

HOUSING TRANSITIONS AMONG OLDER AUSTRALIANS

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Policy Dialogue on Housing and Ageing

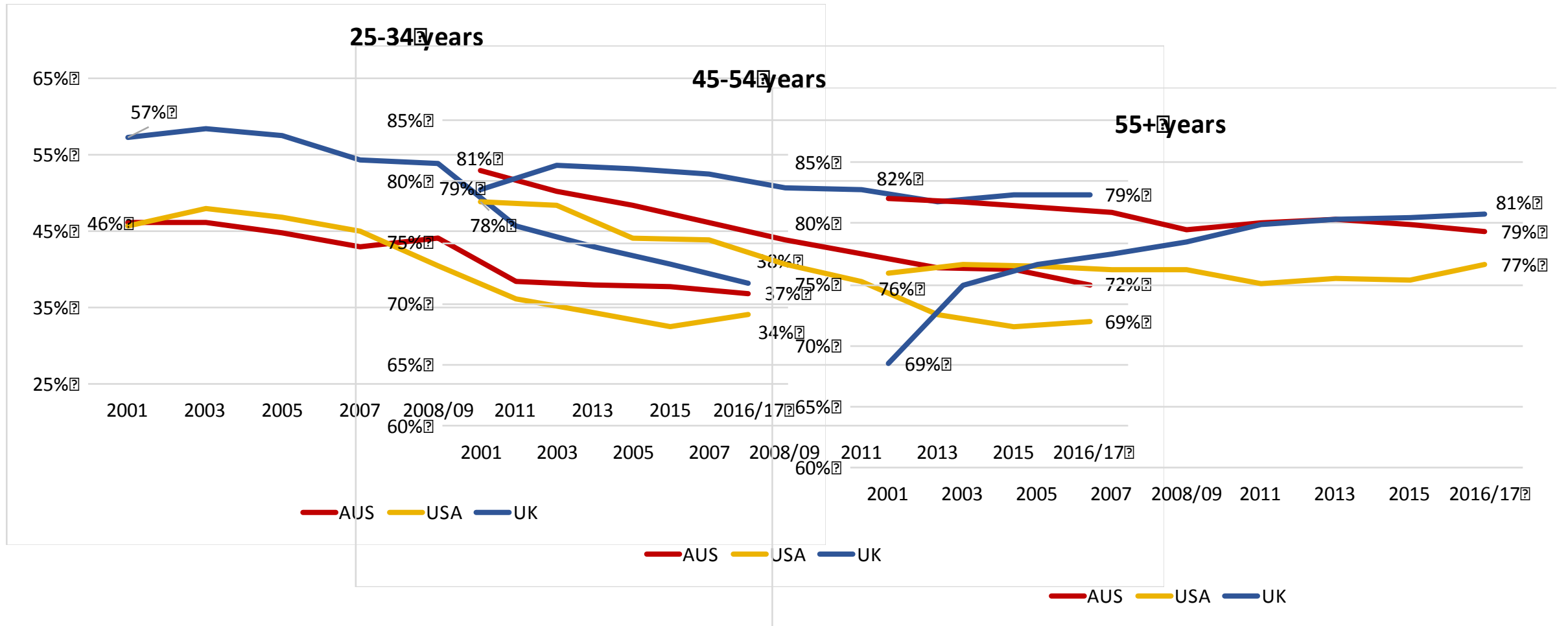
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Traditional housing pathways



Home ownership rates by age, 2001-2017



Source: Calculations from the 2001-2017 HILDA Survey, 2001-2017 PSID, 2001-2008 BHPS, 2011-2016 UKHLS

