

PLANNING STATEMENT

FULL PLANNING APPLICATION



**Land at Old Charlton Road, Hinton
Hertfordshire, SG5 2AJ**

April 2025



McCarthy Stone are widely recognised as the market leader in the provision of retirement housing and extra care accommodation for sale to the older section of society. To date, more than 50,000 specialised dwellings for the elderly have been built or are in the course of construction at over 1,000 McCarthy Stone development sites throughout the United Kingdom. McCarthy Stone schemes consist of 1- and 2-bedroom apartments or bungalows within a single development with accompanying communal facilities such as residents lounge, laundry room, refuse room, guest suite and house a manager's office.

The Planning Bureau Ltd. are the retained planning and architectural consultancy for McCarthy and Stone.

This Planning Statement has been produced by Richard Butler MRTPI, Planner, with The Planning Bureau Ltd.



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Appendices

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Appendix B:	<i>'The Top of the Ladder' by Claudia Wood, DEMOS</i>
Appendix C:	<i>'Creating Housing Choices for an Ageing Population' by Shelter</i>
Appendix D:	<i>'A Better Life: Private Sheltered Housing and Independent Living for Older People' by The Opinion Research Business</i>
Appendix E:	<i>Identifying the Health Gain from Retirement Housing by the Institute of Public Care</i>
Appendix F:	<i>'Local area economic impact assessment Report', March 2014 (Unpublished) by Institute of Public Care</i>
Appendix G:	<i>'Healthier and Happier: An analysis of the fiscal and wellbeing benefits of building more homes for later living' by WPI Strategy and Homes for Later Living</i>
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Executive Summary

Proposal

- The application proposes the demolition of four bungalows (Three Trees, Silverdale, Willow Close & Birchwood) on Old Charlton Road, and the redevelopment of the site to provide 35 Retirement Living (Use Class C3) apartments with associated communal facilities, parking and landscaping.

Need for Older Persons Accommodation

- The National Planning Practice Guidance has identified that the need to provide housing for older people is ‘critical’ given the projected increase in the number of households age 65 and over accounts for over half of all new households.
- Paragraph 63 of the NPPF advises that local planning authorities should, within the “*context of establishing need [for housing], the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing - (including Social Rent)families with children; looked after children older people (including those who require retirement housing, housing-with-care and care homes);*”
- The submitted Older Persons Housing Needs Assessment (OPHNA) highlights that, “North Hertfordshire has a substantial and growing population aged 65+, more so in Royston. There are currently estimated to be 17,500 older persons households in the district, which by 2043 is projected to grow to approximately 23,400 households.”
- The OPHNA the scale of the shortfall in the market sector [of older persons housing] is significant with an anticipated existing shortfall of 370 retirement units and 331 with-care units as of 2023. By 2043 there will be a deficit of 806 retirement units and 583 with-care units.

Planning Policy

The proposed development complies with national planning policy and policies of the local development plan in the following way:

- The proposed scheme delivers on all three dimensions of sustainable development (economic, social and environmental) as set out by paragraph 8 of the NPPF.
- The proposal for a total of 35 units of specialised retirement accommodation for older people will count towards the Council’s overall housing supply.

Material Planning Benefits

- Older Persons housing has significant economic benefits as residents rely on local shops and services for their everyday needs. A report produced by ORB identifies that a scheme of 55 residents generates a spend in local shops of £610,000 per annum, and when compared to a conventional housing development some £2.3 million more in local spending over the lifetime of the scheme.

- Older Persons housing has significant social benefits for residents in terms health and well-being which reduces pressures on local health care facilities, and for many can provide companionship in later life.
- Specialised forms of residential accommodation for older persons also have the benefit of freeing up under occupied family housing in the local area by providing housing choice for older residents of the community.

1 Background

- 1.1.1 This Planning Statement is prepared by The Planning Bureau Limited on behalf of McCarthy Stone Retirement Lifestyles Limited (herein referred to as McCarthy Stone) ('the Applicants') to accompany a full planning application on land at former Morrisons Supermarket, Princes Mews, Royston, Hertfordshire, SG8 9BN.
- 1.1.2 The site is currently occupied by four bungalows (two detached & two semi-detached) on Old Charlton Road. ...
- 1.1.3 The proposed development comprises the demolition of the existing four bungalows and the development of a single building of 2.5 / 3 storey height to include 35 retirement living apartments, along with communal facilities, car parking and landscaping.
- 1.1.4 The application is submitted to North Herts Council the Local Planning Authority with jurisdiction over the application.
- 1.1.5 An assessment of policy compliance and technical matters is provided within this statement.
- 1.1.6 The application is submitted with the following supporting documents:

Plans

Title	Reference	Author
Site Location Plan	LSE-2983-03-AC-001 G1	Ridge
Existing Site Layout	PP/4134/Hitchin/F1	Prospaplans
Existing Building Elevations	PP/4134/Hitchin/F2	Prospaplans
Proposed Site Layout Plan	LSE-2983-03-AC-002 G1	Ridge
Proposed Ground Floor	LSE-2983-03-AC-003 G1	Ridge
Proposed First Floor	LSE-2983-03-AC-004 G1	Ridge
Proposed Second Floor	LSE-298304-03-AC-005 G1	Ridge
Proposed Roof Plan	LSE-2983-03-AC-006 G1	Ridge
Proposed Elevations (B&W)	LSE-2983-03-AC-008 G1	Ridge
Proposed Elevations (Colour)		
Landscape Proposals	LSE-2983-03-LA-MSC791-Drg1 P3	New Leaf Studio

Documents

Title	Reference	Author
Design and Access Statement		Ridge
Planning Statement		The Planning Bureau
Archaeological DBA	HER-01409	RPS
Heritage Statement		Keevil Heritage Ltd
Preliminary Ecological Appraisal	24_1782_Report_MF_IRJP	Greenlink
BNG Matrix		
Statement of Community Involvement	SCI March 2025	Cavendish
Transport Statement	504.0052/TS/3	Paul Basham Associates
Travel Plan	504.0052/TP/3	Paul Basham Associates
Noise Impact Assessment	R11045-1- Rev 0	24 Acoustics
Daylight and Sunlight Assessment	3637 V1	Point 2
Financial Viability Assessment	To follow	Alder King
Drainage Strategy Report	IDL/1275/DS/001	IDL
Energy Sustainability Statement	R4359	Focus

2 Proposed Development

2.1 *Site and Surroundings*

- 2.1.1 Hitchin is a market town located in Hertfordshire, England, approximately 30 miles north of London. It is accessible via the A602 and A505 roads, as well as Hitchin railway station, which offers direct services to London King's Cross. The town is surrounded by countryside and serves as a regional hub with historical significance.

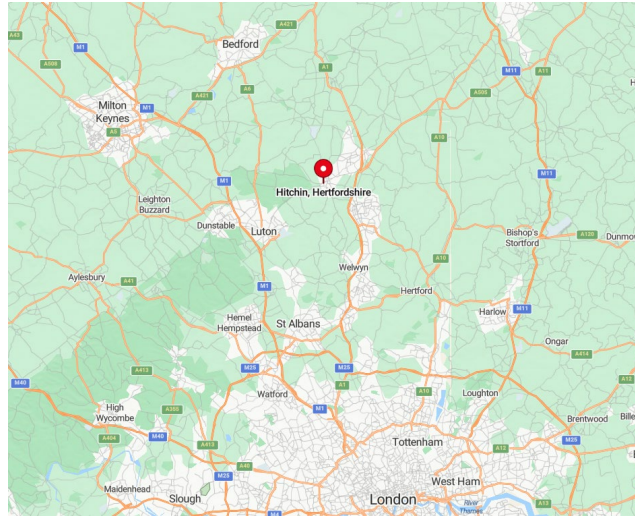


Figure 1: General Location

- 2.1.2 The site is located at the south west edge of the Town Centre within the settlement of Hitchin, with immediate access to local shops and services including public transport connections.

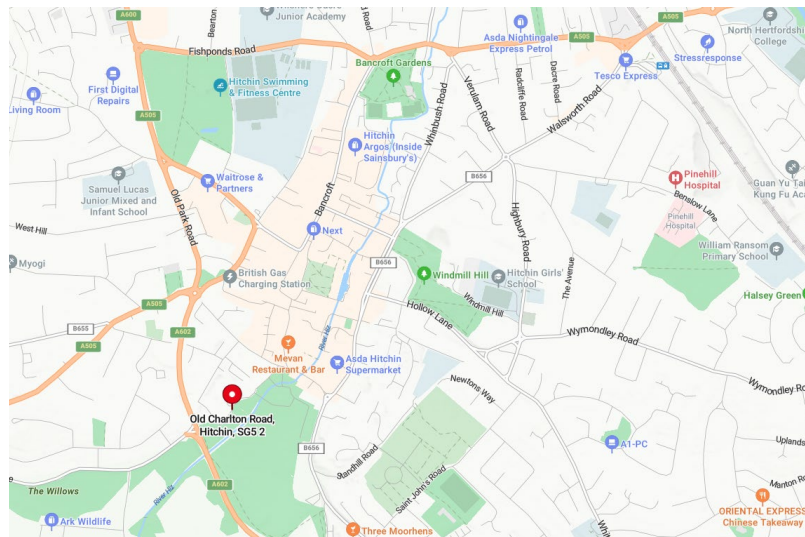


Figure 2: Site Location

- 2.1.3 The site measures 0.31Ha, with a frontage onto Old Charlton Street. There is a public footpath along the southern boundary, that connects to an underpass connecting beneath Park Way to areas to the west. Old Charlton Street connects to the Town Centre to the northeast. To the south are office buildings of 4-storey height. To the west are larger scale residential blocks of 3 and 4-storey height. To the north are a series of alms-houses with townhouses and 4-storey commercial buildings beyond.

