

# Closing the housing aspirations gap for low-income Australians



Based on AHURI Final Report No. 337: The housing aspirations of Australians across the life-course: closing the 'housing aspirations gap'

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## What this research is about

**This research inquiry explores the housing aspirations of lower income Australian households. Using a survey of over 7,400 respondents, the research reveals new insights into the housing aspiration gaps of young adults (18–34 years), mid-life (35–54 years) and later life (55 years and older) cohorts living in Australia.**

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## The context of this research

Housing aspirations are shaped by the changing social, cultural, economic and political context. Despite the long-term decline in housing affordability there has been limited extensive research on the changing nature of housing aspirations in Australia or the extent to which a 'housing aspirations gap' between current and ideal living arrangements is emerging across the life course.

This research Inquiry investigates both short and longer-term housing aspirations, the nature of the housing aspirations gap and how to close this gap for young, mid-life and later life adults. It focuses on aspirations and 'trade-offs' associated with the 'housing bundle' that includes both shelter (control over occupancy, reduced lifetime housing costs) and non-shelter outcomes (stability/flexibility, psycho-social, work, training).

'Safety and security' are fundamental to the housing aspirations of young, mid- and later life Australians.

## The key findings

### Aspiring for safety and security

'Safety and security' are fundamental to the housing aspirations of young, mid- and later life Australians. Seventy-five per cent of respondents indicated that this is the key housing attribute most valued. This attribute is most highly valued by older cohorts (86%), however it is also valued highly by large proportions of households in all age groups and across income groupings.

The significance of both safety and security is highlighted in qualitative interviews and focus groups with lower-income households. For older generations, this more typically relates to the ability of residents to feel safe and stable/secure within their own home, whereas for those at mid-life and in younger cohorts, sense of security strongly relates to the ability to either meet housing costs of dwellings appropriate for current needs and/or to secure rental leases for dwellings of adequate quality to ensure their safety.

In some cases, this additionally relates to protection from violence and other household and neighbourhood risks and threats. Indigenous households indicated these similar priorities at life stages, with an additional focus on discrimination within rental sectors that can act to undermine both physical and socio-legal aspects of their safety and housing security.

## Dwelling type and tenure aspirations

Table 1 shows the housing aspirations of the 7400 respondents to the survey with a house and ownership the dominant housing factors.

Table 1: Preferred housing type, tenure, size and location.

All	
<b>Location</b>	
CBD of capital city	11%
Inner suburbs of capital city	22%
Middle/outer suburbs of capital city	31%
Regional city or town	33%
<b>Dwelling type</b>	
House	73%
Apartment	17%
<b>Number of bedrooms</b>	
Two	22%
Three	42%
Four or more	33%
<b>Tenure</b>	
Ownership (full, joint, shared)	83%
Private rental	11%
Social housing	3%

### Dwelling

Aspirations relating to dwelling type show a clear divide between the aspirations of many younger Australians and those in mid-life and older. While a house (separate or attached) meets the aspirations of over 85 per cent of those mid-life and older cohorts, the figure falls to two-thirds of younger Australians. This is tied to the number of younger Australians wanting smaller dwellings in areas with high level of amenity.

Almost a fifth of younger Australians would like to move from a house to an apartment to meet their aspirations, well over double the rate of the other two age cohorts. However, for those currently living in an apartment, over half state such a dwelling does not meet their longer-term aspirations. This raises concerns about the prevalence of apartment development in Australian cities. Many regard apartments as a transitional dwelling type and around half see a move out of an apartment into a house as a way to meet their longer-term aspirations. Greater dwelling diversity is essential.

### Tenure

There is an appetite for non-traditional dwelling types. Almost 10 per cent of younger Australians and 7 per cent and 6 per cent respectively of mid-life and older Australians, stated their housing aspirations would be met by an alternative dwelling type. This might be an ancillary dwelling, a tiny house or temporary structure but shows some level of dissatisfaction with the narrow range of dwelling products available.

