RETIREMENT LIVING – A SOLUTION FOR OLDER WOMEN AT RISK OF HOMELESSNESS

Retirement Living Council, a division of the Property Council of Australia

March, 2022

Retirement Living

A WISE MOVE™

FOREWORD

The issue of older women's risk of homelessness has been a priority area during my term as Age Discrimination Commissioner.

This pressing issue is highlighted in the Australian Human Rights Commission's 2019 report, Older Women's Risk of Homelessness: Background Paper.

Homelessness is not having a sense of security, stability, privacy, safety or the ability to control one's living space.

This paper highlighted the growing crisis of older women in Australia who are at risk of homelessness due to a range of factors, including Australia's ageing population, housing affordability and the gender-based differences in wealth accumulation across a working lifetime.

I have focussed on the limited innovative models for older women who are renting, working and have modest savings who are trapped in private rental or rely on their family and friends for insecure housing.

I have encouraged all sectors to work together to find innovative solutions which will provide older women with safe, secure and affordable housing leading up to and throughout their retirement years.

I am pleased the Retirement Living Council has examined what role the sector can play in supporting this cohort of older women highlighted in the Commission's report.

There are a range of needs, circumstances and possible solutions which are practical, innovative and achievable, highlighting that early intervention measures will save all levels of government money in the medium to long-term.

I congratulate the retirement living industry in tackling this complex issue and commend their genuine commitment in providing and suggesting affordable housing solutions for older women at risk of homelessness who, once they move in to an older person-friendly community, will know they have housing security for the rest of their life.

I look forward to supporting Retirement Living Council's advocacy and policy work on this critical social issue.

The Hon Dr Kay Patterson AO

Age Discrimination Commissioner

Australian Human Rights Commission

INTRODUCTION

The Retirement Living sector plays an important role in supporting older single women in safe and secure purpose-built affordable age-friendly communities. These communities allow people to live independently in an environment that supports their physical, social and emotional requirements as they age.

The Retirement Living Council is the national leadership group of the retirement living sector, championing policies that deliver age-friendly homes and services in retirement communities.

The sector is diverse and provides accommodation in retirement villages, land lease communities and affordable rental provided by commercial and not-for-profit operators, both large and small, in both metropolitan and regional areas throughout Australia.

Over the past decade there has been a 31 percent increase in women who are homeless, and it is the fastest growing group of homeless people in Australia. This report is focusing on the older women who are at risk of becoming homeless.

These are women who have done everything that society has asked of them, yet they are in housing limbo because they have too much money to qualify for social housing and too little money to buy a house. Their age is often a big barrier to securing a housing loan, and the pressure of paying rent quickly eats into modest retirement savings.

These women are known as the 'missing middle'.

They are also missing from the homeless statistics as many of them are missed in data collection. Though we do know that there are potentially up to 240,000 women aged 55 and over who are at risk of homelessness and that a large portion of these are the 'missing middle'.

The aim of the project is to:

- Provide long-term secure housing with dignity and without stigma to older women in the 'missing middle' at risk of homelessness.
- Raise awareness of the affordability of retirement villages as a housing option for women in the 'missing middle'.
- Provide cost-saving solutions to government enabling early intervention to support people who are in, or will be in, housing crisis in the short, medium and long term.
- Incentivise and support retirement community operators to increase and provide affordable housing options in their communities.
- Ensure more retirement living homes qualify for rental assistance, to enable an even larger number of people to receive Commonwealth Rental Assistance in retirement communities.

The Retirement Living Council is delighted to present the recommendations highlighted in this report. We believe these outline practical, cost-effective housing solutions, which can immediately provide support to older women at risk of homelessness.

M-L MacDonald

President, Retirement Living Council &

CEO, Masonic Care Western Australia

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OLDER WOMEN AT RISK OF HOMELESSNESS – *A BURNING ISSUE*

Women over the age of 55 are the fastest growing cohort of homeless Australians.

It is a sad reality that the number of older Australian women accessing homelessness services has increased by 63% in the last five years.[1]

By far, the largest proportion of older women facing homelessness in Australia have led conventional lives. In this respect, they have been employed, had stable homes and families. Homelessness is not something these women have endured throughout their lives. It is forced upon them after critical life events, like a relationship breakdown, financial troubles, or the onset of illness.

Factors that typically impact the financial and housing security of older women include:

- Low personal savings and superannuation
- A gender pay gap, caused primarily by a career interspersed with part-time or casual jobs and extended periods of leave to care for family
- Housing market and rental affordability
- Age discrimination
- A relationship breakdown
- Domestic violence

These factors, which often combine and compound over a lifetime, have led to a burning social issue that all Australian governments at all levels are confronting.

Australia has a genuine problem, an ever-increasing number of older women who cannot access safe, secure, long-term housing as they age.

There is no clearer example of this problem than the variance in the average amount of superannuation men and women have at retirement.

Data shows that Australian men, on average, retire with superannuation balances that are nearly 73% higher than women. In cash terms, that's the difference between an average superannuation balance of $157,000 for women and just under $271,000 for men.

[1] Australian Human Rights Commission – Older Women and Homelessness (2019)

More concerningly, about one in three Australian women (35%) approaching retirement (aged 60 to 64) have no superannuation.

