Homeless Women — No Home at the End of the Road

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Single, older women in Australia are a group vulnerable to housing insecurity and at risk of homelessness in their old age. Wage inequality and childbearing have contributed to a decreased capacity to acquire housing equity and retirement savings. In addition, social changes that have enabled serial monogamy means there has been significant growth in the number and proportion of single, older women in the population. These women now face further disadvantage in the housing market as purchase prices and rental costs have risen, reflecting a number of factors including a shortage of housing supply.

The No Home at the End of the Road research was commissioned by The Salvation Army Southern Territory to survey single women over 40 years of age who don’t believe they will own their housing outright at retirement. It was instigated in response to the growing number of women entering the welfare system with insufficient capital resources and income to provide for their retirement. The research sought to understand whether there is a potential market for a new affordable housing scheme for older, single women based on a shared equity, land trust model.

To understand whether single women were likely to be candidates for such a scheme, each respondent needed to be assessed for their capacity to pay a mortgage of at least $150,000. The income they had available for housing was determined using the residual income model of housing affordability developed by Burke, Stone and Ralston (2011). This provided a maximum housing purchase price, maximum loan amount and a minimum figure for savings to cover the deposit and stamp duty. Information about debt, savings, capacity to save and retirement and superannuation were obtained.

The survey received 111 Victorian responses:
- 86 were renting and 25 were purchasing;
- 81 per cent were under 55;
- 44 per cent lived alone;
- median income was $49,000 p.a.;
- 58 per cent expected to have less than $100,000 superannuation at retirement; and
- one quarter lived in rural and regional Victoria.

Amongst the renters, 34 per cent were in housing stress. While many respondents had above average incomes of between $60,000 and $80,000, few could afford to purchase a property.

Out of 81 renters, 53 had sufficient incomes to finance a housing purchase of $150,000 but only 11 per cent could have proceeded immediately. A further 28 per cent would be able to purchase if they could also access a rent-to-buy scheme. The respondents were very positive towards the modifications to traditional forms of home ownership that would be required, including having the willingness to forego capital gains.

The major problem was that most of the women who could afford the $150,000 required by the proposed model to enter the housing market had debts which would need to be addressed before they could commence saving for a deposit. Their age and existing debt meant the time they had to pay off a mortgage was reduced to such an extent that it would not be possible for them to be debt free at retirement (at 67).

Most of the women renters earning above $49,000 p.a. were not in housing stress and many had considerable disposable income. They could, accordingly, afford to carry the debts they had, but very few were saving and thus will be wholly or partially reliant on the age pension when they retire and are still paying rent.

Single parent renters not currently working had grossly inadequate incomes on which to live and were accumulating debts, but there was a clear pattern that once their earnings increased they switched to saving. The debt, however, negated their chances of ever purchasing in the market.

Of those purchasing, three were in housing stress and each of these was a single parent. The women who were purchasing felt pessimistic about getting to retirement without housing debt but they had specific strategies including downsizing that they hoped would allow them to meet their future housing needs. However, they were going to have to make considerable compromises and it was going to involve risk.

An assessment was made of how much respondents could save for their retirement in lieu of home ownership. Only 30 per cent of the renters could accumulate $321,750 which is the maximum saving allowed before the age pension begins to be reduced. For the women, this would mean an annual retirement income of only $28,600 (@ 6 per cent) from which rent needs to be paid. This is likely to mean that they would have inadequate income for their non-housing needs and would be using the capital to live on.

The forecast of a growing number of single women facing housing insecurity if not homelessness in their later years is reflected in the responses to the Women and Housing Affordability Survey. A third are currently at risk of homelessness and most will be at risk later in their lives. The surprise was the women on higher incomes who understood they could not afford to purchase but who are also not saving to create a financial buffer for their retirement. The implication of this finding is that an even greater number of single, female renters are at risk of homelessness in their old age.

This underlines the necessity to develop an affordable housing solution that permits women to accumulate housing equity as a safety net for their retirement years.

Reference