



Housing for the Aged Action Group

ABN: 80 348 538 001 Reg: A0017107L

**Postal address: 1st Floor, Ross House
247-251 Flinders Lane, Melbourne 3000**

Phone: 9654 7389 Fax: 9654 3407

Home at Last service: 1300 765 178

Email: haag@oldertenants.org.au

Website: www.oldertenants.org.au

Australian Senate Economics References Committee Inquiry into Affordable Housing

Submission by Housing for the Aged Action Group Inc.

Prepared by Jeff Fiedler, Manager, Education & Housing Advice March 2014

The Commonwealth Government needs to develop a strategic plan to address the current and future housing needs of older people on low incomes

Housing for the Aged Action Group is very concerned about the plight of older Australians who have not attained, or aspired to own a home by the time they reach retirement age. There is a chronic shortage of low cost rental housing in Victoria that is forcing many older people into dire circumstances of housing poverty and the constant threat of homelessness. This is a political, planning and funding issue that must be addressed now if we are to avoid the rapid expansion of an already chronic problem faced by many older Australians. We need an all-party commitment from the Commonwealth parliament to a policy platform that is based on the premise that all older people have the right to be housed well. This is emphasised in light of the established trend of lower rates of home ownership amongst older people, higher numbers of retirees with mortgages and more people renting. It must also be recognised that housing is the fundamental cornerstone to ensuring that all older people have a right to age-in-place. In other words, housing must also be seen as a vital component of the aged care system. To begin to achieve these objectives Australia needs to develop an Older Persons Housing Strategy, as has been established and implemented in Great Britain with its blueprint called LIFETIME HOMES, LIFETIME NEIGHBOURHOODS, **A National Strategy for Housing in an Ageing Society**¹. A similar strategy is needed to plan for Australia's rapidly ageing population over the next 20 years. To ensure that a plan is well integrated with all other services that impact on the lives of older people, the Commonwealth government must work with all state governments to attain the best possible outcomes.

Recommendation

The Commonwealth Government must develop an Older Persons Housing Strategy

¹ Lifetime Homes, Lifetime Neighbourhoods, A national strategy for housing in an ageing society. Department for Communities and Local Government, London Feb. 2008

There is a growing housing crisis for older people on low incomes who are housed in the private rental market

The private rental market has for decades been a fraught housing option for older people but has become considerably worse over the past five to ten years. AHURI research demonstrates that this housing sector is now a major problem for up to 360,000 people over the age of 55 who have not achieved secure and affordable housing as either homeowners on one hand, or public and social housing tenants on the other. 80% of this population rely on the aged pension as their main source of income.

Generally older people rent in the private market out of necessity rather than choice. Private rental housing is fundamentally insecure, unaffordable, unsafe and unadaptable for older people. Affordability of private rental accommodation is a key problem. An aged pensioner is paying 63% of their income in rent for an average one bedroom flat in Melbourne (\$300 per week, DHS Rental Report). This includes income from all sources such as pension, pension supplement, energy supplement and rent assistance (HAAG analysis).

Conditions in the private market have become considerably worse over the past 5 years as vacancy rates have remained at an all-time historic low of less than 3% (equilibrium of supply and demand) for the whole period and the rate has dropped as low as .08%. It is currently trending in Victoria between 2% and 3%. This chronic situation has created a massive escalation of rents and caused greater difficulties for aged pensioners to compete with younger working adults for any available properties.

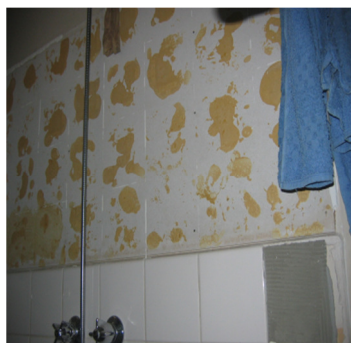
In addition to the market trend factors, private rental housing is inappropriate to the needs of an ageing population for the following reasons:

- **Private rental housing is too expensive for older people on aged pensions.** The Supply Council reports that 35% of renters over 65 years of age are paying more than 30% of their income in rent (this includes the addition of rent assistance to their income).² The average rent paid by HAAG clients is in the range of 50%-80% of income.
- **Private rental housing offers limited security of tenure** as leases, if a tenant is able to negotiate one at all, are rarely greater than 6 or 12 months in duration. Older people, to be able to age-in-place, need the security of long term tenure. It is evident that a lack of security of tenure is a major factor in the cause of ill health for older people caused by the stress of facing homelessness, having to find other accommodation and relocate.
- **There are no minimum housing standards in private rental housing.** This means that many of the health and safety factors that are essential to the well-being of older people cannot be guaranteed in this form of