This is not a short-term problem.

It's one that will play out for many decades to come, given that half of all women (48%) aged 45 to 64 have less than $40,000 in superannuation—or none at all, and exacerbated by decreasing home ownership levels.

With lower home ownership comes an increase in the number of people looking for rental homes.

Rental homes are typically let on the basis of short-term contracts, with lease payments adjusted to reflect market changes. These dynamics make it especially hard for older people, particularly those on fixed-incomes, to secure affordable long-term housing.

As rental affordability in Australia reaches new lows, and with more than 18% of older single women, and 12% of all older women renting, the homelessness crisis for women is likely to become an ever-increasing problem.

Women and homelessness – The Statistics

The 2016 Census estimated that 6,866 older women were homeless while 5,820 older women were living in marginal housing and may be at risk of homelessness in that year. The number of older homeless women is increasing at a much faster rate than men, and has increased by 31% from 2011 to 2016. The number of older women aged between 55-74 seeking support from Specialist Homelessness Services has increased by 55% in the last decade. (Older Women in Australia Housing Insecurity and Homelessness, 2020)

These numbers do not present the full picture. The Older Tenants Organisation estimates up to 240,000 women over the age of 55 are at risk of homelessness, with a significant number likely to be in the 'missing middle'.

Statistics on the 'missing middle' are generally missed in data collection, which masks the true extent of this problem.

THE 'MISSING MIDDLE' – *HOMELESSNESS IN PLAIN SIGHT*

There are few housing support services to assist older women who are renting, working and have modest savings or superannuation.

These are the women known as the 'missing middle'.

It is known as the 'missing middle' because they have too much money to be eligible for social housing or rental assistance and too little money for home ownership. This puts them in a type of housing limbo, stuck with few options but to continue spending an increasing proportion of their income or savings on rent.

For example, to register for social housing in Victoria an applicant must have less than $34,656 in savings and non-preserved superannuation funds. Even with very modest superannuation levels, most retired older women would be ineligible for social housing, and many more would struggle to meet basic bank lending criteria to access a home loan.

This is why urgent action is needed to find safe, secure and long-term housing options for older women who do not have the option of home ownership.

Without action, these women are likely to spend the remainder of their lives living lease to lease in homes that are not age-friendly, with rents escalating faster than indexed pensions and other fixed incomes.

It is only when someone has spent their savings on rent and living expenses that existing social housing options become accessible. Even then, unless an applicant is prioritised, waiting lists can stretch for beyond a decade. This is when the burning issue of women at risk becomes a shameful example of neglect that puts the lives of these older women at risk.

Early intervention to provide affordable housing for women in the 'missing middle' will ultimately save governments money. It will relieve pressure on social housing resources and support services. Importantly it will prevent many women from becoming a "homeless statistic".

THE MISSING MIDDLE – CASE STUDY 1

Rebecca* is 67 and working full-time as a receptionist in Queensland.

After a lifetime of work, Rebecca has low savings and no assets to show for her hard work.

Divorced twice, each settlement left Rebecca starting from scratch. Despite these challenges, Rebecca raised two children who are now grown with careers of their own.

Rebecca is a renter, and even with a flawless record she has had to move four times over the last five years. Whether it was new owners wanting to occupy the home they bought, or the landlord who increased rents beyond her affordability, each move cost approximately $2000.

With $150,000 in savings and superannuation, Rebecca dreams of having her own home. A place that she knows will be hers forever.

Sadly, even with a sizeable deposit, Rebecca knows she is unable to meet the lending requirements of banks. The barriers to obtaining financing include low wages, age and the legal requirement that lenders are required to assess the person's ability to service the repayments over the length of the loan without entering into financial hardship.

Obtaining a loan is also made more difficult with the finance industry tightening their lending standards as a result of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

**Not her real name.*

THE MISSING MIDDLE – CASE STUDY 2

It's not just women over the age of 65 who need help. The next generation: women aged in their forties and fifties are at risk of becoming a homelessness statistic.

Fiona* is a 52-year-old divorced mother of three living in regional NSW with two school aged children.

Even though Fiona studied as a mature-age student to become a lawyer, her career has been constrained by the need to care for her children, including one with significant health challenges.

