



**House of Assembly Select Committee on
Housing Affordability**

19 July 2019

About COTA Tasmania

COTA Tasmania (Council on the Ageing [Tas] Inc) is a not-for-profit organisation, operating as a peak body for a wide range of organisations and individuals who are committed to encouraging our community to think positively about ageing. This involves promoting and encouraging social inclusion and championing the rights and interests of Tasmanians as they age.

The vision of COTA Tas is that ageing in Australia is a time of possibility, opportunity and influence.

While we recognise that affordable housing issues impact on a wide range of Tasmanians, in this submission we will focus on these issues as they relate to older Tasmanians.

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The Landscape is Changing:

Affordable, appropriate and accessible housing that will meet Tasmania's current and future needs is critical to underpinning the wellbeing and success of our community.

Tasmania is experiencing a housing crisis and actions to support those adversely impacted are needed now. The increasing incidence of housing stress and homelessness being experienced in Tasmania has reinforced the critical need for an increase in the supply of affordable and appropriate housing in our state.

The housing needs of our community have changed and will continue to change. Accordingly, our housing supply must reflect and accommodate these evolving needs.

A long-term view and an innovative approach are required to ensure that we address our current challenges in the delivery of affordable housing and also respond proactively to the projected housing requirements of our ageing population.

As our population ages, there will be increasing demand for a diversity of housing that enables Tasmanians to age in their community in secure, accessible, affordable and appropriate housing.

The ageing profile of the Tasmanian community is well documented.

The proportion of Tasmania's population aged over 65 years increased from 12.4% in 1996 and 14.9% in 2006, and to 19.4% in 2016. This trend is set to continue. Almost 180,000 Tasmanians (30.5% of population) are expected to be over 65 years of age by 2060.¹

Older Tasmanians have a strong preference to stay in their own home as they age and for many homeowners this is achievable. Over three quarters of older Tasmanians owned their own home in 2016. Research has demonstrated that ageing in place also provides many benefits and if achieved reduces the costs of ageing.

However, it must also be recognised that around 22% of older Tasmanians do not own their own home and many experience housing insecurity, housing stress and homelessness.

Census data shows the proportion of Tasmanians aged over 65 who own their home with a mortgage grew increased between 2011 to 2016. The number of older Tasmanians renting increased by 1,887 people between 2011 to 2016 to over 10,000 older Tasmanians in 2016.² While older Tasmanians tend to pay lower weekly rents, the rent they pay is increasing rapidly. This is of concern as many older Tasmanians rely on a fixed income.

We need to develop and implement plans that will assist the growing cohort of older Tasmanians in need into secure housing that will meet their needs as they age.

The following submission highlights the housing issues facing Tasmanians as they age and puts forward some models for consideration.

¹ 2019 Embracing the Future, COTA Tasmania

² Ibid

In summary, there is a need for greater consideration of the needs of ageing Tasmanians in our planning and delivery of housing both now and in the future. In particular housing policy must consider:

- **Diversity** – older people are not a homogenous group. A range of housing options and choices are required to cater to that diversity.
- **Community** – older people want to be connected to the community in which they have meaningful relationships and social supports.
- **Independence** – older people want to live independently in the community for as long as possible and be free to make their own decisions about housing options.

1a. The experiences of Tasmanians in housing stress or homelessness

Rental:

COTA continues to be concerned about the vulnerability of older Tasmanians living in private rental and the availability of age appropriate housing, both in key centres and in regional areas.

Greater Hobart is the least affordable metropolitan area in Australia when income levels are taken into consideration. The recently released Rental Affordability Index (RAI) paints a stark picture for older renters and for single pensioners especially. Across all regional areas, rents for the single pensioner were found to be severely unaffordable. For people on the Age Pension, southern Tasmania in particular has little to offer. Just three properties were affordable and appropriate for a couple on Age Pension, all of which were in rural towns. There were 28 properties for a single person on Age Pension, all of which were in share houses. Nine of the share houses were in rural towns where access to public transport is limited.³

Older Tasmanians are increasingly finding themselves in the private rental market where security of tenure is a major concern, and increasingly the ability to pay the rent is front and centre as competition for rental properties increases statewide.⁴

³ SARC Anglicare 2019, Rental Affordability Snapshot Tasmania 2019

⁴ COTA Tasmania, Embracing the Future Part 2 (due for publication shortly)