² P.147 National Housing Supply Council, 2nd State of Supply Report, Commonwealth Government 2010

accommodation. This is particularly the case for older people on low incomes who access the least expensive and therefore poorest quality, accommodation. Landlords do not have to provide housing that has heating, insulation or be draught-proof. Other aspects of housing standards that older people need, such as home security and reliable appliances, are not required to be provided by law in Victoria.

- **Private rental housing is not adaptable as people age.** There are no legal requirements for landlords to agree to allow home modifications such as ramps, rails, walk-in-showers etc. If a landlord provides permission for such alterations, they have the right to demand they be removed when a tenant vacates, further financially penalising older people on exiting their home. For aged pensioners this usually means foregoing the modifications completely, thus causing severe inconvenience and reliance on more substantial and expensive aged care services.



Examples of housing conditions HAAG has found in older tenants' homes. Older people will often not report these problems for fear of eviction and rent rises.

The future trends are worrying

Projections of the housing needs of older Australians over the next 20 years are alarming. Serious planning must begin now to ensure that high proportions of older people are not condemned to living in poverty into the future.

The National Housing Supply Council Report to the Commonwealth Government in 2010 stated that “there are approximately 1.6 million older households in Australia, making up 18.6 per cent of all households in June 2008. This group is growing faster than younger household groups. By 2028, in the Council’s medium growth projections of underlying demand, that number will grow to 3.2 million representing 27.6 per cent of all households.”³

While rates of outright home ownership amongst people over 65 years of age are still relatively high at approximately 78%, the trends suggest there will be continual decline over the coming decades.⁴ This will create increasing demand for rental housing for older people.⁵ This is a major problem because, as the State of Supply Report 2010 states, “the increasing share of older people living in the private rented sector over the next 20 years is a concern because of the limited security of tenure in that sector.”⁶

Further, the Supply Council states that the “underlying demand for rental from older households is likely to increase by 120 per cent to 2028, with consequent pressures on both private and public rental markets. Private rental demand is projected to rise from 146,200 in 2008 to 321,400 by 2028. Public rental demand is projected to rise at a similar rate from 86,500 in 2008 to 189,900 in 2028.” As the premise of our argument is that private rental housing is unsuitable for older people then the Supply Council’s separated totals of private and public demand should be combined in understanding the overall need for stable, affordable housing.

This data is supported by a recent report by Dr. Maree Petersen from the University of Queensland who has highlighted recent alarming data from the Australian Bureau of Statistics on the escalation of the number of older people forced to live in poverty, danger and insecurity in the private rental market. Dr. Petersen’s report shows that there is a rapid increase occurring in the number of older people at risk of homelessness in recent years. The number of older people renting privately in Australia has increased by 100,826 persons from 235,348 in 2006 to 336,174 in 2011. In Victoria there were 52,309 older renters in 2006 and this rose to 75,470 in 2011, an increase of 23,161. This represents a rise of 44% over the five year period from 2006-2011.⁷ If this trend continues as expected the population of older people in private rental housing will almost double every ten years. This is a disaster for the future independence and welfare of the growing proportion of older Australians who will rely on rental accommodation for their retirement years.

³ P.141 National Housing Supply Council, 2nd State of Supply Report, Commonwealth Government 2010

⁴ P.137 National Housing Supply Council, 2nd State of Supply Report, Commonwealth Government 2010

⁵ P.19 Rental housing provision for lower income older Australians, AHURI May 2007

⁶ P.137 National Housing Supply Council, 2nd State of Supply Report, Commonwealth Government 2010

⁷ Dr. Maree Petersen, Addressing Later Life Homelessness for Older People, Report of the National Homelessness Research Partnership with the Department of FAHCSIA, June 2013

Private rental warning signs

Whilst the scenario for older private renters has become significantly worse in recent years, warnings about the plight of older private renters have been well understood for a long time but never acted upon. For example:

In 1981 Professor Hal Kendig said that “the highest priority for government must be to provide more assistance to the worst off group, the private renters in poverty”.⁸