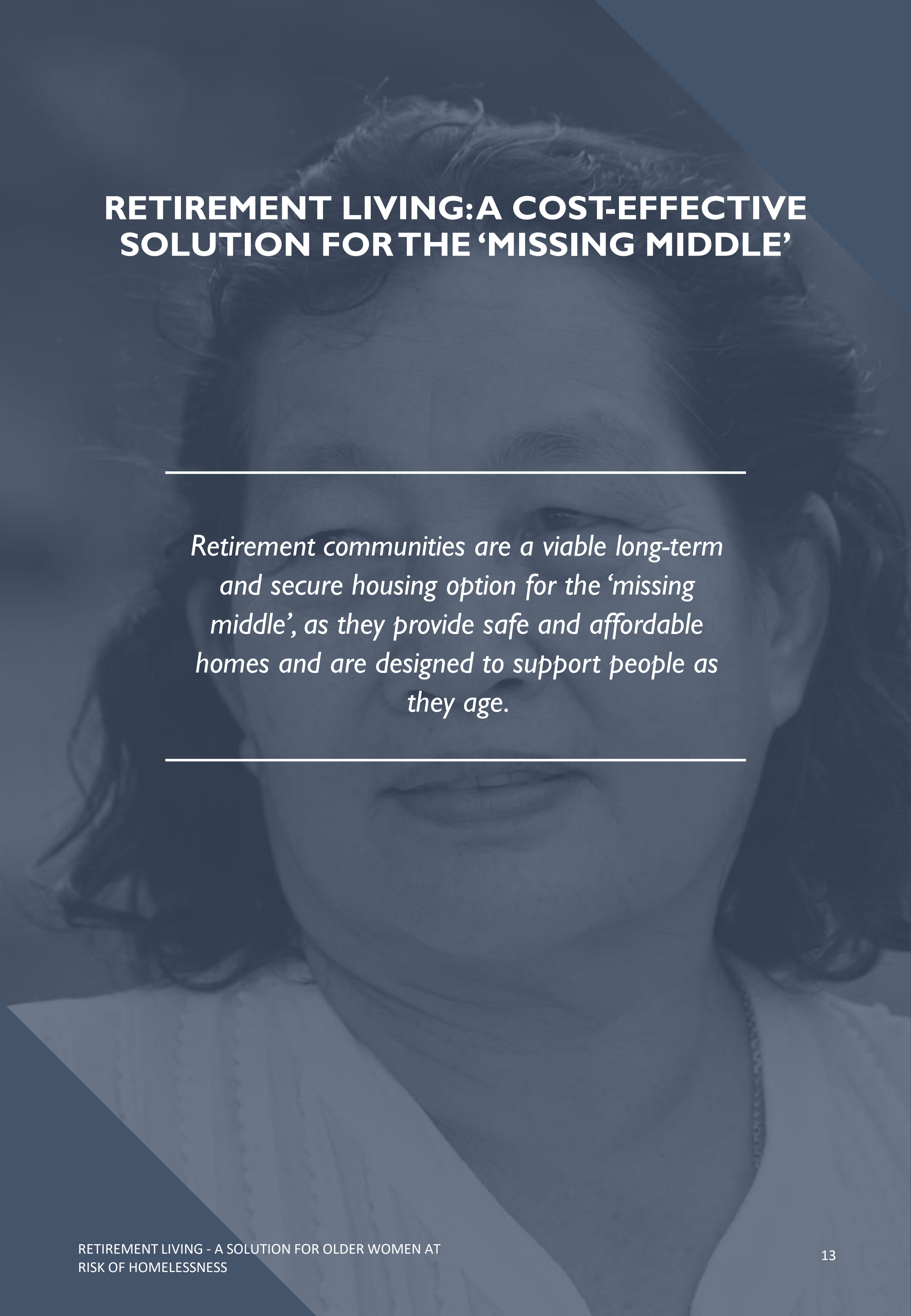
Over the last five years, Fiona has earnt about $1,000 a week. This also means she has less than $100,000 in superannuation.

Fiona is not able to get any financial support from the father of her children and has at times had to actually pay him child support.

Her divorce settlement, from the sale of the family home, has been used to support her family in private rental.

The delayed settlement of an estate will provide Fiona with a small inheritance, but given rising house prices, her age and income history, this money will not be enough to purchase a home or meet the risk criteria for a bank loan.

Each year Fiona faces an even bigger challenge to access long term secure housing for herself.
**Not her real name.*



RETIREMENT LIVING: A COST-EFFECTIVE SOLUTION FOR THE 'MISSING MIDDLE'

Retirement communities are a viable long-term and secure housing option for the 'missing middle', as they provide safe and affordable homes and are designed to support people as they age.

WHAT IS RETIREMENT LIVING?

Retirement living is for people aged over 55, who want to live independently in purpose-built age-friendly communities designed to provide security, social engagement and accessibility to support people as they age.

The majority of this type of housing is found in retirement villages and land lease communities, which are regulated by state and territory governments. This regulation provides extensive consumer protection for residents. It ensures they have security of tenure, and it provides a range of protections while living in the community and through the exit process.

These communities offer a mix of long-term tenure arrangements, which can include lifetime leases, rental agreements, or strata ownership.

Most of the larger retirement communities have a range of facilities for residents, such as community halls, cafes, gyms, pools, libraries and rooms to allow for outside health professionals and hairdressers to provide services.

Many provide, or facilitate, homecare and personal services to support residents as they age.

Good retirement community operators commit to a voluntary industry Code of Conduct, which enables them to demonstrate a strong commitment to high standards and resident satisfaction.

Retirement communities are not 'shovel ready' solutions for the 'missing middle'. They are 'resident ready' and have the ability to ***immediately provide homes*** *for women at risk of homelessness.*

THE BENEFITS OF AGE-FRIENDLY HOUSING

A clear benefit of age-friendly communities is that they are specifically designed to meet the changing physical and social needs of ageing residents.

