Housing options preferred by older Australians on lower incomes

Based on AHURI Final Report No. 390: Housing aspirations of precariously housed older Australians

What this research is about

This research investigates older lower income households' preferences for a range of alternative housing models and examines which of these would best meet their needs. It also identifies ways to support households to make informed decisions about their housing futures. The findings of this project provide key evidence to consider in developing a market for alternative housing options.

The context of this research

An increasing number of older Australians are retiring without outright home ownership, placing them at risk of housing insecurity and, potentially, homelessness. Older households on lower incomes are more likely to experience precarious housing, particularly if they are living in the private rental sector or if they enter retirement with a mortgage. In both cases, households may be faced with housing affordability issues - that is paying more than 30 per cent of their income towards their housing costs - which is likely to impact upon their health and wellbeing.

The key findings

There is an appetite among older lower income Australians for alternative housing options. Making diverse housing options available to them would improve this situation, as long as policy and industry can deliver the affordable and appropriate housing options people need to meet their aspirations. Appropriate housing for this group means incorporating a small number of characteristics that meet their long-term needs: tenure that provides the same stability and security of mainstream home ownership; indoor and outdoor privacy; two bedrooms; and the ability to have a companion animal.

Knowledge of housing options

Older lower income Australians generally have good knowledge of the mainstream housing system, particularly the social housing and private rental sectors. Knowledge of alternative housing options—those outside conventional home ownership, private rental or the products delivered by social housing—was not well developed among research participants.

> 'An increasing number of older Australians are retiring without outright home ownership, placing them at risk of housing insecurity and, potentially, homelessness.'

Collaborative housing options were known to exist among some participants, however, substantive knowledge about less well-known models, such as shared equity, dual key or prefabricated homes, varied among focus group members and interviewees. This level of knowledge reflects the relative scarcity of these options and the absolute dominance of mainstream models, especially home ownership, social (rental) housing and private rental.

Navigating housing information

Structures that support older lower income Australians to make housing decisions are often fractured or unable to provide the information needed. Further, there is a reliance on digital technology to deliver information through online resources. These factors reduce the reach of the limited information available, particularly for those who are not digitally literate or who are from non-English speaking backgrounds. Where in-person support is offered in making housing decisions, the effectiveness of this support is highly dependent on the knowledge of the individuals delivering the information. Overall, housing information delivery does not constitute a comprehensive network for effective decision making.

Currently, housing information available to help older Australians on lower incomes to understand appropriate and affordable housing alternatives may be delivered through support structures such as government (national, state/territory and local), the not-for-profit sector or the private sector. Obstacles to accessing this information —including language and cultural barriers, physical accessibility (for people with disability, for example), previous negative experiences, visual and hearing impairment, low literacy skills, and low internet and digital literacy—can all inhibit an individual's navigation of their housing options. For culturally and linguistically diverse older people, access and navigation processes can be even more difficult.

