



Shelter SA – Housing Boomers



**ShelterSA**

*Housing: a basic human right!*

# **Housing Boomers**

## **A report on housing issues facing South Australia's older population**

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## Contents

<b>Executive Summary .....</b>	<b>1</b>
<b>Background.....</b>	<b>2</b>
<b>Housing Issues Facing the Older Population .....</b>	<b>3</b>
Housing Stress – The Pension, Rents and Mortgages.....	3
Older people and homelessness.....	6
Personal factors .....	7
Structural Factors.....	7
Older Women.....	8
Older Aboriginal People.....	9
Other contributing factors .....	9
<b>Recommendations.....</b>	<b>9</b>
<b>Conclusion and scope for further research.....</b>	<b>10</b>
<b>References.....</b>	<b>12</b>



## Executive Summary

Shelter SA is the peak body for housing in South Australia advocating for safe, secure and affordable housing for all citizens. Shelter SA advocates for and communicates with a wide range of housing organisations and consumer groups. One of the largest groups of housing consumers, and one that is set to increase rapidly in coming years, is the older population. Older people can face unique and significant barriers to finding a safe, secure home. Australians are living longer than ever before. Over the next four decades, the number of Australians aged 65 and over is projected to double. Appropriate housing is crucial for people to remain healthy and stay engaged in the community as they age.

This report addresses housing for older people on two primary levels; housing stress and homelessness. The report also addresses specific issues such as personal, structural, gender and cultural factors that affect older people and their housing.

The report finds that without systemic intervention by all levels of government, housing stress and homelessness for many older South Australians will be inevitable and reach crisis levels.

## Findings

The findings of this report provide an evidence-base for the following statements:

- Homelessness increased by 27% for people aged 55-64 from 2006 to 2011.
- Many older people are struggling with housing affordability, as South Australia has one of the most unaffordable rental markets in the nation.
- The demand for affordable housing for older people will increase dramatically as the proportion of the population over 65 increases from 14% in 2011 to 20% in 2036.
- More older people than ever before are entering retirement with a mortgage.
- Housing issues facing older people are unique amongst specific demographics. Gender and cultural differences exist that are not reflected in policy or welfare schemes.

## Recommendations

Commonwealth, state and local governments, community service providers, advocates and older people will need to work together to prevent homelessness amongst older people in South Australia and nationally. Homelessness support services require strategies to support older people who experience homelessness to sustain their tenancies, programs are needed to target older people who are identified as being at risk of homelessness, and broader structural reforms are needed. Policy interventions are critical if we are to address the drivers of homelessness among older people.

Findings from this research reinforce the need for a specific housing strategy for older South Australians. The findings also add substantially to the calls for a national affordable housing strategy, which includes older people as a discrete target group. What South Australia can achieve on behalf of older people's housing will be greatly enhanced by systemic national reform.

A mix of policy interventions from State and Commonwealth Governments, such as linking Commonwealth Rent Assistance to local market rents, indexation of the Aged Pension, improving security of tenure for older people in the private rental market, designing flexible dwellings to



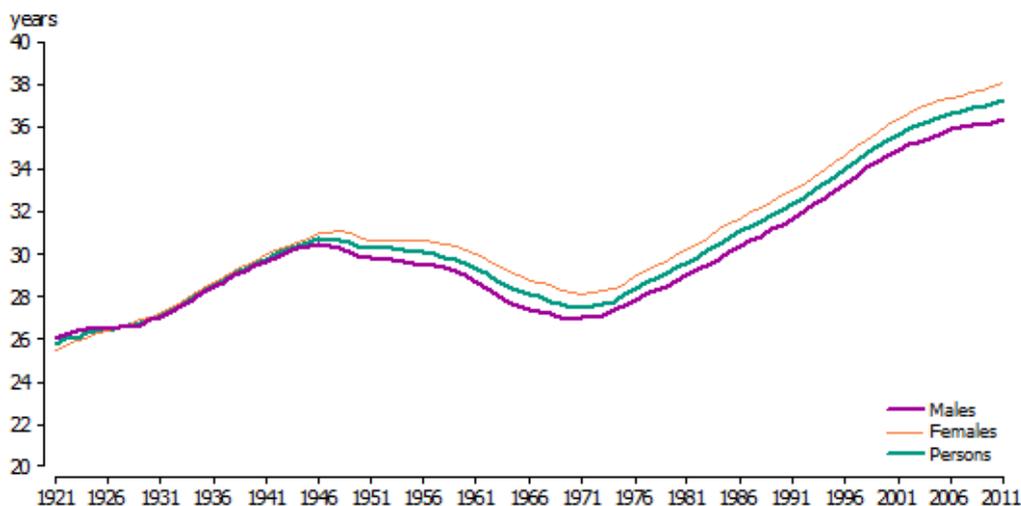
accommodate life changes, and exploring innovative housing options for Australians as they age, will benefit older people across the State. Further interventions must be tailored to a specific location, targeting the individual needs of the community. It is critical to increase the supply of social and affordable housing and provide specialised tenancy support to older people. Local government planning and land use should identify current and future housing needs of older people including designated sites for aged care, allowing ancillary dwellings, and encouraging the development of smaller dwellings close to amenities and services.

