



Australian Housing
and Urban Research Institute



THE FUTURE OF AGED PERSONS HOUSING: What role for Independent Living Units?

Presented by

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**Current and Future Challenges Facing the Provision of Independent Housing
and Services for Victorian Seniors**

Caulfield

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(1) Introduction

There is an emerging crisis within housing for older persons, a crisis which will primarily affect older renters but would also include some owner-occupiers with very low valued houses.

Today I want to focus particularly on the role of independent living units in the future of aged housing. But before I get to that I want to put ILUs in some context by briefly mentioning three of the many dimensions of this housing crisis: the first relates to older renters; the second to ourselves; and, the third to our collective response.

(2) Older renters

The first dimension to this crisis is older renters themselves. Approximately 10-15% or about 70,000 older people in Victoria are renting. Moreover, given the ageing of the population and the reduction in the rate of owner-occupation, we can expect these numbers to increase quite significantly over the coming decades.

For those who rely upon the private sector for housing, retirement and the consequent drop in income brings with it a housing crisis. No longer do they have sufficient income to afford the rent – for a while they can rely upon their savings, if they have any – but basically they go in search of a social housing option that is affordable and that meets their particular values, needs and preferences.

The crisis for older renters is also deeply personal. Age can bring with it disabilities, loss of skills, isolation, frailty and vulnerability; within ethnic communities, a return to the primary language. It brings new opportunities and new perspectives. But it can also bring with it a tension between seeking security (in its many forms) and seeking independence.

(3) Ourselves and the housing crisis for older Australians

The second dimension of the housing crisis for older Australians is ourselves. It is about each of us appreciating just what is at stake when a person does not have adequate and appropriate housing. The issue here is about our own hearts and minds.

I would invite to reflect upon, to recall and to mull over what home means to you.

Adequate and appropriate housing is a major factor in the quality of life and wellbeing of older people. For older people, their housing is symbol of their independence, their housing and their local community is a link with their personal history and with their identity – a place full of memories, hopes and joys; a place for meeting the challenges of disappointments and sadnesses.

That is why most older people want to continue living within their local communities and local neighbourhoods. That is why the main game in housing for older persons is not residential aged care but rather independent housing.

The second dimension of the housing crisis for older Australians is ourselves.

- It is about our individual and collective capacity for understanding, our capacity to enter into the hopes and dreams of older people, it is our capacity for solidarity.
- It is about confronting our biases, our assumptions about renting, about the value of owner-occupation and how these impact on the renting as a viable and legitimate form of tenure and, confronting our assumptions about older people and about ageing.
- It is about our capacity for collaboration, to think beyond the horizons of our own organisations to the greater good, to the role we can play in the larger picture.

- It is about our individual and collective failure of vision and fantasy, our failure to appreciate just what is at stake when an older person does not have adequate and appropriate housing.

Until we can do this more adequately both individually and collectively then many older people will continue to have inadequate housing, indeed very poor housing.

(4) Our collective response

The third dimension of the housing crisis for older Australians is the inadequacy of our collective response.

Older renters have three main options – public housing, community housing and independent living units – in all about 27,000 units in Victoria. Let me briefly work through the current status of each of these options.

4.1 Public housing

The first and most extensive option is public housing with 18,000 units for older persons in Victoria or about two-thirds of units for older persons. Since 1968 when the Commonwealth first provided funds to the States specifically for older persons housing, housing for older persons has been a specific target group. These units are provided in a range of settings:

- Stand-alone high-rise towers such as Crown Street Flemington and Holmes Street Northcote
- High-rise towers located on a larger public housing area such as Melrose Street North Melbourne
- Flats in 2-3 storey complexes
- Clusters of units scattered through Melbourne and rural Victoria.

But the traditional separation within public housing of family housing and housing for older people is no longer relevant. Many older people now live in what were once family units – in high-rise flats, walk-up flats and houses.

In recent years the Office of Housing has undertaken a number of initiatives:

- The conversion of bedsitter units into one-bedroom units
- The upgrade of existing units
- It has sought to address the support needs of older public housing tenants by providing aged care packages specifically to this group
- Indeed, where it has acquired new stock, it has given priority to acquiring new housing for older persons.

