the benefit of home ownership are able to age well, and the problems with relying on the private rental sector to house this group, have been highlighted by previous commentators (see, for example Faulkner 2009; 2017; Jones, Bell et al. 2007; Kendig 1981; Morris 2013; Ong, Wood et al. 2019). Housing policy and practice, however, largely continue to support only the three mainstream housing options, home ownership, social housing and private rental, despite acknowledged concerns with this narrow focus of the housing market for lower income older Australians and lower income households generally.

Social housing can and should play a key role in supporting lower income older Australians, but it is unlikely to keep up with the growing demand for affordable housing among this group. This research project focused on alternative models with the potential to meet the needs of older Australians for a diverse range of affordable housing options.

The project brings together the findings of a review of alternative housing models and evidence collected from a range of key informants to identify models that could be expanded in Australia to create more and better housing options for lower income older people. The review drew on academic, policy and industry literature from Australia and overseas, with a focus on models that are relatively uncommon in Australia. The key informants included Australian stakeholders (housing and aged care providers, developers, architects, planners and advocates) and international housing experts from the US, Canada, UK, Singapore and New Zealand. Ninety-six Australian stakeholders completed an online survey and 16 were interviewed. Five international housing experts were interviewed and provided written responses to questions.

The project identified a range of key attributes which affect the affordability and suitability of housing models for older people and developed seven composite housing models representing different combinations of these attributes (recognising that trade-offs that might be necessary to ensure affordability, and the need for a diverse range of housing options). The appeal of these models among the target population will be tested in the third supporting research project, while their feasibility and scalability will be explored further in the Inquiry research activities.



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