



## Older Persons Affordable Housing Alliance

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### **A Fair Share for Older People -*The Need for a National Older Persons Housing Strategy***

#### **Discussion Paper March 2009**

#### **Introduction**

At the time of writing this discussion paper Australia is in uncharted waters caused by the Global Economic Crisis (GFC). Unemployment is on the rise, retirement incomes have been adversely impacted by stock market losses and Government's have taken unprecedented action to stimulate the economy and shield Australia from the worst of the GFC. The Government's National Building Initiative includes 20,000 new social housing dwellings.

The Alliance fully supports and applauds the greatest expansion to social housing since World War 2. This short term initiative will provide some increased accommodation for older people. However the Alliance believes this short term initiative should be underpinned by medium and long term planning to ensure that safe, affordable and accessible housing options exist for the increasing number of older people requiring them.

The Alliance is keen to receive feedback on the paper and the strategies it outlines. Comments can be sent to [ldredge@agedcare.org.au](mailto:ldredge@agedcare.org.au).

#### **Action Needed**

In early 2008, concerned with the growing housing crisis facing older people, Aged and Community Services Australia (ACSA) and the Council on the Ageing (COTA) formed the ***Older Persons Affordable Housing Alliance***. This alliance of peak consumer and provider groups is calling for a collaborative approach at the Federal, State and local levels to create a ***National Older Persons Housing Strategy***. The strategy would focus on two key areas:

- 1. Ensuring existing housing stock is maintained and enhanced to support people to age in place**
- 2. Increasing the supply of affordable and appropriate housing for older people**

All levels of government in Australia need to acknowledge the particular needs of older people in housing stress and the scale of the problem that is emerging. The Alliance is calling on the Rudd Government to develop a whole of government approach to affordable housing for older people and outline a national policy framework that facilitates state based policy outcomes. Such an approach would guarantee a fair share of resources to older people whether via short term economic stimulus packages or regular budgetary measures.

In February 2008, the UK Prime Minister Gordon Brown launched the *National Strategy for Housing in an Ageing Society*. The strategy combined with the UK *Green Paper for Homes* articulates a vision to meet the

challenges of an ageing society including plans for significant extra funding for new homes, a cross-government approach to housing and ageing and a commitment to accessible and adaptable housing for all. The Alliance believes it is now time for the Rudd Government to show similar leadership and outline its vision for the growing problem of housing older Australians.

## **The Context: Housing and Older People in Australia**

While much of the current focus on housing affordability is on first home buyers, a significant number of older people are facing a housing crisis of their own. The scarcity of affordable housing is becoming a serious contributor to poverty and disadvantage among older Australians. Prime Minister Rudd acknowledged the housing affordability problems among older people when he quoted the NATSEM estimate that in March 2008 112,000 households headed by a person aged over 70 were in housing stress, compared with 56,000 in 2004, a 100% increase in four years.

The underlying causes of the housing problems particular to older people are set to worsen. The size of all the age cohorts of older people is expected to increase dramatically over the next two decades. The Australian Housing and Urban Research Institute (AHURI) has projected that the number of people aged 65 and over in low income rental households will increase by 115% from 195,000 in 2001 to 419,000 in 2026. A significant number of aged care providers are reporting that the new Aged Care Funding Instrument (ACFI) is making low care facilities less viable. This will lead to a reduced supply of low care and in turn to increased demand for housing for older people in the community.

Housing affordability directly affects healthy ageing. Access to local services is a key determinant of health outcomes for older people. Single older people are especially at risk of housing stress, causing poor physical and mental health. Low-income older people are at greatest risk of losing their independence when housing is beyond their means.

Each of the key elements in the strategic approach called for by the Alliance are detailed below.

### **1. Ensuring existing housing stock is maintained and enhanced to support ageing in place**

The characteristics and requirements of older peoples' housing are as diverse as the 2.3 million people who are over 65 years of age in Australia. The overwhelming majority of older people choose to live independently in general purpose housing that they own or rent in the community. Purpose built housing for older people in Australia currently includes retirement villages, independent living units, supported accommodation, some public housing units and residential aged care.