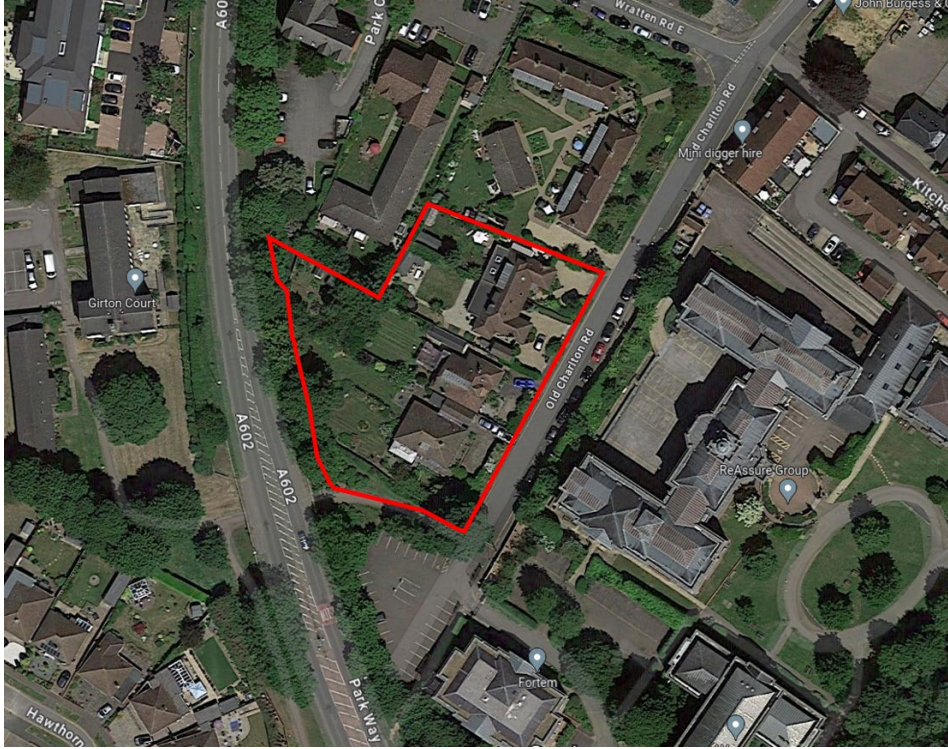


Figure 3: Site and Context

- 2.1.4 The site contains 4 bungalows. 2 detached and 2 set as a pair of semi-detached bungalows. All are oriented to face southeast to front Old Charlton Street with small front garden / driveways arrangements set behind a hedgerow. There are 4 crossovers from the highway.
- 2.1.5 To the rear each bungalow has a garden area, which backs onto Park Way.

2.2 *Planning Constraints*

2.2.1 The site falls within the following designations of the Local Plan (see plan extract below):

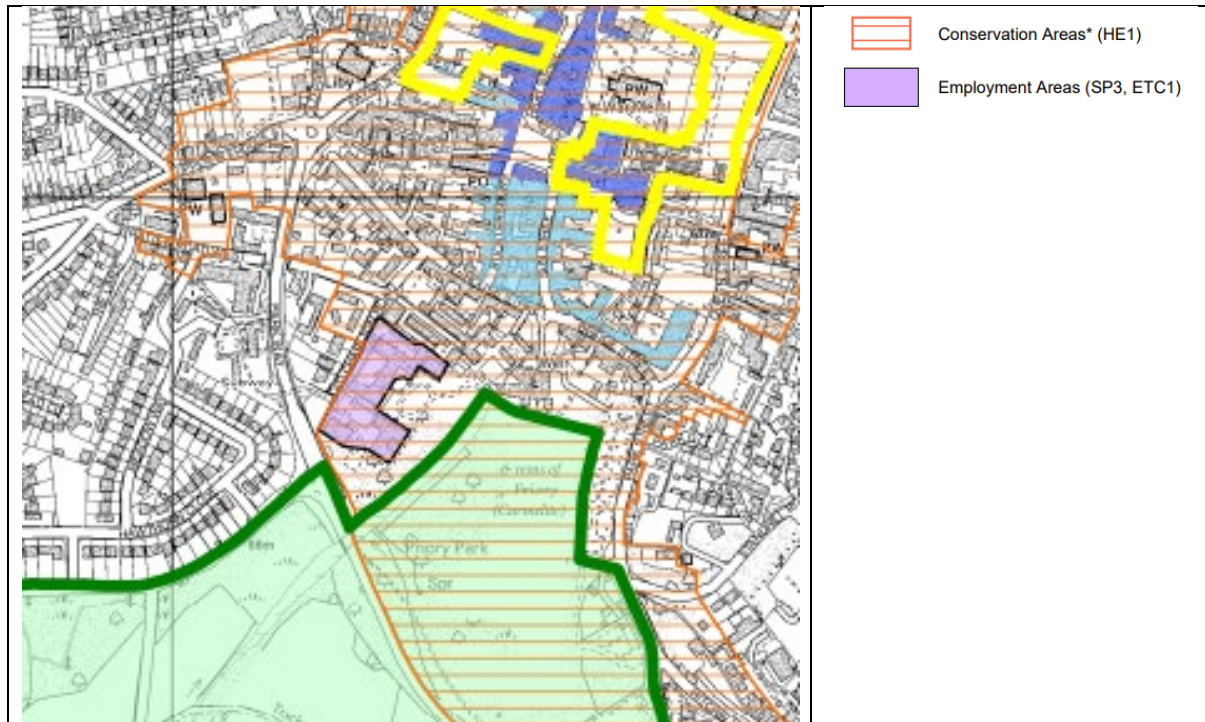


Figure 4: North Herts District Council – Adopted Local Plan Proposals Map

- Within Settlement Boundary.
- Conservation Area to north and east of the site
- Listed Building (Wratten Cottage) 80m to northwest

2.3 *Planning History*

2.3.1 Planning history on the site relates only to household extension planning applications.

2.4 **Proposed Development**

- 2.4.1 The proposed development includes the construction of a single building ranging from 2.5 to 3 storeys.
- 2.4.2 The proposals comprise a single block of retirement living apartment units, with ancillary facilities, within landscaped gardens and parking area accessed via the existing access to the site.



Apartments		
	<u>1</u> <u>Bed</u>	<u>2 Bed</u>
<u>Ground</u> <u>Floor</u>	<u>5</u>	<u>2</u>
<u>First</u> <u>Floor</u>	<u>6</u>	<u>7</u>
<u>Second</u> <u>Floor</u>	<u>6</u>	<u>6</u>
<u>Total</u> <u>per</u> <u>unit</u> <u>type</u>	<u>17</u>	<u>18</u>
<u>Total</u>	<u>35</u>	
<u>Parking</u> <u>Spaces</u>	<u>23</u>	

Figure 5: Proposed Site Plan

- 2.4.3 The development comprises a total of 35 units of Retirement Living accommodation (Use Class C3, Schedule II). The accommodation schedule is summarised in the table above
- 2.4.4 Communal facilities are provided within the ground floor and comprise; Reception / Entrance, Managers Officer, Refuse Store, Mobility Buggy and Cycle Store, Guest Suite, Communal Lounge and also a commercial unit.

- 2.4.5 The proposed development follows a traditional design approach to maintain the established character within the surrounding area.
- 2.4.6 The design has evolved through engagement with the Local Planning Authority, through pre-application discussions, the full design evolution is explained in the accompanying Design and Access Statement.

2.5 ***Parking and Servicing***

- 2.5.1 The development will utilise one of the existing site entrance from Old Charlton Road, while stopping up three others, to create a single access point to the site.
- 2.5.2 Parking is provided at surface level at the norther area of the site. There are a total of 23 parking spaces provided across the development.
- 2.5.3 The provision of parking is discussed in detail in the submitted Transport Statement prepared by Paul Basham Associates.
- 2.5.4 The refuse collection strategy is detailed within the Design and Access Statement. The refuse area is within an appropriate distance from the site entrance so collection could be made from the road; however, there is also sufficient width for a refuse vehicle to reverse into the site for waste collection.

2.6 ***Landscaping***

- 2.6.1 A communal terrace / garden area is provided on the northwestern side of the building, with a dual aspect from the residents' lounge, providing the opportunity for formal seating and gatherings as an extension to the residents' lounge, which extends further to a grassed area with raised planters for residents to enjoy.