Alternative housing option preferences

Seven alternative housing models were presented to a nationally representative sample of older lower income Australians. These composite models—each with a unique combination of tenure, construction, location, social composition, shared space and technology characteristics—were developed from a review of national and international literature and experience.
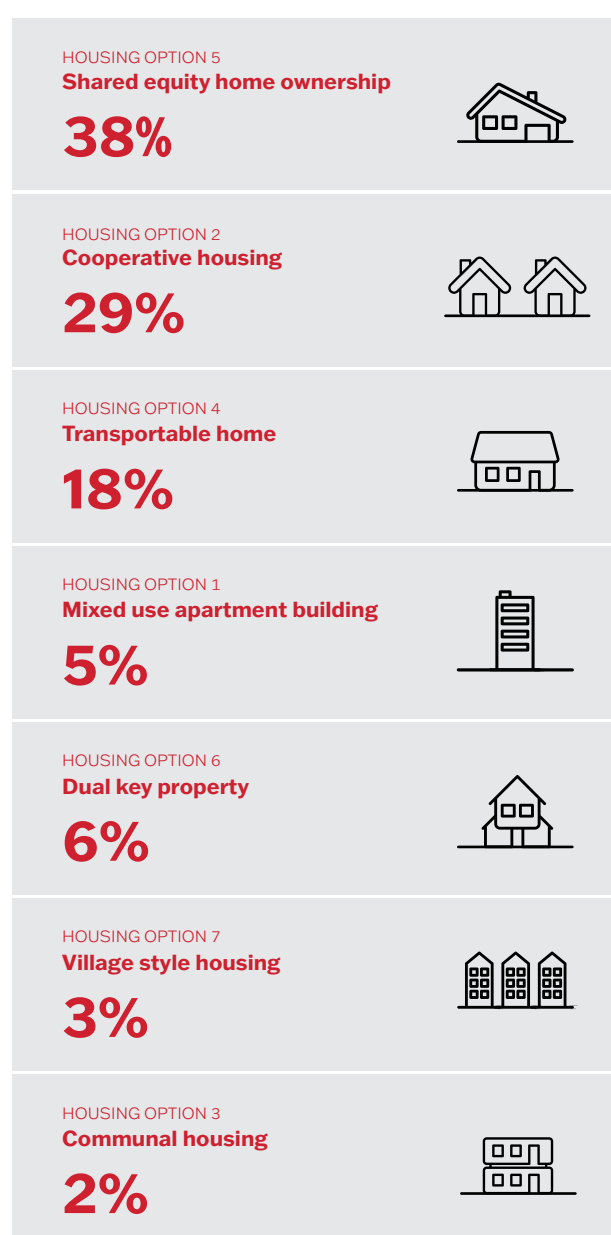
The housing models included:

- a mixed use apartment building option
- a cooperative housing option
- a communal housing option
- a transportable home option
- a shared equity home ownership option
- a dual key property option
- a village-style housing option.

Three of the seven alternative housing models were substantially preferred by older lower income Australians. These were: a shared equity home ownership model (38%); a cooperative housing model (29%); and a transportable home model (18%).

All three alternative housing models met the short- and long-term housing needs of the respondents and would also deliver benefits in terms of people's non-shelter aspirations for home including independence, privacy, security of tenure, ability to have companion animals, and room for friends, family or a carer to stay. However, none neatly matched the ideal housing attributes articulated by the survey respondents.

One in 10 respondents (11%) did not like any of the alternative housing options, largely due to their desire for a separate house, two or more bedrooms and outright home ownership.

Figure 1: Preferred alternative housing options

HOUSING OPTION 5
Shared equity home ownership

38%

HOUSING OPTION 2
Cooperative housing

29%

HOUSING OPTION 4
Transportable home

18%

HOUSING OPTION 1
Mixed use apartment building

5%

HOUSING OPTION 6
Dual key property

6%

HOUSING OPTION 7
Village style housing

3%

HOUSING OPTION 3
Communal housing

2%

Source: National online survey.

Ideal home and trade-offs

Older lower income Australians would ideally like to live in a detached dwelling (65%) that they owned (54%), with two (35%) or three (38%) bedrooms. Ideal housing attributes were compared with the characteristics of the alternative housing options for the three most preferred housing options: shared equity, transportable or cooperative models.

The differences between the ideal attributes and the characteristics of the housing options indicated the trade-offs that households were willing to make to access the housing bundles associated with each of the alternative housing options. The shared equity housing option was the most preferred of all housing options, despite the analysis showing that large and medium trade-offs, or shifts away from respondents' ideal housing attributes, would be required to access this housing option.

Barriers

Respondents to the online survey identified four primary barriers that would prevent them from accessing their preferred housing option:

- a lack of availability in the preferred location
- a lack of savings
- inability to secure a mortgage through a provider
- needing more information about these options.

Other comments indicated the need for information on universal accessibility.

> 'Having like-minded neighbours was important, as is safety, privacy and independence.'

Preferred housing characteristics

Preferences for a range of tenure, built form and location attributes were identified to develop a typology of preferred housing characteristics by older lower income Australians. Survey respondents indicated which characteristics of each of the alternative housing models they 'liked' and the frequency of responses was analysed to build a typology of preferred housing characteristics. Some headline observations can be made from these data:

- A strong desire exists for alternative models that offer rights of home ownership (84%) or long leases (83%), as well as for separate houses (72%) and two-bedroom dwellings (81%).
- Features such as private indoor and outdoor spaces (90%), easy access to shops and public transport (91%) and private car bays (92%) are important to older lower income Australians.