Together, these interventions will assist in preventing homelessness among older people living on low incomes who are renting privately, and ensure more South Australians have access to safe, affordable accommodation as they age. Shelter SA will continue to advocate on a systems and policy level on behalf of older people and their housing.

## Background

As Australians are living longer policy makers must prepare for their diverse needs as they age. In March 2015 the Australian government published the Intergenerational Report (IGR), which details the extent of our ageing population and the imperative to respond to demographic changes. By 2054-55 life expectancy at birth is projected to be 95.1 years for men and 96.6 years for women, compared with 91.5 and 93.6 years today (Commonwealth of Australia, 2015). The graph below shows the median age of the population from 1921-2011, with a significant increase from the mid-1970s until 2011 (ABS, 2008; ABS, 2012). Nationally, average incomes in households with a person aged 65 years and over are lower than average household incomes (AIHW, 2007). At a State level, the older population currently stands at 15.4% of the population, and is projected to grow to 26.5% by 2031 (SA Government, 2009). The median age of South Australians is currently 39.2 years old, making South Australia the second oldest State in the country (ABS, 2010). The ageing population will impact on government revenue and expenditure in a range of areas, including housing.

**Median age of the population by sex, 1921–2011**



Source: ABS (2008; 2012)



The growth of the ageing population will present challenges for our cities and towns, many of which are already experiencing a severe affordable housing shortage. The National Housing Supply Council (2012) found that there is a shortage of 529,000 homes available and affordable for low and moderate-income earners to rent or buy across Australia. The demand for affordable housing for older people will increase dramatically as the proportion of the population over 65 increases from 14% in 2011 to 20% in 2036 (ABS, 2015). The number of people aged 65 or over in low-income rental households will grow by 115% by 2026 (AHURI, 2007). Older people generally require smaller housing than younger families, located close to services, transport, care and support but finding and maintaining suitable housing can be difficult for many (Freilich, Levine, Travia, & Webb, 2014). Securing affordable accommodation can be particularly difficult for older people who are renting, for those with substantial accumulated debt and people with insufficient superannuation to fund their retirement.

## Policy

### South Australia's Ageing Plan

South Australia's Ageing Plan (the Plan) outlines a vision for the State and our growing number of older people. In terms of scoping the concerns facing older people and housing, the plan is a useful reference. The Plan does not, however, outline any long term, evidenced-based policy solutions to the issues raised. The plan delves into community engagement and 'Age-Friendly Guidelines', yet fails to identify the need for an increase in housing that is affordable and secure for people living on retirement incomes (South Australia, 2014 pp45). Gurran and Phibbs outline that, when it comes to solving housing issues, governments in Australia rarely act with legitimacy. Governments prefer to rely on 'busy work'; actions that seem to address social issues without investing the necessary intellectual or financial resources to solve problems (Gurran & Phibbs, 2015). Without providing real solutions for older people and their housing, South Australia's Ageing Plan is merely 'busy work'.