Owned							Rented	
	Outright		With mortgage		Total			
Age (Years)	No.	%	No.	%	No.	%	No.	%
15 to 29	12,401	14.3	34,633	39.8	47,034	54.1	32,995	37.9
30 to 49	16,607	13.8	61,994	51.6	78,601	65.5	32,416	27.0
50 to 64	42,667	41.7	36,017	35.2	78,684	76.8	16,173	15.8
65 to 84	53,890	68.3	7,822	9.9	61,712	78.2	9,793	12.4
Over 85	5,916	68.0	378	4.3	6,294	72.3	987	11.3
All ages	131,481	33.1	140,844	35.5	272,325	68.6	92,364	23.3
All over 65	59,806	68.2	8,200	9.4	68,006	77.6	10,780	12.3

Table __: The number and proportion of Tasmanians by age groups who owned or rented a dwelling in 2016.

Source: Australian Bureau of Statistics, 2016 Census of Population and Housing

Of Tasmania's 92,364 renters in 2016, 10,780 were aged over 65, equalling 11.7% of renters.⁵

Tenancy insecurity forces many people to accept living in poor quality housing. Most tenants (62%) are afraid to ask for repairs, modifications to improve accessibility or complain about the poor condition of their home, for fear of eviction. This fear is heightened in markets like Hobart and Launceston where rental housing is in such short supply.

Higher rental rates are also affecting the capacity of older renters to afford other services such as aged care. These issues have been recently confirmed by the joint report *DISRUPTED - The consumer experience of renting in Australia* prepared by National Shelter, Choice and the National Association of Tenants Organisations and released in December 2018.⁶

The death of a partner and escalating costs are enough to force many older people on fixed incomes into homelessness for the very first time in their lives. Older women are particularly vulnerable to homelessness in older age due to lower earnings over their lifetime and significantly lower superannuation balances.

⁵ ABS 2016 Census

⁶ National Shelter, Choice and the National Association of Tenants Organisations, Dec 2018, *Disrupted – The consumer experience of renting in Australia* http://www.shelbertas.org.au/wp-content/uploads/2018/12/Disrupted_CHOICE-National-Shelter-and-NATO_2018.pdf

Homelessness:

Older women's homelessness is often less visible in our community and harder to identify. Older women are less likely to be living on the street and more likely to be moving between friends and family or have sought out other temporary measures such as cars and caravans. Existing data is very likely to underestimate the number of women experiencing homelessness in all its forms. Many older women are experiencing homelessness for the first time and in many cases may not even classify themselves as homeless.

There are layers of vulnerability that create this situation for older women. Economic insecurity outlined above, gender and age discrimination in the workplace, marriage breakdown, family conflict, health issues among others.

Nationally, the 2016 census estimated that 6,866 older women were homeless. Between 2011 and 2016, there was a 56% increase in older women 65-74 years experiencing homelessness.⁷

"One of the most disadvantaged demographic profiles for a person to have is to be old, single, poor, female and in private rental accommodation."⁸

We need to be able to tailor services and early interventions to address the needs of this cohort of older women who are facing homelessness, in many cases because of circumstances beyond their control.

"I am aged 62 and after a lifetime of work, home ownership and 27 years in a relationship, I find myself single, unemployed, renting and almost broke! I seem to be too old to get a full time job and too young to get an aged pension."

A holistic, multi-disciplinary approach to this issue that goes beyond housing policy is required to address the accumulation of vulnerabilities affecting older women.

Older women and men are at risk and experiencing homelessness in Tasmania as the figures below illustrate.

On Census night 2016, 1,600 Tasmanians were estimated to be experiencing homelessness. While the highest proportion of Tasmanians experiencing homelessness were aged 25-44 years, almost one third of Tasmanians experiencing homelessness were aged over 45 and 7.5% were aged over 65 years.⁹ The proportion of Tasmanians experiencing any type of homelessness and aged 45 to 64 years grew by 2.5% from 2011 to 2016 (from 350 to 394), the fastest of all age groups. Data for the 0-24 and the 25-44 age groups showed a reduction over the same period, from 632 to 595 and 495 to 491 respectively.

While the numbers of older people experiencing homelessness is smaller than for other age groups, the data is nonetheless sobering and unacceptable. The data is also showing an

⁷ ABS 2016 Census

⁸ The Brotherhood's Social Barometer: Living the Second Fifty Years

⁹ COTA Tasmania, Embracing the Future Part 2 (due for publication shortly)

upward trend for older Tasmanians, whereas it appears housing policy is better addressing the needs of younger Tasmanians.