While new initiatives such as NRAS and the Nation Building Package are welcome, we cannot afford to allow the billions of dollars currently invested in older persons' housing assets to continue to be ignored. Without a proactive social policy approach, this stock will diminish in its accessibility and availability. Growing numbers of older people throughout Australia will be at risk of becoming further marginalized and dependant on expensive state supported care. There is an urgent need to ensure Australia's existing older persons housing is maintained and where necessary upgraded to better meet older peoples' needs. The alliance believes three key areas require immediate attention:

- **Independent Living Units**
- **Existing public housing for older people**
- **Home maintenance and modification programs**

#### **1.1 Independent Living Units**

Independent Living Units (ILU's) are self-contained dwellings managed by not-for-profit organisations, which provide housing to older persons with low incomes and low value assets, who do not own their own

home. Over 34,700 ILUs were developed between 1954 and 1986 with Commonwealth Government assistance.

Funding for the ILU program was transferred from the Commonwealth to the States in 1986, placing them in competition for funding with State Housing Authorities and community housing organisations. The result is that ILU's have been largely ignored by funding bodies ever since. Despite precarious funding, ILUs remain an important social housing option for older people with relatively low assets and incomes.

Despite the fact that ILU's currently provide 27% of all social housing for older Australians, there is no systematic approach to funding the capital work now required. Much of the ILU housing stock is now between 40 and 50 years old and in urgent need of upgrading, reconfiguration and in some cases, replacement. Most of the units are small (one bedroom) and below community standards. Organisations, both large and small, are increasingly deciding that they can no longer afford to operate ILUs. At a time when the number of older people with unmet housing needs is increasing, this forgotten but very significant social housing sector urgently needs an injection of capital that will enable them to continue to provide secure housing older people with low incomes and limited assets.

In 2004, researchers at AHURI recommended that detailed data collection be undertaken to better identify the scale and scope of the problems confronting ILU's and to articulate their importance to the overall aged care sector's role in housing older people. This recommendation has not been adopted.

**Recommendation: The Alliance supports the operation of a strong ILU sector and urges the Commonwealth, State and Territory Governments to collaborate on a package of initiatives to:**

- **Provide capital from social housing funding streams for urgent ILU upgrades – including ensuring that the National Rental Affordability Scheme and the Nation Building Social Housing Initiative support the redevelopment of ILU's**
- **Fund sector capacity building measures including ILU research and assistance to providers to develop strategic plans and alliances that will lead to improved management, governance and housing stock with better links to community care providers**

## **1.2 Existing public housing for older people**

Currently 102,000 people or 29% of all public housing tenants are over 65 year of age and 48% of this group are over 75 years of age. The situations of older people in public housing vary dramatically. They may reside close to services or be located in fringe urban areas without public transport. They may live in a cramped bedsit or by themselves in a 3 bedroom house after the children have left home. Many older public housing tenants now face multiple disadvantages, low incomes, the absence of family support and limited access to support services.

It is clear that much of the public housing stock built in earlier decades is now unsuitable for older people. It has become run down or does not have the simple design features that would support older people to age in place, such as accessible bathrooms and open plan living areas. AHURI has noted that public housing throughout Australia is now being confronted by a range of major challenges, including:

- the demand from older people for public housing is not being met and has not yet peaked
- there will be more tenants in the older age-groups and many will need support with daily living
- the size of housing units is too small and below community standards, much of it requires upgrading to new standards or demolition

The development of a new form of National Affordable Housing Agreement (NAHA) provides an ideal opportunity to develop a strategic policy approach to public housing for older people that allows older people to continue to live independently in the community in housing and neighbourhoods of their choice .

The recent “Nation Building Investment” package of the Rudd Government included funds to undertake urgent upgrades to dwellings and a fair share of these resources should be devoted to the older people’s stock.

**Recommendation: A national coordinated approach to existing public housing for older people should now be developed which facilitates State Housing Authorities to develop social housing policies for older people that cover:**

- **maintenance and operational support**
- **desired social housing mix, stock location and stock design**
- **community support services for older public housing tenants who face multiple disadvantages**

In 2006 the NSW Government provided an excellent example of leadership in this area when it developed its policy: *Social Housing for Older People*.

### **1.3 Home maintenance, modification and energy efficiency programs**

Home maintenance, modification and energy efficiency programs play a vital role in supporting older people to remain living in their own homes, often the most cost effective and person centred response to a housing problem. These programs can reduce risk and costs and in many cases greatly improve quality of life.

