

Understanding the housing aspirations of older Australians

Based on AHURI Final Report No. 317:
Older Australians and the housing aspirations gap



Australian Housing
and Urban Research Institute

What this research is about

This research examined the housing aspirations of older Australians (over the age of 55) to create an evidence-base for the policy innovation needed to deliver the housing and housing assistance required to meet their diverse aspirations.

The context of this research

The number of older Australians increased by almost 3 million between 2006 and 2016, while the Australian Bureau of Statistics estimates the number of older Australians will more than double from 5.8 million in 2012 to 14.1 million in 2062. With changes to housing affordability, patterns of housing consumption, an expanding private rental sector and falls in public housing investment and supply, the Australian housing system is not meeting the needs of older Australians.

The key findings

The vast majority of older Australian respondents from across the country (over 90%) are in dwellings that meet their current housing needs, and 70 per cent reported their current housing meets their longer-term aspirations.

Location

One of the most valued aspects of housing was the location where participants lived. Aspects of location shaping housing aspirations included safety and security, good—often walkable—access to services such as health, shopping, recreational

amenities, public open space and proximity to family and friends.

The place older Australians most wanted to live was in the middle or outer suburbs of a city, an aspiration which increased with age. Small regional towns were the second most preferred location for those aged between 55 and 74 years, while those aged 75 and over were more likely to indicate a preference for the inner suburbs of a capital city. Few older Australians wanted to live in the CBD of a capital city.

Dwelling style

Living in a separate dwelling was the ideal housing option for more than two thirds of those aged over 55 years with an attached dwelling the second choice. Respondents aged over 75 years were more likely to prefer attached dwellings or apartments than the younger cohorts, presumably as a viable downsizing option.

Dwelling size

Around half of all older Australians would like their home to have three bedrooms. One bedroom was an option for only a few respondents while two bedrooms was much more popular for households aged 75 and over.

Around a third (34%) of 55–64-year-old survey respondents had children living

in their households, a proportion which reduced with age (11% for 65–74 and 4% for 75+). In some cases adult children are dependent on their parents as a result of being unemployed or through disability.

Dwelling tenure

Home ownership remains the ideal tenure among older Australians. Full ownership is important to more than 70 per cent of all later life cohorts and is the most important aspect that they want from their dwelling, particularly from those aged between 64 and 74 years. Unsurprisingly, home owners indicated that this was more important than for other tenures. Nevertheless, more than a third of all renters and those in age-specific accommodation also indicated that it was important.

The 'ideal home'

Older Australian home owners aspire to remain in home ownership (93%), live in three-bedroom (55%) separate dwellings (83%), in the middle to outer suburbs of a capital city (38%) or outside the metropolitan area in small regional towns (19%) or large regional cities (18%).

Private renters also aspired to achieve home ownership (58%), live in separate dwellings (68%) or apartments (11%) with either three (43%) or two

bedrooms (41%). This cohort also expressed a strong preference for living outside the metropolitan area in small regional towns when compared to other tenures.

Public or community housing tenants—to a lesser degree than other tenures—aspired to be home owners (48%), or to remain in their current tenure (43%). Separate dwellings were their favoured housing type (68%) followed by apartments (18%). Preferred dwellings would have two (45%) or three (37%)

bedrooms. Social housing tenants aspire to live in the middle and outer suburbs (27%) with non-metropolitan locations considered less ideal than inner city suburbs (24%).

Living in an age-segregated community appealed to only a small proportion of the older population (5% of 55–64, 8% of 65–74 and 6% of 75+).

Housing aspiration gap

The housing aspiration gap is the difference between a person's current

housing situation and where they would like to live and in what kind of housing ('their aspirational housing').

A majority of respondents aged 55 years and over (69–78%, depending on specific age group) agreed that their housing met their longer-term (5–10 year) housing aspirations. The remainder were divided equally between those who were unsure if it would meet their aspirations and those who did not think their aspirations could be met in their current dwelling.

Table 1: Ideal housing outcomes of older Australians by age group

Location	55–64	65–74	75+
the middle/outer suburbs of a capital city	32%	36%	40%
a small regional town	21%	21%	18%
a large regional city or town	19%	16%	14%
the inner suburbs of a capital city	16%	18%	21%
the CBD of a capital city	6%	3%	5%
a remote community	3%	2%	0%
No preference	2%	2%	1%
Other	2%	1%	0%
Dwelling type	55–64	65–74	75+
Separate (detached) dwelling	69%	69%	61%
Attached dwelling (semi-detached/terrace/townhouse etc.)	9%	11%	14%
Apartment (less than 4 storeys)	9%	8%	10%
Apartment (more than 4 storeys)	4%	4%	5%
Ancillary dwelling/granny flat	2%	2%	3%
Caravan or other temporary structure	1%	0%	0%
No preference	4%	2%	1%
Other	1%	2%	4%
Number of bedrooms	55–64	65–74	75+
1	2%	2%	3%
2	25%	25%	35%
3	51%	52%	47%
4	20%	19%	13%
5+	1%	2%	0%
Tenure type	55–64	65–74	75+
Ownership (full, joint, shared)	78%	81%	80%
Rental	6%	4%	6%
Social housing	5%	3%	2%
Within a lifestyle or retirement village	5%	8%	6%

Source: Original analysis of Australian Housing Aspirations Survey (2018) data, unweighted.

The housing aspiration gap for older Australians was explored through three mechanisms:

- the extent to which their current dwellings met short and long-term aspirations
- a comparison between households' current and preferred housing attributes
- an examination of respondents' confidence in being able to meet their housing aspirations.

Overall, the housing aspiration gap in the short term is very small and not significantly greater in the long term, with social housing and private renters having the largest gaps. Older Australians are generally confident that they will be able to meet their housing aspirations.

