

EXECUTIVE SUMMARY

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Mid-life Australians and the housing aspirations gap



From the AHURI Inquiry: Housing aspirations and constraints for lower income Australians

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Executive summary

Key points

- ‘Housing aspirations’ and ‘housing aspiration gaps’ provide a framework for assessing how well the current living arrangements of Australians at mid-life, aged 35–54 years, meet shelter and non-shelter priorities at this life stage and support aspirational futures. This approach informs us about ‘what could be’.
- Housing aspirations are made in the context of social, cultural, locational and policy contexts and are influenced by normative opportunities and life stage priorities and experiences including family care, recovery from disruptive critical life events and consolidation of housing, income and wealth for housing and long-term futures.
- We find 87 per cent of mid-life households report that their current housing meets their short-term (1–2 year) housing and life priorities at this life stage. Higher income households, those living in home ownership tenures as well as couple-headed households are most likely to report that they have met their short-term housing aspirations.
- For those experiencing a housing aspirations gap at mid-life, impacts on this life stage are: financial compromises/paying too much; locational, moving from employment and family/friends; compromising on dwellings (size, quality, safety); as well as wider implications for a small proportion of households, such as delaying childbearing.

- **For mid-life households, 66 per cent report that their current housing will enable them to meet their long-term aspirations, with 30 per cent of these households across all incomes indicating they will require assistance to achieve their future housing aspirations for later life, including information support.**
- **Policy development and innovation options for addressing current and future housing aspiration gaps for mid-life Australians and their dependents include:**
 - housing assistance that: enables home ownership pathways; uses current and new models of support in more effective ways, including PRA; provides increased security and consolidation opportunity; and provides deep support including social housing for households with long-term support needs
 - dwelling and locational options that: support changing household composition at mid-life; support access to amenity; and provide adaptive living for later life
 - housing information and innovations that: provide access to useful and accessible information and options for households to make informed decisions, and
 - Indigenous Australians' aspirations: mirror other households in diversity and complexity yet are challenged by extensive discrimination and disadvantage and warrant a dedicated future research and policy innovation focus.

Mid-life is a critical yet under-explored life stage in housing studies. It is a stage in which increasing disparities between households that have achieved housing wealth and security and those who have not become apparent (Yates 2015; Sharam, Ralston et al. 2017); in which disruption via labour market, family, and/or health-related events can result in considerable housing 'slippage', including long-term housing disadvantage (Stone, Parkinson et al. 2016; Sharam and Hulse 2014; Feijtan and Mulder 2005). Unresolved housing aspirations and needs that become entrenched at mid-life can lead to long-term and chronic disadvantage into retirement (Sharam, Ralston et al. 2017).

Key life stage priorities driving the housing aspirations and behaviours of those at mid-life include: care of children and/or older family members; recovery from 'critical life events' causing financial and/or housing disruption; and establishing income and wealth security for later-life, including for kinship care.

Key housing factors driving current housing aspirations for all households. This research includes primary analysis of the aspirations of low, moderate and higher income households, with a particular focus on low to moderate-income households at mid-life. This focus includes: long-term 'missing out' or 'failure to launch' into home ownership for those living with low to moderate incomes; disrupted housing pathways due to record-high housing costs and/or critical life events affecting their ability to maintain tenure and/or dwelling security.

The critical policy implication of this suite of factors is that more low to moderate-income households, than in earlier generations, require direct as well as indirect housing assistance at mid-life, and potentially in a wider range of forms in order for the assistance to be effective:

- Home ownership opportunities are contracting for those at mid-life, with relatively fewer households able to purchase homes by their mid-thirties relative to earlier generations.
- Critical life events that threaten household income and therefore ability to meet ongoing housing costs mean that by mid-life many households have experienced housing disruption, sometimes taking the form of renting privately following previous periods of home ownership.
- Life-long low to moderate income within an increasingly high-cost housing market means that a sizeable proportion of households have 'failed to launch' or achieve the great Australian dream of home purchase by mid-life.
- Increased targeting of highest housing assistance options such as public and community housing mean that mid-life households that include high and complex needs are increasingly likely to be found within the private rental sector.