3 About McCarthy Stone

- 3.1.1 McCarthy Stone was established in 1963. Since then, the company has specialised in the design, construction and management of retirement living housing (also known as sheltered accommodation and extra care accommodation) for sale to older people and has developed a wealth of experience in this sector of the housing market. Extensive research both at pre- and post-occupation has been carried out by the company, which has led to product and service development.
- 3.1.2 McCarthy Stone is recognised as the market leader in the provision of retirement housing for sale to older people. To date it has provided more than 530 retirement communities and specialist homes for more than 21,500 people throughout the United Kingdom. As a result, McCarthy Stone has considerable experience of successfully developing a wide variety of sites including town centre locations, infill sites, sites within conservation areas and those adjacent to Listed Buildings. Some 90% of McCarthy Stone sites are on brownfield land.
- 3.1.3 McCarthy Stone's ethos is that later life can be more fulfilling. Through its developments and services, it helps older people enjoy their lives in peace, comfort, and security. In addition to new developments, the company provides its own care, support, and management services. This ensures a continuing relationship and commitment to all its residents.
- 3.1.4 McCarthy Stone continues to win the highest awards possible for customer satisfaction. Independent surveys by the House Builders Federation (HBF) show that it is the only retirement house builder to achieve a double five-star rating for customer service, and is the only UK developer of any size or type to achieve this accolade since the survey launched in 2005. McCarthy Stone also scores a consistently high Trustpilot rating, reflecting its commitment to creating vibrant retirement communities that positively meet the needs of both its homeowners and their families. Nearly nine out of ten new customers say moving to a McCarthy Stone development has improved their quality of life.

4 Retirement Living

4.1 *Nature and Concept of Retirement*

- 4.1.1 Retirement Living housing is a proven option for older people who wish to move into accommodation that provides comfort, security and the ability to manage independently to a greater extent. It enables older people to remain living in the community and out of institutions whilst enjoying peace of mind and receiving the care and support that they need.
- 4.1.2 The individual apartments are specially designed to accommodate the needs of the residents, for example:
- additional space around the bed to aid those with mobility impairments (minimum 750mm);
 - clear access zones provided around sanitary equipment for ease of access;
 - walls to sanitary facilities are strengthened so that they can support any future adaptations; and
 - services and controls which are easily accessible.
- 4.1.3 Furthermore, within the wider accommodation there are a range of communal facilities that are also tailored to meet the needs of its elderly residents, including:
- Residents' lounge; this represents the vibrant heart of the community and is centrally located. It is decorated to the highest standards and is designed to have the atmosphere of a high-quality hotel lobby;
 - Landscaped communal gardens; an important element in the design of Retirement Living accommodation and will comprise well-landscaped gardens, and with sitting out areas for the residents' enjoyment and planting areas for homeowners to use assisting them in physical and mental wellbeing.
 - Guest suite; comprising an en-suite twin bedroom for family and friends to sleep over;
 - Internal refuse room; this allows residents to dispose of waste without leaving the building, and avoids the need for unsightly bin stores outside the property;
 - Lift; between floors facilitating ease of movement;
 - An office; for the House Manager who will manage the development on behalf of McCarthy Stone Management Services Limited;
 - Mobility buggy store; in the building;
 - Secure entrance lobby; with CCTV link to individual apartments; and
 - 24-hour emergency help line; available within each apartment and in the communal areas to summon assistance in the event of an emergency.
- 4.1.4 Retirement Living Housing enables the maintenance of an independent lifestyle in older age but safe in the knowledge that a dedicated House Manager is present during normal working hours, and with 24-hour careline link to provide a point of contact in case of emergencies, if required outside of the House Managers hours. This is a social alarm system within the apartments and throughout the development.

- 4.1.5 Each apartment is provided with a speech module with an integrated emergency call button, this will open a speech channel with either the house manager if available or the alarm receiving centre. The resident is also able to signal distress or an emergency by using their pendant trigger. As the triggers are connected to a network of receivers it is possible to identify the zone of the alarm.
- 4.1.6 The fire alarm and detection system within the apartments is also linked to the social alarm system enabling false alarms to be filtered but most importantly allowing the early alert of the fire and rescue service.
- 4.1.7 The house manager monitors the system while on site and this is directed to the alarm receiving centre once the house manager leaves the development at the end of their working day. The alarm receiving service is briefed on the appropriate party to call for a number of emergency situations (for example accidents, falls or sudden illness) and are also able to hold next of kin contacts for homeowners.
- 4.1.8 While the development is built around people in their later years this is not a development that offers care as you would find in Extra Care developments or care homes. Retirement Living creates safe and secure environments for homeowners to continue to live an active, independent life and caters for downsizers who are typically selling or vacating their former family home and moving to a smaller apartment. Homeowners are generally the more active elderly rather than those who are in need of care or have more significant issues around mobility. Within the Retirement Housing market, schemes classified as Age Restricted and Retirement Living are the most basic type of specialist housing, with the main difference from mainstream housing being that the provision of communal spaces for socialising and building a community, on-site management and age restrictions. The following images show where Retirement Living fits in with other types of development:



Figure 6: Classification of Older Persons Accommodation

- 4.1.9 Retirement Living developments are a popular option for those people looking to maintain their independence and privacy while also having a network of friends and neighbours on the doorstep with help available should they require it. Retirement Living is ideal for people who want to improve their social life and meet new people through the shared social spaces - like the communal lounges or gardens. House managers work closely with residents in order to put on a calendar of activities, clubs and social events, such as coffee mornings, fish and chip suppers, quiz nights, seasonal parties, local interest talks, school visits, musical events, exercise classes arts and crafts groups, birthday / anniversary celebrations and cocktail

evenings. With neighbours close by, and a communal lounge and gardens, there are plenty of opportunities to mix and socialise and this builds a community which cares and looks out for each other as the homeowners' form friendship bonds rather than just being neighbours.

- 4.1.10 The house manager will also be on hand to ensure the safe and functional running of the development and ensure that the maintenance of the building is being upheld to the homeowner's standards. They are also a reassuring presence in case of an emergency. They work extremely closely with, and form bonds with, the homeowners, from the moment they move in, to ensure that they are also safe and secure. Homeowners would consider the wellbeing of homeowners and maintain family contact details if they feel the homeowner may need further assistance and help and will try to assist wherever possible.
- 4.1.11 Hotel-style guest suites make it simple to have family and friends for overnight stays with the additional benefit to homeowners where they can book guest suites in other developments across the country for a fantastically priced holiday or short break.
- 4.1.12 The way in which the development is run and managed allows homeowners to build vibrant, fun-filled communities within a development of specialist housing for older people allowing homeowners to live independently, with the assistance of on-site companionship. This differs from open market housing where there is no form of community built around residents and generally no onsite presence which looks after not just the building itself but also the safety and wellbeing of the people in it.
- 4.1.13 A service charge is levied to cover the cost of the House Manager, Careline and other communal facilities such as the lift, residents' lounge, guest suite and mobility buggy store together with the maintenance of the building and gardens and parking areas. Whilst the service charge is kept to a reasonable minimum, it is nonetheless likely to be higher than those encountered in open market flatted developments, such that prospective purchasers who do not need such services are likely to be dissuaded from purchasing an apartment in this sort of development. From McCarthy Stone's substantial experience of this type of development, the accommodation will be attractive to people who are much older than the minimum age requirement. Typical purchasers of this type of development are in their mid to late 70's (on average around 78 years of age) on entry to the development and in need of the facilities offered by this type of housing. The vast majority (some 85-90%) are widowed or single, with 75% of apartments comprising single, female households. While anyone may purchase an apartment, the apartments are sold on the basis of a 999-year lease requiring the accommodation, with the exception of the house manager's office accommodation, to be occupied by persons over 60 years. In the case of a couple, that part of the lease shall be satisfied where one of the occupants is over the age of 60 years and the other is over the age of 55 years.
- 4.1.14 Safety, security and companionship reduces anxieties and maintains health and general well-being amongst older people. Specialist accommodation of this nature provides a form of housing better suited to meeting the onset and increasing problems of older age whilst also maintaining an independent lifestyle. Such specialist accommodation facilitates this, and research undertaken by Professor Michael Ball set out in his report entitled 'Housing Markets and Independence in Old Age: Expanding the Opportunities' (please see the executive report at Appendix A) has proven that it significantly improves the quality of life of older people (chapter 6). This report finds that higher quality of life for residents and their families with

92% of residents are very happy or contented, greater security and convenience, and reduced feelings of isolation and vulnerability and improved independence, well-being and health.

4.1.15 Likewise, a report by WPI Strategy and Homes for Later Living entitled “Healthier and Happier: An analysis of the fiscal and wellbeing benefits of building more homes for later living” (a copy of the report is at appendix B) finds issues of improved safety, security, health and wellbeing for older people associated with a move to retirement housing such as:

- Those in specialist housing are half as likely to have falls with resulting fractures, injuries and costly inpatient bed stays.
- Building 30,000 more later living dwellings every year for the next 10 years, which is the estimated demand, would generate fiscal savings across the NHS and social services of £2.1 billion annually; and
- Based on a selection of established national well-being criteria such as happiness and life satisfaction, an average person aged 80 feels as good as someone 10 years younger after moving from mainstream housing to housing specially designed for later living

4.1.16 This has also been evidenced at times of crisis, such as the Covid-19 pandemic where, occupiers of Retirement Living developments have fared much better than the wider older population at large and for the over 85's in particular. In April 2020, McCarthy Stone's Chief Executive Officer confirmed that “since the start of the outbreak of the Covid-19 pandemic, the independent retirement living sector has played a vital role in keeping people safe and secure. Infection rates have been very low among our c.20,000 homeowners who live in our 441 communities across the UK and stood at 27% and 75% lower per 1,000 people compared to the UK population of over 65s and over 85s respectively. This is broadly typical across our sector due to the unique benefits of independent living which enables older people to remain in a private apartment with their own front door supported by a range of on-site services. Our latest customer satisfaction survey conducted during the outbreak showed that 93% of our homeowners feel safe or extremely safe in their apartments and 88% are very happy with the support they have received during the pandemic. The Covid-19 backdrop has illustrated the unique benefits of independent retirement living as a safe, happy and effective 'Third Way' to the current options of remaining in a family home that has often become unsuitable or moving into residential care”.