	Age (Years)							
	0-24	25-44	45-64	65-74	75+	All Ages	45+	65+
Number of Tasmanians by homelessness classification (people)								
Primary homelessness	22	59	51	6	3	141	60	9
Secondary homelessness	400	313	260	64	19	1,056	343	83
Tertiary homelessness	173	119	83	20	8	403	111	28
Total homelessness	595	491	394	90	30	1,600	514	120
Proportion of Tasmanians by homelessness classification (%)								
Primary homelessness	15.6	41.8	36.2	4.3	2.1	100.0	42.6	6.4
Secondary homelessness	37.9	29.6	24.6	6.1	1.8	100.0	32.5	7.9
Tertiary homelessness	42.9	29.5	20.6	5.0	2.0	100.0	27.6	6.9
Total homelessness	37.2	30.7	24.6	5.6	1.9	100.0	32.1	7.5

Table 83: Estimated number and proportion of Tasmanians by age group and homelessness classification on Census night in 2016.

Source: Australian Bureau of Statistics, Census of Population and Housing: Estimating homelessness, 2016, ABS cat. no. 2049.0.

Numbers retiring with mortgage debt:

The number of Australians entering into retirement carrying mortgage debt is increasing. The ABS survey of income and housing shows an increase in the proportion of homeowners owing money on mortgages has increased for all age groups between 1990 and 2015. Homeowners approaching retirement showed the most significant increase. For homeowners aged 55 to 64 years, the proportion owing money on a mortgage tripled from 15% to 47% over the period.¹⁰

Tasmania is not immune to this trend. Between 2011 and 2016, the number of people 65+ with a mortgage increased from 5,365 to 8,200. We suspect these numbers are even higher today given the rapid increase in Tasmanian house prices over the last 3 years.

When coupled with the increasing numbers entering retirement relying on rental housing, it is clear that the number of older Tasmanians entering retirement without the financial security that owning your own home brings is growing substantially.

Home ownership underpins retirement income in Australia. With fewer people entering older age as homeowners than in previous generations their ability to meet their needs on

¹⁰ Wood, G and Ong Vifor, R, "More people are retiring with high mortgage debts. The implications are huge." in The Conversation, 12 June 2019.

the age pension will be substantially reduced. The increased cost of home ownership will only exacerbate this problem in the future.

“Debt-free home ownership in old age used to be known as the fourth pillar of the retirement incomes system because of its role in reducing poverty in old age.”¹¹

Age pensions and social supports have been developed based on the assumption of home ownership. We cannot continue to make this assumption going forward. The low level of rental assistance for pensioners, and the fact that such assistance is falling behind the rapidly rising cost of rent exacerbates this problem.

COTA Tasmania is concerned about the vulnerability of this growing group entering retirement years without the level of housing security of those with their own home. New approaches are required that provide opportunities for low-income earners to enter the housing market and retire with substantial equity in their own homes and lower and stable cash costs of housing during retirement.

Recommendations outlined in the Australian Human Rights Commission’s document entitled *Older Women’s Risk of Homelessness: Background Paper* have merit for all low income earners and are canvassed further later in this paper.

1b. The management of social housing and delivery of new stock by Housing Tasmania and community housing providers

It is clear that there is a critical shortage of affordable social housing in Tasmania.

The case has been made strongly by many, including COTA Tasmania, for some time. Equally, it is clear that there are budgetary challenges associated with the delivery of new stock.

Endeavours to remove our historic housing debt to the Commonwealth are critical to addressing this issue. If gains are made on this front, COTA Tasmania strongly encourages the Tasmanian government to invest in new stock to relieve pressure on the social housing waiting list.

Consideration should also be given to addressing home modifications for existing social housing clients to facilitate ageing in place where possible. COTA Tasmania regularly hears feedback from older social housing clients who are struggling to deal with cold accommodation that is inappropriately heated, energy inefficient and where personal security and access are an issue. Older people are also fearful that speaking up may lead to a situation where they need to move from a house of many years. Frequently we are told that requests for support to address these issues are ignored and considered too costly. This is a short-term view and will be having significant impact on the health and wellbeing of tenants that will in turn have flow on effects in the health system.