### National Strategy for an Ageing Australia

In 2001 the Commonwealth Government released the National Strategy for an Ageing Australia (the Strategy), a plan to deal with the growth in older people, and the effect such growth will have on the economy. The Strategy highlights the role housing plays in regard to health, social and financial well-being. Emphasis is placed on the design of housing and making homes appropriate for older people. In a similar critique to that of South Australia's Ageing Plan, the Strategy does not identify the need to develop affordable housing for older people. To highlight the failings of 'busy work' as opposed to legitimate policy and actions, the strategy was developed in 2001 and recognises many of the concerns that are raised in this report. Very few of those concerns have been adequately addressed in the 14 years since the plan was published.

## Housing Issues Facing the Older Population

### Housing stress – aged pension, rents and mortgages

The traditional housing career of many Australians has included renting as a transitional tenure, with people often purchasing a home in their 30s and paying off a mortgage by retirement age. However, this 'housing career' is no longer linear and it is more common for people to enter and exit

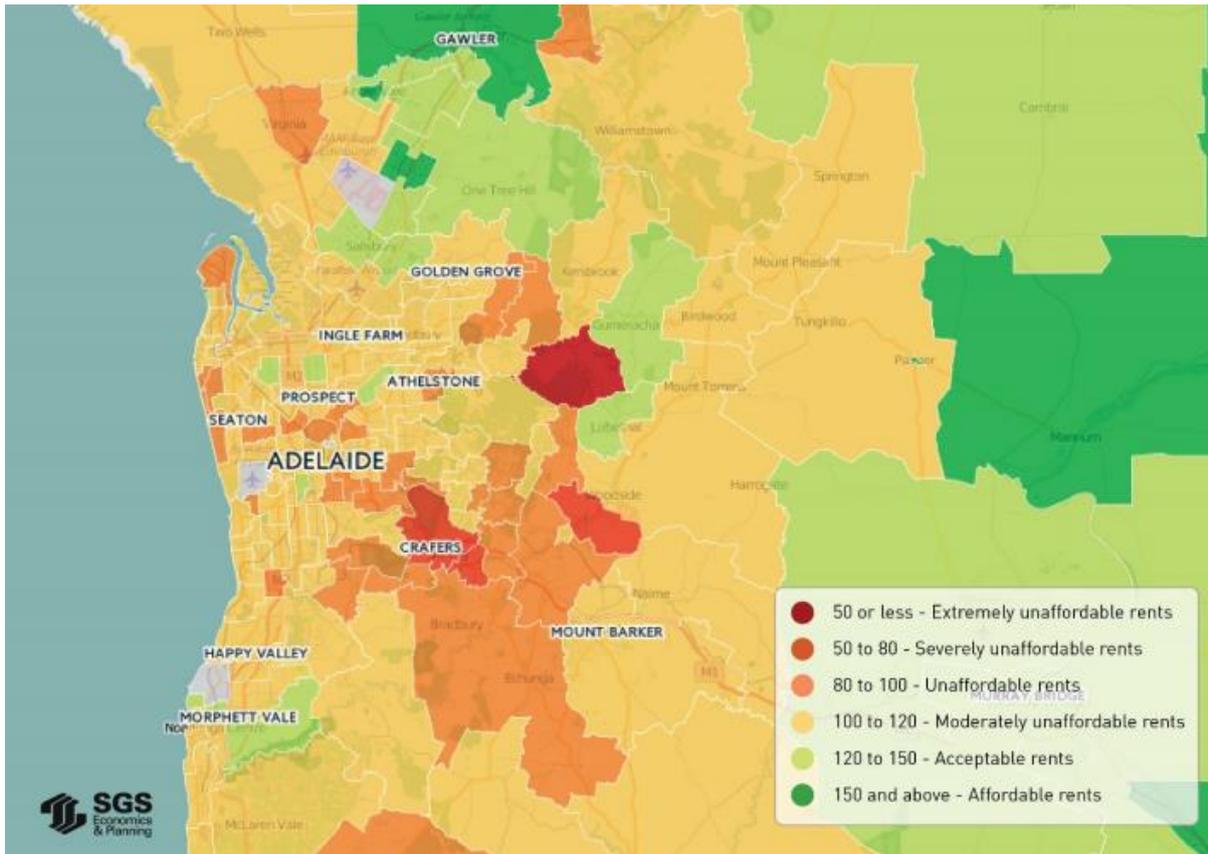


homeownership throughout their lives due to changes in employment, relationship breakdowns, re-forming new households and health problems.