Most government sponsored home modification programs are funded by the Home and Community Care (HACC) program. Some State Housing Authorities also provide services such as loans for home modifications. The value of home maintenance and modification services can be found in client and societal outcomes. AHURI has found that consumer satisfaction is high with these services and that minor modifications provide improved safety and reduced risk while major modifications were perceived as life changing. Home maintenance and modification services can:

- enhance safety within the home environment, particularly with respect to falls
- support a slower rate of decline in older people and reduce care costs
- enhance lifestyle and identity; increasing capacity for social participation, enhancement of physical and mental health

While expenditure on home maintenance and modification services is relatively small compared to expenditure on health and aged care for older people, it reduces Government’s spending in other areas by:

- decreasing the levels of hospitalisation and length of stay
- enhancing capacity to manage individuals with chronic conditions in the community
- reducing or delaying entry into residential care

AHURI’s analysis of these services in Australia identified a complex patchwork of home maintenance and modification programs that has developed incrementally over the past two decades and is inadequate to meet the needs of an expanding older population. The Alliance is calling for a new vision that would see these services as an important element of a national approach to ensuring that housing for older Australians is suited to their changing needs and circumstances.

The United Kingdom has identified the value of home modification services with an added emphasis on sustainability programs such as green home audits and “weatherising” programs. The UK *Warm Front Scheme* provides heating and insulation measures that help keep vulnerable people healthy, warm and less reliant on government services.

In Australia, power and water costs are predicted to rise substantially in the coming years. An enhanced focus on environmental sustainability will have a positive impact on housing running costs and affordability levels. The development of energy efficient homes for older people in Australia in particular will provide positive outcomes for all, the ongoing running costs of homes will be reduced and older people with fixed incomes will be able to remain in their homes at an affordable cost. The Government's recent "Energy Efficient Homes Package" focusing on insulation and solar hot water is a positive development. The funding that will become available through Australia's Carbon Trading Scheme offers a further opportunity to expand the scale and scope of housing energy efficiency programs to support older people to reduce living costs and age in place. However some regulatory measures aimed at improving the energy efficiency of existing housing may disadvantage older people. Redress will be required if the impact of these measures is not to add to housing stress for older people.

**Recommendation: The Alliance calls for the Commonwealth, State and Territory Governments to fund a national approach to home maintenance, modification and energy efficiency services that includes:**

- a vision and framework for the extension of services to a wider population of older people
- increased and consistent levels of service across the country
- redress for the impact of energy efficiency upgrades where they further disadvantage older people
- an emphasis on housing energy efficiency funded through the Carbon Trading Scheme
- the development of a research agenda to underpin the program

## **2. Increasing the supply of affordable and appropriate housing for older people**

The Alliance has identified three key elements of a strategic approach to enhance the supply of affordable housing that is appropriate to older peoples' needs:

- An increase in the supply of older persons' rental housing through the NRAS scheme
- Increases in older persons public/social housing stock
- The adoption of universal design principles in built environments and urban design

### **2.1 Supporting an increase in the supply of older persons' rental housing through the NRAS scheme**

The National Rental Affordability Scheme (NRAS) is a supply side response to the housing affordability problem. NRAS subsidy programs have the potential to assist older people but the current scheme would benefit from enhancements to ensure it complements the current seniors housing models in Australia and promotes innovative approaches. Areas that require further consideration include:

- NRAS models that support older people to pay charges in a lump sum or to pay an ongoing contribution in order to maximise pension levels and benefits
- An incentive scheme to assist in redeveloping low care facilities into assisted living units
- Models developed to demonstrate how mixed developments (such as a combination sale, rental and retirement village models) can operate either within or outside a retirement village setting

**Recommendations: NRAS is currently in its establishment phase and the Alliance has noted a number of issues that need to be addressed within NRAS including:**

- There are still concerns about whether NRAS is considered as a legitimate charitable activity within taxation legislation. While the Government has acted to protect the charitable status of those participating in the Establishment Phase the position is unclear for the Expansion Phase. Aged Care providers will not participate in NRAS if there is any question of a threat to their charitable tax status.

- A major impediment to aged care organisational involvement in NRAS is the approach taken by a number of State Housing Authorities to exclude or limit the level of state based NRAS support for aged care providers. These barriers need to be urgently removed.
- State level NRAS funding priorities are potentially shifting the focus of NRAS to high needs tenants, the current target market for public housing in most states. NRAS is not de facto public housing and should maintain its original focus on affordability for people at the margins of the rental market.
- There is a need to be more flexible on project size below the current NRAS minimum of 20 dwellings. Many smaller and particularly rural providers are advocating that a small number of units is often the most appropriate service response for an area.
- NRAS is an appropriate vehicle for ILUs to be rehabilitated and they should be afforded the same priority as new projects, regardless of the size of the development.
- Further funding should be made available to facilitate the aged care industry to successfully participate in NRAS.