In 1992 Consultant Gerontologist Anna Howe, in one of the strategic documents produced as part of the Commonwealth Government’s National Housing Strategy stated that “all analyses have continued to identify older renters in the private sector as a priority needs group’.”⁹

In 2005 Professor Andrew Jones stated that “Housing is one of the most neglected social justice issues on the ageing policy agenda” and that “housing should be moved from the periphery to the centre of our national, strategic response to ageing” because “housing is a key foundation for sustainable strategies to tackle the challenges of Australia’s ageing population. An integrated housing policy for older Australians is necessary, not only to ensure that older Australians are efficiently and equitably housed, but also to underpin health, aged care, income security and social participation objectives, policies and services.... ‘If Australians are to age well, they must be housed well’.”¹⁰

Recommendation

The Commonwealth Government must ensure effective exit points are available for older people to transition from unregulated private rental housing into public and social housing.

The Commonwealth Government must work with state governments to improve tenancy rights for private rental tenants in the areas of secure tenure, affordability, minimum housing standards and adaptability to provide for necessary aged care housing modifications.

⁸ Kendig, H 1981, ‘Housing and living arrangements of the aged’, in AL Howe (ed.), *Towards an Older Australia: Readings in Social Gerontology*, University of Queensland Press, St Lucia.

⁹ Howe, AL 1992, *Housing for Older Australians*, National Housing Strategy Background Paper No. 8, AGPS, Canberra.

¹⁰ Jones, A. Housing: the foundation for sustainable strategies to tackle the challenges of Australia’s ageing population. Presentation to Australia’s Ageing Population Summit, 2005

There are three main areas of affordable housing that require significant reform if access for older people is to be improved. They are:

Public housing, not-for-profit independent living units and social housing

Public housing

Public housing provides all of the benefits that older people on low incomes require. It is affordable, provides security of tenure, is well maintained, is (mostly) designed to be adaptable as they age and is usually located near services and public transport. Unfortunately growth in supply of public housing has reduced significantly since the mid-1980's to the point where applicants are only able to be housed if they are eligible under categories of special need. Unfortunately priority access eligibility guidelines do not include an aged based assessment. Therefore a fit and healthy 90 year old applicant may not be deemed eligible for priority access. Even if an applicant is eligible on other criteria such as ill-health, the procedures for entry are now so complex that the 'red-tape' itself can dissuade an older person from applying. In fact, it is almost impossible for an older person to access public housing without significant support from a professional advocate who can help them to navigate through the system.

The critical issue regarding the public housing sector is that it is severely under-funded and struggling to cope with the increasing affordable housing needs of low income people in the community. The Commonwealth Government's Nation Building Fund provided \$1.265 billion to build 4500 dwellings in Victoria (\$6.5 billion nationally) and has had a positive impact by creating a significant one-off boost to affordable housing supply.¹¹ However, because the funding was provided as a strategic economic stimulus plan to support the building industry and soften the impact of an economic recession, there are no ongoing funds for increasing affordable housing supply in Australia. Therefore public and social housing will continue to diminish relative to demand and continue to cause great hardship for older people and others on low incomes.

There are further concerns that plans by some state governments to transfer public housing stock across to social housing may cause disruption and inequities in terms of access and housing/tenancy standards. As the Commonwealth Government has funded public housing through the Commonwealth-State Housing Agreement and more recently the National Affordable Housing Agreement it should ensure that no tenant will be worse off before any stock transfers proceed.

Independent Living Units

Independent Living Units (ILUs) are a housing sector that developed from the Aged Persons Housing Act in 1956. It was a Commonwealth Government initiative that

¹¹[http://www.vicurban.com/cs/Satellite?c=VPage&cid=1264061802473&pagename=VicUrban%2FLay
out](http://www.vicurban.com/cs/Satellite?c=VPage&cid=1264061802473&pagename=VicUrban%2FLayout)

provided partnership grants for not-for-profit organisations to build affordable housing specifically for older people. It was a very successful scheme that built 34,000 units across Australia and approximately 9,000 dwellings in Victoria. However, funding ceased for this program in 1986 and the housing stock is now often quite run-down and poorly designed for adaptability as people age. Many organisations have sold their housing stock due to the high cost of maintaining the housing and the current level of housing has dropped to about 6,200 dwellings. Other providers have expended funds to improve the housing but this has been done by the payment of lump sum contributions from applicants that are used for refurbishment and sinking funds. Therefore the amount of housing available to those most in need, older people on low incomes with no assets, has diminished significantly. Due to demand for this form of housing, there are significant waiting times before an applicant can be housed.