For over two decades we have had substantial underinvestment in social housing. We still do not have a sustainable financial system for social housing. What is most striking about the directions of the Office of Housing is that most, if not all CSHA funds are or will be directed at upgrading and redeveloping existing stock – it is possible that by the end of the current CSHA, the Office of Housing may have to sell stock in order to upgrade and redevelop other stock. As a result, we will find that virtually there will be no new public housing stock for older persons.

4.2 Community housing

From 1970s the Office of Housing has developed joint ventures with community organisations and local government to provide housing for older persons. Around an estimated 2,000 units for older persons – just under one-tenth the total - are managed by Community Housing Organisations.

But the expansion of community housing relies on CSHA funds and again the funds available are very limited and the prospect of any significant expansion of this sector is low.

So here we have two key providers of social housing for older renters virtually at a standstill, while the demand is increasing.

(5) Independent Living Units: Will they have a role in the future?

So we come to – Independent Living Units, the third option for older people with relatively low assets and low income. As you know, as ILU managers, their situation is just as dire, maybe even more so.

Let me not bore you with the details you already well know – and for those of you who don't, I refer you to the paper I prepared for the AHURI-Myer Foundation "Housing Futures in an Ageing Australia Conference" and to the more extensive papers on the AHURI website (See Section 7.1 below).

5.1 Independent Living Units?

First, let me first clarify what I'm referring to as ILUs and ILU organisations. I use the term "Independent Living Unit" to refer to those units which are provided by not-for-profit organisations and which are or can be targeted at older persons with relatively low incomes and low assets. Of particular note are those units acquired with subsidies through the *Aged Persons Homes Act* between 1954 and 1984. I refer to this as the first phase of the retirement village industry. The term ILU does not refer to: (i) private sector retirement villages (ii) commercial retirement villages by not-for-profit organisations where the entry contribution is more than \$100,000 (or to be more technical, those residents eligible for Commonwealth rent assistance).¹

5.2 Overview

I now want to go immediately to the conclusion of those papers I referred to above, then work back through some of the key findings and press upon you the urgency of the situation and strategies which we need to initiate now – not in three or four years time, not even 12 months time.

The future of ILUs for older persons provided by not-for-profit organisations is at a watershed. ILUs are a unique and particularly important social housing option for older persons with no assets or relatively low assets. At around 7,000 units in Victoria, ILU organisations provide approximately 25% of social housing for older persons – in some municipalities, it constitutes more than 50% of social housing for older persons.

Over the next decade, ILU organisations face some major challenges:

- to reaffirm their vision and their mission;
- to adopt a more strategic approach to their future and respond to local housing needs;
- to facilitate the ongoing development not just of individual organisations but of an ILU sector;

¹ According to current Centrelink provisions, where a resident pays an ingoing contribution equal to or less than the 'extra allowable amount', they may qualify for rent assistance. The 'extra allowable amount' is the difference between the non-homeowner and the homeowner assets tests. Currently it is \$108,000.

- to find ways in which to regenerate their stock and meet the new expectations of older people and communities;
- to update their management and governance practices; and
- to explore the potential, opportunities and disadvantages of linking ILUs and aged care services.

Unless they meet these challenges, the number of ILUs will dramatically decrease with major implications for Commonwealth and State programs for older persons. Already some organisations have withdrawn from providing ILUs. Others are seriously considering withdrawing. Others have not yet become attuned to the emerging issues. Already, publicly, in February this year, the Southern Territory of the Salvation Army announced that it was withdrawing from providing aged care services in Australia. This included the sale of its retirement villages which provided independent housing for over 1,000 older persons including around 700 ILUs. Where does your organisation lie? Does it see the importance of ILUs to the future of housing for older persons? Or is your organisation only interested in the side-game – residential aged care?