Key findings

How well does housing at mid-life achieve short-term housing aspirations?

Original findings of this research show that around four in five households at mid-life indicate that their current living arrangements meet their short-term housing aspirations, enabling them to work towards their life priorities. Highest income households, home owners and mid-life households in their mid-40s and 50s are most likely to report having housing that meets their aspirations well.

In attaining their current housing, households make compromises and trade-offs in relation to their current dwelling and residential location, the most common trade-offs of which are: financial (paying more than planned, going without, working more hours to afford housing costs); dwelling size (smaller dwellings); and locational (moving further from work, family and friends, living in poor quality neighbourhoods).

For those experiencing a housing aspirations gap at mid-life, the most common impacts on this life stage are: financial compromises/paying too much; locational, moving from employment and family/friends; compromising on dwellings (size, quality, safety); as well as wider implications for a small proportion of households, such as delaying childbearing.

Households most likely to experience a housing aspirations gap at mid-life are those with very low household income, households living in privately rented dwellings, 'younger' mid-life households, and Indigenous households. These households can experience considerable challenges, including debilitating housing and living arrangements that compound other challenges.

Barriers facing low to moderate-income households at mid-life in relation to achieving their housing aspirations are complex and multiple. They related to three key factors: financial (inadequate income/savings to meet housing costs or entry costs); disruption and its impact on household resources (attempting to sustain or regain housing and independence of living, following critical life events); and/or ongoing or longer term need for deeper assistance (such as disability support).

How well does housing at mid-life prepare households for their housing futures?

A majority (66% of home owners, 60% of social housing tenants) and a minority (45% of private tenants) believe their current housing will enable them to achieve their future housing aspirations and future life priorities. This compares with around half of very low (50%) and low (55%) income households who also indicate that current living arrangements meet their longer term aspirations, representing perhaps the biggest policy challenge associated with housing policy and housing assistance for those at mid-life. Overwhelmingly, the key aspect of housing that mid-life households aspire to in their future is long-term, secure housing.

While some variation exists in responses, five factors stand out as barriers to future housing aspirations across population groups at mid-life: ability to meet rent or mortgage payments; lack of savings or deposit; inability to secure a mortgage from a lending institution; lack of stable employment; and lack of housing choice.

While home ownership is strongly favoured by a majority of households as a means of achieving future housing aspirations, the considerable barriers facing a minority of mid-life households in meeting these aspirations result in a small proportion of households appearing to be willing to consider a range of existing housing assistance and new policy development options to assist them to achieve their future housing.

How are mid-life households attempting to close the housing aspirations gap?

Strategies that households are implementing at mid-life to secure their future housing aspirations are: financial, in the form of saving and earnings; residential mobility; seeking informal assistance such as loans from family/friends; as well as sharing, such as buying housing with others and/or living with others in cooperative arrangements to achieve desired housing outcomes.

A third of mid-life households indicate they anticipate requiring support to meet their future housing, including a mix of privately-provided familial supports as well as direct government assistance, such as low deposit loans, rent to buy schemes or social housing tenancies.

A lack of knowledge and understanding of the housing market and how to access required housing information is common for those at mid-life, with around a third of households indicating an 'average to poor' knowledge of the housing market.

Finally, findings indicate a willingness on the part of a minority of mid-life households to consider a wide range of housing alternatives, including various forms of adaptive behaviours and strategies, to meet their future housing aspirations. Options include: sharing and cooperative housing schemes and opportunities; residential mobility; living in smaller dwellings including 'tiny homes'; as well as take-up of dedicated pathway interventions such as rent to buy and other 'hybrid' ownership options.

Policy development options

While a majority of mid-life households have achieved housing that meets their short-term life stage priorities, between 10 and 15 per cent have not. For this group of mid-life households experiencing a housing aspirations gap, the key barriers are financial: housing costs overall; challenges of saving for a deposit; having sufficient income to gain a loan or meet payments; and having adequate income to afford housing of the type and in the location that will best meet their needs. The compromises households make to manage these include living in dwellings that are not adequate in size, quality or safety/security, as well as living far from potential employment and/or support networks.