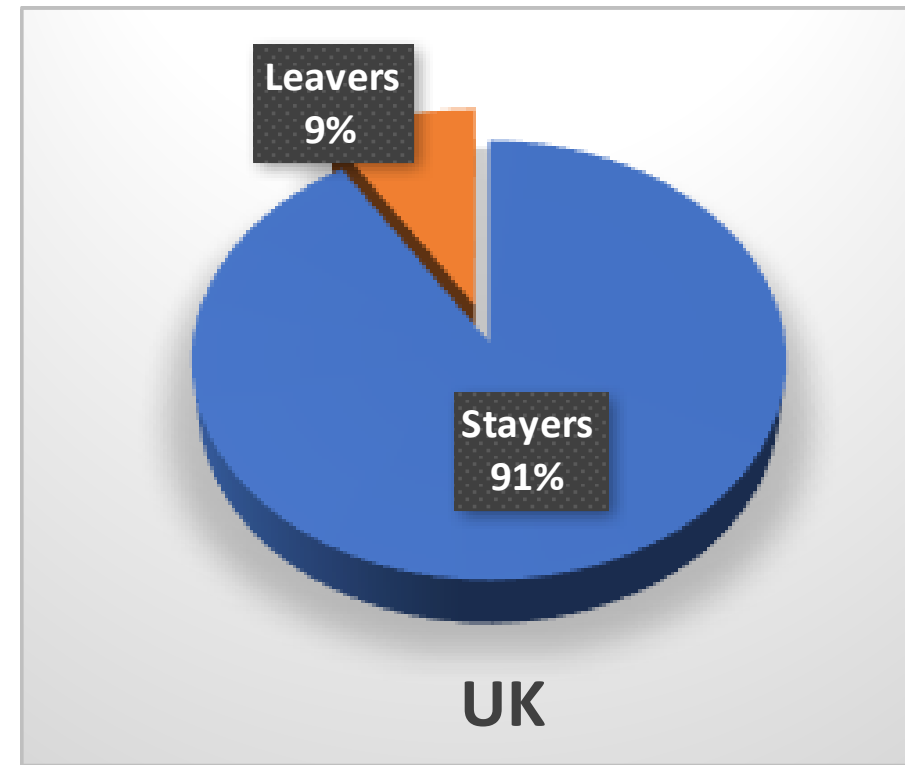
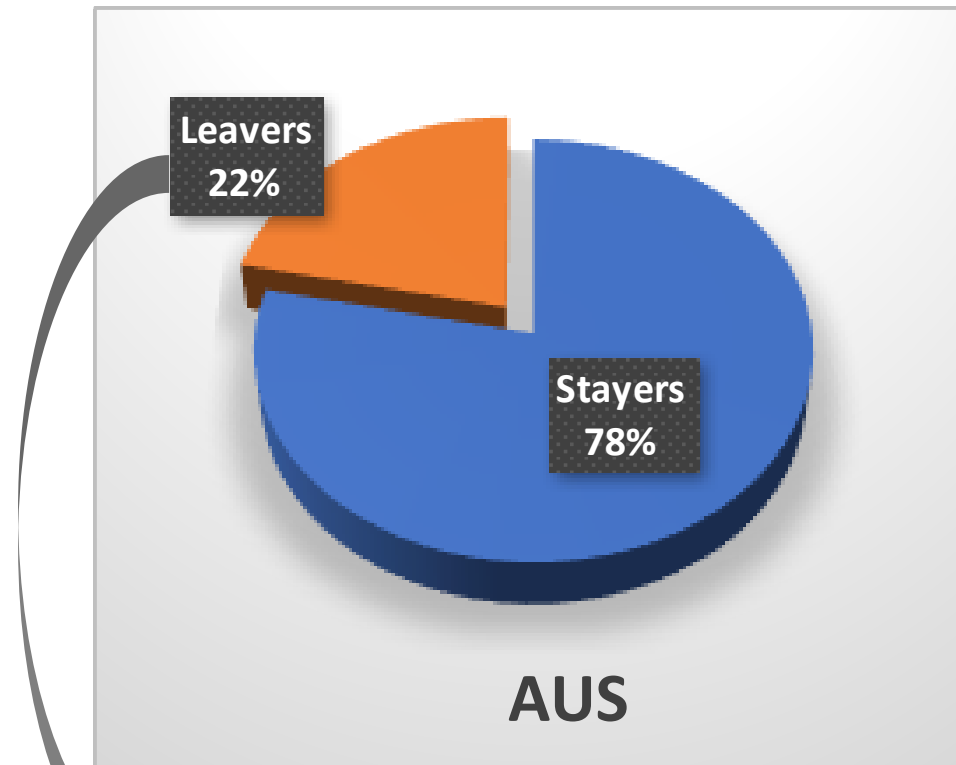
Emerging transitions in later life: expanding edges of ownership