To do this they combine three very important elements:

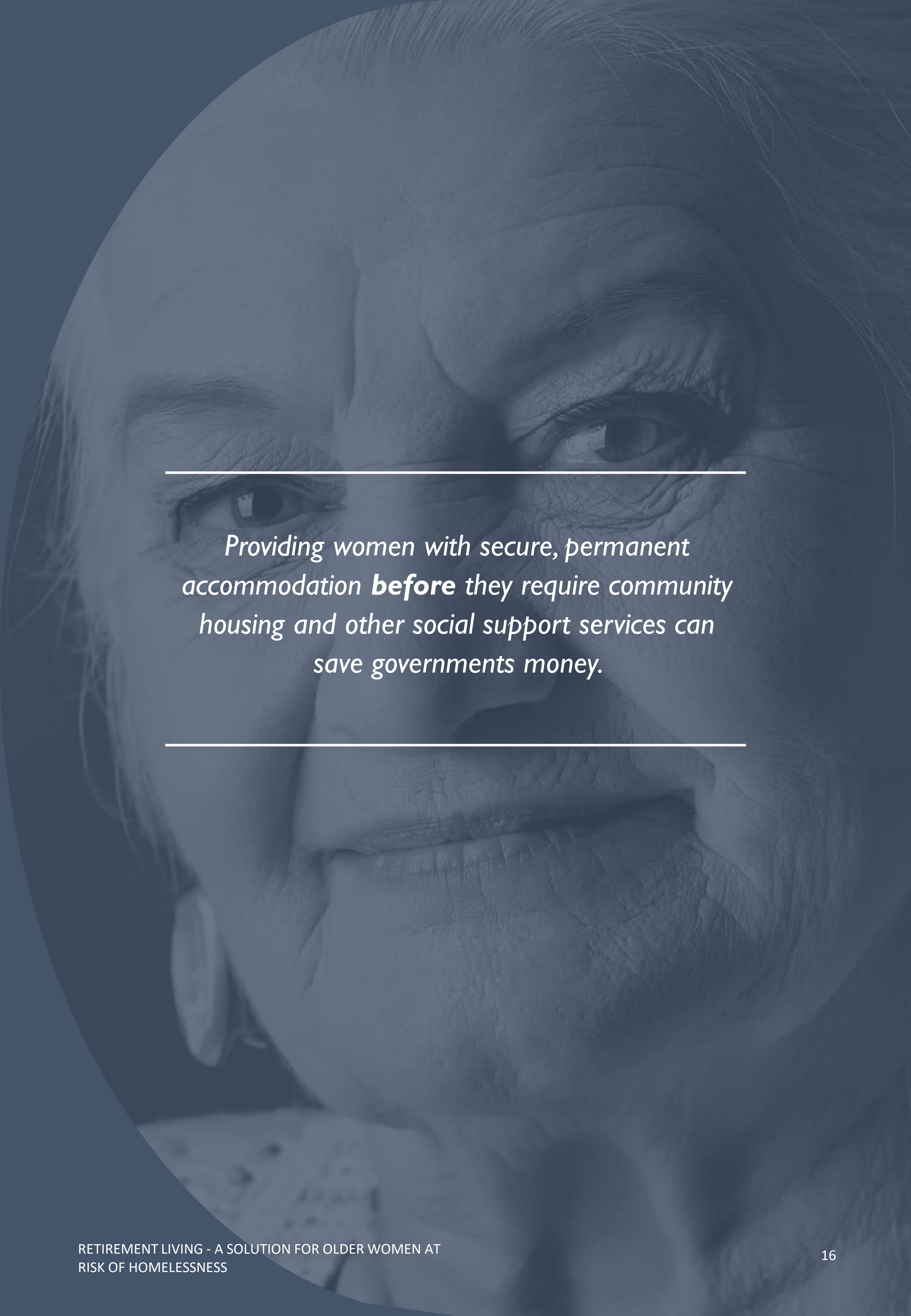
1. Age-friendly design
2. Community for social engagement and support
3. Access to care services

Inherent within the proposition of age-friendly design, these communities are typically accessible to transport and community hubs, with most larger communities offering bus services to assist residents with shopping, social engagement and access to medical and other professional support services.

Research conducted for the Retirement Living Council in 2014, shows that village residents have fewer health issues attributed to falls and social isolation. This leads to fewer GP visits and less frequent and shorter hospital stays than people in similar age groups living in the general community. In addition, this research indicates that retirement village residents who enter residential aged care, are five years older, on average, than those moving from the general community.

The cost savings to government from these improved health outcomes were estimated at over $2 billion a year in 2014.

Retirement communities provide a total solution with access to additional services based on individual resident needs. Residents also have peace of mind knowing they can age-in-place, with only a small proportion of residents needing to contemplate a further move into residential aged care.



Providing women with secure, permanent accommodation ***before*** *they require community housing and other social support services can save governments money.*

AFFORDABLE, SECURE HOUSING FOR WOMEN

The retirement living sector is the only non-government funded source of affordable age-friendly independent living communities in Australia. This unique status means they play an essential role in providing safe and secure homes for vulnerable Australians, and in particular single, older women.

Across the country, nearly two in three retirement village residents are female, and an estimated 80% are single and living alone.

Given the geographic, economic and social diversity of retirement communities, there are a broad range of affordable housing and tenure options available for prospective residents.

