

20 October 2023

Developing the National Housing & Homelessness Plan

Federal Department of Social Services

Retirement Living Council's Response to Issues Paper

About the retirement living industry

As evidenced in the *2023 Intergenerational Report*, there are 4.6 million people around Australia aged over 65 today, with this number growing to 7.1 million by 2043.

Of this cohort, 250,000 older Australians live in approximately 2,500 retirement communities across the country, with an over-75s market penetration of 12.6 per cent.

Retirement communities offer a unique housing option that enhances wellbeing and lifespan for older Australians. Importantly, retirement villages can delay entry into aged care, and in some cases can even prevent it entirely.

Independent data shows that residents in retirement communities are on average happier, healthier (both mentally and physically) and are more socially connected and active.

Importantly for the aged care and health sectors, research helps inform industry and government that residents in retirement communities have reduced interactions with GPs and hospitals and delayed entry into aged care. This results in significant cost efficiencies for governments, by reducing pressure on the aged care and health sectors.

As a result, there is great potential to increase these benefits to governments if the retirement industry is supported to evolve and grow to meet the increasing needs of Australia's ageing population.

Our sector is at a pivotal juncture, evolving from a property-focused sector in years gone by to one that focuses on health, wellbeing and care. It is critical that the Government understands these opportunities as it plans for the significant increase of older Australians and aims to keep the aged care sector operational.

When older Australians make the decision to 'right-size' into a retirement community that offers safer and more supported living environments, it brings with it the added benefit of freeing up traditional housing stock for young people, couples and growing families.



About the Retirement Living Council

The Retirement Living Council (RLC) is the national peak body for Australia's retirement living sector, championing policies that deliver age-friendly homes and better services in retirement communities.

The RLC sits within the Property Council of Australia's national advocacy team and is the most powerful voice of the sector, representing national retirement village and seniors living community operators, including for-profit and not-for-profit providers.

Response to Issues Paper

The RLC commends the Commonwealth Government on its recent efforts to address issues surrounding housing supply, including through the National Housing Accord and the Housing Australia Future Fund.

The factors which impact housing affordability and accessibility are numerous and complex, and a National Housing and Homelessness Plan will assist to set a clear, long-term vision for the future of housing policy across Australia.

Notwithstanding, any national housing policy needs to consider the entire gamut of options available, including those which cater for our ageing population. Retirement communities support vibrant and active ageing, ensuring older Australians can live fulfilling lives while remaining connected to the economy and society and play a vital role in this housing mix.

In addressing this Issues Paper, the RLC offers a number of practical recommendations which enable the retirement living sector to assist with easing pressures on housing supply and increase affordability across Australia.

Prioritising housing options for older Australians

Retirement communities are designed to provide an affordable option for older Australians, with entry prices on average 48 per cent lower than median house prices in similar areas.¹

Current projections for retirement community establishments could help to lower Australia's housing supply gap by 18 per cent between 2023 and 2030. This new housing stock is highly utilised, with vacancy rates low and lengthy waitlists at many providers.

Transitioning to retirement living can also assist in freeing up existing housing stock for new generations of homebuyers. Maintaining existing levels of market penetration will require an extra 49,000 retirement units to be built by 2030. Developing more retirement communities to increase industry's market share could reduce the housing supply gap. An aspirational target to boost market share to 14 per cent, equivalent to New Zealand, would require an additional 99,000 units between 2023 and 2030 and would reduce the housing supply gap by up to 97 per cent.

¹ [2022 PWC Property Council Retirement Census](#)



Additionally, by enabling a more efficient usage of space in dwellings, rightsizing can reduce energy consumption for a retirement unit household by up to 35 per cent. Not only will this work to ensure a more environmentally sustainable outcome, but also provide further financial savings for households.

Focus Area 3.1 – Homelessness

Older Women at Risk of Homelessness

Women over the age of 55 are the fastest growing cohort of homeless Australians. Many have led conventional lives, including stable employment, homes and families. Homelessness was not a lifelong struggle, rather the result of critical life events such as relationship breakdowns, financial difficulties or health issues.

Retirement communities aim to address this ‘missing middle’ group of people, and with units on average 48 per cent cheaper than median house prices – and stamp duty exemptions on many of these property types – more older Australians, including women over 55, can secure long term home tenures.

Many operators are also able to offer alternative financial arrangements to accommodate the needs of individual residents, including adjusting the ingoing contribution and deferred management fee (DMF) arrangements.

The RLC addresses the opportunities for this cohort in its report *Retirement Living – A Solution for Older Women at Risk of Homelessness*. The report makes eight recommendations designed to raise awareness, increase accessibility and lower financial barriers for older women at risk of homelessness.