4.1.17 In December 2020 McCarthy & Stone was awarded a Housebuilder Special Recognition Award for protecting its homeowners during the pandemic. It also offered more than 300 newly completed apartments in unoccupied developments to help government and local authority care providers address the acute shortage of beds for older people during the coronavirus crisis.

4.1.18 The occupancy of the development can be restricted by planning condition. Such conditions have been imposed on numerous comparable developments by the Planning Inspectorate. Each residential unit within the approved purpose-built Retirement Living housing development shall be occupied only by:

- a single person not less than 60 years of age;
- joint residents of whom the head of the household is not less than 60 years of age and the spouse, partner or cohabitee not less than 55 years of age;

- persons who were living as part of a single household with such a person or persons who have since died.

5 Demographic Trends

- 5.1.1 A growing number of reports have been published that emphasise the need to provide more and better housing for those in later life as well as the benefits that specialist accommodation for older persons delivers. These reports have been published by a variety of organisations including the private sector, academic institutions, charities, and numerous Government bodies at national and local level. Many of these were influential in informing the conclusions and recommendations of Ready for Ageing? the House of Lords - Select Committee on Public Service and Demographic Change - The report warns that the Government and our society are woefully under-prepared for ageing. The Committee says that longer lives can be a great benefit, but there has been a collective failure to address the implications and without urgent action this great boom could turn into a series of miserable crises. The report covers a broad range of policy areas, providing a comprehensive analysis of the potential impact of an ageing population on public services.
- 5.1.2 The report states that ‘the housing market is delivering much less specialist housing for older people than is needed. Central and local government, housing associations and house builders need urgently to plan how to ensure that the housing needs of the older population are better addressed and to give as much priority to promoting an adequate market and social housing for older people as is given to housing for younger people’. Additionally, the report highlights that ‘there are just 106,000 units of specialist housing for home ownership and 400,000 units for rent in the UK. Build rates are lower now than in the 1980s. In 2010, just 6,000 units for rent and 1,000 for ownership were built, whereas in 1989, 17,500 units for rent were built as well as 13,000 for ownership’.
- See <http://www.parliament.uk/business/committees/committees-a-z/lords-select/public-services-committee/report-ready-for-ageing/>
- 5.1.3 A key report in this regard is Top of the Ladder by Demos (Appendix B) - This report uses original quantitative research to investigate older people’s housing preferences, and the likely impact of giving them greater choice. It estimates that if all those interested in buying retirement property were able to do so, 3.5 million older people would be able to move, freeing up 3.29 million properties. Apart from these gains, retirement housing has a beneficial effect on older people’s health, wellbeing, and social networks, and could save health and care services considerable resources. (Appendix B) <https://demos.co.uk/project/the-top-of-the-ladder/>
- The Select Committee particularly acknowledged the considerable benefits that retirement housing brings in terms of savings to the public purse particularly to health and social services. This has been recently quantified by a Report carried out by WPI Strategy “Healthier and Happier. An analysis of the fiscal and wellbeing benefits of building more homes for later living”. <https://homesforlaterliving.org/wp-content/uploads/2019/09/Final-Healthier-and-Happier-13.09.19.pdf> (**Appendix G**). The research includes new analysis, conducted by a former Treasury economist, the headlines of which in fiscal terms are:
 1. People living in homes for later living typically experience reduced health risks, contributing to fiscal savings to the NHS and social care services of c. £3,500 per person per year;

2. Building 30,000 more retirement dwellings every year for the next 10 years could generate fiscal savings across the NHS and social services worth £2.1bn per year:

- Whilst the whole document is highly pertinent generally in further illuminating the benefits of retirement housing generally, in fiscal terms, attention is drawn particularly to Page 11 –. It should be noted to that the research undertaken was in respect of conventional retirement (sheltered) housing. The benefits will be amplified by this scheme as more facilities, services and oversight are involved.
- A further Report by WPI “Chain Reaction - The positive impact of specialist retirement housing on the generational divide and first-time buyers” <https://www.housinglin.org.uk/assets/Resources/Housing/OtherOrganisation/Report-2-Final.pdf> considers the benefits to the housing chain and helping first time buyers join the housing ladder. It has several powerful and up to date findings:

5.1.4 The reports note that:

- Approximately three million people in the UK over the age of 65 (or 25%) want to downsize.
- 90 per cent of projected household growth in the coming decades is set to be amongst those aged 65 and over, taking the total number of homes owned by those aged 65 and over from 3.9 million today to at least five million by 2030.
- If all the homeowners over the age of 65 in England who wanted to move were able to do so, they would directly release one million properties back onto the market and free up two million spare bedrooms.
- It is estimated that every Homes for Later Living property sold generates two moves further down the housing chain, and in certain circumstances this may be more. This frees up homes at differing stages of the housing ladder for different demographics. A typical Homes for Later Living development which consists of 40 apartments therefore results in 80 additional moves further down the chain. If 30,000 later living properties were built per year (10% of the Government’s overall housing target) this would mean 60,000 or more additional house moves are facilitated each year
- Roughly two in every three retirement properties built, releases a home suitable for a first-time buyer. A typical Homes for Later Living development which consists of 40 apartments therefore results in at least 27 first time buyer properties being released onto the market. If 30,000 Homes for Later Living properties were built per year this would be 20,000 first time buyer properties being released each year.

5.1.5 A third report by WPI, “Silver Saviours for the High Street” (Feb 2021) (Appendix H) – focussing on job creation and impact on the high street also reaffirmed previous findings that:

- Retirement housing creates more local economic value and more local jobs than any other type of residential development.
- People living in each retirement development generate £550,000 of spending per year, £347,000 of which is spent on the local high street. Some £225,000 of this is new spending in the local authority, directly contributing to keeping local shops open.

- For just one retirement development of roughly 45 units, a local authority could expect to see benefits of 85 construction jobs for the duration of the build, as well as six permanent jobs and £13m in GVA over the lifetime of the development, as opposed to not developing a site.

A report by Homes England ‘Measuring the Wellbeing and Fiscal Impacts of Housing for Older People’ published in July 2024 found that residents of older peoples’ housing reported higher life satisfaction scores than residents in general market housing. It monetarised this wellbeing uplift for residents of ‘retirement living’ type housing, such as the proposed development, as £5,264 per person per annum.

The Older Persons’ Housing Taskforce was commissioned by the Government to develop a viable and implementable approach for enhancing choice for older people in the housing market. The Government published the Taskforce’s report ‘Our Future Homes: Housing that promotes wellbeing and community for an ageing population’ in November 2024. In the Foreword to the report the Chair, Professor Julianne Meyer CBE, says:

“As I have spoken to senior citizens in the course of this work, it has struck me that no one wants to see themselves as old and few plan for their futures. However, those people I’ve met who have moved into OPH/LLH –perhaps when their partner has died or when they no longer feel able to cope with maintaining a large home – always say the same thing: they wish they had moved in earlier. Whilst most senior citizens want to live in their own home for as long as possible, they also fear having to move into a care home too soon, so we urgently need to widen the range of options for them. They want to live independently and feel safe in an environment that enables them to enjoy life, engage with others, feel culturally connected and be appreciated for their contributions – they also want to be in a familiar area near to their family and friends”.

The report says that the fact that the UK – like other developed nations – has an ageing population is well evidenced. But that the implications of society’s ability to meet the housing needs of older persons has been less well articulated. It offers a few key facts to outline the current context of older persons’ housing.:

- The UK needs an estimated 30-50,000 new later living homes per annum to meet an ageing population - but only build around 7,000 a year
- Around 0.6% of older people live in Housing with Care in the UK-a tenth of the proportion in more mature markets such as the USA, Australia and New Zealand.
- The vast majority of over 65s - more than nine out of ten - currently live-in mainstream housing.
- Only 12% of older people had level access at the entrance of their building; less than half have a bathroom on the entry level of their home.

5.1.6 These reports detail that retirement housing provides a valuable form of specialised accommodation that meets a specific housing need. In so doing, it gives rise to significant planning and social benefits including the following:

Community

- Freeing up housing: Specialist housing helps to free up much needed larger and under-occupied family homes in the local area, thereby making better use of existing housing stock. An average retirement scheme of 45 apartments frees up housing worth nearly £7.5 million.
- Community spending: McCarthy Stone's developments contribute to the vitality and viability of the local area as its residents typically do their shopping within a one-mile radius. 80% use local shops almost daily or often and over 40% use the local library or post office frequently. Residents are estimated to have a 'community spend' of more than £6 million over a development lifetime period.

Economic benefits

- Investment during construction: An average development represents an investment of around £3.6 million into the local economy.
- Local jobs: Around 60 local companies are employed during construction, thus supporting local jobs. Additional job opportunities are created when the scheme opens to manage and maintain the facilities.
- New Homes Bonus: Through this Government initiative to encourage new development, each local authority will receive around £378,000 per every 45 new homes (McCarthy Stone's typical development size) that are built in the local area. This is money it can spend as it deems fit.

Improved health

- Streamlined health and social care provision: Residents in specialist housing have fewer visits to local health professionals and find it easier to return home after stays in hospital with supported living options available.
- Older people account for 55% of GP appointments, 68% of outpatient appointments and 77% of inpatient bed stays. As well as achieving better outcomes, specialist housing reduces demand for these acute health and care services by supporting people to live independently and avoiding crisis intervention. Research shows that each year a resident postpones moving into public care by living in market accommodation, the local authority saves on average £30,000.
- Health and social care provision can be streamlined within specialist housing. Visiting health professionals including doctors, nurses, chiropodists and so forth can visit several residents during one visit, which is a more efficient use of public resources.