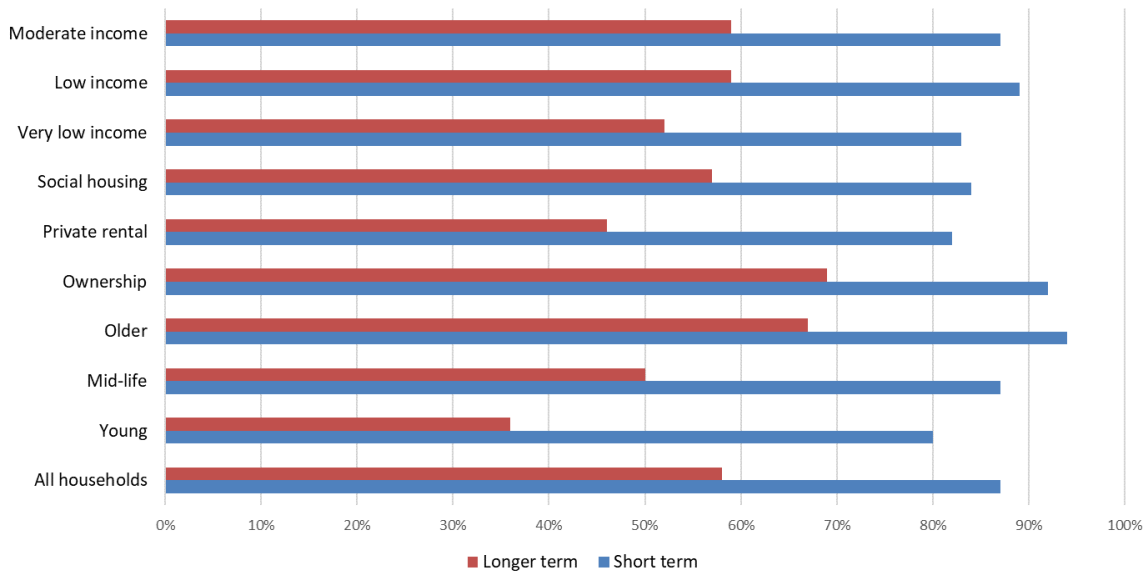
Over 90 per cent of all groups currently in ownership state this tenure meets their longer-term aspirations. The private rental sector met the needs of around a fifth of all groups, but the vast majority of renters wanted to move into ownership to meet aspirations, demonstrating that private rental is still a transitional tenure for most despite growing numbers in the sector.

With ownership being such a strong preference and current rates of home ownership falling rapidly among young and mid-life households, policy makers need to urgently address this mismatch between aspirations and what is attainable for those on low to moderate incomes.

Table 2: Current housing and housing aspirations: all income groups

	Young	Mid-Life	Older
<b>Dwelling type</b>			
House meets aspirations	67%	85%	86%
Apartment meets aspirations	40%	37%	47%
Move from a house to an apartment to meet aspirations	21%	8%	7%
Move from an apartment to a house to meet aspirations	49%	54%	47%
Move to an alternative dwelling type to meet aspirations	9%	7%	6%
<b>Tenure</b>			
Ownership meets aspirations	90%	95%	93%
Private rental meets aspirations	19%	19%	20%
Social housing meets aspirations	3%	16%	27%
Aspiration to move from private rental to ownership	78%	77%	68%
Aspiration to move from ownership to private rental	6%	2%	1%

Figure 1: How well current housing meets short and longer-term housing aspirations



### Barriers to housing aspirations

Housing affordability pressures play a significant role in the ability of households to meet their aspirations. Major barriers for those unable to meet their short-term housing aspirations include financial considerations (including entry costs to home ownership), secure employment and the ability to meet the running costs of purchased and/or rented dwellings. These findings point to the extensive financial gap between housing costs and income/earnings across the life-course.