- Older people expressed a desire for homes in outer suburban (74%) or regional locations (74%), with housing affordability a big motivator underpinning these locational preferences.
- Some desire exists for medium-density living, but only where private spaces and universal design meets people's needs.
- Allowance for companion animals (82%) and extra storage for possessions (70%) were the most liked features of the options, and are clearly very important to the majority of older people.
- Respondents equally liked mixed age residential living (73%) and age-segregated living (70%), pointing to the need for a diversity in the social mix of alternative options.
- Having like-minded neighbours was important, as is safety, privacy and independence.
- Smart technology and environmental sustainability features were important to a majority of older people (78.7%), although there is need for improved information regarding the benefits of smart home technology. The core reasons attributed to the popularity of sustainability features related to reducing the environmental impact of the built environment, and individual economic benefits from reduced energy costs.

The characteristics that define each option can become the building blocks for policy and practice to support a more diverse alternative housing market aligned to older people's needs and aspirations.

Table 1: Typology of housing characteristics 'liked' in each housing option

High frequency (>70%)	Medium frequency (50-69%)	Low frequency (<50%)
• **Private indoor spaces**	• Apartment	• One bedroom
• **Private outdoor spaces**	• Located in the inner suburbs	• Studio/bedsit
• **Private car bays**	• Communal indoor space	• Located in the CBD
• **Easy access to the shops and public transport**	• Mixed age residents	• Shared outdoor space
• Ownership	• Older residents only	• Car share scheme
• Long lease options	• Shared outdoor space	• Shared laundry
• Separate houses	• Shared governance and management	
• Two-bedrooms	• Land owned and retained by the government	
• Outer-suburbs or regional areas		
• Storeroom		
• Pets permitted		
• Smart home technology		
• Environmental sustainability		

Note: **Bold** = *frequency of 90%+.*
Source: National online survey.

What this research means for policy makers

The housing aspirations of older lower income Australians reflect those of older Australians more generally. These households seek stable and secure housing, privacy, two or three bedrooms in a detached or private dwelling, the ability to have a pet and access to amenities and services. They are often amenable to alternative housing options and are prepared to make trade-offs from their ideal housing attributes to achieve these elements.

'Features such as private indoor and outdoor spaces (90%), easy access to shops and public transport (91%) and private car bays (92%) are important to older lower income Australians.'

Policy can help older lower income Australians achieve stable and secure housing that responds to their aspirations by:

1. **Supporting the delivery of alternative housing options**

   - **Shared equity schemes:** Expansion must consider bridging the deposit gap; the extent of co-equity required to deliver affordability if a mortgage is required; and how finance can be assured for older loan applicants.

   - **Cooperative housing schemes:** Expansion must permit the involvement of professional managers to reduce the administrative burden on tenants

   - **Transportable homes:** Expansion includes involvement from state and local governments to develop these housing options in conjunction with community housing providers and other not for profit organisations.

2. **Investing in the regions**

   Investing in regional locations where the land is relatively more affordable may present an opportunity to expand appropriate housing options for older people who wish to live in such locations. This approach, however, needs to strongly consider access to necessary services—health, medical, social and transport.

3. **Providing effective access to housing information**

   To make informed housing decisions for the future, older lower income Australians need access to clear, effective information sources. From a policy perspective, there is an opportunity to deliver a widely accessible, linguistically diverse, central information system and point of contact where people can access information about their housing options.

Methodology

This research involves a literature review of lower income older people's preferences, knowledge and experience of different housing models; a large-scale survey of housing preferences among the target cohorts; and focus groups and interviews with lower income older Australians in metropolitan and regional South Australia, Western Australia, New South Wales and Victoria.

'From a policy perspective, there is an opportunity to deliver a widely accessible, linguistically diverse, central information system and point of contact where people can access information about their housing options.'

To cite the AHURI research, please refer to:

James, A., Crowe, A., Tually, S., Faulkner, D., Sharam, A., Cebulla, A., Hodgson, H., Webb, E., Coram, V., Singh, R., Barrie, H. and Bevin, K. (2022) *Housing aspirations of precariously housed older Australians,* AHURI Final Report No. 390, Australian Housing and Urban Research Institute Limited, Melbourne.

Available from the AHURI website at ahuri.edu.au/research/final-reports/390