Census data from 2011 indicates a steady increase in the number of older renters in the private market with a concurrent decrease in people aged 55 years and over owning their own home or paying a mortgage (Petersen M. , Parsell, Phillips, & White, 2014). Approximately two-thirds of South Australians aged above 65 own their home outright, with 8% paying off a mortgage and 14% renting. A private home with a mortgage is the most common housing type for the youngest 'older people' group, 50-59 year olds (South Australia, 2014). Overall, 44% of older people in South Australia are paying off a mortgage (South Australia, 2014). Our older people are carrying significant housing costs into their retirement. South Australia's Ageing Plan identifies that people who do not own their home outright in retirement are more likely to struggle with the cost of living and experience financial stress, as housing costs increase faster than the Consumer Price Index (to which the aged pension is indexed).

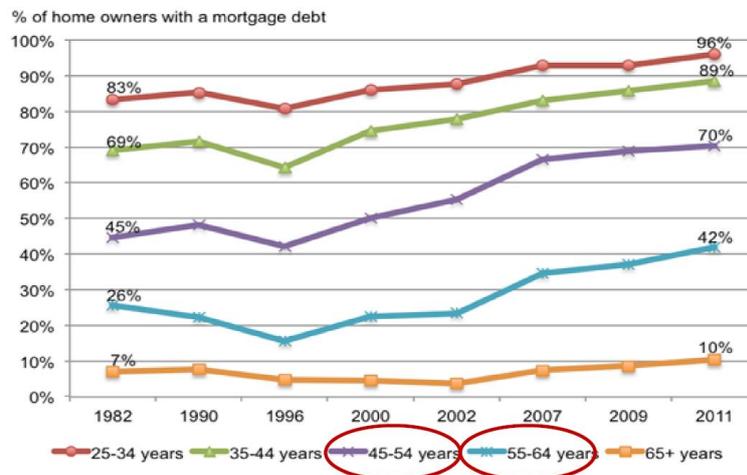
Older people living in lone households, relying on one income or a single welfare payment, face increased difficulties in finding affordable private rental dwellings. Almost two-thirds of older person households are single person households, a number also set to continue to increase in the future (AHURI, 2007). Older females are significantly more likely to be living in lone person households than males with 30% of females, compared to 18% of males, above the age of 55 living alone. The percentage of females above the age of 65 living alone (39%) doubles that of males (19%) (ABS, 2011). The risk of older women living alone and experiencing financial hardship or social issues is acknowledged in South Australia's Ageing Plan. Older households relying on one income to pay for housing costs face significant financial burdens.

People living on aged pensions are susceptible to an increasingly unaffordable rental market in South Australia and, in particular, Adelaide. The National Rental Affordability Index (RAI), an algorithm based on incomes and rental prices, found that nearly all postcodes in the Greater Adelaide area would place low income households in housing stress (National Shelter, 2015). The figure below (taken from the RAI) shows the lack of affordable housing markets for those relying on low incomes. The 2015 Anglicare Rental Affordability Snapshot (a 'point in time' calculation) found that for a couple, both on the aged pension, only 2.2% of all properties would be affordable. If a person was living alone, on the aged pension, only three private rental homes in Adelaide would be affordable (Anglicare, 2015). There is very little chance for older people living on the pension to find an affordable home, especially if they are single.



For older people who are purchasing their home, many more are entering retirement with a mortgage. The graph below shows the percentage of homeowners with a mortgage debt by age group, illustrating that 26% of people aged 55-64 had a mortgage debt in 1982 increasing to 42% in 2011 (Wood, 4 December 2014). Although the focus of this report is on older people living in rental accommodation, people who take on housing debt later in life (i.e. through mortgage equity withdrawal) can also face significant housing insecurity.