Loss of home ownership

Mainstream to precarious ownership



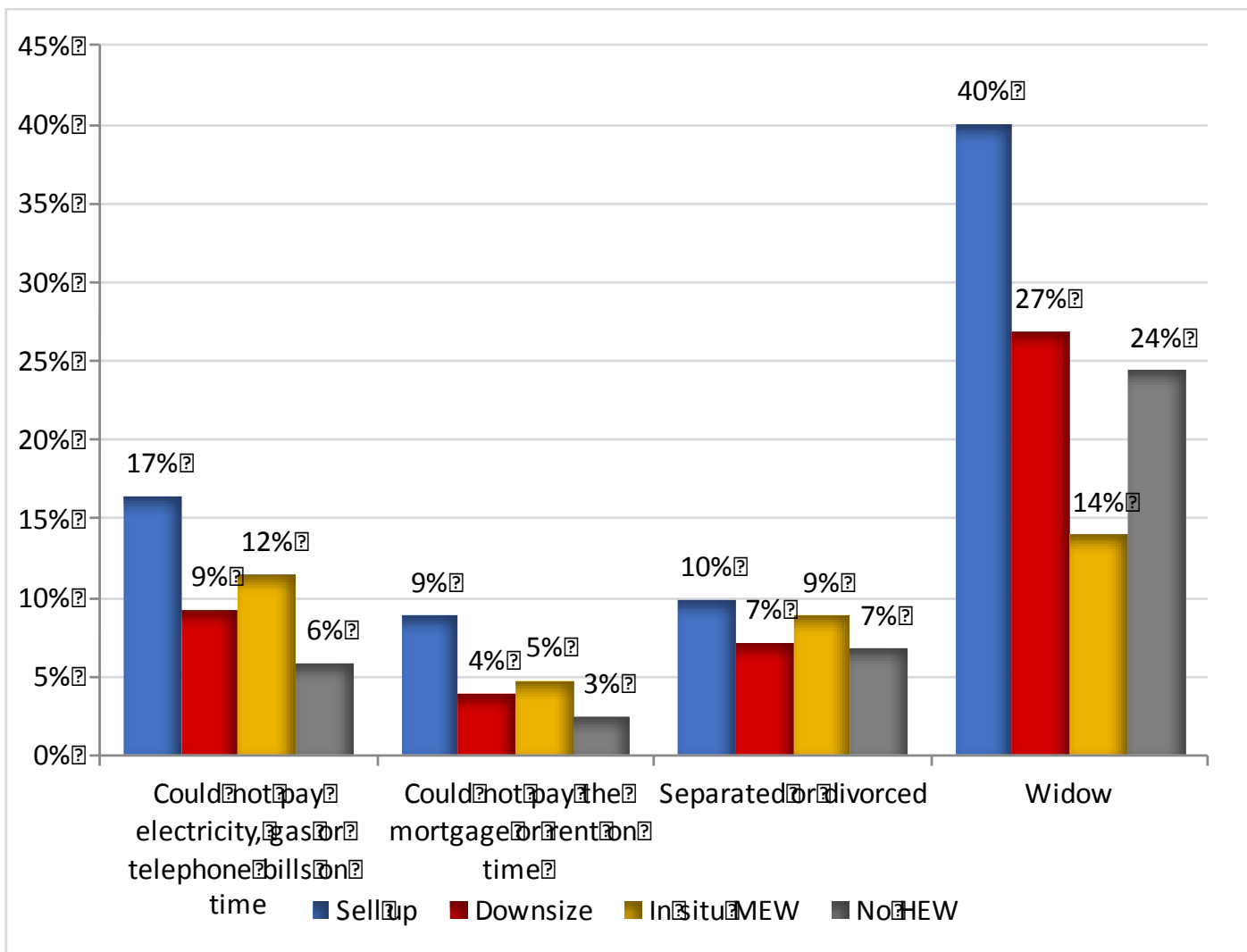
Departures from home ownership



1.9 million people, of which 500,000 were aged 50+

Source: Own calculations from the 2001-2010 HILDA Survey

Triggers for sale of family home, owners aged 65+, 2001-2010



- **Ex-home owners** aged 65+ are 10 – 12 percentage points more likely to require rental housing assistance than similarly aged **long-term renters**
- **Welfare path dependency** is evident – receipt of housing assistance at t is linked to a 61 percentage point higher probability of receiving housing assistance at $t+4$