ILU stock is not only ageing but in many instances no longer meets the current needs and expectations of older persons. For this reason, many organisations have been compelled to stop and reconsider their future role in providing independent housing for older persons. However, what is forcing the direction of decisions about the future is not so much the condition of their stock, but rather access to capital funds with which to upgrade, reconfigure and redevelop ILUs to meet the changing expectations.

Any extensive reduction in ILUs will have a dramatic impact on the housing options of aged pensioners, particularly those in the private rental market. Stable and secure housing is an essential pre-requisite if community aged care services are to sustain older persons in their homes longer. The Commonwealth Government as part of the National Strategy for an Ageing Australia has taken few steps, as yet, to address the housing options of aged pensioners in the private rental market. ILUs could play a major role in providing a stable and secure setting for the delivery of community aged care services.

Any extensive reduction in ILUs will also have a major impact on State Housing Authorities (SHAs) whose primary role is to meet the housing needs of this group of older persons. Currently, SHAs face similar stock issues to ILU organisations – ageing, undersized stock in poor condition. Most CSHA funds are now committed to the pressing demands for the upgrade, renewal and redevelopment of SHA housing stock.

If left to them many ILU organisations will have no option but to withdraw their stock. I believe it is time that ILU organisations, peak aged care organisations, Commonwealth, State and Local Government begin to work together and preserve this valuable resource.

5.3 Critical issues

ILU organisations face critical issues in six areas:

- housing market/target group
- housing stock
- finding capital
- management
- linkages with support/community care services, and
- ongoing sector development

I want to go through each of these six areas noting the critical issues and propose some key strategies – no doubt you can think of better ones.

The extent to which an issue is relevant to any particular ILU organisation is variable. ILU organisations are very diverse: some have actively dealt with the issues; some are currently dealing with them; some are dealing with them to varying extents, and; some have little awareness of them.

5.4 Housing market/target group

While ILU organisations have a diversity of target groups they tend to accommodate what might be described as the “genteel” older person, i.e. those who can live independently, fit in with the culture of the village and present few problems for managers.

But the demand for ILUs has reduced because:

- older persons have higher housing expectations than the size and quality of the ILU being offered, and
- older owner-occupiers are remaining in their own homes longer.

The key strategy for an ILU organisation is to move into new territory and re-orient their organisation around a new target group - those who rent privately but only have some limited or even no assets.

5.5 Housing stock

After 20, 30 or 40 years of operations many ILU organisations have major issues with their current housing stock. It is primarily this issue which has forced many ILU organisations to stop and reflect on their future directions and role as a provider of ILUs.

Current ILU stock is predominantly bedsitters and small 1-bedroom units. A significant proportion of the older stock is below current community standards.

Already some organisations have begun or are planning to upgrade, reconfigure and demolish units.

ILU organisations not only have to upgrade dwellings to contemporary building and technological standards, but they also have to meet higher expectations in relation to the size, design, facilities and use of units.

5.6 Finding Capital

While the current condition of ILU stock has forced ILU organisations to stop and reflect on their future role as providers of ILUs, their future target groups as well as the future of their housing stock, it is the financial issues that largely drive these future directions setting the parameters for what they may or may not be able to do.

A prevailing view among many ILU organisations is that the provision of ILUs is no longer financially viable. This runs contrary to the experience of both State Housing Authorities and Community Housing Organisations who currently provide housing to low-income households at concessional rentals.

The big issue, however, is finding capital to upgrade, reconfigure and rebuild housing stock. It is further complicated because many ILU organisations not only face major demands for capital for their ILUs but also for their residential aged care facilities.

So what can we do? Indeed there are no easy answers. So it takes an enormous commitment to the goal of providing housing for older people with few assets. And this is more than likely the crucial issue – the one of commitment.

But it requires considerable skill to arrive at a solution which can maximise the number of units. On the one hand, there are strategies which reduce the available stock – and for those really committed these are the options of last resort:

- increase the level of resident contributions
- demolish stock and rebuild for an upmarket target group while retaining some units for main target group
- sell stock to pay for the upgrade, reconfiguration and redevelopment of stock or the acquisition of new stock
- enter into a joint venture with a private sector partner.

