

# Rental housing for lower-income older Australians

**THE NUMBER OF PEOPLE AGED 65 YEARS OR OVER IN LOW-INCOME RENTAL HOUSEHOLDS WILL MORE THAN DOUBLE BY 2026. THE SOCIAL HOUSING SYSTEM, AT ITS CURRENT GROWTH RATE, WILL NOT MEET THEIR NEEDS.**

## KEY POINTS

- The number of older people in low-income, rental households will more than double from 195,000 at present, to 419,000 by 2026.
- The greatest demand will be for housing for sole-person households and for couples without children. There will be a marked increase in demand for housing suitable for people aged 85 or over, and associated support and care requirements. Some of these demands are likely to be accentuated in the period beyond 2026 as the baby boomers reach their eighties from around 2030.
- This research has shown that affordability, security of tenure, quality of dwelling and amenities, autonomy, good location and suitability to age in place are key housing attributes common to all types of older-aged renters. However, these attributes are not apparent in all rental tenure types, including those that are age specific. Older residents on low incomes are forced to trade off between different attributes.
- The increased demand from older, low-income households will not be answered by the social housing sector alone. A broader strategy to ensure matching of needs of older people on low incomes to their preferences should address a range of tenure types including private rental and the new affordable private rental housing sector.

*This bulletin is based on research by **Associate Professor Andrew Jones, Professor Martin Bell, Dr Cheryl Tilse and Professor George Earl** of the AHURI Queensland Research Centre. It explored current and emerging policy issues associated with the provision of rental housing to lower-income older Australians, based on studies of demographic demand, consumer preferences, and social and market sector supply.*

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## **BACKGROUND**

The provision of appropriate and affordable housing for older people has been directed especially towards those with constrained choices because of low income, or lack of financial assets. Low-income renters, especially those who have never accessed home ownership, will continue to be a relatively disadvantaged group. This project sought to identify the trends in demand for rental housing among older Australians (over 65 years of age) and to assess the type of supply response that might be needed.

## **RESEARCH METHODS**

The research project involved focusing on consumer demands of older people and the supply side response.

In order to quantify likely demand from older consumers, this study drew on a number of data sources, including the 2001 Population Census, the 1999 Australian Housing Survey and ABS population projections. Consumer needs and preferences were also identified through focus groups and interviews with 130 older people in a variety of rental situations in Australia. The sampling strategy was purposive and included consumers in particular rental housing types, tenures or population groups under-represented in previous research.

In addition, close investigation was made of the social and affordable private rental sectors as potential housing suppliers for older renters. Studies of both the social and private rental sectors were undertaken, involving a review of public documents, statistical materials and secondary sources, and interviews with key informants, including key players in the funding, development, taxation and legal structuring of affordable rental housing developments for older people, such as those involved in developing 'assisted-living rental villages'.

## **KEY FINDINGS**

### ***Demography and increasing demand***

Australia is on the threshold of a steady and sustained increase in the number of low-income, older renters. The number of renters aged 65 or over living in low-income households is projected to increase by 115 per cent from 195,000 in 2001 to 419,000 in 2026. The greatest projected change is in the 85-and-over age range, where the number of low-income renters is estimated to increase from 17,300 to 51,000, creating a continuing demand for affordable housing suited to older households.

Low-income, sole-person households are projected to grow in number from 110,800 to 243,600, an increase of 120 per cent, from 2001 to 2026, with approximately two-thirds being women. Women are over-represented in rental housing across all age groups, and at ages 85 and over made up fully 70 per cent of rental householders, concentrated in public housing and community rental (men tend to be over-represented in private rental across all older age groups).

The proportion of overseas-born rental tenants declines only slightly across the older age groups, but this matches the Australian population as whole: overseas-born Australians (14.6 per cent) are more likely to rent than older people born in Australia (11.0 per cent).

In addition, there will also be growing demand for housing suited to older, low-income couple households, which are projected to increase from 32,200 to 69,900 (increase of 117 per cent). Older couples with no children will grow from 64,500 to 139,900 (increase of 116.9 per cent) from 2001 to 2026, and the number of households from 32,200 to 69,900 (increase of 117.1 per cent) over the same period.

### ***Older renters' views on their housing***

Older renters occupying a variety of rental housing types – including aged-specific and non-aged-specific housing – were asked about the housing they occupied, including the features of the housing that they valued (i.e. advantages) and the disadvantages of that housing.