Source: Ong et al. 2015

Source: Calculations from the HILDA Survey as reported in Ong et al. (2013)

Barriers to moves among older Australians

And that's the problem we get mainly, coming [to us] **under crisis**, and then they have to make a quick decision because it's not [in] the planning.
(Service provider 8, private advisory service)

They shouldn't charge so much, transferring and **stamp duty** when you're trying to downsize . . . Like you pay to get out of this place but then you pay to get into another place . . . (Jenny, Adelaide, 55–64)

We've got two **daughters** living in the eastern states and they **visit** when they can, and **grandchildren**, so it's nice to have a nice house to come to.
(Alan, Perth, 75+)

. . . there is very clear evidence . . . [that] there is a **strong desire to stay in place**.
(Service provider 9, private finance provider)

Mortgage profile of 55+ year olds, selected years 1990-2015

Year	1990	1997	2008	2015
Share of mortgagors	10%	10%	20%	28%
Mortgage debt	\$33	\$94	\$159	\$186
Home value	\$292	\$298	\$647	\$716
Disposable income	\$39	\$48	\$83	\$88

Source: Calculations from the ABS Surveys of Income and Housing
 Notes: Financial values are expressed in 2015 price levels. Mortgage debt, home value and income are calculated for mortgagors only.

Share of mortgagors who are equity borrowers, selected years 2001-2017

Age band	2001-03	2009-11	2015-17
25-34 yrs	44%	38%	36%
35-44 yrs	39%	35%	28%
45-54 yrs	33%	27%	19%
55+ yrs	22%	22%	26%

Source: Calculations from the 2001-2017 HILDA Survey

Implications for housing assistance in old age



Methodology

POPULATION PROJECTIONS

- Basefile 2016 HILDA Survey
- ABS Household and Family Projections broken down by state and territories, living arrangement and age groups
- Population growth rates used to 'age' the HILDA data by adjusting the 2016 HILDA cross-section population weights corresponding to each person aged 55+

TENURE PROJECTIONS & ASSIGNMENT

- Chart historical trends in age-specific HO rates in the ABS SIH by age groups
- Project outright ownership and mortgagor shares in the 2016 HILDA Survey to 2031
- Public housing count constant
- 'Other' share constant
- Residual to private rental

POLICY SIMULATION

- Microsimulation model to estimate CRA eligibility in 2031 assuming policy and economic environment remain unchanged

Population estimates of CRA recipients and budget cost in 2016 & 2031, by household type

Household type	N recipients			Budget cost, \$ million		
	2016	2031	% change	2016	2031	% change
All persons aged 55+	414	664	60%	972	1551	60%
Couple with adult children / no children	159	278	74%	264	468	77%
Couple with dependent children	23	29	25%	65	79	22%
Sole parents with dependent children	39	47	21%	105	127	21%
Sole parents with adult children	33	78	134%	94	217	130%
Lone person	113	173	53%	348	537	54%
Other	46	59	27%	97	123	28%

Source: Cfrom the HILDA Survey as reported in Ong et al. (2019)

Population estimates of private renters aged 55+ who are eligible for public housing in 2016 & 2031, by household type

Household type	2016 ('000s)	2031B ('000s)	% change
All persons aged 55+	247	441	78%
Couple with adult children / no children	97	212	120%
Couple with dependent children	20	21	3%
Sole parents with dependent children	13	16	28%
Sole parents with adult children	7	6	-9%
Lone person	109	181	66%
Other	3	5	84%

Source: Calculations from the HILDA Survey as reported in Ong et al. (2019)

Precarious home ownership and policy considerations

- Those who stay in ... debt-free HO to mortgage burdens in later life
 - Retirement strategies, superannuation
 - Fourth pillar of retirement incomes system?
- Those who fall out ... long-term renting in old age
 - Demand for rental housing assistance, tenure security concerns
- Differences between older men and women
 - Mental health impacts, housing assistance recipients
- Those who get back in – we don't know enough about churners
- First-HO vs Post-HO vs Non-HO

REFERENCES

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