The 2021 PwC/Property Council Retirement Census shows that the national average (two-bedroom unit) price for a retirement village home is $484,000, or 55% of the median house price in similar suburbs.

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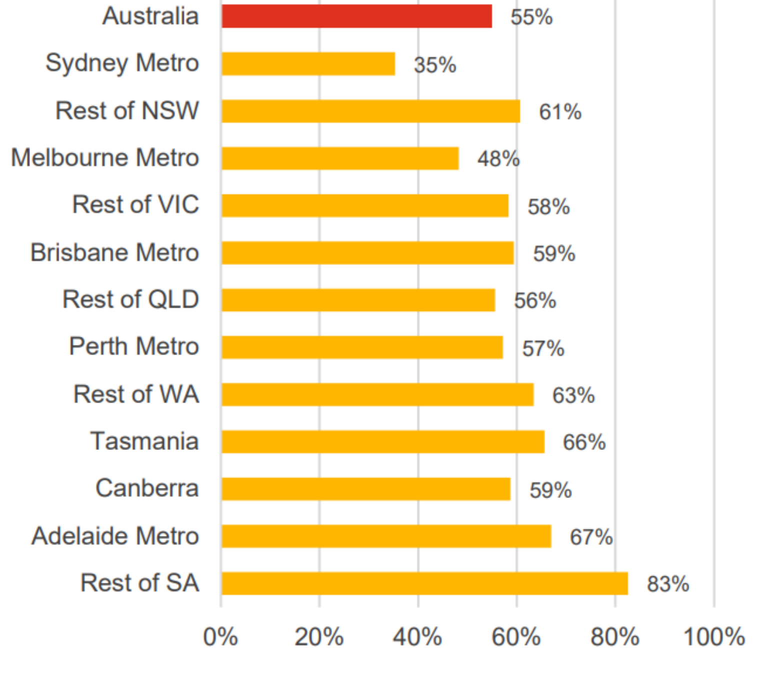

Figure 1: average two bedroom independent living unit price compared to median house price by postcode.

[2] 2021 PwC/Property Council Retirement Census

Many retirement village operators, in particular, are able to structure financial arrangements to accommodate the specific needs of individual residents. By adjusting the ingoing contribution and deferred management fee (DMF) arrangements, unique to this type of housing, operators can lower the upfront capital cost of entering a retirement village. Furthermore, given that stamp duty (transfer duty) is not payable on these property types, residents can secure most home ownership benefits at a fraction of the cost of general residential properties.

Women in the 'missing middle' will each have different financial circumstances. Given the affordability of existing options and the ability to use DMFs to lower the upfront capital cost, there is an immediate opportunity to provide people with a diverse range of financial circumstances with long-term secure housing in age-friendly communities.

Through targeted incentives to operators and financial assistance for eligible women, an even greater supply of affordable and accessible age-friendly options could be made available.

Case Study

Not-for-profit organisation, Southern Cross Care NSW & ACT, currently operates a retirement village in the inner west Sydney suburb of Marrickville.

The village is in close proximity to excellent public transport and health services, as well as shops and community centres.

Homes in the village include studio apartments and small one-bedroom ILUs. Prices currently range between $200,000 and $250,000, which is well below the $638,750 median price for one-bedroom units in the suburb.

The mostly female residents in this village have been able to secure the benefits of home ownership for a fraction of the upfront cost of buying an apartment in the same suburb.

RECOMMENDATIONS

Recommendation 1

Retirement Living Priority Support Service

There is low awareness in the community of retirement living as an affordable housing option.

It would be beneficial if key organisations, who are providing support to women in the 'missing middle' have the information and resources needed to understand the unique, and immediately available, housing options available in the retirement living sector.

To progress action on this very important enabling component, it is proposed that funding is provided to appoint a Women's Housing Engagement Officer, and to develop and operate a limited access online portal with exclusive pre-market listings for affordable retirement living properties.

a) <u>Women's Housing Engagement Officer</u>

Funding for a women's housing engagement officer would enable:

- an education campaign on retirement living housing options for the 'missing middle' and how the funding/cost model works,
- stakeholder liaison with key target organisations and professionals,
- production of educational materials coinciding with a media awareness campaign aimed at target market stakeholders, advisors and influencers, and
- a target to provide safe and secure aged friendly housing for up to 1000 women in this age demographic over a three-year period.

Key target organisations and professionals would include housing organisations, community support organisations, industry associations, legal firms, real estate agents, financial planners, mortgage brokers, social workers, health and medical professionals.

b) Women's Housing Portal

An online portal to pre-list affordable retirement living options, on an exclusive basis before open-marketing, would ensure priority access for women needing access to low-cost housing.

To maximise effectiveness of the portal:

- supporting operators would sign an MOU committing to collectively advertise a minimum of 400 independent living units on the portal during its first year of operation,
- it would operate as a one stop resource, listing affordable short and long-term options in communities, including rental opportunities, along with links to support and advisory services,
- the Women's Housing Engagement Officer would assist in matching women with potential villages, while also providing information on retirement living options, and
- provide a home matching and screening service for women wanting to share their homes with other women or rent properties together. It is noted that there is a proven market desire for this service, but existing facilitation is generally on an ad hoc basis through social media. These existing arrangements limit the safety and support mechanisms needed to suitably and safely match people.