¹¹ Wood and Ong Vifor, opcit

Examining alternative social housing options that provide for the needs of older people is critical as we move to develop new stock both in metropolitan and rural locations. There are many examples of innovative approaches both in Australia and overseas. Some are noted here for reference by the Committee.

1. Innovative solutions for ageing in place in Maleny, Queensland

<https://drive.google.com/file/d/1VF38dv1QrJg2QeDx81iXH-XqKHxwCW3r/view>

2. Research and co-design to convert existing housing in New Zealand

https://www.researchgate.net/publication/327546546_Conversion_of_existing_houses_is_this_a_solution_for_ageing_in_place_in_New_Zealand

3. Co-operative housing model in NSW

<https://www.commonequity.com.au/>

4. Collaborative housing models

<https://www.collaborativehousing.org.au/>

It is also important to note that the Housing Connect gateway operated by Colony 47 is performing well under difficult circumstances. While COTA Tasmania does not see an immediate need for additional age specific services, further embedding knowledge of the needs of older Tasmanians would be advantageous both at the gateway and among those providing housing services to older clients.

1c. The impact of the lack of affordable housing on the broader economic and social wellbeing of the Tasmanian community

The quality of life, health and wellbeing of older Tasmanians is being impacted significantly due to the lack of affordable housing.

Secure housing plays a central role in the wellbeing and health of our community.

The Strong Liveable Communities: Tasmania's Active Ageing Plan 2017-2022 identifies housing as a key component of a strong liveable community. A part of COTA Tasmania's work to promote liveable communities in our state has been to assemble a Liveable Communities toolkit. The resources within that toolkit that relate to housing can be found here:

<https://www.cotatas.org.au/wp-content/uploads/sites/3/2019/01/4.-Housing-Jan-2019.pdf>

An absence of affordable housing has a significant impact on the Tasmanians of all ages, but especially on those on low and fixed incomes. Many older Tasmanians struggle to make ends meet and increases in costs associated with housing have considerable flow on effects to their cost of living and lifestyle. Anecdotal feedback to COTA shows that older people will

go without important items such as food, medications, social activities and heating in order to live within their means.

The choices are bleak.

Ill health and social isolation are the inevitable consequences for many and the added stress that they may have to vacate their accommodation brings additional psychological pressure that contribute to isolation and loneliness.

“There’s quite an active social club at the church for over-55s but I can’t go to any of those ... Sometimes I think it would be nice to go on something that appeals to me, yes. And they might have an afternoon at somebody’s home and you’re asked to bring a plate [of food]. You see, I couldn’t afford to do that.” Peter, 67 and divorced, had left the workforce prematurely due to ill-health.

Social isolation and loneliness have significant implications for the health and wellbeing of older Tasmanians and research shows that many people in our communities are experiencing loneliness. Social isolation is a risk across all age groups but the older population is especially vulnerable as a consequence of the social, economic and health changes that accompany later life.

1f. The impact of historic housing debt on the management and delivery of social housing

Historic housing debt has severely limited the financial resources available to successive Tasmanian governments to invest in new housing stock and to maintain existing stock. Increased supply of social housing is critical if we are to house the most vulnerable in our community.

1i. The relationship between housing, health and education

The relationship between housing and both physical and mental health has been canvassed earlier in this submission. It is important to note also the strong and symbiotic relationship between secure housing and an individual’s capacity to seek and maintain a job. Many older Tasmanians have difficulty in securing employment once it has been lost. Older workers on the Newstart allowance face the longest wait on benefits before securing a job and maintaining a tenancy while on a very low income is increasingly difficult as outlined earlier in this submission.

Supporting older workers to remain employed not only supports economic productivity but also retains valuable industry knowledge, life experience, efficiency, and opportunities for mentoring in the workforce. But significant barriers, particularly ageism, prevent people from remaining in and finding new employment as they age¹².

1j Successful strategies in other jurisdictions that could be effective in improving affordability in Tasmania

¹² Australian Human Rights Commission (2015) *op. cit.*

Exploring and implementing additional forms of investment in affordable housing to supplement government funding is clearly critical to addressing the shortages of affordable housing in Tasmania.

Equally, new models that will assist Tasmanians on modest incomes to enter the housing market and invest in their own their own home. Such models offer the potential to reduce the numbers of people reliant of social housing and to provide a safety net for those who might otherwise slip into homelessness through life shocks.