Recommendation 1: Encourage the National Housing Financial and Investment Corporation to provide limited recourse loans of up to 70% to allow eligible women to finance an ingoing contribution for a retirement village lease.

Recommendation 2: Allow eligible women over the age of 55 to access superannuation savings for the purpose of securing a permanent home, consistent with the policy intent of the First Homebuyers Super Saver Scheme.

Focus Area 3.5 Housing costs, home ownership and the private rental market in Australia

Financial Disincentives to Rightsizing

Rightsizing can affect age pensioners as surplus funds from the sale process are considered assets, potentially leading to a reduction in their pension benefits.

An exemption of a portion of home sale proceeds for the age pension asset test – or an increase in the asset free threshold for age pensioners who purchase a cheaper home within 12 months of selling their family home – can reduce the financial disincentive for those that are considering rightsizing while ensuring the security of their pension long term.

Recommendation 3: Exempt a portion of the home sale proceeds of right-sizers from the Age Pension Asset test.

Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) is a non-taxable income payment for eligible people who rent in the private rental market.

The application of CRA among older Australians differs between housing types. Retirement community residents on a pension are defined as homeowners if the purchase price exceeds a benchmark, making them ineligible for CRA. Conversely, age pensioners in land lease communities (also known as manufactured home estates) qualify for CRA, irrespective of the purchase price of their relocatable dwelling.

Recommendation 4: Remove incoming purchase price benchmarks for retirement community residents with lease or licence agreements or doubling the current threshold eligibility in line with escalating house prices to allow access to CRA to provide a more equitable playing field.

The Home Equity Access Scheme

The Home Equity Access Scheme (HEAS) allows pensioners with property ownership to receive a voluntary, non-taxable loan from the government to supplement their retirement income. The scheme allows homeowners to use the equity in their home as security for a loan that will allow them to boost their retirement income.

Retirement community residency is currently classified as homeownership for the purposes of CRA but not for the HEAS, meaning many older people are ineligible because they have a lease or licence over the home rather than freehold title.

Recommendation 5: Amend the inconsistency to allow retirement community residents to access the HEAS.

Focus Area 3.6 The importance of planning, zoning and development

Age-friendly housing such as retirement communities do not receive any government funding to build much-needed housing for older people. It is important that legislation does not inhibit the investment required to meet existing and future increased demand.

In many jurisdictions, local councils are responsible for administering and enforcing town planning legislation, including zoning and approving applications for development of properties. A reform of planning frameworks across the country seeking to deliver better outcomes for the housing needs of older Australians is required.

Current permit processes take several months and, in some cases, years. Delaying approvals constrains supply and, in the current environment, impacts construction costs.

Local councils could support faster development of retirement communities by offering an accelerated application process. Additionally, digitalisation and reducing red tape can encourage faster development approvals in the areas that older people want to live.

Greater access to land for retirement communities through minimum land allocations in under-supplied areas, similar to targets placed on social and affordable housing in some jurisdictions can ensure suitable options for the ageing population, as well as address housing supply issues.

Recommendation 6: Streamline permit processes to increase access to planning and building permits for age-friendly retirement communities.

Recommendation 7: Establish minimum land allocations for the development of retirement communities in under-supplied areas.

In Conclusion

The RLC appreciates the opportunity to share our leading industry insights with the Department for Social Services. These responses reflect the RLC's expertise and commitment to advancing solutions that prioritise supply, choice, transparency, sustainability, and quality of life for all Australians.



A balance between government funding, consumer choice, and industry innovation is essential to create an inclusive, adaptable, and effective housing landscape.

Essentially, we believe that success is achieved through empowering consumers with choice, supporting innovation, and delineating appropriate roles for both government and private investment which will drive the evolution of housing across Australia. Additionally, the journey towards a holistic, person-centred approach to care requires collective efforts to secure a brighter future for our ageing population.

The retirement living industry has a powerful story to tell because it has people at its heart; housing hundreds of thousands of people – yet is often misunderstood.

Many people often don't realise that retirement living and aged care aren't the same thing, so there's an important job in educating leaders and policymakers about the fundamentals of the sector and the older Australians we provide homes for.

This submission attempts to speak to some of these differences, but also some of the great opportunities in front of us.

On behalf of the RLC Board of Directors, our national membership and the 250,000 Australians that live in retirement communities – thank you.



Daniel Gannon

Executive Director
Retirement Living Council

Additional Resources

- [Retirement Living – A Solution for Older Women at Risk of Homelessness.](#)
- [2022 PwC/Property Council Retirement Census.](#)
- [Retirement Living: National Planning Report Card.](#)