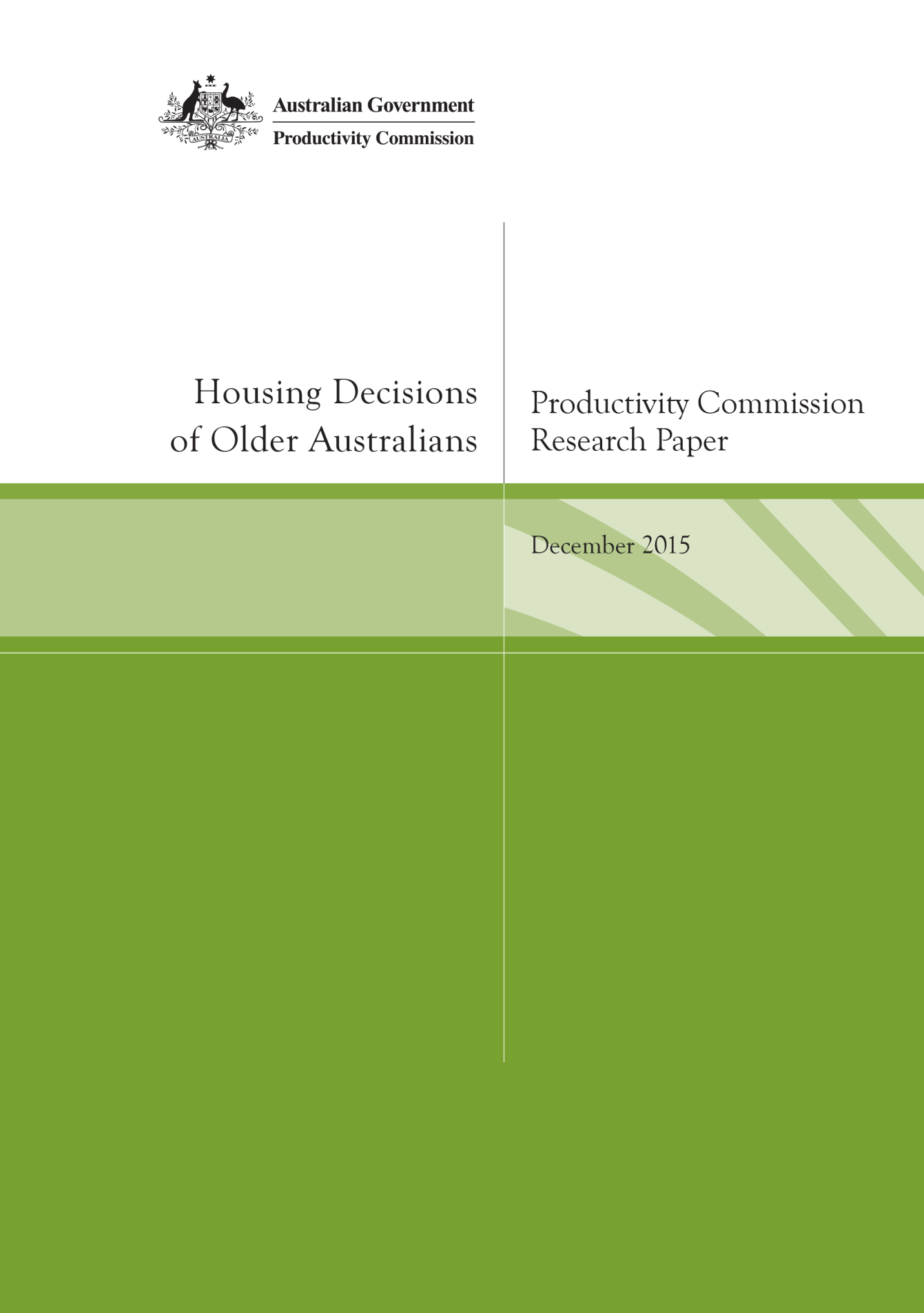
# Housing Decisions of Older Australians

Productivity Commission Research Paper

Commonwealth of Australia 2015

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# Foreword

The Commission’s flagship research paper *An Ageing Australia: Preparing for the Future* identified that many older Australians are asset rich but income poor, and flagged challenges for government budgets stemming from the ageing of Australia’s population. In its second flagship research paper, *Housing Assistance and Employment in Australia*, the Commission investigated the link between housing decisions and government assistance.

This, the third flagship research paper, continues the investigation of issues relating to the ageing of Australia’s population, this time focusing on the housing choices made by older Australians. It considers available statistical evidence on the financial and accommodation aspects of housing decisions and draws out some of the policy issues affecting the wellbeing of older Australians and the broader community. The report examines the policies affecting the supply and cost of residential aged care and other age-specific housing, the influence of the tax and transfer system on housing decisions, and the issues in using home equity release to support living standards in retirement. In reaching its conclusions, the Commission drew on evidence from a survey of older Australians conducted on its behalf.

Along with *Superannuation Policy for Post‑Retirement*, these reports should support informed discussion and policy formulation to enhance national welfare in an environment of an ageing Australian population.

This paper was produced by a team led by Mary Cavar, and included Catherine Bain, Roger Hassan, Lisa Leong, Evelyn Lesh, Alex Maevsky, Greg Thompson and Miriam Veisman-Apter. It was overseen by Commissioners Karen Chester and Ken Baxter.

Peter Harris

Chair

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This project utilised data from a number of collections of the Australian Bureau of Statistics (ABS), including confidentialised unit record data, as well as data from the Household, Income and Labour Dynamics in Australia (HILDA) survey. The HILDA project was initiated and is funded by the Department of Social Services, and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute).

The conclusions and views reached by the Commission on the basis of these data are those of the Productivity Commission. They should not be attributed to the Department of Social Services or the Melbourne Institute.

# Abbreviations

ABS Australian Bureau of Statistics

ACAT Aged Care Assessment Team

ACFA Aged Care Financing Authority

ACOSS Australian Council of Social Service

AIHW Australian Institute of Health and Welfare

APRA Australian Prudential Regulation Authority

ASFA Association of Superannuation Funds of Australia

ASIC Australian Securities and Investments Commission

CACP Community Aged Care Packages

CDC Consumer directed care

CGT Capital gains tax

CHSP Commonwealth Home Support Programme

COAG Council of Australian Governments

COTA Council on the Ageing

CRA Commonwealth Rent Assistance

CURF Confidentialised Unit Record File

DAP Daily accommodation payment

DMF Deferred management fee

DSS Department of Social Services

DVA Department of Veterans’ Affairs

EACH Extended Aged Care at Home

EACH-D Extended Aged Care at Home — Dementia

ERP Equity release product

GDP Gross domestic product

HACC Home and Community Care

HCP Home Care Package

HILDA Household, Income and Labour Dynamics in Australia Survey

LVR Loan to value ratio

MHE Manufactured home estate

NNEG No Negative Equity Guarantee

OECD Organisation for Economic Cooperation and Development

PC Productivity Commission

PLS Pension Loans Scheme

RAD Refundable accommodation deposit

RTO Registered training organisation

SEQUAL Senior Australians Equity Release Association of Lenders

SIH Survey of Income and Housing

VET Vocational education and training