All these options mean reduced stock for our main target group. So what strategies will maximise this stock? There are three that together can offer some hope.

First, borrow funds, particularly for upgrading units. If you are not charging at least \$100 per week for a unit and so maximising Commonwealth Rent Assistance, then your rents are too low. If you are charging this amount, then you can support some borrowings – I would estimate around \$20,000 per unit.

Second, capitalise Commonwealth Rent Assistance - I understand that the community housing sector is seeking to get Commonwealth Rent Assistance paid as an upfront lump sum payment that can be used as capital.

Third, enter into a joint venture with a social investor, particularly the Office of Housing. Already some ILU organisations have gained funds through the Social Housing Initiatives Program, commonly known as SHIP. But generally, the Office of Housing and the Victorian Government is still unconvinced about the importance of the ILU sector – I'm not even sure that the sector has done the ground work to put a good case to them yet.

5.7 Management

Most ILU organisations are very small managing less than 50 ILUs. For various reasons, some are struggling to manage, struggling to respond to new demands from new legislation and a new management culture. Having now been operating for more than 20 years, most of these organisations are moving into a new management phase – a third phase.

In the first phase, they established themselves as organisations and found the resources to construct their units. In the second phase, they consolidated their organisation and its administrative systems and, managed a stable and cohesive group of older persons as well as a housing stock in a good state of repair. The third phase is a phase of renewal where the organisation must forge a new role in a new environment. They must confront the challenges of renewing their stock and strategically planning their future. They need new skills to confront an array of complex issues.

All this raises some serious issues about the future of ILU organisations. Each ILU organisation needs to assess whether it can continue to manage housing in the way it has in the past. Could their housing be better managed by handing it over to another organisation - either handing over just the management or both the ownership and the management? Could it be better managed if two or more organisations amalgamated? Could a number of organisations pool their resources and employ people with the skills for this third management phase of strategic planning? Could they collectively establish an asset management organisation with the particular skills they require?

Finally, on a different note, would it be simpler if ILU organisations made the difficult transition from operating under the Retirement Villages Act to operating under the Residential Tenancies Act?

5.8 Linkages with community care and other support services

The traditional view of “independence” has changed dramatically in the past couple of decades as more older people seek to age-in-place. Yes, they need community care and other support services. But what is the role of ILU organisations in providing support, in providing community care, in providing other support services? It is important that you are clear about your role whether you:

- (1) leave the issue of support and care to the residents themselves
- (2) provide low-level monitoring of residents
- (3) refer residents to services as and when needed
- (4) advocate for and broker services for residents
- (5) directly provide services for their residents.

Many ILU organisations have opted for the last option and directly provide community care and other services. This option may provide them with better direct control over where services go and it does solve some short term problems. Personally, I’m not convinced that this is the best option. I take the European view, most prominent in the Netherlands, Denmark and Sweden, that, where possible, we should separate the delivery of housing and the delivery of support services. By so doing, ILU organisations avoid conflict of interest between maintaining residency and providing support to the resident. It avoids whole-of-life arrangements. It allows for mutual accountability between support services and housing managers.

5.9 Ongoing development of the ILU sector

My final topic is the ongoing development of the ILU sector. Let’s be positive here. I’m not just looking to its survival but rather its ongoing development. So far all of the previous issues – target group, housing stock, finding capital, management, linkages with support services – are issues for each ILU organisation. Big issues! But we just cannot expect each ILU organisation to deal with such large issues – they have neither the skills nor the capacity nor the clout to do so. (Of course some of the larger organisations could it.) So this raises a deeper issue.

We are getting here to the heart of the matter. One of things that has struck me is that most ILU organisations are isolated from one another. They have little contact with one another, they have little contact with peak organisations. Within many larger organisations, ILU managers are on the outer because ILUs are just not a priority of the organisation. Politically they are marginalised. The Commonwealth Government just doesn’t want to know about ILUs and their problems – they are only interested in residential aged care and community care. The State Government likewise. ILUs just don’t have a political profile.