Cost: Funding of $950,000 over two years ($650,000 in the first year) to fund a women's housing engagement officer and an IT project manager, the creation of a website, production of awareness material, travel and other associated employee costs. During the initial two-year funding period, the industry will investigate other forms of funding for the ongoing maintenance of this service.

Recommendation 2

Supporting affordability with rental assistance

Only around 7.3% of retirement village residents receive Commonwealth Rent Assistance (CRA), as many residents do not qualify for support because of the unique rules applying to retirement villages.

A retirement village resident, who is single, is deemed to be a homeowner (even if they do not have freehold or strata title of their unit) when their ingoing contribution is more than the difference between the homeowner ($270,500 single) and non-homeowner ($487,000) asset threshold. This typically means, if a retirement village resident pays an ingoing contribution higher than $216,500 they are ineligible for CRA.

Current government policy to assess the eligibility of a retirement village resident for CRA uses the ingoing contribution and general services charge as proxy indicators for homeownership and rent. These are not equivalent concepts, and the policy creates an inequity, which disadvantages retirement village residents, and especially those who have limited access to alternative forms of age-friendly housing.

While there is a limited supply of retirement village units priced under $216,500 in specific villages across the country, only 31 postcodes in Australia have retirement village units with a median price tag of this $216,500.

There are no postcodes in Sydney or Melbourne, and few in the capital cities of other states, where the median price of a retirement village unit is below $216,500.

That said, in 2021 the average two-bedroom retirement village unit in Australia sold for $484,000, which was 55% of the median house sale price across the same postcode areas.[3] This relative affordability means that, through 2021, the average price of a two-bedroom retirement village unit was 35% of the price of comparable homes in Sydney and 48% of those in Melbourne.[4]

To make retirement villages more accessible for people with limited financial means, it is recommended that the Commonwealth Government's home ownership proxy indicator for residents on a loan lease or loan licence contract should be removed. Among other benefits, this will bring retirement villages into line with other forms of seniors housing.

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[3] 2021 PwC/Property Council Retirement Census

[4] 2021 PwC/Property Council Retirement Census

It will also enable more older women on lower incomes to be supported in retirement living. This will not only ensure they have long-term secure housing, it provides a range of associated benefits, including improved health and wellbeing as they age.

If the home ownership proxy indicator is not removed, an alternative recommendation is to double the current asset threshold eligibility criteria for CRA. This would increase the accessibility of retirement living by providing eligible people paying less than $433,000 (92% of the average ILU price) access to CRA. It is also consistent with the 2020 Federal Inquiry into Homelessness, which recommended a review into the CRA Scheme.

Recommendation 3

Supporting affordability changes to Home Care Criteria

Commonwealth funded home care is a benefit that many people seek to access as they age.

There is currently an inequity that disadvantages retirement living residents, compared with those in general residential.

A resident living in a general residential dwelling can use Commonwealth home care funds to pay for home or garden maintenance, transport, social outings and aids to stay independent, like an emergency call system.

In a retirement community many of these services are provided through financial contributions that all residents make to the supply of general 'communal' services. These services are regulated by state governments, which also prohibit retirement living operators from making a profit on fees charged for this purpose.

Because of the general 'communal' supply of these services, retirement living residents cannot use home care funds to supplement costs.

To support the affordability and accessibility of retirement communities it is recommended that residents be allowed to use Commonwealth home care funds to pay for all eligible services, regardless of whether they are supplied on a per-use, or communal basis.

Recommendation 4

GST Equivalent Rebate for Retirement Living Communities that supply a component of affordable dwellings

Regulated retirement communities currently pay GST on the cost of new building construction.

It is recommended that a GST equivalent rebate be provided to incentivise retirement community operators to price at least 10% of dwellings in a community at agreed discounts to comparable properties in the general residential market. Operators could choose whether to participate in this scheme.

This initiative will ensure retirement community operators are able to construct dwellings on the same cost basis.

Strict eligibility for GST equivalent rebates would be implemented to ensure the delivery of affordable dwellings, which have similar standards as other ILUs in the community.

As this initiative would only apply to new developments or redevelopments, it is a longer-term solution to increase the supply of affordable age-friendly housing.

Recommendation 5

Government Backed Loans for Women with Equity

Australian Government policy currently supports first home buyers and single parents to obtain a deposit for a residential property. This allows eligible people to purchase a home providing they can fund a two percent deposit.

While some women in the 'missing middle' may have the ability to fund a deposit greater than two percent, they are unlikely to meet bank lending criteria for a mortgage given their age and income.

Australian banks typically also do not finance home loans for people in retirement communities due to the unique tenure arrangements specified in state and territory retirement village legislation.

For these reasons, it is recommended that the Australian Government, through the National Housing Financial and Investment Corporation (NHFIC), provide limited recourse loans, of up to 70% of the ingoing contribution, to allow eligible women to finance an ingoing contribution for a retirement village lease.

The amount of 70% has been recommended, because the average maximum DMF for retirement villages residents in 30%.

A DMF is the proportion of the ingoing contribution, or resale price (whichever has been contractually agreed with the resident) that the retirement village operator charges as a lease payment.