Building on the gap analysis it is possible to identify whether households were happy in their current housing and, if not, where they would rather be.

There is unmet demand (a housing aspiration gap) for dwellings in small regional towns, separate houses, two and three-bedroom dwellings and home ownership.

The housing aspirations gap is larger for renters (private and social) than for home owners, which could be a function of two factors. Firstly, older Australians have had the benefit of a housing system which has supported home ownership, demonstrated by the high proportion of older Australians that own a dwelling—even if two-thirds of current older renters have subsequently fallen out of ownership. Secondly, many households have made housing decisions for later life before their current life stage, perhaps during the final years of their working life. This relates more to home owners than to those in the rental sector where choice is more limited.

The most significant housing aspiration gap for older Australians is amongst renters—both private and social housing—who were most likely to be in dwellings that didn't meet their longer-term aspirations and where there was an expressed unmet demand for owner occupation.

Barriers

The main barriers to achieving longer term housing aspirations are financial—accessing and servicing a loan, saving for a deposit and maintaining employment—along with health issues. For older people generally, a lack of savings and health issues were the largest barriers. Financial barriers were larger for the young cohort, aged 55–64 years, including a lack of stable employment and difficulty in meeting rent or mortgage payments. Older cohorts were more likely to cite health issues as a major barrier, particularly private renters. Financial and employment barriers were greater for renters—both public and private—than for home owners. Discrimination is particularly felt by Indigenous Australians.

Assistance required to achieve housing aspirations

Older Australians who are yet to meet their aspirations, in general, do not think they will need assistance to meet their longer term housing goals. Those aged 75 years and over were the least likely to indicate a need for assistance (23%). Less than 30 per cent of those in the 55–64 and 65–74-year age cohorts feel they may need some help. When tenure is used to analyse assistance requirements, it is evident that renters have the most need. Double the proportion of tenants in the private (42%) and public or community (37%) sectors believe they need help compared to the much lower proportions of home owners (20%).

Across all three age cohorts, the type of help and assistance most likely to be accessed were financial/legal advice,

Table 2: Selected barriers to long-term housing aspirations, by age groups and by tenure

Barriers	55–64	65–74	75+
Didn't perceive any barriers	2%	15%	9%
Meeting rent or mortgage payments	44%	34%	14%
Lack of housing choice	23%	23%	18%
Having children	1%	1%	0%
Health issues	35%	35%	77%
Lack of stable employment	28%	12%	0%
Lack of savings (deposit)	61%	47%	36%
Lack of knowledge on how to achieve the housing I/we want	12%	15%	14%
Unable to secure a mortgage from a lending institution	24%	25%	9%
Other	10%	5%	23%
Barriers	Ownership	Private rental	Social housing
Don't perceive any barriers	12%	2%	6%
Meeting rent or mortgage payments	21%	57%	39%
Lack of housing choice	20%	21%	27%
Health issues	35%	42%	36%
Lack of stable employment	14%	25%	24%
Lack of savings (deposit)	38%	68%	58%
Lack of knowledge on how to achieve the housing I/we want	16%	9%	21%
Unable to secure a mortgage from a lending institution	16%	26%	33%
Other	15%	7%	3%

Source: Original analysis of Australian Housing Aspirations Survey (2018) data, unweighted.

stamp duty relief and subsidised rent in the private rental sector. Households in the younger age cohort, 55–64 years, indicated that it was likely they would access opportunities such as low deposit home loans more so than older Australians in high age brackets. Respondents aged 75 years and older also reported that it was likely they could access shared ownership products through government. The likelihood of being able to access advice services, relief and subsidised rent generally decreased with increasing age. Overall, younger cohorts felt they were more able to access various forms of help when compared to those aged 75 years and over.

What this research means for policy makers

Although the housing aspiration gap for older Australians is not large, policy responses are required to narrow the gap for low-income private renters in particular, including:

- housing assistance to develop alternative home ownership options to improve security of tenure and facilitate ageing in place
- continued reform of the private rental sector to deliver a long-term, secure housing option

- delivering low cost, low deposit ownership products, for example through shared ownership or through a land rent type scheme could deliver the safety, security and control characteristics of home ownership sought by older Australians. Servicing ten-year mortgages would be viable for those in the younger age categories in secure employment (around 55) and would deliver that security into retirement. At present, ownership options available through the private market and age-specific living options are not accessible for those on low to moderate incomes in the majority of the country because they are too expensive and the upfront cost often too high. Government-driven housing cooperatives, for example, could offer a solution

- better matching of new housing supply to aspirations, especially in the private rental sector, to meet the demand for two and three-bedroom houses (including attached dwellings) located in high level amenity locations. Current patterns of housing supply are not meeting the diverse needs of older Australians with too many apartments and large separate dwellings and not enough mid-sized product. A supply of subsidised rental housing is

essential to meet demand from the growing number of older Australians renting into retirement where CRA is just not enough to make housing affordable

- giving social housing tenants more agency and choice in the selection of their homes, including for those caring for grandchildren
- a central housing information service providing information on how to plan as housing needs change in later life; dwelling development options, such as subdivision, to assist ageing in place and broader help on navigating different sectors of the housing market as household circumstances change.

Methodology

The Australian Housing Aspirations (AHA) survey designed for this research collected over 2400 responses from older Australians. The survey was informed by focus groups in metropolitan and regional locations in Western Australia, New South Wales and Victoria and supported by interviews with individuals aged over 55 years and older Indigenous Australians in the same jurisdictions. The research was further informed by data from the Australian Bureau of Statistics.

Further information

TO CITE THE AHURI RESEARCH, PLEASE REFER TO:

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