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Senate Standing Committees on Economics
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Dear Committee Secretary

National Seniors Australia Submission to the Inquiry on Affordable Housing

National Seniors Australia welcomes the opportunity to provide a response to the Senate Standing Committees on Economics Inquiry into Affordable Housing.

National Seniors is Australia's largest organisation representing the interests of those aged 50 and over, with around 200,000 individual members nationally. This broad based support enables National Seniors to provide a well informed and representative voice on behalf of its members and contribute to public education, debate and community consultation on issues of direct relevance to older Australians.

In spite of the *National Affordable Housing Agreement*, Australia has one of the most unaffordable housing markets in the world. Rates of home ownership among younger age groups are now falling steadily from levels in the mid-late 20th century. Rental in the private market is increasingly unaffordable with short tenures and uncertainty. More than three times as many private renters relocate as do social renters; many unwillingly.¹

Among people aged 50 and older; 74% own their own home, 10% rent privately, eight percent (8%) are social housing tenants, five percent (5%) are mortgagees and four percent (4%) are in other tenure types.² Those people who own their own home are more likely to want to, and end up, ageing in place.³

Older people residing within private rentals claim to experience high levels of anxiety due to unstable tenure, high and frequent rent rises and the need to move more frequently. A projected increase of 115% from 2001-

¹ Kelly, J-F., Hunter, J., Harrison, C., Donegan, P., 2013, *Renovating Housing Policy*, Grattan Institute, Melbourne.

² ABS. 2009–10 *Household Income and Income Distribution*

³ AIHW. 2012. The desire to age in place among older Australians.

2026 in the number of lower-income people aged 65 and over who are living in rental households (as home ownership falls) will far exceed the supply capacity of the social housing system.⁴

In 2011_2012 more than 200,000 people were on wait lists for public and social housing. Low income households comprise 42% of the increasing proportion of Australians who are experiencing housing stress. Supply of social housing is not meeting demand in spite of more dwellings built⁵.

The Productivity Commission's *Report on Government Services* highlighted the ability of social housing to relieve the housing stress faced by low-income households. Only 3.5% of residents in community housing experienced housing stress compared with nearly 20 per cent of Australian households. Public housing delivers similar reductions.⁶

Recent policy responses to improve housing affordability in Australia have focused on relieving housing pressure in the private sector. In general, these programs and initiatives assist households who find it difficult to meet the costs of housing in the private market. Social housing rents based on the tenant's income, private rent assistance, home purchase assistance and support to obtain accommodation or sustain tenancies are all valuable supports for Australians in housing stress⁷.

National Seniors suggests social and affordable housing must continue to expand to ensure community access to affordable and secure housing in locations that enhance their participation in all aspects of society.

Public housing stock also needs to be rehabilitated to remove access barriers and support all ages and life stages. New construction of public housing alone will not suffice in providing adequate and appropriate support for current and future residents of public housing. Social inclusion outcomes are improved through appropriate and stable housing, support to sustain tenancies, housing assistance programs and the integrated provision of housing, health and support services. Affordable and secure housing can enhance an individual's overall wellbeing, independence and housing choices.⁸

National Seniors believes that suitable, secure and affordable housing is essential for the over 50s to maintain meaningful activities of work and social and family networks. Absence of such housing can lead to financial difficulties and reduced retirement income, loss of established social

⁴ AHURI 2007-'Rental housing provision for lower-income older Australians'

⁵ Australian Institute of Health and Welfare 2013. *Housing assistance in Australia 2013*. Cat. no. HOU 271. Canberra: AIHW

⁶ Productivity Commissions 2013. *Report on Government Services*. 2014. Volume G: Housing and homelessness. Commonwealth of Australia.

⁷ Australian Institute of Health and Welfare 2013. *Housing assistance in Australia 2013*. Cat. no. HOU 271. Canberra: AIHW.

⁸ AHURI 2013. *What effect does housing assistance have on social inclusion for people with disabilities? Issue 159*

networks and access to familiar services, isolation from their community and reduced hygiene, nutrition and health status.

Job seekers aged 55 years and over currently languish in unemployment for an average 71 weeks compared to 41 weeks for job seekers aged 25-44 years and take longer to recover.⁹ The Productivity Commissions Report emphasized that demand for housing assistance may continue even after such improvements.

Therefore **National Seniors recommends** that housing assistance provided to the over 50s and others who are long-term unemployed continues for a period after stable employment is gained and financial circumstances are improved.¹⁰

National Seniors also recommends that housing support be prioritised for older women who are widowed, divorced or single, have not had opportunities to build superannuation accounts because of interrupted or low income work and do not own their own home. A study of workforce participation of women living in public housing in Australia found that job insecurity and low wages are the main incentives for tenants to continue to live in public housing¹¹.

The National Rental Affordability Scheme which provided incentives to developers to supply affordable rental housing within the private sector and the Social Housing Initiative and Commonwealth Rent Assistance programs are very successful when well integrated.

National Seniors recommends that the value of Commonwealth Rent Assistance should be indexed to rents as recommended by both Harmer and Henry reviews. This recognises that rents have been increasing much faster than general inflation (CPI) in recent years.¹²

Access to appropriate and affordable housing is a major influence on people's quality of life in their retirement. National Seniors members indicate that stamp duty charges discourage them from moving to more appropriate housing as their circumstances change. While an important source of revenue for states and territories, it distorts housing choices and acts as a barrier to downsizing among older Australians.

⁹ National Seniors Australia, *Barriers to Mature Age Employment: Final Report Of The Consultative Forum On Mature Age Participation*, Productive Ageing Centre, p13.

¹⁰ Productivity Commissions 2013. *Report on Government Services*. 2014. Volume G: Housing and homelessness. Commonwealth of Australia.

¹¹ (Saugeres and Hulse 2010) in Productivity Commissions 2013. *Report on Government Services*. 2014. Volume G: Housing and homelessness. Commonwealth of Australia.

¹² *Falling Behind. The growing gap between rent and rent assistance 1995-2009*, Prepared by RMIT AHURI Research Centre for the Tenants Union of Victoria, 2010, available at http://www.tuv.org.au/articles/files/housing_statistics/Falling_Behind_CRA.pdfNation

National Seniors recommends urgent attention to increase the supply of well-located, affordable housing for renters and purchasers. Reform of the tax and transfer system will also encourage an adequate supply of appropriate and affordable housing that allows the over 50s to age in place in a familiar community.

We therefore recommend that the Commonwealth, State and Territory governments work together to provide nationally consistent responses to improve affordable housing supply in well-serviced areas and stamp duty concessions for seniors who wish to downsize and release older stock.

Seniors are particularly concerned about recent suggestions that the family home could be included in the asset test for the pension and/or eligibility to pay for aged care services. We are strongly opposed to such changes.

Seniors whose only source of income is an age pension or annuity tied to superannuation have no capacity to generate additional income other than divesting themselves of the family home. This would lead to additional pressure on the private housing rental market and social and public housing, and increase the risk of homelessness.

I trust you will consider our recommendations to ensure the over 50s are assured of affordable and secure housing.

Yours sincerely

Michael O'Neill
Chief Executive Officer