### Mortgage indebtedness 1982–2011



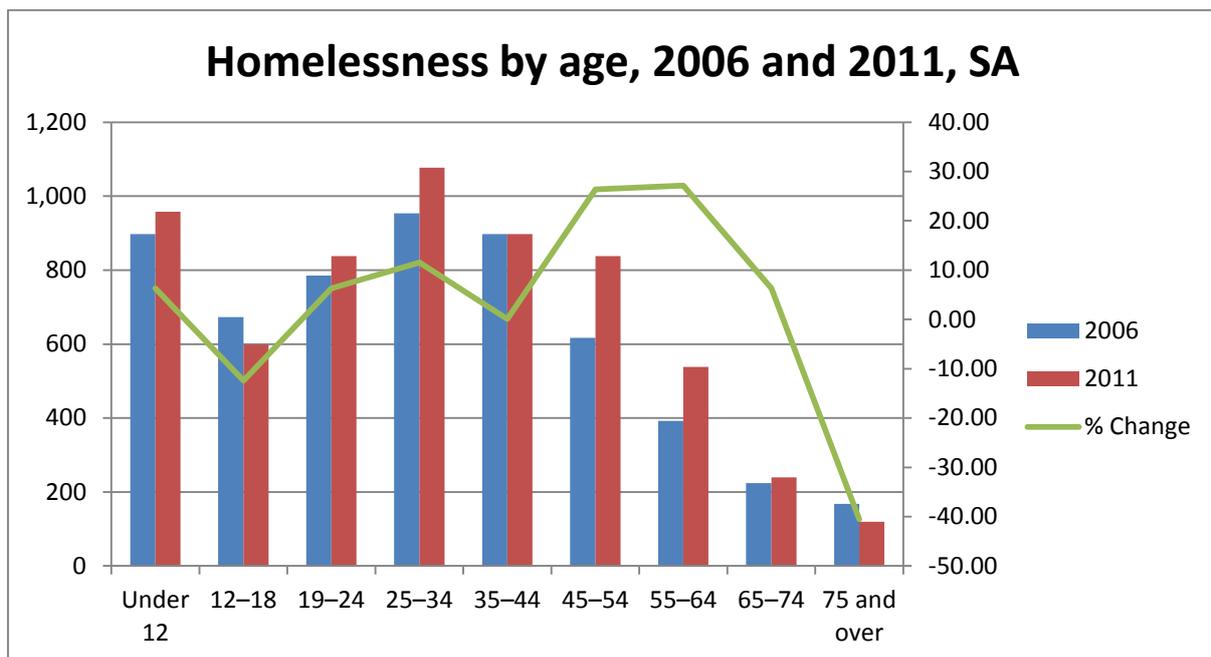
Source: Presentation by Gavin Wood, *From here to uncertainty: the quiet revolution in Australian housing*, AHURI: Canberra 4 December 2014. Original sources: ABS Surveys of Income and Housing, 1987 to 2011



### Older people and homelessness

While many older people are housed in suitable accommodation, a growing number are facing housing insecurity and are at risk of homelessness. Homelessness is a significant issue within Australia, with more than 105,000 people experiencing homelessness on any given night and nearly 6,000 South Australians. The most common reasons people become homeless are accommodation issues (overcrowded dwellings, in between rental contracts, unable to find appropriate housing) and people leaving domestic or family violence. Most people experiencing homelessness cope by staying with friends or family temporarily or by moving to overcrowded dwellings (ABS, 2012). In South Australia, 13.7% of homeless people are above the age of 55 and 28.3% of homeless people are aged 35-54, meaning they will soon make up the older population.

Between 2006 and 2011, the number of people experiencing homelessness in SA increased. The table below illustrates that while the majority of people experiencing homelessness were adults between 25-34 and children under 12, the percentage growth was largest amongst people over the age of 45-64. For people aged 55-64 the rate of increase of homelessness in SA was 27% (compared to 20% of that for the nation) (ABS, 2012; ABS, 2011).



Source: ABS Census 2006 and 2011

The 2011 Census also gathered data to determine the number of people considered ‘marginally housed’. This includes people living in overcrowded dwellings, improvised dwellings and insecurely in caravan parks. The table below illustrates the increase in numbers of people marginally housed, from 2006 to 2011 in Australia, including 4,447 women and 6,458 men aged 55 and over.