Because ILUs were developed during an era when land in inner-ring suburbs of Melbourne was more affordable, there are significant opportunities to redevelop this housing stock at low cost. In many cases the current housing could be converted into medium density sites, and therefore boost the size of the sector many times over. Such a strategy would require either land being given back to government for public housing use, or through the establishment of partnerships with not-for-profit housing providers.

Social Housing

Over the past 10 years the Victorian Government has focused its affordable housing funding on the expansion of the social housing sector through funding 8 Registered Housing Associations. The RHAs manage about 5000 dwellings and 1600 dwellings are leased by the Office of Housing to not-for-profit agencies.¹²

There are three main problems HAAG faces when assisting older people to access social housing:

Firstly, there is limited stock available to older people on low incomes because the Housing Associations are required to offer a significant proportion of their accommodation to tenants on moderate incomes to ensure they have an adequate revenue stream to maintain payments for their financial borrowings.

Secondly, there is little transparency about the eligibility guidelines for entry in housing association stock. Unlike the Office of Housing, which displays its entry guidelines and policies on the internet for all to see, the Housing Associations do not make the information publicly available. Therefore, it is often unclear under what criteria a person can apply under and the decisions made by Housing Associations are difficult to negotiate or challenge due to the lack of transparency. In some cases HAAG has been asked by social landlords to provide references for applicants, which

¹² <http://www.dhs.vic.gov.au/for-individuals/housing-and-accommodation/social-housing>

seems to be a contrary process to the most important factor of demonstrating housing need.

Third, HAAG has experienced a number of instances, while advocating for clients, where Housing Associations have stated that they do not have enough funds to expend on renovations to ensure older persons housing is adaptable. This has restricted the mobility of our clients and severely impacted on the liveability of their environment. This is in stark contrast to our cases involving public housing applicants where housing modifications have always been a budget priority for the Office of Housing. The Office of Housing are able to draw upon larger resource pools to ensure that housing adaptation can be relatively quickly organised if, for example, an older tenant had an injury or health problem that required such works to be done.

Recommendation

The Commonwealth Government must increase public housing supply; negotiate with not-for-profit housing providers to fund and reform the Independent Living Unit sector; and, more effectively regulate the social housing sector to provide better outcomes for older people on low incomes.

Lack of homelessness support services for older people

In addition to diminishing affordable housing supply there is also a significant lack of support services that are required to assist older people at risk of homelessness. Currently less than one percent of the total homelessness assistance budget, funded by the National Partnership Agreement on Homelessness, is spent on specialist services for older people. There is much evidence that older people put up with great housing hardship and do not complain or contact mainstream housing services for assistance. For example, only 2% of all clients that present to homelessness services are aged 65 years and over. However, there is much recent evidence that a specialist approach to the needs of older people has highly successful results. This view is supported by service agency data and the latest academic research.

Home at Last

HAAG currently provides a pilot service called **Home at Last – Older Persons Information and Support Service**. Home at Last is the first service of its kind in Australia that provides statewide assistance and referral for older people at risk of homelessness. Home at Last is funded by the National Partnership Agreement on Homelessness to trial early intervention and prevention strategies to assist older people at risk of homelessness. Over the 20 month period the service has been highly successful in housing 203 older people from precarious private rental housing into long term affordable housing. As at February 2014 a further 205 clients are on a pathway to being housed and Home at Last has a target to house 90% of clients within a 6 month period. Further, 609 older people have been referred to complimentary specialist agencies where it is better for localised services to provide support. It is projected that 305 clients have been housed through this referral process with 304 on the pathway to being housed. Therefore in less than 2 years, the Home at Last service has housed or developed pathways to secure and affordable housing for 1017 older people who would otherwise have remained languishing in poverty, squalor and homeless. Home at Last is funded until June 2015 and is a model of assistance, integrated with the ACHA Program that should be replicated across Australia. Apart from providing housing solutions, Home at Last is also ensuring many older people do not end up in crisis housing circumstances, hospitalised, or prematurely entering the residential aged care system.

Assistance with Care and Housing for the Aged (ACHA)

For 16 years Housing for the Aged Action Group has also provided a homelessness outreach service to older people through the Assistance with Care and Housing for the Aged (ACHA) Program.