If there is going to be a future for ILUs then it has to be a future built around collaboration between ILU organisations. This brings us to the very sensitive question of: who is going to take a leadership role?

If ILU organisations are to continue developing, then they need to develop a supportive infrastructure or tap into existing infrastructure which will facilitate collaboration among ILUs organisations, between ILU organisations and peak bodies, between ILU organisations and Commonwealth and State Governments.

A peak organisation plays an important role as:

- A meeting place for organisations to share experiences, solutions and strategies;
- A provider and facilitator of education and training for volunteers and paid staff to build their knowledge, competence and skills particularly in tenancy management and asset management;

- A facilitator of accreditation and codes of practices which assures both residents and other interested parties that the organisation is delivering quality services, and
- A provider of policy and systems development which can be shared across organisations, a development which builds upon the cumulative experience and creative innovations of these organisations.

Such leadership for the sector, it seems to me, could come from one of three sources:

- Retirement Village Association (RVA)
- VAHEC, or
- Community Housing Federation of Victoria

As ILU managers, this is your question and you have to find your own answer. But let me briefly or not so briefly comment on each of these.

It seems to me that the Retirement Village Association is primarily interested in the leading edge of retirement villages, i.e. commercial retirement villages targeted at higher income older people – those who can make lifestyle choices. I'm not sure how small not-for-profit organisations with their particular target group and struggling in the third phase of management etc. can fit into the ethos of the RVA.

The second option is the aged care peak, VAHEC. Many ILU organisations are not members of VAHEC. Those that are members are members because they also run Residential Aged Care. To date, the key focus of VAHEC has been Residential Aged Care and community care. While the issue of ILUs has been around for many years, little has happened.

And let me recall again, the Salvation Army announcement in February. It received some prominence particularly in relation to the sale of residential care facilities – hostels and nursing homes. What received little attention was the sale of around 700 ILUs even though these units constituted 10% of the current ILU stock. The question for both ILU organisations and for VAHEC is whether ILUs will feature as a priority and whether you want VAHEC to play a leadership role and what sort of a role this will be. I'll return to this point a little later.

So I turn to the third option – the Community Housing Federation of Victoria. Already some ILU organisations are members but this organisation may not be familiar to you.

ILU organisations and Community Housing Organisations have many things in common. As I undertook my research last year, I was struck by the parallels between ILU organisations and Community Housing Organisations. What ILU organisations did in the 1950s and 1960s – seeking local solutions to housing problems; gathering energy and enthusiasm and concern; garnering the support of local communities, local government and local politicians; cobbling together the necessary funds; pulling people into Committees – Community Housing Organisations (housing co-operatives and housing associations) did in the 1980s.

ILU organisations and Community Housing Organisations are both:

- not-for-profit community organisations
- primarily target households with relatively low incomes and low assets
- have a primary goal of providing good outcomes for residents
- provide supportive management and supportive environments for residents, and
- support residents by linking them in with a range of other organisations providing other community and support services.

There is one difference - while Community Housing Organisations provide housing solely on a rental basis as do some ILU organisations, most ILU organisations operate under the Retirement Villages Act.

But I want you to note that I draw the parallel with Community Housing Organisations for two important reasons: CHOs have active peak organisations both nationally and in Victoria; but more importantly it is here that Commonwealth and State governments are actively investing infrastructure resources to support the development of these organisations.

The Community Housing Federation of Victoria already facilitates meetings around particular sub-sectors such as Rooming House Groups, Housing Co-operatives and Transitional Housing Managers. With a joint approach from ILU organisations, it could form an ILU sector.

These peak groups, with support from Commonwealth and State Governments, are developing infrastructure resources such as accreditation within a quality improvement framework rather than a rigid standards framework; they are developing education and training programs for housing workers both Certificate IV programs and post-graduate certificates such as that at Swinburne Institute for Social Research. These peak groups provide a base for meeting, for sharing experiences and for advocacy.

So I would urge you to find out more about these resources, to tap into them. One role that VAHEC could play is facilitating the connections with the community housing sector in order that ILU organisations could access these resources.