Lack of choice in housing options is a third key barrier identified in this research, again consistent with emerging evidence about the lack of diversity within housing sub-markets that can cater to a range of life stage and household incomes. This includes for young adults leaving home, families and ‘right sizing’ in later life.

Table 3: Barriers to meeting housing aspirations, across age cohorts and income groups

	Young	Mid-life	Older	Very low income	Low income	Moderate income
Lack of savings (deposit)	67%	64%	53%	67%	65%	70%
Lack of stable employment	38%	36%	19%	45%	30%	21%
Meeting rent or mortgage payments	35%	34%	37%	37%	36%	35%
Lack of knowledge on how to achieve the housing I/we want	24%	11%	13%	21%	16%	14%
Unable to secure a mortgage from a lending institution	18%	25%	23%	22%	25%	26%
Lack of housing choice	19%	20%	22%	24%	17%	22%
Health issues	8%	15%	39%	26%	20%	10%
Don't perceive any barriers	5%	5%	8%	4%	5%	4%
Having children	12%	7%	1%	4%	7%	10%
Other	4%	4%	10%	6%	3%	5%

“Housing affordability pressures play a significant role in the ability of households to meet their aspirations.”

## Impacts of short-term housing aspirations gaps

While the majority of Australians report their housing does meet their short-term needs, for those where it doesn't, the impacts of aspirational housing gaps are wide and diverse, including locational displacement and time/costs associated with living far from work and family; paying unaffordable amounts for housing; and living in neighbourhoods and housing unsuitable for life needs at key life stages.

Between a quarter and a third of households across the life-course experience considerable impacts and social costs to achieve their current and short-term housing aspirations. There is also considerable adaptation and compromise made by some households by living in inadequate or inappropriate housing and/or not achieving a 'sense of home'.

Implications for policy include wide ranging measures to reduce affordability pressures across the life-course, as well as to reduce the travel time cost burden for those households, particularly at mid-life, for whom commuting in order to attain adequate and affordable housing causes additional strain on households.

Indigenous Australians in particular reported experiencing racism which directly impacted on their ability to meet their housing aspirations. Stronger action to reduce racism, particularly within the private rental sector by landlords and their agents, is necessary if Indigenous Australians are to have the same opportunities as non-Indigenous Australians.

“Education programs, increased access to relevant information and assistance in housing transition planning are shown to enable housing aspirations.”

## What this research means for policy makers

The research finds there is scope to innovate to:

- enable households to enter home ownership by reducing entry costs and barriers;
- develop hybrid rent-buy models of housing provision which can enable households to transition from rental to home purchase with reduced transaction costs;
- emulate the safety and security features of home ownership within both privately rented tenures as well as within social housing tenures, such as via tenancy reform;
- scale up collaborative and cooperative forms of housing and land ownership or rental that provide the aspirational elements of the housing bundle needed to support transitions and life changes to households at young adulthood, mid- and later life.

Increased housing knowledge and housing market skills could play a significant enabling role for households across the life-course. Education programs, increased access to relevant information and assistance in housing transition planning are shown to enable housing aspirations.

When long-term lifetime and generational views are used in housing research, usual approaches focusing on point-in-time need for assistance are challenged. Findings strongly indicate the need for intergenerational and lifetime policy thinking in housing policy development and innovation.

## Methodology

This Inquiry undertook a literature review; analysis of Australian Bureau of Statistics Survey of Income and Housing data; conducted focus groups with lower-income Australians including Indigenous and non-Indigenous participants; developed a large-scale national Australians' Housing Aspirations (AHA) survey; and conducted follow-up interviews within each age cohort. Detailed analysis of young, mid-life and older age cohorts can be found in the individual project reports and full details of the survey are available in the technical report. All are available at:

<https://www.ahuri.edu.au/housing/research-in-progress/ahuri-inquiries/evidence-based-policy-inquiry-51170>

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