Increased well-being

- Increased wellbeing: 64% of McCarthy Stone's residents said their health and well-being had improved since moving into the scheme.
- A higher quality of life: 92% said they were very happy or contented.
- Increased independence: 83% believed they maintained their independence for longer.

5.1.7 Retirement accommodation provides purpose-built, specifically designed, small units of accommodation for local older people, which:

- Addresses an acknowledged and specific housing need.
- Addresses an existing housing “mismatch”, by releasing presently under-occupied housing and thus plays an important role in the recycling of stock in general.
- Has a knock-on effect in terms of the recycling of the whole housing chain – Retirement accommodation being at the “back-end” of the chain?
- Optimises the use of development land within Lavenham.
- Provides energy efficient construction and living, particularly in purpose-built apartment buildings, through shared wall construction, crossflow ventilation and shared heating facilities.

5.2 **Local Need**

5.2.1 The proposed development provides a significant opportunity to contribute towards meeting the current and projected requirements for special needs accommodation for older people in the North Herts Council area, as set out in detail in the supporting Older Persons Housing Needs Assessment (OPHNA) by Bidwells. The population of the UK is ageing, and this is a trend being seen across all parts of the UK, and to a much greater extent in North Herts.

5.2.2 The North Herts District and Stevenage Borough Councils SHMA Part II update published in November 2023 states that the population projections underlying the Local Housing Need figure for North Herts shows a substantial increase in the older population during the 2022-2031 period. The population aged 75+ is likely to increase by around 3,032 persons. The SHMA uses the SHOP model to assess that there is already a shortfall in the provision of housing (sheltered and extra care) for people aged 75 + in North Herts of 1,638 homes. It then considers the increase in need by 2031 and calculates that there is an additional need of 761 homes for this age group. This brings the total overall need for older persons’ housing (aged 75+) in North Herts to 2,399 homes. The SHMA does not assess the needs of older people between 65 & 75.

“North Hertfordshire has a substantial and growing population aged 65+, more so in Royston. There are currently estimated to be 17,500 older persons households in the district, which by 2043 is projected to grow to approximately 23,400 households.

Affordability data suggests there is currently an acute housing shortage in the area. It has led to younger families, often first-time buyers, competing for small dwellings with older households wishing to downsize. It is inevitable that in such circumstances the older households, with the benefit of significant equity accrued through their existing dwellings can out bid those younger families. This has led to lower quartile affordability ratios in North Hertfordshire being notably higher than the national average, suggesting a disproportionate impact on those with the lowest income.

Notwithstanding this, the Council has relatively good supply of social rented retirement housing. However, the scale of the shortfall in the market sector is significant with an

anticipated existing shortfall of 370 retirement units and 331 with-care units as of 2023. By 2043 there will be a deficit of 806 retirement units and 583 with-care units.”

6 Planning Policy

- 6.1.1 In determining the acceptability of the proposed development, it is necessary to consider all relevant planning policies in line with Section 38(6) of the Planning and Compulsory Purchase Act 2004, which states that “if regard is to be had to the development plan for the purpose of any determination to be made under the Planning Acts, the determination must be made in accordance with the Plan unless material considerations indicate otherwise.”
- 6.1.2 Section 70(2) of the Town and Country Planning Act 1990 makes clear that in dealing with an application “the authority shall have regard to the provisions of the development plan, so far as material to the application, and to any other material considerations.”
- 6.1.3 This section identifies the relevant policies within the Development Plan for the area. Due regard is also had to other material considerations, including the National Planning Policy Framework and the Planning Practice Guidance which are relevant to the proposed development.

6.2 *National Planning Policy Framework*

- 6.2.1 The National Planning Policy Framework (NPPF) sets out the Government’s planning policies for England and how these should be applied. The key principle set out in the NPPF is the presumption in favour of sustainable development.
- 6.2.2 Paragraph 7 explains that the purpose of the planning system is to contribute to the achievement of sustainable development. It emphasises that Planning Authorities should facilitate housing, economic and other forms of sustainable development and sets out some criteria by which such proposals should be considered.
- 6.2.3 The NPPF requires the planning system to deliver sustainable development. Paragraph 8 explains that “Pursuing sustainable development involves seeking positive improvements in the quality of the built, natural and historic environment, as well as in people’s quality of life.” This is defined as a threefold objective in paragraph 8 in terms of:
- An economic objective
 - A social objective
 - An environmental objective
- 6.2.4 The three components need to be pursued in an integrated way looking for solutions which deliver multiple goals. It is therefore clear that what the NPPF wishes to see is balanced decision making with all factors considered rather than “development control” decisions made in isolation of the three overriding principles. In line with the three dimensions of sustainable development identified in the NPPF, the proposed development performs the following important roles:
- Economic: The proposed development will provide a range of economic benefits, including direct employment, supporting the local economy with an increased footfall and local expenditure and revitalising the local housing market through the release of under occupied family housing.

- Social: The NPPF stipulates that the planning system should be ‘supporting strong, vibrant and healthy communities by providing the supply of housing required to meet the needs of present and future generations’ (Paragraph 8b). Paragraph 60 of the NPPF highlights ‘the Government’s objective of significantly boosting the supply of homes. Paragraph 63 states that: ‘the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).
- Environmental: The redevelopment of previously developed land is encouraged with paragraph 89 of the NPPF which states that: “The use of previously developed land, and sites that are physically well-related to existing settlements, should be encouraged where suitable opportunities exist.” The development of this site would therefore reduce the pressure to develop on greenfield sites, out of settlement. The proposed development is located on a sustainable site, providing a specialist form of accommodation for the elderly that addresses the urgent and increasing need within Southend-on-Sea and in doing so supports economic and social objectives. Significant weight should also be given to the significant improvement in the character and setting of the site.

- 6.2.5 Paragraph 39 of the NPPF encourages Local Planning Authorities to approach decisions in a positive and creative way. Decision makers at every level should seek to approve applications for sustainable development where possible. Good quality pre-application discussion enables improved outcomes for the community.
- 6.2.6 Paragraph 48 states that planning law requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise.
- 6.2.7 Paragraph 57 states that conditions required to be discharged before development commencements should be avoided, unless absolutely necessary.
- 6.2.8 Paragraph 59 outlines that it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.
- 6.2.9 Paragraph 61 highlights that to support the Government’s objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed.
- 6.2.10 Paragraph 63 highlights that the size, type, and tenure of housing needed for different groups in the community including affordable housing and older people should be assessed and reflected in planning policies. This includes older people.

- 6.2.11 Paragraph 64 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site unless off site provision or an appropriate financial contribution in lieu can be robustly justified.
- 6.2.12 Paragraph 66 sets an expectation for developments providing more than 10 dwellings that the mix of affordable housing required meets identified local needs across social Rent, other affordable housing for rent and affordable home ownership tenures.
- 6.2.13 Paragraph 85 requires that significant weight should be placed on the need to support economic growth and productivity, taking into account local business needs and wider opportunities for development.
- 6.2.14 Paragraph 96 of the NPPF stresses that planning should aim to achieve healthy, inclusive and safe places which promote social interaction, are safe and accessible and enable and support healthy lifestyles communities and also to promote safe and accessible environments to discourage crime and disorder.
- 6.2.15 Paragraph 109 states that significant development should be focused on locations which are or can be made sustainable, through limiting the need to travel and offering a genuine choice of transport modes.
- 6.2.16 Paragraph 115 states that applications for development should ensure that sustainable transport modes are prioritised taking account of the vision for the site, the type of development and its location.
- 6.2.17 Paragraph 116 highlights that development should only be prevented or refused on highways grounds if there would be an unacceptable impact on highway safety, or the residual cumulative impacts on the road network, following mitigation, would be severe, taking into account all reasonable future scenarios.
- 6.2.18 Paragraph 124 requires planning policies and decisions to promote an effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions.
- 6.2.19 Paragraph 125 criteria d) says that planning policies and decisions should promote and support the of development ‘under-utilised land’..., especially if this would help to meet identified needs for housing.
- 6.2.20 Paragraph 165 contends that LPAs should take a proactive role in identifying and helping to bring forward land that may be suitable for meeting development needs.
- 6.2.21 Paragraph 128 states that local planning authorities should take a positive approach to applications for alternative uses of land which is currently developed but not allocated for a specific purpose in plans, where this would help to meet identified development needs. In particular, they should support proposals to use employment land for homes in areas of high

housing demand, provided this would not undermine key economic sectors or sites or the vitality and viability of town centres.