Increasing the availability of affordable housing of a range of sizes and types, within well-located areas is critical to addressing these challenges. Additionally, targeted assistance to households who become 'disrupted' at mid-life (such as via separation/divorce), that is transitional in nature and not necessarily tied to the provision of income support, could assist households likely to become or remain independent. This includes the ability to manage financial transitions, such as from a couple to a single household head, within ownership tenures.

Housing assistance at mid-life

The raft of current direct housing assistance that is provided to households at mid-life is inadequate in relation to enabling them to aspire to their future housing and, in some cases, to live without housing insecurity and disadvantage during their mid-life years. Housing assistance needs to reflect the diversification of mid-life households and their housing aspirations. Future housing development and policy options must be diverse in order to meet the diversity of needs households experience at mid-life. This includes deep, ongoing support for households with high and complex needs, as well as innovation in responding to the needs of households who require short-term, 'light touch' and more specific forms of support to enable them to achieve independent futures.

An area of policy neglect that becomes apparent in analysing mid-life housing aspirations, aspiration gaps and how to address these effectively, concerns the provision of housing assistance to households experiencing temporary disruption to their ability to meet housing costs/manage current living arrangements (such as in the context of separation/divorce or bouts of ill health), and the potential benefits of providing short-term housing assistance and support. This would assist households to remain independent from greater need for income support and/or ongoing housing assistance. Implications of the analysis of housing aspirations and gaps at mid-life include: private rental support for the increasing proportion of households renting at mid-life; home ownership support that extends beyond first home owners' grants; positive discrimination for families and vulnerable populations in market housing contexts; and provision of social housing as essential infrastructure of care.

Tenure reform and innovation

Housing aspiration gaps at mid-life relate very strongly to a lack of ownership. When we compare the current housing tenure of mid-life respondents to the Australian Housing Aspirations (AHA) survey with their stated preferred tenure overall, we find patterns that strongly favour more secure tenures as well as home ownership, which additionally is associated with wealth accumulation and choice, as shown in earlier analyses, above.

There is a need to increase the range of entry pathways to home ownership, by widening the first home owners' grant to include population groups who are able to purchase with limited support at mid-life. In addition, innovation in the way tenure is conceptualised and administered will provide further opportunities for secure housing to mid-life households if scaled up. Examples such as rent-to-buy schemes, in which governments own land and households begin by purchasing dwellings and renting or deferring purchase of land parcels, are innovative tenure transitions that will support more secure housing options for mid-life Australians.

Current moves across multiple states and territories in Australia toward increased security of occupancy within private rental sectors nationally will improve the security and stability of housing for an increasing proportion of households living in rental housing in their mid-life years.

Findings indicate a willingness on the part of a small minority of mid-life households to consider a wide range of housing alternatives, including various forms of adaptive behaviours and strategies, to meet their future housing aspirations.

Dwelling and locational diversification

Findings of this research indicate that for a majority of households at mid-life, currently available dwelling and locational options are suitable. There is a desire among this cohort for free-standing houses as well as for suburban living, and an indication that some households are interested in living in regional centres. Critically, enabling mid-life households to access a diversity of housing forms that are affordable and well-located and can accommodate changing household dynamics as family members arrive, grow, leave and/or return, is crucial.

Urban innovations that focus on liveable precincts offering liveable, safe neighbourhoods are sought after by mid-life Australians. Ongoing infill urban development processes must take into account the aspiration for modular/flexible living for mid-life households to accommodate their dynamics, as well as position households well for later-life years.

Information provision, accessibility and capacity building

A lack of knowledge and understanding of the housing market and how to access required housing information is indicated in the data for those at mid-life, with around a third of households indicating an 'average to poor' knowledge of the housing market. Policy implications of these findings relate to the need to provide information about housing options and opportunities in a way that is centralised, accessible and widely available. Additionally, findings suggest that all Australians ought to be educated in the range of housing and housing support available to them from a young age, as a form of literacy education—and that where adults are limited by knowledge gaps, an advice and information support service is needed.

