



Roundtable: Housing Security in the era of Longevity

SUMMARY

This report summarises the outcomes of the Roundtable on Housing Security in the Era of Longevity (31 July 2024). Hosted by PrimeLife Partners, the Roundtable was attended by leaders in the fields of housing, finance, social impact, academia and innovation.

PrimeLife Partners' leadership as Australia's first company focussed exclusively on the Longevity Economy was warmly received and supported. Participants valued inclusion in a focussed workshop that brought together a wide range of innovators and leaders representing a wide range of aspects relevant to Australia's housing market.

The objective of the Roundtable was to expose and explore the challenges and opportunities in one of the 4 pillars of Australia's Longevity Economy, Housing Security. With Australians living longer and an existing housing crisis, the Roundtable focused on innovative housing solutions and financial products, inclusive policies, and a holistic and life course approach to longevity.

Participants rated the Roundtable highly and valued the opportunity to exchange insights with participants who brought other perspectives. A Housing Security reference group has been formed to advise and collaborate on the development of a paper on Housing Security in the Era of Longevity.

INTRODUCTION

Australia is currently facing a severe housing crisis, with hundreds of thousands of people on waiting lists for social housing. Over half of low-income households in the private rental market are experiencing housing stress. Anglicare Australia's analysis of four decades worth of budget papers, government reports, and Treasury data reveals that while raw spending on housing has increased, affordability has drastically declined.

Changing Attitudes

Over the years, Australia's approach to housing has shifted from substantial public investment to reliance on private market solutions. This shift has led to underinvestment in public and social housing, while policies such as negative gearing and capital gains tax concessions have primarily benefited property investors, driving up rents and house prices. The accompanying lack of new supply of affordable housing has exacerbated the situation.



Public vs. Private Solutions

Despite increased spending on housing assistance, housing affordability has continued to worsen. The Federal Government now spends more on rental assistance and private market incentives than on direct housing provision, resulting in an affordability crisis that disproportionately affects the most vulnerable Australians.

Housing Affordability Crisis

Australia spends more on housing now than it did 40 years ago, yet housing affordability has worsened. Rents have skyrocketed, with the average weekly rent now consuming 39 percent of the average weekly income, up from 18 percent in 1982. This rising cost has left many Australians, particularly those on low incomes, struggling to find affordable housing. Anglicare's research shows the same stark results: in major Australian cities only a handful of rental properties are priced so that a single person relying entirely on the age pension can afford to rent within the definition of affordability: 30% or less of weekly income.

KEY CHALLENGES

Longevity and Housing Insecurity: A high proportion of older people are living with housing insecurity, unaffordability, and few options. Older women have been for some years the fastest growing group of homeless people.

Understanding Complexity: The housing affordability challenge is multifaceted, involving inadequate superannuation, ineffective age pensions, and insufficient rent assistance. The impact is mixed even within age groups with, for example, some older Australians having substantial superannuation from defined benefit schemes, with others with defined contribution limited by smaller contributions.

Multiple Scenarios: Older Australians are not a homogenous group. Identifying and using different financial scenarios to highlight the needs of different older cohorts —asset rich but cash poor, asset poor but cash rich, and asset poor and cash poor—is crucial for developing targeted solutions.

Underinvestment: Australia's investment in affordable housing lags significantly behind other countries, exacerbating housing insecurity.

Outdated Cultural Norms: Australians cling to the belief that as they age, they should preserve the family home as a valuable means of transferring wealth to their children. That cultural belief has led to many older people remaining in unsuitable homes and experiencing deprivation because they have no other assets.



Family Home Reliance: Overreliance on intact family homes has resulted in financial insecurity, particularly for single women. Those who own their own home outright but rely on the aged pension to cover daily living costs cannot afford the major repairs and upkeep their homes require.

Tax and Superannuation Reform: Comprehensive tax and superannuation reform is urgently needed to address the root causes of housing affordability.

Ageing in Community: The idea of "aging in place" is limited by the fact that the family home may no longer be safe or appropriate, especially for those with limited mobility and negligible social interaction. On the other hand, available alternatives may not be readily available in the same community. Rethinking how communities support aging populations is urgent.

Higher costs as people age: expenses such out-of-pocket health and care costs are often much higher than expected, eating into savings and superannuation.

Unintended Consequences: Policies must identify and consider the unintended consequences of housing reforms, particularly as they may worsen social outcomes and financial security.

Housing Key Issues

Supply Scarcity: As a result of long-term underinvestment and lack of planning, older Australians, and those seeking to downsize prior to retirement, cannot readily find suitable housing alternatives: the right home, at the right place, at the right price and the right time.

Renters: The ABS Housing survey (2020) found that 31% of Australians were renting from a private landlord or housing authority. Increasing numbers of older renters (19% renters aged 55 – 64; 16% of 64-74 and almost 13% of those aged 75 and over) requires coordinated and urgent action to address housing security for older renters.