<b>Marginally housed, by age, Australia (overcrowded, caravan parks and improvised dwellings)</b>			
	<b>2006</b>	<b>2011</b>	
<b>55-64</b>	4,862	5,788	16.0%
<b>65-74</b>	2,767	3,326	16.8%
<b>75 and over</b>	1,695	1,795	5.6%

Source: (ABS, 2011; ABS, 2012)

### Personal factors

For older Australians, homelessness can result from a myriad of factors, from a single traumatic event such as a serious illness or divorce, to an accumulation of events resulting from a lifetime of deprivation. Flatau et al (2013) conducted a survey of 647 people experiencing homelessness. They found that almost half (48.5%) reported their parents had been homeless at some time during their life. The study suggests that intergenerational homelessness is a significant issue and that early interventions, aimed at children and young people, are needed to address individual risk factors, including intergenerational homelessness, family violence and drug and alcohol misuse, in addition to system-level responses and the availability of affordable accommodation.

Studies have identified major differences between those who become homeless later in life, and those who experience homelessness before the age of 50 (Chamberlain, Johnson, & Robinson, 2014). Those who are experiencing homelessness for the first time at a later stage in life are more likely to have had a conventional housing history as private renters but only accumulated small financial reserves. These individuals may experience a crisis such as health problems or family breakdown, which may result in homelessness if they have insufficient funds to adequately maintain independent housing (Chamberlain, Johnson, & Robinson, 2014).

Many risk factors are spread across the population, while some vulnerabilities are age-specific. Studies have shown that the vulnerabilities associated with older age are directly linked to homelessness (Chamberlain, Johnson, & Robinson, 2014). Declining physical and mental health and cognition can create difficulties in maintaining tenancies, impact negatively on employment and increase family tensions. These vulnerabilities can also reduce a person’s capacity to compete for rental vacancies in the private market, as a result of detrimental rental references.

### Structural factors

In addition to personal circumstances, structural factors play a role in contributing to homelessness among older people.

Older people living on low incomes in rental accommodation are generally at higher risk of homelessness than older people purchasing their homes due to the common condition in rental housing of short-term leases and regular rent increases. Security of tenure is a priority for older people, as stable accommodation provides discernible health, social and economic benefits (Freilich, Levine, Travia, & Webb, 2014). A risk of homelessness heightens the likelihood of adverse physical and psychological health implications in both the short and long term. Relocation that takes place without regard to the personal preferences of older people can also give rise to feelings of



powerlessness. Insecure accommodation may result in older people being more reluctant to engage in their local communities, and if forced to relocate may result in the loss of existing support and friendship networks (Freilich, Levine, Travia, & Webb, 2014).

Older people may face considerable risk in the private rental market when owners decide to sell a property with vacant possession or increase rents beyond the tenants' ability to pay. In recent years, there have been a number of caravan parks with long-stay facilities that have closed, leaving many older people without secure accommodation. When the parks are sold, residents are left with few alternatives, as they have often spent their savings purchasing a park home, which may be unable to be moved, depending on its age and condition, or current legislative requirements.

### Older women

Women tend to experience different pathways into homeless than men. In particular, women often experience homelessness as a result of domestic and family violence. In 2013-2014, the two main reasons women of all ages sought assistance from specialist homelessness services in South Australia were due to a breakdown in interpersonal relationships and because of financial difficulties. Among men, the two main reasons were financial difficulties and problems associated with their accommodation (AIHW, 2014). Although women are equally affected as men by housing stress and financial difficulties, they also face high rates of domestic and family violence leading to homelessness (Freilich, Levine, Travia, & Webb, 2014, p. 159).

Women tend to experience homelessness differently from men, as they are less likely to be sleeping rough and more likely to be living with friends, living in their car, or living under threat of physical violence at home. As a result, women's homelessness is more likely to be less visible (Petersen & Parsell, 2014).

Older women are particularly vulnerable to the possibility of homelessness due to family or domestic violence, income insecurity and age discrimination (Petersen & Jones, 2011). Other factors that disproportionately affect women are changes in life expectancy, workforce participation and economic insecurity after divorce or separation. Many women move in and out of the workforce over their lifetime, resulting in lower superannuation benefits than men, and insufficient savings for retirement (Freilich, Levine, Travia, & Webb, 2014).