In retirement villages, the ingoing contribution is generally classed as a loan, which is to be repaid at settlement. Lease fees, known as the DMF, are levied in arrears and deducted from settlement proceeds.

On this basis, it is intended that the NHFIC would receive full repayment of its loan from funds available to settle an exit entitlement. The recipient of the loan would have the option to:

1. Make repayments to pay all or part of the DMF if they have an income stream, with the outstanding debt paid to the government as part of the settlement of an 'exit entitlement'.
2. Make no repayments with the government prioritised to receive full payment through the settlement of an 'exit entitlement'.

To implement this recommendation, the NHFIC could work with industry to develop eligibility criteria and contractual arrangements.

A distinct benefit of this model is that it would support many eligible women to remain living within their existing community. This will help them maintain access to friends, social support and existing medical services.

While there is a time-value component to the funds provided, NHFIC would be in a position to recycle 100% of the capital invested in these loans.

The cost of foregone interest would likely be mitigated through savings to governments through:

- Reduced public and social housing costs.
- Savings from not having to provide eligible women with homeless and housing social support services.
- Improved health outcomes associated with people living in age-friendly communities.

Suggested eligibility criteria would require applicants to:

- Be aged over 55
- Have at least 30% of the ingoing contribution and the financial means to fund ongoing recurrent payments
- Choose a retirement village unit that meets the geographic price thresholds detailed in the Government deposit schemes guidelines.

Case Study 1

A fully renovated one-bedroom retirement village unit in Glebe, New South Wales, is on the market for $425,000. Comparable general residential strata units in this suburb are presently selling in the range between $500,000 and $700,000. Private rental for these units is around $400 per week, with higher quality properties leasing for up to $600 per week.

Through this recommendation, a 65 year old woman with $130,000 equity would pay 30% of the $425,000 cost of entering the retirement village. The balance of $298,000 would be financed through a loan from NHFIC. Other than legal conveyancing expenses, there are no additional transaction costs for this arrangement, as stamp-duty are not levied on retirement village leases.

This means for an upfront commitment of $127,500, an eligible woman could essentially secure the benefits of home ownership, through a lifetime lease in a retirement village.

When the resident, or her estate, vacates the village, and a settlement occurs, NHFIC would receive a full refund of its $298,000 loan, or the balance of the outstanding amount if the resident has made repayments.

Case Study 2

In Kilsyth, an outer suburb of Melbourne, a retirement village operator is offering one bedroom units, with nearby essential services, for $200,000.

Under this suggested model, an eligible woman could secure a lifetime lease, with as little as $60,000 in equity.

Recommendation 6

Expansion of the Shared Equity Model to over 55s in Retirement Communities

A shared equity scheme allows a purchaser and equity partner to share the cost of purchasing a house. This enables a purchaser to leverage home ownership through a smaller deposit and lower loan repayments. It also provides a mechanism for sharing the cost of home maintenance and other ongoing ownership expenses.

These programs are usually provided through state governments or community housing providers.

Existing shared equity models are typically not aimed at people aged over 55. Similarly, currently the majority of these programs are only accessible to people living in public or community housing.

As highlighted in the Australian Human Rights Commission's Older Women at Risk of Homelessness – Background Paper (2019), shared equity models should be reviewed and tailored (or new models developed) to suit the needs and circumstances of older women. On this basis, it is recognised that a model for retirement living needs to be financially viable for all parties, while accommodating the needs and preferences of individual women.

While the DMF in retirement villages represents a shared equity-type model, there is an opportunity to review how the benefits might be extended to support a greater number of women at risk of homelessness. There is also an opportunity to consider how a shared equity model might work within land lease communities.

It is recommended that state governments work with the industry and other housing providers to develop a shared equity model for retirement living.

Recommendation 7

Early access to superannuation without penalty

While the average Australian woman presently retires with $157,050 in superannuation, there are many at risk of homelessness who have sufficient retirement savings to fund the cost of securing a home in a retirement community.

Even though someone may have the assets, through superannuation, to enter a retirement community, they are unable to access the necessary funds until they meet the existing conditions of release.

Allowing eligible women, over the age of 55, to access superannuation savings for the purpose of securing a permanent home is not inconsistent with government policy that allows first homebuyers, through the First Homebuyers Super Saver Scheme, to withdraw funds for the same purpose.

This recommendation would also by virtue apply to older women trying to access any accommodation that they desire.

Accessing superannuation funds to secure permanent housing before retirement has many advantages.

First and foremost, it provides the safety and certainty of permanent accommodation, that is not subject to short-term lease arrangements, or private rental market price escalation.

Secondly, it is a sensible way for someone to use funds intended to support them in retirement.

Thirdly, it ensures eligible women have a broader range of housing options, which might not be affordable when they stop working.

Strict eligibility criteria for the early release of superannuation might include access only to women aged over 55, who:

- presently do not own a home,
- meet income and asset thresholds, or
- can show evidence of an inability to obtain private financing.

The early release of superannuation funds could be on the basis that:

- Money is paid directly to the vendor of a property on settlement, and not into a personal bank account. This measure will also limit the likelihood of women being financially coerced into seeking the early release of funds, by a partner, child, or other person.

