

Media Release
27 June 2017

‘Last home’ grants would promote housing affordability and financial sustainability

As a Federal Senate Committee prepares to hand down its final report into affordable housing, the Residential Land Lease Alliance (RLLA) calls on Australian governments to consider innovative policy approaches.

The RLLA asks state and territory governments to consider introducing grants or incentives to help older Australians to downsize. One such incentive may be a “last home owner’s” scheme designed to encourage older people to buy a smaller home.

RLLA spokesman, James Kelly, said last home owner grants would release 3-4 bedroom housing stock, while also promoting better quality of life for older Australians on low incomes.

“If more older Australians were to downsize it would free-up desirable detached housing and place downward pressure on property prices as supply increases,” Mr Kelly said.

“Last home owner grants would provide an incentive for Baby Boomers to sell large family homes and move into smaller homes that are well suited to ‘ageing in place’.”

“Such schemes would tackle the issue from a new angle. At the same time it would acknowledge the preference many older Australians have for freestanding homes.” Mr Kelly said.

A recent Australian Population Research Institute report found 60% of Sydney and Melbourne residents aged over 60 live in detached homes. Up to 60% of freestanding homes in inner and middle suburbs in Australia’s two largest cities are occupied by people aged 50 and older.¹

“A Last Home Owner incentive would be positive, pragmatic policy.” Mr Kelly said.

“At the moment public debate is narrowly focussed on the need to build more affordable housing. This seems like blinkered problem solving, considering there are up to 3 million empty bedrooms in Australian homes every night.”²

“Public discourse can also tend to blame older people for deciding to remain in larger homes in desirable suburbs. This isn’t helpful.” Mr Kelly said.

“With the proportion of Australians aged over 65 set to double by 2055³, we need to engage with older people, rather than blaming them for housing availability and affordability issues.”

¹ Birrell, B. and McCloskey, D. 2015, The housing affordability crisis in Sydney and Melbourne - Report One: The demographic foundations, Australian Population Research Institute, p 10.

² McCloskey, D.

³ Treasury 2015, 2015 Intergenerational Report: Australia in 2055, Commonwealth of Australia, p viii.

“New policy approaches are needed to encourage a shift in thinking.” Mr Kelly said.

The RLLA believes a last home incentive scheme would have the added benefit of promoting a higher standard of living for older Australians by freeing-up equity once they downsize.

Figures released by the ABS last month found nearly one-third of older Australians in low income households are asset rich and income poor. While 74% of older low income households (aged 65 or over) own their home outright, one-third possess less than \$5,000 in cash and liquid assets.⁴

Additionally, a last home incentive scheme would stimulate traditional home builders to build ‘downsizer’ product. The scheme would also promote the release of larger blocks in middle suburbs for redevelopment and densification, near existing infrastructure.

A last home owner scheme may incorporate:

- A grant or incentive made available to people aged over 65 years who are purchasing a 1-2 bedroom home, townhouse, manufactured home, unit or apartment;
- A requirement to show a recent sale (or pending sale) of a larger principal residence that is of greater value than the new residence;
- A requirement that the new home is valued under a certain amount (say, \$750,000); and
- Be means tested, or restricted only to pensioners.

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The **Residential Land Lease Alliance (RLLA)** is the national representative body for residential land lease community operators who have people living permanently in their communities. The RLLA is a subcommittee of the Caravan Industry Association of Australia.

Around 100,000 people (2% of older Australians) live in residential land lease communities. These communities are also known as residential parks, mobile home parks, manufactured home estates, lifestyle villages or caravan parks.

There are approximately 900 land lease communities across Australia. The average age of a land lease community homeowner is 67 years.

⁴ ABS, Media Release: Many older Australian households asset rich, income poor, 30 March 2016.