Women's homelessness is often a complex mix of structural and personal factors, where women have experienced multiple disadvantages in their lives, such as an abusive relationship, poor health and economic insecurity (Petersen & Parsell, 2014). McFerran (2010) states that these disadvantages will result in older women being poorer, less able to maintain home ownership, less able to compete in the rental market and more likely to be at risk of homelessness due to social and economic disadvantage.

Anecdotal evidence from service providers in Adelaide suggests many older female clients who become homeless for the first time in their lives do not know where to go for assistance. Some of these women are relatively independent and do not require a high level of support, beyond financial support, to maintain a tenancy.



## Older Aboriginal people

Older Aboriginal people experience housing differently to the rest of the older population. The accessible age for the pension is 65 years old, with the age set to increase to 67 by 2023 (Department of Human Services, 2015). Aboriginal people are faced with significantly lower life expectancy than other Australians. Aboriginal males are expected to live for 69.1 years, and females 73.7 years – These numbers are roughly 10 years lower than the average Australian life expectancy. The outcome of a shorter expected life is that for the majority of an Aboriginal persons' 'older' years, they will not be eligible for the aged pension and therefore denied access to this form of income support. Older Aboriginal people will not be eligible for the aged pension in the years that they will need it to support themselves, meaning they may face a greater affordability struggle in their housing experience and an increased risk of homelessness.

## Other contributing factors

In addition to the older person's experiences of housing stress and homelessness, other factors that impact on older people include the following:

- private rents taking up a high proportion of Centrelink benefits;
- increasing utility prices;
- older people may be too proud to ask for assistance;
- older people may not be accessing user-pays support services if they can't afford them;
- many grandparents have taken on a carer role with grandchildren which increases their expenses;
- scams and/or businesses taking advantage of older people by getting them to commit to services and products they don't need;
- lack of family support;
- medical and/or mental health issues; and
- a lack of public housing.

We can expect housing issues for older people to continually increase due to several factors: a) the increase in the numbers among the population, as baby boomers reach retirement age, b) high cost of living especially rent, and c) indexation of the Aged Pension and Commonwealth Rent Assistance at an insufficient level to cover increases in rent (AIHW, 2014). The Age pension was designed to assist older people to afford necessities. The pension was never designed to pay for rent.

## Recommendations

A mix of policy interventions from State and Commonwealth Governments will benefit older people across the State. Necessary changes or interventions include:

- Linking Commonwealth Rent Assistance to local market rents;
- Redesigning the aged pension in a way that recognises more older people are relying on the pension to pay for rapidly growing housing costs;
- Improving security of tenure for older people in the private rental market;
- Designing flexible dwellings to accommodate life changes;
- Exploring innovative housing options for Australians as they age;



- Tailored approaches to those with statistically recognised unique needs, including women and Aboriginal people – the aged pension eligibility age should be lowered to allow for lower life expectancy; and
- Increases in the supply of social and affordable housing and specialised tenancy support for older people.

## Conclusion and scope for further research

Homelessness and housing insecurity is a growing concern across the country as the cost of housing has increased faster than incomes. This is particularly true for older people living on low incomes in rental accommodation, causing significant hardship and housing stress for some households.

This paper identifies the causes of precarious housing and homelessness amongst older people in South Australia. Older people are facing increased housing stress, increased homelessness, and the issues are set to increase in the coming years. It is becoming more common for older people to become homeless, not because of personal factors, but because of structural and economic factors.

Primarily, some older people need to access social housing and Shelter SA advocates for greater security of tenure, and increases in public, social and affordable housing stock. Structural changes specific to housing for older people, such as linking Commonwealth Rent Assistance to local rents and the indexation of the Aged Pension are also needed. Other policy responses must be gender and culture specific.

New ways of developing a flow of investment into social and affordable housing, and big ideas are needed in South Australia to create the large scale changes that are required to address the demand for affordable housing amongst older people in the coming years. Planning for the future needs to begin as soon as possible, as this is an issue set to drastically increase, and one that will impact many South Australians.

*Shelter SA has produced a video that addresses some of the key issues raised in this report. The video can be found here: <https://youtu.be/tmh6vmnQ3iU> or can be found by entering 'Shelter SA Older People' into YouTube.*

*If you would like to receive more of our reports and updates regarding housing and homelessness in South Australia, please contact Shelter SA to be placed on our free mailing list.*

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