## 2.2 Increases in older persons public/social housing stock

It is currently extremely difficult for older people to access public housing as new entrants anywhere in Australia and the situation is projected to worsen. The shift in public housing to priority being given to single people with complex needs and younger families has created a generational shift in the makeup of new public housing residents. AHURI has projected the demand for public housing for older people is expected to increase by 76% between 2001 and 2016, with the highest increase in demand from those aged over 85 years. While demand is growing, ABS figures show in March 2008 public housing approvals fell to their lowest level in 30 years.

The previously mentioned NSW Government initiative: *Social Housing for Older People* provides an overarching policy framework for older persons public housing and includes significant new commitments to funding older persons public and community housing. This is the type of approach that needs to be facilitated by the Commonwealth Government and emulated by all State Housing Authorities around Australia.

The Government's recent "Nation Building Investment" of 20,000 new social housing dwellings is an historic investment in housing infrastructure. This large program provides the opportunity to design and develop older people's housing options in creative and innovative ways that reflect consumer input and choice. It opens the door for such initiatives as mixed social and commercial housing developments; intentional communities based on interests rather than income and assisted living models. For these to occur older people, and their service providers, must receive a fair share of these new dwellings.

**Recommendation: A policy framework for funding public housing for older people is now urgently needed by Federal and State/Territory Governments within any NAHA and economic stimulus package.**

## 2.3 The adoption of universal design principles in built environments and urban design

Governments at all levels need to do more to support the aspirations of older people to remain at home as they grow older. Supporting older people to age in place will require rapid progress on developing accessible building standards and improved urban design processes including improvements in the environmental sustainability of housing.

In recent years, there has been growing awareness of the critical role played in supporting older people to remain in their communities through the implementation of accessible or adaptable housing using universal design principles. Universal design incorporates products and building features that - to the greatest extent possible - can be used by everyone.

The features of universal design are:

- Equitable Use; the design must be useful and marketable to people with diverse abilities.
- Flexible in Use; it must accommodate a wide range of individual preferences and abilities.
- Simple and intuitive use; it must be easy to understand, regardless of the user's experience, knowledge, language skills or current concentration level.
- Perceptible Information; it must communicate the necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities.
- Tolerance for error; the design must minimise hazards and the adverse consequences of accidental or unintentional actions.
- Low Physical Effort; the design must be used efficiently and comfortably with a minimum of fatigue.
- Size and Space for approach and use; appropriate size and space must be provided for approach, reach, manipulation and use, regardless of user's body size, posture or mobility.

Currently there is no legal requirement for residential housing to be accessible in Australia. Without such regulation, it is very difficult to encourage builders and developers to provide barrier free environments or to create a consumer demand for such environments. In the United Kingdom *Lifetime Homes Standards* are progressively being phased in with full implementation for all new homes by 2013. These standards promote accessible and adaptable housing and it is estimated that compliance results in modest additional costs of 547 pounds per new home.

In 1995 Standards Australia developed a Standard on Adaptable Housing – Australian Standard (AS) 4299. Although not currently enforced, the principles of adaptable housing outlined in AS 4299 include:

- adaptable housing incorporates design features often lacking in current housing that are designed to benefit all owners/occupiers
- it is possible at relatively little extra initial cost, and later modification to adaptable housing should be able to be effected at minimum inconvenience and minimum cost
- it provides houses with features, dimensions and materials designed for safety and ease of use
- it assists in maintaining community and family networks by allowing people with disabilities and older people to stay in their own homes, close to established support networks and familiar surroundings
- it is suitable for people with any level of ability - the adaptable house, due to its adaptable features, should suit any future occupant with any type of disability

Many countries throughout the world are currently using the WHO Aged Friendly Cities framework to address issues for older people such as housing, transport, community services, urban design and infrastructure. Some local governments in Australia are adopting the framework but require further funding for the range of developments required. The UK government is funding the development of *Lifetime Neighbourhoods*. Such a neighbourhood is designed to be welcoming, accessible and inviting. Community infrastructure such as transport services, civic space and amenities are designed to make it possible for older people to have a full life and participate in the life of their local community.

It is time for Australia to adopt similar enhancements to community infrastructure through urban design that acknowledges the wide range of needs of the growing number of older community members. Environmental sustainability and energy efficiency should be a key focus of such developments.

**Recommendation: The Alliance calls on the Commonwealth, State and Territory Governments to:**

- **amend the Building Code of Australia to adopt the principles of adaptable housing in line with AS 4299 by 1 January 2010;**
- **phase in Universal Design and sustainable living planning criteria**
- **further facilitate the development of concepts such as Aged Friendly Cities and Lifetime Neighbourhoods.**