Table 1 shows that, according to the views of renters interviewed, few of the tenures examined provided older renters with all the features they might seek. For example, public housing provided affordability and security of tenure, but offered little choice of location, dwelling or communal facilities, and was often not well suited to ageing in place. This is despite the fact that older renters interviewed across all housing tenure types generally valued housing that was affordable, secure and stable, in a location of their choice, of decent quality, provided autonomy and safety, and was adaptable to future needs.

Some features, such as communal living, were available in some tenure types (mainly aged-specific housing) and not in others, though the degree to which its absence was seen as a disadvantage or its presence an advantage was often a matter of individual preference. The table also reveals, however, that some tenures such as assisted living units trade off affordability for communal or suitable housing to provide housing suitable for ageing in place, a feature not apparent in many other rental tenure types.

**TABLE 1: ADVANTAGES AND DISADVANTAGES OF OLDER RENTERS' HOUSING, BY TENURE TYPE**

	Affordability	Security of Tenure	Choice of Location	Choice of dwelling type	Autonomy	Communal living or facilities	Suitability for ageing in place
<b>Non-aged specific housing:</b>							
Public housing	✓	✓	✗	✗	✗	✗	✗
Private rental	✗	✗	✓	✓	✓	✗	✗
Co-op housing	~	✓	✗	✓	✓	✓	✗
Boarding houses	✓	~	✓	✗	✗	✓	✗
<b>Aged specific housing:</b>							
Retirement rental	✓	✓	~	✗	✓	✓	✗
Assisted living	✗	✓	✗	✗	✓	✓	✓
Small communal	✓	~	~	✓	✓	✓	✓

The older, low-income tenants surveyed could be broadly classified into four groups: those who were long-term occupants of rental housing; those who were forced into rental through adverse circumstances (such as divorce or death of a partner); those who chose to move into age-specific housing; and those who were marginally attached to housing and were therefore at risk of homelessness.

**The role of the social housing sector**

The social housing sector currently provides over half of all rental housing for older people in Australia. Households headed by a person aged 65 or over currently constitute almost 30 per cent of all public housing tenancies, and there are small but significant numbers of older people living in community housing. Therefore social housing will remain a key source of affordable rental housing for older people into the future. However, based on the views of key informants in the public sector, efforts need to continue to develop the volume, diversity and quality of housing provided through this sector.

**The role of the affordable private rental sector**

Another potential source of supply has been through new private sector providers of affordable rental housing for older people. Companies such as SunnyCove have rapidly developed a stock of 'assisted-living, rental villages', and have established a network of older persons' housing

throughout the country. This growth is significant because it has been relatively recent (since 1999) and has occurred independently of the public sector and wider public policy frameworks. However, there has since been a decline in interest by companies and investors in this market.

**POLICY IMPLICATIONS**

The emerging demand for rental housing will impose increased demands on the social housing sector but cannot be met by the social sector alone. In the context of a decreasing social housing sector, it is more likely that an increasing proportion of low-income older households will be forced to rent in the private sector. A more appropriate strategy may be an integrated, multi-sector approach, directed by State Housing Authorities but drawing fully on the resources of the public, community and affordable private rental housing systems.

All sectors seeking to supply to low-income older Australians will need to tailor their supply of dwellings appropriately to a diversity of needs, considering in particular the needs of single persons and couples without children, while also catering for the needs of additional family members when they come to stay and the potential of the dwelling to be adapted for ageing in place.

Low-income renters will be constrained in what they can afford, and in the absence of coherent policy responses will be forced to trade off attributes of their housing, such as affordability or suitability, to ensure access. Changes may be required through policy frameworks to ensure that the common needs of all older renters are met across the different tenures, including affordability and security of tenure, while also considering a range of preferences in relation to social support, such as desire for communal facilities and proximity to families.

## **FURTHER INFORMATION**

This bulletin is based on AHURI project 20170, *Rental housing provision for lower-income older Australians*.

Reports from this project can be found on the AHURI website: [www.ahuri.edu.au](http://www.ahuri.edu.au)

The following documents are available:

- Positioning Paper
- Final Report

Further work on the preferences of older people (comparing their preferences with other younger cohorts) will be available through AHURI's National Research Venture 2, *21<sup>st</sup> Century housing careers*.

Or contact the AHURI National Office on +61 3 9660 2300



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