- 6.2.22 Paragraph 129 states that decisions should support development that makes efficient use of land, taking into account, inter alia the identified need for different types of housing and other forms of development, and the availability of land suitable for accommodating it and the desirability of maintaining an area's prevailing character and setting (including residential gardens).
- 6.2.23 Paragraph 131 stresses that the creation of high-quality, beautiful and sustainable buildings and places is fundamental to what the planning and development process should achieve. Good design is a key aspect of sustainable development, creates better places in which to live and work and helps make development acceptable to communities.
- 6.2.24 Paragraph 135 states that policies and decisions should ensure that developments:
- a) Will function well and add to the overall quality of the area.
 - b) Are visually attractive as a result of good architecture, layout, and appropriate landscaping.
 - c) Are sympathetic to local character and history, while not preventing or discouraging appropriate innovation or change.
 - d) Establish or maintain a strong sense of place.
 - e) Optimise the potential of the site to accommodate an appropriate amount and mix of development, supporting local facilities and transport networks.
 - f) Create places that are safe, inclusive and accessible, promoting health and well-being, with a high standard of amenity for existing and future users, where crime and disorder, and the fear of crime do not undermine the quality of life or community cohesion and resilience.
- 6.2.25 Paragraph 136 states the important contribution trees make to development. Planning decisions should ensure that appropriate measures in new developments are in place to secure the long-term maintenance of newly planted trees and that existing trees are retained wherever possible.
- 6.2.26 Paragraph 139 states that significant weight should be given to development proposals where the design of a development reflects local design policies and government guidance on design, taking into account local supplementary planning documents. Local planning authorities should also seek to ensure that the quality of approved development is not materially diminished between permission and completion, as a result of changes being made to the permitted scheme.
- 6.2.27 Paragraph 181 states that when determining planning applications, LPAs should ensure that flood risk is not increased elsewhere. Where appropriate, applications should be supported by a site-specific flood risk assessment.

- 6.2.28 Paragraph 182 outlines that major developments should incorporate sustainable drainage systems to control flow rates and reduce volumes of runoff, and which are proportionate to the nature and scale of the proposal.
- 6.2.29 Paragraph 196 states that planning policies and decisions should ensure that a site is suitable for its proposed use taking account of ground conditions and any risks arising from land instability and contamination.
- 6.2.30 Paragraph 201 outlines that the focus of planning policies and decisions should be on whether proposed development is an acceptable use of land, rather than the control of processes.
- 6.2.31 Annex 2 (Glossary) defines “older people” as “people over or approaching retirement age, including the active, newly retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs”.

6.3 ***Planning Practice Guidance***

- 6.3.1 On 26th June 2019 the Government published guidance known as Housing for Older and Disabled People. This guidance emphasises the need to cater for older people by offering a better choice of accommodation to suit changing needs and to help them maintain their independence - and that the relationship between ageing and housing need should be understood from plan making to decision taking. This guidance should be given weight in determining this planning application.
- 6.3.2 Paragraph 001 (Reference ID: 63-001-20190626) emphasises that the need to provide housing for older people is critical:

“People are living longer lives and the proportion of older people in the population is increasing. In mid-2016 there were 1.6 million people aged 85 and over; by mid-2041 this is projected to double to 3.2 million. Offering older people, a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems.”

- 6.3.3 Therefore, an understanding of how the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking.
- 6.3.4 Paragraph 002 (Reference ID: 63-002-20190626) states that the provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in helping them to live safe and independent lives. Unsuitable or un-adapted housing can have a negative impact on disabled people and their carers. It can lead to mobility problems inside and outside the home, poorer mental health, and a lack of employment opportunities. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives. Without accessible and adaptable housing, disabled people risk facing discrimination and disadvantage in housing. An ageing population will see the numbers of disabled people continuing to increase and it is important we plan early to meet their needs throughout their lifetime.

6.4 ***Development Plan Documents***

6.4.1 The local development plan documents comprise the following documents:

- North Hertfordshire - Local Plan 2011-2031 (adopted November 2022)
- Sustainability Supporting Planning Document (SPD) – September 2024
- Development Contributions - Supplementary Planning Guidance – January 2023
- North Herts District and Stevenage Borough Councils: SHMA PART II Update 2023 - November 2023
- Design – (SPD) July 2011
- Vehicle Parking in New Development – (SPD) November 2011
- Royston Area Character Assessment and Map 2007
- Royston Conservation Area Townscape analysis (2007)
- North Hertfordshire Urban Design Assessment (Royston) 2007

6.5 ***Policies of Relevance***

North Hertfordshire - Local Plan 2011-2031 (adopted November 2022)

- Policy SP1 Presumption in Favour of Sustainable Development
- Policy SP2: Settlement Hierarchy and Spatial Distribution
- Policy SP4: Town Centres, Local Centres and Community Shops
- Policy SP6: Sustainable Transport
- Policy SP7: Infrastructure requirements and developer contributions
- Policy SP8: Housing
- Policy SP9: Design and Sustainability
- Policy T1 Assessment of transport matters
- Policy T2 Parking
- Policy HS3: Housing Mix
- Policy HS4: Supported, sheltered and older persons housing
- Policy HS5: Accessible and adaptable housing
- Policy D1 Design and Sustainability
- Policy D3 'Protecting Living Conditions'
- Policy D4 Air Quality
- Policy NE7 Reducing Flood Risk
- Policy NE8 Sustainable Drainage Systems
- Policy NE11 Contaminated Land.
- Policy ETC5 Secondary Shopping Frontages

Local Supplementary Planning Documents

- Supporting Planning Document – Sustainability (September 2024)
- Supplementary Planning Document - Vehicle Parking Provision at New Development
- Supplementary Planning Document – Design
- Supplementary Planning Document – Developer Contributions (January 2023)



- Royston Area Character Assessment and Map 2007
- Royston Conservation Area Townscape analysis (2007)
- North Hertfordshire Urban Design Assessment (Royston) 2007
- Hertfordshire County Council Planning Documents
- Hertfordshire County Council: Guide to Developer Contributions (January 2021) including
 - Technical Appendices 1 – 9
 - Adopted Waste Local Plan
 - Draft Minerals and Waste Local Plan 2040

7 Planning Considerations

7.1.1 This section of the Planning Statement assesses the proposals against the adopted Development Plan, the NPPF along with any other material considerations. In coming to conclusions on whether the application constitutes sustainable development, there is a need to undertake a balancing exercise where the economic, social, and environmental impacts of the scheme are considered and assessed.

7.1.2 It is considered that the following matters are the main considerations for the proposal, these are informed by the pre-application response provided by the Council in 2023:

- Principle of Development
- Housing Need, Delivery and the Need for Specialist Older Persons Accommodation
- Scale and Quantum of Development
- Design and Detailing
- Impact on Heritage Assets
- Impacts on Neighbours and Living Conditions
- Affordable Housing, Financial Considerations and Vacant Building Credit
- Access, Parking, Highways, Servicing and Waste
- Ecology and BNG
- Environmental – Flooding and Sustainable Design
- Infrastructure considerations

7.2 *Principle of development*

7.2.1 The starting point for considering the principle of the development is the Development Plan; the North Herts Adopted Local Plan (NHLP) Proposals map confirms the site is within the settlement boundary and not within the designated Green Belt area.

7.2.2 NHLP Policy SP2 notes that approximately 80% of the Districts Housing Development (13,000 new homes) will be within the settlement boundaries of the towns; Baldock, Hitchin, Letchworth Garden City, Royston, Stevenage and Luton. The site is located within the settlement boundary of Hitchin and is therefore an appropriate location for residential redevelopment. The site due to the nature of being within the fringe of the Town Centre is sustainable with immediate accessibility to shops, services and public transport opportunities.

7.2.3 NHLP Policy SP4 sets out the Councils strategy for protecting the vitality and viability of all of the district's town centres. The provision of a retirement development within the Town Centre can significantly contribute to the vitality and viability of other town centre uses given the

higher likelihood of residents shopping locally and using local services; this is evidenced in the documents referred to in Section 5.1 above.

- 7.2.4 Taking into account the local and national planning policy provisions, the principle of redevelopment in a sustainable brownfield site with Retirement Living, is policy compliant.

7.3 *Need for Specialist Older Persons Accommodation*

- 7.3.1 There is a significant and growing need for retirement housing to cater for the existing and growing number of older people in England and North Herts District Council. In recent years it has become increasingly recognised that it is an under-served demographic and the lack of appropriate types of housing has significant implications on the health of the elderly, which in turn has knock on effects for the wider society.
- 7.3.2 The PPG makes it apparent that meeting the housing need for older people is ‘critical’. It is one of the rare uses of this strong word in Government guidance, which emphasises how important it is to provide appropriate housing for older people. The national and local population is ageing, with the most significant increase in those aged over 65 over the next 20 years. It is a critical time as the older demographic increase dramatically and there is a need for appropriate housing to be provided, in the right locations and of the right quality and form.
- 7.3.3 Local Plan Policy HS4: ‘Supported, sheltered and older persons housing’, notes that Planning permission for sheltered and supported housing in uses classes C2 and C3 will be granted provided that: a) there is good access to local services and facilities; b) the site is well served by public transport; c) appropriate levels of on-site landscaping, amenity space and car parking (for residents, visitors and staff) are provided; and d) it would accord with Policy HS3(b).
- 7.3.4 The proposed development site is located with excellent access to local services and facilities, and a reasonable walking distance to the train station. The proposals include communal facilities for residents including a landscaped garden, and communal lounge, and the level of parking is appropriate for the proposed development. In terms of policy HS3 b, this is discussed further in the sections below.

7.4 *Scale and Quantum of Development*

- 7.4.1 The proposals are designed with consideration to the setting of the building within the surrounding area. North Herts Adopted Local Plan Policy SP9: Design and Sustainability, states, “The Council considers good design to be a key aspect of sustainable development, and will:
- a) Support new development where it is well designed and located and responds positively to its local context;
 - f) Assess proposals against detailed policy requirements set out in this Plan and have regard to the Design SPD; and
 - g) Adopt the Government’s additional technical standards for the size of new homes, water efficiency and, in specified circumstances, accessibility.

