Federal budget 2018: Keeping people home longer does not help housing affordability

Budget policies encouraging ageing in place will keep people in inappropriate housing for longer: Lifestyle Communities CEO James Kelly. **Luis Enrique Ascui**

by **Michael Bleby**

Housing advocates say the federal budget does nothing to improve access to affordable housing and will keep the elderly in their homes for longer.

Treasurer Scott Morrison's expansion of the Pension Loans Scheme, which allows people to withdraw cash against the value of their home, went against the government's own push last year encouraging them to downsize, said ASX-listed Lifestyle Communities chief executive James Kelly.

"Last year the government allowed $300,000 to go into super [if they downsized]," he told *The Australian Financial Review* on Wednesday. "This year they're saying 'Live in your house longer'. I think it keeps people living longer in inappropriate housing, which could be freed up as future housing stock for first home buyers."

In addition to the loan scheme, allocating $1.6 billion to allow an extra 14,000 people to age in place would also impede the recycling of housing stock, property consultant Anna Porter said.

"This is a win for our ageing population and a much-needed measure, but it certainly won't encourage our ageing population to sell their oversized family homes, thus freeing up housing stock," Ms Porter said.

Housing affordability remains a hurdle for a generation of young Australians, despite recent dwelling price falls in the eastern coast capitals. More efficient use of existing

housing stock is one solution. Sydney has 600,000 empty bedrooms that could help solve affordability, EY figures earlier this year showed.
"Empty nesters are not incentivised to make a change that many would welcome, while young Australians and key workers are unable to participate in the Aussie dream," EY real estate leader Selina Short said. "We need new solutions and diverse options to relieve pressure at both ends of the spectrum."

Expansion of the reverse mortgage scheme was unlikely to affect Lifestyle Communities, which develops affordable accommodation for Baby Boomers, Mr Kelly said.
"Australians ultimately aim to own their own house outright and ultimately dislike gearing their home with debt," he said. "I don't see it impacting our business."

A budget allocation of just $11 million for the scheme over the next four years showed the government was not expecting a big take-up either, he said.

The funding of in-home care places would not affect his industry, Mr Kelly said. "The average age of our home owners moving in is 67 and not needing care," he said. "Ageing in place is in lieu of going into higher care."

Trent Ottawa, chief executive of Gateway Lifestyle Group, another provider of affordable accommodation for downsizers, said the budget was positive.
"I don't see any change in demand over the medium-longer term," Mr Ottawa told the *Financial Review*.
"For the land lease community as a whole, the push for people to age in place only strengthens the demand for our model as a retirement option," he said. "Ageing in place is important, but ageing in the right style of home is equally important."