Mortgages: Fewer Australians own a home outright - 30% - versus 37% with a mortgage. An increasing number of Gen X expect to retire with a mortgage, while 8% of retirees have not paid down their mortgage debt, creating pressures as interest rates have continued to rise. (Vanguard, How Australia Retires, 2024)



Finance Key Issues

Home Equity Release for 55: Older Australians are unable to obtain mortgages or credit cards from major lenders, so innovation is essential. “Reverse mortgages” have historically been unattractive. Yet ‘home equity release schemes’ can be a feasible solution for those over 55, who hold 43% of home equity, but may have meagre funds. These schemes may enable older Australians to improve their quality of life through what may be 3 or more decades of ‘retirement’.

Intergenerational Wealth Transfer: Policies and regulatory reform that facilitate intergenerational wealth transfer can help many younger Australians enter the housing market.

Using the Levers Available can Increase Equity: Exploring non-legislative solutions can unlock wealth tied up in assets, allowing the government to focus on the bottom 30% of the population without assets.

Opportunities

Relevant Segmentation: Mapping out the various personas and needs of different segments of the population can better inform the design and testing of innovative housing ideas and lead to more attractive solutions.

Technology: Better data analytics can provide insights into housing issues and help develop innovative solutions.

Narratives and Data Sharing: Establishing a common language to describe, assess and discuss primary home ownership, and investing in data sharing, is crucial for developing effective housing policies, as is building a common understanding of the deeper issues below the big numbers.

Concept Testing/Research: Accelerating and testing innovative housing alternatives, outside of government frameworks, is needed urgently to address housing challenges effectively.

Government Risk Aversion: Engaging federal MPs and influencing election platforms are necessary to push for meaningful housing reforms, while recognising that governments are likely to continue to be risk averse.

Collaboration: Collaborating across sectors can help in both devising and enabling innovative housing solutions, such as those proposed by Hope Housing, Marsden Park, and Primordial Health.



Innovative Solutions: With 5.6 million baby boomers making up 21.5% of our population and holding over half (52%) of the nation’s wealth (RMIT, 2024), innovative solutions are needed to alleviate pressure on the government. Government as enabler has a primary interest in facilitating innovative solutions.

CONCLUSION

The housing crisis for older Australians is not adequately addressed and is worsening year by year. Immediate action and long-term strategies are required. The current policy focus on private market solutions has failed to address affordability issues. A multi-pronged solution is required, including a renewed commitment to public and social housing, innovative housing models and innovative financing solutions. By embracing innovative housing models and leveraging the wealth held by older and wealthier Australians, the nation can ensure that safe, affordable housing is accessible to all.

To address the housing affordability crisis, the Government should refocus its investment in social and public housing and reduce barriers for those with assets to access them; to review rental assistance and tax concessions to investors to ensure they don’t inadvertently increase costs of rentals. Building at least 25,000 new, affordable homes annually, with a significant proportion either universal design or enabled for older Australians, and reforming the Commonwealth Rent Assistance program, are both essential just to catch up. Additionally, preserving and expanding the National Rental Affordability Scheme could provide more affordable rental options for low-income Australians. While this is happening, the outcomes will not be seen for some years. Short term solutions that address the increasing homelessness and lack of affordable and appropriate housing for seniors, are needed in parallel.

New models include share, intentional and community housing; activating underutilised car parks, buildings and other assets owned by councils and state and federal governments; as well as repurposing former aged care facilities. All can increase the availability of affordable and appropriate housing for seniors. Social housing providers are both able and willing to collaborate with governments, the private sector, and each other to accelerate supply. Alternative financial mechanisms, like Household Capital and 2Be are examples of innovation aimed at older Australians who own a home but lack the available funds to support their longevity.



The Roundtable identified additional stakeholders, including the NSW Rent Commissioner and Housing Australia, with the aim of developing from the Roundtable reference group a paper on options for housing in the short, medium and long term.

NEXT STEPS

Develop a Detailed PrimeLife Partners Housing Security White Paper

PrimeLife Partners will work with the Housing Security Reference Group to develop a more detailed White Paper.

Longevity Economy Next Steps:

[*Australia's Longevity Economy – What's in it for Me?*](#) - an event as part of Spark Festival on 3 September to highlight the opportunities for innovation in the Longevity Economy. The event will address housing and financial security and opportunities as well as other pillars of longevity (Care, Consumer).

Longevity Economy Meetups – Focussed events for startups and innovators to engage with investors and customers of the Longevity Economy. These will be online and in person due to demand from outside Sydney and NSW.

Longevity Economy Summit – An annual event bringing together stakeholders in the four pillars of longevity with the aim of acceleration innovation and investment in the Longevity Economy.

Next Steps Invitation Only:

- Housing Security in the era of Longevity Reference Group
- Financial Security Reference Group - Develop Financial security longevity white paper
- Roundtables on Pillars 3. And 4.: Securing Care and Living in the era of longevity; Meeting Consumer need and demand in the era of Longevity.