

## Priority 4: A home, not an aged care home

Most Australians (92%) want to remain in their own home as the age.<sup>xiv</sup>

However, there are many challenges remaining at home, especially when physical or cognitive impairment becomes an issue. The family home may also become unsuitable if it requires upkeep, maintenance or modification.

Older Australians might consider downsizing if alternatives were available. However, one of the biggest barriers is fear this will impact a person's pension.

Unless this is addressed, pensioners will remain trapped in unsuitable housing, putting them at higher risk of injury and premature entry into residential care.

Those who don't own their own home have another problem. They rely on private rentals or community housing, both of which are in short supply.

Boosting the supply of dedicated rental housing for older people would improve their lives.

### Key Recommendations

7. Allow people on the cusp of entering residential care the option of downsizing to a smaller, age friendly home by exempting excess sale proceeds from the assets test.
8. Create a capital grants scheme for the construction of rental housing for older people.



**RECOMMENDATION 7**

Allow people on the cusp of entering residential care the option of downsizing to a smaller, age friendly home by exempting excess sale proceeds from the assets test.

**Overview**

- Older people should be granted an exemption from the assets test for excess sale proceeds to encourage them to downsize into more suitable housing. This will:
  - ensure the delivery of care and support is easier, and
  - keep people out of residential care for as long as practical.
- Eligibility would be restricted to people who were aged 80 and over, were eligible for a Home Care Package and had owned their home for more than 10 years.
- Those choosing to downsize could place excess funds into superannuation using the [Downsizing into superannuation](#) scheme and would then be able to purchase additional care and support.

**Benefits**

- Reduces the risk of prematurely entering residential care.
- Reduces the overall cost of care to government and the individual.
- Removes the financial disincentive to downsizing.
- Increases the use of the superannuation downsizing scheme.
- Stimulates demand for seniors friendly, accessible housing.
- Frees up housing stock, taking pressure off the housing market.
- Boosts spending, creating jobs and economic development.

**Why the program is needed**

- A proportion of older Australians live in larger homes that have become unsuitable as they get older – almost 50% of households receiving a pension or government allowance had two or more bedrooms spare.<sup>xv</sup>
- Older people can lower their risk of entry into care where care is provided – a recent study showed every hour of service received per week was associated with a 6% lower risk of entry into residential care.<sup>xvi</sup>

**Budget implications**

- Many older people don't consider downsizing in later life and often continue living in their homes, receiving the same level of pension as they would if they were granted an exemption. As such, providing an exemption late in life would have limited budget impact.
- An exemption would be consistent with residential care where a two-year exemption from the assets test already exists.
- The economy would benefit from increased spending. The residential construction industry for age-friendly housing would get a boost and older people would have more money to spend on care and support.

**RECOMMENDATION 8**

Create a capital grants scheme for the construction of rental housing suitable for older people

**Overview**

- Capital grants should be available to projects offering a simple rental agreement, with longer lease options and accessible housing design.
- The scheme should provide seed funding, which can be used to attract private capital for the development of rental housing projects.
- Housing should meet universal housing design standards to accommodate residents with physical or cognitive impairments, including dementia.
- Projects should be optimised to support the efficient delivery of home care.
- An example of a simple rental style development is the [Warner Close retirement village](#) located in Murray Bridge a joint venture between the local council and a home care provider.

**Benefits**

- Improves the delivery of care and support to low-income older Australians.
- Provides an alternative to unstable and expensive private rental housing.
- Reduces the risk of entry into highly subsidised residential care, minimising Budget costs.
- Stimulates housing construction and more specifically construction of seniors friendly housing.

**Why the policy is needed**

- Around 325,000 people aged 65 and over are renters, two-thirds rely on the private market.<sup>xvii</sup>
  - According to the Retirement Income Review, older renters are most likely to experience poverty.<sup>xviii</sup>
  - Older renters often do not have significant wealth or income and rely on the Age Pension – 300,000 CRA recipients receive the Age Pension.<sup>xix</sup>
  - Private rentals often don't incorporate universal design principles, placing older renters at risk of falls, hospitalisation and then premature entry into residential care.
  - Providing care and assistance to older renters can be difficult and costly and leave renters isolated with little social and emotional support.

**Budget implications**

- A seeding fund of \$300m could be provided initially for projects in priority locations where there is a high need for rental stock for older seniors.