Intergenerational and long-term settings

Policy development options that facilitate a greater degree of security, ability to remain in place, wealth and savings accumulation either via property markets or other means, are warranted to assist mid-life households' planning for their future pathways. Where mid-life households live in privately-rented dwellings, housing must be affordable to the point of enabling (i) households to remain securely in place through mid-life years, which often include significant care and family life, need for school stability and continuity of employment and (ii) the ability to save or pursue financial options that will offset their ongoing housing costs in later-life.

A policy development focus on innovative savings schemes that will benefit the growing proportion of households unable to access and benefit from capital gains and negative gearing concessions, will be of benefit for many households in their mid-life years and into later-life. The ability of households to support younger (and older) generations is one of the life priorities of this cohort.

Addressing Indigenous Australians' housing aspiration gaps

There is a need to understand the aspirations of a wide range of Indigenous Australians in dedicated research. This research provides the following insights:

- Aspirations held by Australian Indigenous people are highly diverse and include remote living on country as well as regional living and metropolitan aspirational pathways.
- Consistent with existing evidence, this research finds that to a very considerable degree the housing aspirations of mid-life Indigenous Australians are shaped by entrenched multigenerational disadvantage in many cases.
- Discriminatory practices that are both systemic as well as personal can affect the ability of Indigenous Australians to secure housing in privately-rented dwellings and have a significant role in curtailing the opportunities of Indigenous persons. Discrimination against Australia's First Nationals Peoples must be addressed in all housing settings.

- As social housing is such a significant form of housing for many Indigenous Australians, a future avenue of research and policy development can usefully focus on creating a more flexible, responsive social housing sector for Australian Indigenous people—as for non-Indigenous Australians.
- Indigenous people who seek to exit social housing and aspire to live in private market contexts, including rental and ownership models, require additional support, information and 'back up' to enable independent housing pathways. This is an area of future research and policy development that requires attention and innovative, enabling reform.
- A dedicated focus on the housing aspirations of Indigenous Australians is recommended as a fruitful future platform for policy development, including in a form of co-design for optimal housing futures.

The study

This project examines the housing aspirations and potential aspiration gaps affecting households at mid-life. It forms part of an overarching AHURI Inquiry and directly informs the overarching Inquiry question:

How can existing and innovative policy be harnessed to assist lower income Australians achieve their shelter and non-shelter housing aspirations, and improve housing opportunities across the life-course?

The aim of this project is to understand how existing and innovative policy can be harnessed to assist lower income mid-life Australians achieve their shelter and non-shelter housing aspirations, and improve their housing opportunities. This is achieved by addressing three critical research questions:

1. What are the shelter and non-shelter aspirations of mid-life Australians across their life-course?
2. Where lower income mid-life Australians are unable to achieve their housing aspirations, what is the nature of their housing aspirations gap and how does this vary by socio-economic status, tenure and location?
3. How can current and innovative housing policy solutions be harnessed to assist lower income mid-life Australians meet their short, medium and long-term housing aspirations?

Housing aspirations were explored initially through focus groups, which were used to inform the development of the Australian Housing Aspirations (AHA) survey. The AHA survey collected responses from 7,343 Australians split across the three cohorts including 2,444 from those aged 35–54 years. The survey was broadly representative of the population in terms of age, location and income and this was achieved through the use of strict respondent quotas during data collection (see Data and Technical Report). The research included a dedicated focus on Indigenous households ($n=16$). Interview data provided a means of comparing the housing aspirations of older non-Indigenous and Indigenous people. Finally, telephone interviews ($n=25$) were conducted to further explore the policy implications of the focus group and survey findings. While the survey had a national focus, qualitative research was conducted in regional and metropolitan Victoria, New South and Western Australia.

Evidence-Based Policy Inquiry Panels

Two Evidenced-Based Inquiry Panels were held during the course of this project. The purpose of these Panels was to provide a forum for direct input from policy makers, community representatives and industry on the project. This direct communication with policy makers was designed to ensure that the research would achieve policy outcomes.

The first Panel was designed to introduce the members to the project and ensure that the AHA survey, in particular, was being developed to meet the needs of the project. In addition, the Panel confirmed that the Inquiry outcomes would be able to inform future policy and practice directions. The second Panel meeting considered emerging policy implications of early findings of the research.



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