- A title, lease, or licence is only in the name of the woman obtaining an early release of superannuation funds.
- The consideration paid for the property meets the geographic price thresholds detailed in the Government deposit schemes guidelines.

It is also recommended that women benefitting from this initiative are not penalised by having to pay tax on the release of funds.

The cost to the Australian Government is limited to administration expenses. Any variances in age pension eligibility and costs are likely to be minimal and offset through health and aged care savings, and reductions in the cost of social housing and support.

Recommendation 8

Grants to support innovative affordable housing solutions

Retirement Living communities provide a broad mix of affordable housing options in cities and regions across Australia. These options include rental units, land lease communities and retirement villages with DMF arrangements.

Right across the sector operators innovate to meet market needs and achieve commercial returns.

With targeted financial assistance, many operators will be able to innovate and deliver effective, low-cost outcomes that support women at risk of homelessness.

By working with the retirement living sector to deliver innovative housing outcomes, government can secure cost-effective outcomes designed to support people as they age. It can also mitigate the risk of many older women facing homelessness and needing access to social housing services.

a) <u>$5 million to support innovative housing models in Age-Friendly Communities</u>

At present, most retirement living operators are unable to access existing social and affordable housing funds. These funds typically have eligibility criteria that restricts funding to registered social housing providers.

It is recommended that the Australian Government establish a specific Secure Housing for Women in Aged Friendly Communities Fund to provide grants for proposed innovative retirement living projects that will support women over 55, who are at risk of homelessness.

This fund could be administered by the National Housing Financial and Investment Corporation, with guidance from retirement living experts who can advise on the merits of each proposed business case.

Governments could also amend the criteria for affordable housing funds to extend eligibility to retirement living operators developing new units, or refurbishment of existing stock, for the specific intention of supporting women in the ‘missing middle’.

Case Study 1

IRT, a not-for-profit operator, has built eight affordable housing units for women in a co-housing model located within an existing retirement village.

Residents of these fully self-contained one-bedroom units have exclusive access to a co-living space, where they can choose to socialise and dine together. They are also able to live in a purpose-built age-friendly community that provides access to care and support as they age.

The project was aimed at low to middle income women who were previously living alone. Eligible residents were required to have modest savings of between $150,000 and $400,000.

To enter the community, residents were able to select one of three contract variations to suit their financial circumstance. The lowest price point offered was an ingoing contribution of $199,000, with ongoing contribution instalments.

Each contract variation provided for a secure lifetime lease, backed by the strong legislative protections.

IRT had more than 25 applications for the eight units, which were developed with a $600,000 grant from the NSW Government's *Better Building Regions Fund*.

Funding for the IRT project equates to one-off cost to government of $80,000 per dwelling. This financial contribution is far lower than the cost of building social housing, providing capital for ongoing maintenance or providing associated support services.

Case study 2 – Refurbishing Non-Contemporary Stock

Many older retirement villages have dwellings that no longer meet the contemporary needs of the market.

These units are typically smaller one-bedroom or studio designs in villages that also often have fewer facilities than more modern communities.

The cost of refurbishment is significant comparative to the return, with one operator reporting the need to spend $60,000 upgrading and updating older, smaller units.

Given the economics of refurbishment, operators are increasingly seeking to redevelop, or decommission and sell, older retirement villages.

The business case for a redevelopment or sale is strengthened by an opportunity to maximise land value for highest and best use applications.

A financial grant to assist with refurbishment costs would support and encourage operators to retain this stock and repurpose it as affordable retirement living accommodation.

A grant would particularly benefit affordability in areas with high median house prices, like capital cities and strong regional growth areas.

An example of the benefit of refurbished stock to the supply of affordable housing can be seen through the renovation of "not-for-purpose" stock in Brighton, Melbourne.

This village consisted of smaller units, with stairs.

After renovation, units were available for an ingoing contribution starting at $290,000. This amount was well below the median price of other retirement village dwellings, and homes, in the suburb.

The lower price of these units was particularly attractive to single women, with 77% of units now occupied by females who are living alone. These women were given the opportunity to enjoy the benefits of home ownership, in a community close to their social connections.

Without this refurbishment, many of the residents would not have been able to afford to continue living in the Brighton area.

b) Incentives for Affordable Rental Accommodation In Age-Friendly Communities

There is a limited supply of affordable rental accommodation for over 55s in Australia. At present, the majority of this stock is found mainly in regional areas, where there is increasing pressure on housing affordability.

As this type of housing does not receive financial support through existing social or community housing schemes, operators providing this accommodation advise that it is hard to justify commercially the financial expense of developing new rental stock in age-friendly communities.

A grant to incentivise the development of affordable rental accommodation in age-friendly communities would lead to an increase in the supply of these options in targeted metropolitan and regional areas.

c) Encouraging collaboration with retirement living operators

There are currently many organisations, including not-for-profit housing providers, charities and philanthropists examining ways to provide housing for older women at risk of homelessness. The majority of this focus has been in the traditional residential setting through the construction of suburban homes and apartments.

By encouraging collaboration with retirement living operators, there is a potential for a broad range of stakeholders to work together and deliver more cost-effective and timely solutions to this problem.

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