Under shared equity schemes, a purchaser and equity partner share the costs to purchase a home, so the purchaser can leverage a smaller deposit and lower loan repayments and other ongoing costs to buy a house.¹³

COTA Tasmania recognises that schemes of this nature exist in Tasmania (Homeshare and Streets Ahead), but they are not typically aimed at people over 55. They require applicants to meet bank loan eligibility criteria and this may not be possible for people in older age brackets.

We strongly recommend that consideration be given to the share equity models proposed by the Australian Human Rights Commission in the background paper entitled, *Older Women's Risk of Homelessness*. While these models are put forward to address older women's homelessness, they have equal merit for older men.

Shared equity is not appropriate or available for all older people —but for those with modest assets, or who are working, it may provide an opportunity to part purchase a home.

The following is an extract from the Australian Human Rights document:

“Adapting shared equity for older women

Existing shared equity arrangements could be adjusted in a number of ways. These must consider the target cohort's current and future asset and income profiles, and the overall financial viability of the arrangements. Parameters that could be varied include:

Upfront and total equity:

Shared equity arrangements tailored for older women could require a higher (yet still modest) deposit and reduce the total equity share being purchased to lower the ongoing costs for older women. Arrangements could allow women to purchase additional equity, or sell some equity in times of hardship.

Fixed or flexible equity and loan arrangements: Differing equity and loan arrangements may be needed. Women who are working may be able to purchase additional equity and 'staircase up' to full ownership. For other women, a fixed equity percentage, where the equity partner always retains a share, may be more favourable. Having the opportunity to sell some equity may also benefit some buyers, particularly in cases of financial hardship.

¹³ Australian Human Rights Commission, April 2019, *Older Women's Risk of Homelessness: Background Paper*

Rent contributions: Varying arrangements for rent contributions currently exist across shared equity programs. Under government-supported programs, people do not pay rent on the government-owned equity share. However, for other models a rent payment may be needed for the scheme's financial viability or to encourage investment, particularly for community or privately funded shared equity arrangements.

Ongoing maintenance costs: The responsibility for the purchase and ongoing property costs (e.g. land tax, strata, utilities and maintenance) could be shared or paid by one of the parties. Under some existing community programs, ongoing (rent) payments to the equity partner cover these costs. Under government programs owners are responsible for these costs.

Point of sale and capital gains/losses: Differing arrangements could apply at the point of sale; however, the timing of the sale should be determined by the purchaser to ensure housing security. The house could be sold on the open market, or the equity partner could be given the first option to repurchase the equity share (at market price). Capital gains (or losses) from the sale of the house could be shared based on each party's equity share or asymmetrically to account for risk to each party, or other arrangements as agreed.

Other variables may include:

- Types of housing stock developed or purchased
- Sources of finance and loan terms for both parties
- Legal and regulatory frameworks

Some examples of existing shared equity models include:

The WA government operates a shared equity program in partnership with Keystart home loans. Participants are only required to have a small 20 deposit and typically purchase at least 70% of the equity of the property. There is a range of newly built and off-the-plan homes available for purchase, with prices starting from about \$140,000 for a 70% share.

BuyAssist (on behalf of investors) assists people on low and middle income to purchase a dwelling by providing up to 25% of the purchase price. BuyAssist is operated by the National Affordable Housing Consortium, a non-profit organisation. Investors typically invest in a pool of dwellings, with returns based on the value of a property and distributed when a property is sold.

Women's Property Initiatives (WPI) is in the process of establishing a pilot model for single older women. While not strictly a shared equity model, women will invest their equity in the company (of between \$100,000 and \$300,000). The women will continue to pay rent, based on their income (and rent assistance) and WPI will take care of ongoing maintenance costs, such as rates. The women will continue to live in the house for as long as they wish and when they leave, they will receive an agreed return on their investment as outlined in the contract.

Conclusion:

In providing these comments to the Select committee, COTA Tasmania is seeking to raise awareness of the specific housing needs of Tasmania's ageing population. The landscape is changing and will continue to change and our affordable housing solutions need to address both our current needs and the community's emerging needs as we age.

Tasmania needs to be nimble and innovative in designing our housing future and forward looking in our approach.

Thank you for the opportunity to provide comment and we would welcome the opportunity to provide further information should it be requested.

19 July 2019