(6) Concluding comments

I have already referred the AHURI papers on ILUs – the website for these papers is listed below.

In my mind, these reports are but a starting point – a basis on which the ILU sector can build its case for resources, can point to its importance. There is still a bigger task to be done – one which can only be done on a State-by-State basis. This bigger task involves not only some further research but, more importantly, it involves a process of engagement with ILU organisations. Some ILU organisations relate to VAHEC – but there are many ILU organisations throughout Victoria which have no contact with either VAHEC or the Community Housing Federation of Victoria. This process of engagement has to be one which involves each ILU organisation in planning their future direction. I don't believe there is just one solution – it will depend upon the housing stock and its location, their current residents, the strength of their organisation, the local opportunities. But it also involves ILU organisations being accountable for their mission to providing housing for older persons, a mission which they should not walk away from easily. To do this I would urge you to make your case collectively with Commonwealth and State Governments and to seek some funds to pursue the renewal of the ILU sector and its ongoing development.

My appeal is not for each of you or each organisation to begin work but for you to begin work collaboratively. To return to the context outlined at the beginning - we have an emerging housing crisis for older people with low incomes and low assets. I noted three dimensions of this crisis:

- older renters themselves and housing as symbol of their independence, their link with their personal history and identity; older renters and the personal crises they face; older renters and the opportunities they seek for better living;
- ourselves; our willingness to dream of better futures for older people; our willingness to move beyond the narrow horizons of ourselves and our own organisations to meet the pressing emerging issue of a housing crisis among older renters; and, our willingness to collaborate with other organisations in developing more adequate responses to this crisis; and

- the inadequacy of our current collective response to older renters;

Housing and community services for older people is the main game, not Residential Aged Care. It is only through collaboration – by ILU organisations working with other ILU organisations, by ILU organisations seeking out isolated ILU organisations and working with them, by ILU organisations working with peak bodies, by ILU organisations working with Commonwealth and State Governments that we will retain the much needed resources already within the sector and, I would hope, provide a stronger sector which can expand and grow.

So I leave you with some pointed and pointing questions. Where does your organisation stand? Does it see the importance of ILUs to the future of housing for older persons? Are you committed to independent housing older persons or, is your organisation only interested in the side-game – residential aged care? In considering your future, are you taking the larger view – the emerging crisis among older renters? What role can you play in responding to this need? What role can you play in a collaborative process of renewal within the ILU sector? What role can VAHEC play? Who do you make your strategic alliances with? What case can you put to Commonwealth and State Governments to get the initial funds to begin the process of renewal?

(7) Resources

7.1 Website for papers on ILUs

Housing Futures in an Ageing Australia Conference

A short summary paper from AHURI-Myer Foundation “Housing Futures in an Ageing Australia Conference” can be found on the website of the Australian Housing and Urban Research Institute (AHURI):

<http://www.ahuri.edu.au/global/docs/doc534.pdf>

ILU papers

Two longer papers along with an Appendix which contains extensive data on ILUs in Australia can also be found on the AHURI website at:

www.ahuri.edu.au/general/project/display/dspProject.cfm?projectId=100

OR

Go to the AHURI home page at: www.ahuri.edu.au and search on “mcnelis” for all these papers.

7.2 Other resources

Community Housing Federation of Victoria (CHFV)

The purpose of the CHFV is to determine, represent and further the common interests of community housing organisations which provide assistance to those in need, and to support the growth of a viable, independent and professional community housing sector.

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About the National Community Housing Standards and Accreditation Framework

www.nchf.org.au/framework.html

National Community Housing Standards

www.nchf.org.au/standards.html

National Community Housing Forum

www.nchf.org.au

Swinburne Graduate Courses on Housing Management and Policy

www.sisr.net/housing/welcome.htm

Community Housing Federation of Australia

www.chfa.com.au

Australasian Housing Information Network

www.ahin.infoxchange.net.au

CHIRS - Community Housing Information and Reference Services – What's going in housing?

<http://chirs.infoxchange.net.au/news/>

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