- 7.4.2 With regard to the above points, the proposed accommodation units meet the Nationally Prescribed Space Standards and are compliant with Buildings Regulations and Local Policy in terms of Water Efficiency as noted in the submitted Sustainability Statement.

- 7.4.3 In terms of the scale of development, the North Herts Design SPD notes in terms of building scale and massing:

“Paragraph 83 - The height, volume and shape of a building or group of buildings will have an impact on the surrounding buildings and spaces.

Paragraph 84 - Taller buildings can be used to emphasise corners or important buildings. Buildings can be grouped together to create terraces or a more dominate building. This can help with legibility and creating a hierarchy of building types. Key to the use of taller buildings is its context and the character of the surrounding area. Taller buildings are a more efficient use of land. The scale of buildings can be reduced through the use of materials and detailing for example a single building can be designed to look like a group or terrace.

Paragraph 85 - In North Hertfordshire the town centres include some larger buildings however the building heights do not change drastically, from the more suburban areas that surround them, and any change is relatively gradual.”

- 7.4.4 The submitted Design and Access Statement details the approach taken in this regard:

“The siting and scale of the building is carefully controlled in its relationship to the adjacent single storey Almshouses. The entranceway naturally creates space between the buildings where the two and a half storey dormer arrangement reduces the mass of the proposals, bringing the eaves line down to a more domestic height and scale. The hipped roof arrangement again emphasises this scale change. .”

- 7.4.5 With regard to the above the scale and quantum of the proposed development are entirely appropriate for the site and the surrounding context.

7.5 *Design and Detailing*

- 7.5.1 The design of the development has been carefully prepared and evolved following examination of the surrounding area. The Design and Access Statement provides a detailed assessment of the approach to design.

- 7.5.2 The projecting gable end features, accentuated in a contrasting white render, break up the primarily brick elevations and create a natural step change in the building’s height, reaching a

maximum of three storeys. Subtle stone string courses and soldier course detailing to the façade further break up the mass of the building..

- 7.5.3 The detailed design of the proposals are evidenced to be appropriate for the site and surrounding context.

7.6 *Impact on Heritage Assets*

- 7.6.1 The Conservation Area has been extended to adjoin the northern boundary of the application site, with the Almshouses to the north being recognised as ‘locally listed’.
- 7.6.2 A Heritage Assessment is submitted with this application; the report examines and qualifies the significance of all designated and non-designated heritage assets within the locality of the application site and assesses any potential impact on these assets caused by the development. The report provides the following conclusions on these matters:

“The proposal site is currently occupied by four mid-20th century bungalows, which are of no historic, architectural or other heritage interest or merit. They are outside the town’s Conservation Area. Thus heritage and setting issues do not arise as far as the site itself is concerned. Heritage assets are a feature of the surrounding area, however, with a listed building (Wratten Cottage) and a pair of locally-listed 20th-century almshouses within 100m. The latter are also contained within (and were the reason for) a small extension of the Hitchin Conservation Area. This report has examined these (and other) heritage assets, and assessed their significance. It finds that their settings would not be adversely affected by the proposed Retirement Living development due to other modern buildings/development also within their settings, the local topography, distances from the new build, and the inherent character/quality of the design. The heritage assets will not be harmed. McCarthy & Stone/Ridge have provided a high-quality design which will succeed in enhancing the area while respecting and preserving the settings of the nearby heritage assets, and improving the retirement housing in the area. The National Planning Policy Framework tests in paragraphs 212-215 are not engaged. Local plan policies are also adhered to.”

7.7 *Impacts on Neighbours and Living Conditions*

- 7.7.1 In terms of potential impact to neighbouring property, the application site is bounded to the north, and partly the west, with a number of residential properties, and the impact on these will be reviewed in turn:

20 Old Charlton Road

- 7.7.2 This is the nearest in the series of Almshouse that front Old Charlton Road. The existing bungalow on the application site is positioned between 1m and 3m from the shared boundary with no 20, with the two buildings being around 10.7m apart from each other. The proposed building will increase this separation distance to around 22.2m. It is accepted that the proposed building increases the building height in comparison to the existing bungalow, although this part of the proposed building has been stepped down to consider this relationship, therefore the additional separation distance will mitigate the impact of the larger building to ensure No. 20 is not over dominated by the proposed development and will not

- lead to an unacceptable loss of light to this property or garden area. Similarly, the norther elevation of the nearest part of the building will not include windows facing towards No.20.
- 7.7.3 The space created between No.20 and the proposed building will be occupied with the site entrance and the car park serving the development. A landscape buffer will be retained between the parking and the shared boundary and frequency of movements and nature of the parking spaces is not expected to lead to any issues of noise or disturbance to the residents of No.20.
- 7.7.4 The relationship with No.20 Old Charlton Road will not lead to any detrimental impact to residential amenity.

28 and 30 Old Charlton Road

- 7.7.5 28 and 30 Old Charlton Road are angled at 45 degrees to the shared boundary with the application site; this leads to windows within the side and rear of No.28 being angled away from a direct relationship with the proposed building. Similar to the relationship with No.20, No.28 will not a difference due to the proposed building being position a greater distance away than the existing bungalows on site. The proposed building, at closest point, will be over 24m from No.28, compared to the current separation of 11.4m. Due to the separation distance and angle of relationship there is not any expectation of undue loss of light or privacy as a result of the proposed development. Similarly, the change of the area of the site nearest to No.28 from garden to parking / circulation area is not expected to lead to any unacceptable impacts due to the low frequency of use of the parking area
9 and 10 Woodcroft, Wratten Road East
- 7.7.6 Woodcroft is a cluster development of units, and units 9 and 10 extend into the rear of complex resulting in a relationship with the north boundary of the application site. The west elevation of the proposed building will be some 20m from the shared boundary with dense vegetation retained between that will ensure screening is retained. At this distance there is not expected to be any notable difference from the existing relationship 9 and 10 have with the existing bungalows on site.
The rear leg of the proposed building will have an elevation that faces towards the rear elevations of No.s 9 and 10; however, the separation distance between these elevations is over 50m, therefore no impact on privacy or residential amenity for No.s 9 and 10 will occur.
- 7.7.7 Overall, the proposed development is designed in a way to avoid detrimental impacts to neighbouring amenity in terms of overlooking, overbearing impact, or loss of daylight or sunlight.

7.8 Affordable Housing, Financial Considerations and Vacant Building Credit

- 7.8.1 Decision makers are required to consider the impact of planning obligations on the viability of development in a balanced and fair manner. Unrealistic or optimistic expectations by decision makers will jeopardise development coming forward. Section 122 of The Community Infrastructure Levy Regulations 2010 (as amended) states that 'a planning obligation may only constitute a reason for granting planning permission if the obligation is:
- a) necessary to make the development acceptable in planning terms
 - b) directly related to the development; and
 - c) fairly and reasonably related in scale and kind to the development.'

- 7.8.2 The provision of affordable housing for small market-led development of specialist accommodation for older people is complicated by several matters which deem the on-site provision of affordable units within a managed block to be unachievable. These reasons include matters of service charge, management operations and fees, suitability of mix tenures for non-age restricted affordable housing and qualification of residents to meet affordable housing eligibility. Furthermore, the evidence for Older Persons Housing Need Assessment provided within this submission highlights a far greater need for private/ market older persons housing over affordable units, hence there is an evidential reason to divert from the policy requirement and achieve as many open market units on site as possible.
- 7.8.3 Policy SP8 of the Local Plan notes that the Council will seek to provide negotiate “33% of all homes over the plan period as Affordable Housing for local needs with targets to deliver up to 40% Affordable Housing where viable.
- 7.8.4 As noted above, the applicant highlights several issues with on-site affordable housing when the development is formed of a single building of accommodation, and it is therefore required for the affordable units to be provided within the same block. Therefore, the applicant submits that a payment in lieu of on-site affordable housing provision is the most suitable in this situation.
- 7.8.5 A full Financial Viability Assessment has been undertaken by Alder King and will be submitted as part of this planning application. This assessment considers the economic viability of the submitted scheme.

7.9 Access, Parking, Highways, Servicing and Waste

- 7.9.1 A Transport Statement and tracking drawings produced by Paul Basham Associates is submitted with this application. The Transport Statement detail how the existing bell mouth access to the site is suitable accommodate access to the site by private cars and fire tenders.
- 7.9.2 Local parking standards are provided within North Herts ‘Vehicle Parking at New Development SPD’ (September 2011). Table 4.1 of the document presents the C3 Residential parking standards, setting out specific standards for retirement developments. The standards state that 1 space per dwelling should be provided as a minimum, with 0.25 space per dwelling for visitors, which would equate to 43.75 car parking spaces for the proposed 35 units. This is considered to be excessive given the highly sustainable site location and nature of the proposed development.
- 7.9.3 The standards note that reductions will be considered where relevant evidence is provided that considers car ownership and likely visitor demand.
- 7.9.4 McCarthy Stone has conducted its own research into parking requirements across existing developments to quantify likely parking demand. The research shows there is an average parking demand of 0.45 spaces per unit for residents and 0.1 spaces per unit for visitors, which

would equate to a total demand for 20 parking spaces at the proposed 35-unit scheme. The research is attached within Appendix C of the Transport Statement.