ACHA provides one-to-one intensive support to older people threatened with losing their accommodation, particularly in the private rental market. Funded by the Department of Social Services, ACHA is primarily viewed by government as an aged care support scheme that ensures older people are well housed to be able to receive the care that they need. For this purpose the focus is on assistance to the frail aged

and many clients are over 80 years of age. ACHA has been recognised universally to be the right model of assistance for vulnerable older people because it provides one-to-one assistance to help the person find and transition successfully into suitable housing options.

The ACHA model provides great outcomes because ACHA workers sort out all the nitty gritty problems that can arise when an older person has rented their accommodation for 20 years and then, for example, receives a 60 day Notice to Vacate because the landlord decides to sell their property. ACHA workers assist their client to sort out their personal belongings, find them stable and affordable long term housing and link them into their new community with all of the necessary supports, including aged care, which they require. Recent research has shown that this form of intensive support at an early stage of being threatened with homelessness, along with an outcomes focused approach, can have a significant impact on the duration of the crisis and obtaining a successful outcome.¹³

While the ACHA Program is an effective service model for older people, the ACHA Program is very poorly funded, and is not integrated with other homelessness and aged care programs. Funding, at \$4.6 million nationally, has not grown in real terms since it began as a pilot program in 1995. ACHA funding represents barely 1% of the total homelessness support funding in Australia. Geographically, ACHA services are only able to cover small parts of Victoria, there are no brokerage funds to help older people with removalist costs and other moving expenses, and they operate as unintegrated stand-alone agencies doing the best they can on shoe-string budgets. ACHA should be transformed from its current piecemeal approach to become the national model of homelessness prevention and support for older people.

There is further uncertainty about the future of the ACHA Program because of the current Aged Care review and the development of Seniors Gateways. Because ACHA is such a minor program within the large aged care portfolio it is concerning that it is not being properly reviewed, monitored and evaluated as part of the review process.

Research supports the specialist older persons support model

Such a specialist approach has been endorsed in two recent reports. Firstly the Hanover Welfare Services report called ***Ageing in what place: The experience of housing crisis and homelessness for older Victorians***. The report recommends a simplified and streamlined approach to homelessness responses for older people with a focus on prevention and early intervention, including the provision of one-stop shops to ensure vulnerable older people do not slip through the safety net systems. The report states that “Early identification of older people who are at risk of or currently in housing crisis is the most effective method of preventing homelessness. First Contact Agencies should take a lead role in identifying those in housing crisis and referring them to appropriate support.” They add: “For those in

¹³ P.29 Westmore, T. & Mallett, S. (2011) *Ageing in what place? The experience of housing crisis and homelessness for older Victorians*. Hanover Welfare Services, Melbourne

housing crisis or those newly homeless, dedicated services that provide a timely and tailored response to vulnerable older people should be further developed and funded.”¹⁴

Secondly, Dr. Maree Petersen and Professor Andrew Jones’s report for FaHCSIA in 2013 called Addressing Later Life Homelessness for Older People has also studied closely the plight of older people at risk of homelessness and the most appropriate service responses. The report states that “Housing for the Aged Action Group (HAAG) has drawn together funding from a variety of sources to provide a holistic housing and support service for vulnerable older people in Melbourne. In the last 12 months this has expanded to a state wide housing information and support service. Their specialised skills with older people and strong networks facilitate the positive housing and support outcomes for the clients of their service. The person centred approach with clients and the no wrong door policy are integral factors in working with vulnerable older people.”¹⁵

Recommendation

The Commonwealth Government must develop a comprehensive specialist support service system for older people who are at risk of homelessness. As an initial step each state in Australia must have an older persons housing information and support service based on the successful Home at Last model.

The Commonwealth Government must increase funding ten-fold to the Assistance with Care and Housing for the Aged (ACHA) Program from \$4.6 million to \$46 million. The ACHA program should be comprehensively reviewed and developed as a national program integrated with housing and aged care services.

¹⁴ P.4 Westmore, T. & Mallett, S. (2011) *Ageing in what place? The experience of housing crisis and homelessness for older Victorians*. Hanover Welfare Services, Melbourne

¹⁵ P.112 M. Petersen & A.Jones, *Addressing Later Life Homelessness*, University of Queensland, 2013.