- 7.9.5 The McCarthy Stone research also shows that 26.9% of residents give up their car within the first year of entering a development, with a further 18.5% giving up their car in the following year as they realise that they no longer require their own individual car.
- 7.9.6 It is proposed that 23 car parking spaces will be provided for the 35-units, equating to a ratio of 0.65 space per unit. Based on the numerical evidence, this will be sufficient to accommodate all demand.
- 7.9.7 Furthermore, sustainable travel will be promoted through the Travel Plan submitted as part of the application, to encourage the use of bus and rail travel as opposed to single occupancy vehicle travel.

7.10 Ecology and BNG

- 7.10.1 The Preliminary Ecological Appraisal notes that there is no evidence of protected species habitat on the site, other than low potential for habitat for breeding birds within hedgerows and trees. Therefore, no further surgery and mitigation measures are required.
- 7.10.2 The BNG Defra Biodiversity Metric 4.0 calculation tool accompanies this submission.
- 7.10.3 The pre-existing site area (data is included within the A-1 On-Site Habitat Baseline page in the spreadsheet) consists of
- 7.10.4 Urban, grassland, introduced shrub, vegetated garden, urban trees, hedgerows.. This equates to an on-site baseline score of 0.82 habitat units, as identified in the Headline Results page in the spreadsheet.
- 7.10.5 The post-construction site area (data is included within the A-2 On-Site Habitat Creation page in the spreadsheet) consists of Urban, introduced shrub, modified grassland, other neutral grassland, urban trees, hedgerows.
- 7.10.6 This equates to an on-site post-intervention score of -0.13 (-15.9%) habitat units and 0.07 (+78.12%) hedgerow units, as identified in the Headline Results page in the spreadsheet.
- 7.10.7 The results of the BNG assessment indicate that off-site credits will be required to achieve the 10% net gain requirement. These 0.143 units will be obtained via a local credit bank following the trading rules. .

7.11 Environmental – Flooding and Sustainable Design

- 7.11.1 The site is located within a Flood Zone 1 area and is not recorded as being susceptible to surface water drainage. A drainage strategy has been designed for the proposed development to incorporate the use of SuDS techniques selected for their suitability given the site layout, topographical levels and geotechnical constraints.
- 7.11.2 In terms of sustainable design, the application submission is accompanied by the Energy Sustainability Statement prepared by Focus. The document provides an assessment of the

proposed scheme against the relevant policies of The North Hertfordshire Local Plan 2011-2031 (adopted November 2022), specifically elements of Policy SP9: Design and Sustainability and Policy D1: Sustainable Design and also the recently adopted North Herts Council SPD (02.09.2024). In response to Policy SP9: Design and Sustainability, the statement has detailed the town centre fringe location of the scheme and how this is beneficial in terms of access to amenities and public transport, without resorting to personal car use. It has then discussed the renewable and low carbon technologies that will be utilised at the scheme.

7.11.3 In response to the above, the following strategy will be adopted:

Policy Response

1. **Optimising Passive Design and Fabric Performance**
 - Achieve **EPC rating of B** for all dwellings.
 - **Fabric first approach** with improved U-Values and efficient mechanical/electrical services.
 - Use of **electric panel heating, Air Source Heat Pump Hot Water Cylinder, and MVHR systems.**
 - Compliance with **Silver standard metrics:** EPC rating, CO2 emissions reduction, Energy Use Intensity (EUI), Space Heating Demand (SHD).
2. **Achieving Low Carbon Energy**
 - Assessment of **Low/Zero Carbon technologies:** wind energy, biomass CHP, district heating, solar thermal heating, heat pumps, photovoltaics.
 - Proposed **PV array** to service communal areas.
3. **Minimising Carbon Footprint**
 - Use of **responsibly sourced materials**, local suppliers, and contractors.
 - **Waste management targets:** under 5t per 100m² of construction build waste, over 99% from landfill.
 - **Whole Life Carbon assessment** indicating compliance with LETI Criteria C.
4. **Conserving Water**
 - Proposed sanitaryware specification with calculated water use of **108.8 Litres/person/day**, below the 110 Litres/person/day target.

7.11.4 The proposed development meets the requirements of North Herts Council policies, achieving **Silver standard** for passive design and fabric performance, and **Bronze standard** for low carbon energy, carbon footprint minimization, and water conservation.

7.12 *Infrastructure considerations*

7.12.1 The applicant has initiated discussion on Planning Obligations with the Planning Department through Pre-application discussions, and the applicant remains open to concluding these discussions and arriving at the appropriate level of Planning Obligations subject to viability and regulation 122.

7.13 *Planning balance and sustainability*

7.13.1 There is a clear and demonstrable need for open market specialist Retirement Living accommodation within the North Herts Authority Area, as confirmed by the Local Plan Supporting Evidence, , and the proposal makes a significant contribution to this need, in a highly sustainable location. Taking account of the imperative for local authorities to meet their identified housing need, to provide a sustained supply of new homes and a mixture of housing

types and critical imperative to provide appropriate housing for older people, the development achieves the local and national aims in respect of housing provision.

- 7.13.2 In respect of the local development plan, the proposal accords with the relevant policies insofar as providing Retirement accommodation in a suitable and sustainable location, which will ensure residents can live healthy lives as part of a community whilst being near to existing services and facilities.
- 7.13.3 In respect of design and technical considerations, the application demonstrates that the proposal is acceptable in terms of design, impact to neighbouring property, highways, noise, ecology, and drainage.
- 7.13.4 The proposal reflects the needs and requirements of the policies whilst providing significant economic, social, and environmental benefits, achieving the aims set out within Paragraph 8 of the NPPF. In this respect, the proposed development fulfils all three dimensions of sustainable development listed by the NPPF.
- 7.13.5 These benefits can be summarised as follows:

Economic

- It is well established that the Government considers housing development to be an important economic driver. It creates much needed jobs, both directly and indirectly, and contributes to both the local and wider economy.
- Housing growth and investment brings significant growth implications for the construction sector. The proposal will provide a construction project for local contractors, builders, and associated trades people.
- Investment in housing will drive economic growth with every £1m of new house building output supporting 12 net jobs (7 direct and 5 indirect) as well as apprenticeship opportunities (Laying the Foundations: A Housing Strategy for England. HM Government 2011).
- Residents of the development will contribute towards the local economy within the vicinity of the site by using local facilities, services, transport, shopping, and cultural opportunities.
- Revitalising the housing market through the provision of retirement accommodation and release of under occupied family housing that releases equity.

Social

- Provide social benefits through the provision of open market specialist accommodation for older people, giving older people housing choices to help maintain their independence.
- The proposal will help to reinforce social cohesion in the local community by providing opportunities to retain family connections through providing choice to those wishing to remain in the area but find more suitable accommodation, or indeed those who wish to move to the area to be with family.
- The location of the site facilitates and the ability for future residents to reside within the surrounding community. As such, the proposed development will contribute to support the social dimension through a high-quality built environment.

- The proposed development will support and contribute to a strong vibrant and healthy community providing a supply of new housing stock.

Environmental

- The proposed development re-uses a previously developed site, which takes pressure off greenfield sites to provide development; it makes the best and most efficient use of existing land resources.
- Provides environmental benefits through making effective and efficient use of a sustainable parcel of land within the urban area.
- The new buildings will provide significant environmental benefits in terms of energy efficient apartments and carbon emission reductions.
- The site is not subject to any formal landscape or statutory designation and is not highest-grade agricultural land.
- High quality landscaping and new tree planting will be incorporated into the open spaces on site.
- The site will be served by a safe and suitable access and the residual cumulative impact of the development on the transport network will be negligible.
- There will be a negligible impact on air pollution because the proposals promote sustainable transport. In fact, the nature and future use of the site is one where the need for private vehicle usage is reduced given the bus services nearby, and the provision of on-site buggy storage and cycle storage.
- The proximity of the location to the town centre means that residents could walk to access services, amenities, and facilities; there's a reduced need for future residents to travel by private means, which in turn minimises associated fuel emissions.

7.13.6 The proposed development complies fully with the NPPF's objectives of a presumption in favour of sustainable development. It fulfils all three overarching objectives listed by the NPPF. The proposed development will provide benefits associated with retirement accommodation as set out in this Planning Statement.

7.13.7 Taking all matters into account, the proposed development represents sustainable development which accords with the Development Plan and NPPF.

8 Conclusion

- 8.1.1 This Planning Statement has been prepared by The Planning Bureau Ltd on behalf of McCarthy Stone Retirement Lifestyles Ltd in support of a full application for land at Old Charlton Road, Hitchin:

“Demolition of existing buildings and redevelopment with part 2.5 part 3 storey building comprising 35no. retirement living apartments with associated landscaping and parking”.

- 8.1.2 This proposal will provide a mix of high quality, sustainable housing development of the appropriate size, type, and tenure to meet the housing needs and aspirations of the community, whilst being appropriate in scale and nature with the character of the location.
- 8.1.3 As set out throughout this Statement, detailed consideration has been afforded to the context of the site and surrounding area, as well as any constraints and local characteristics, which have informed the appearance, layout, scale and landscaping details of the proposed development.
- 8.1.4 The proposed development promotes the three components of sustainable development and fulfils a significant local need for retirement accommodation and smaller dwellings. The principle of development at the site is acceptable and it makes use of a brownfield, windfall site which is in a sustainable location.
- 8.1.5 The proposed development has been assessed in line with both local and national planning policies and is in full accordance with the Development Plan, fulfilling the presumption in favour of sustainable development.
- 8.1.6 The principle is acceptable and significant weight should be given to the location of residential development in a sustainable location, the re-use of previously developed land, as well as the provision of much-needed open market retirement accommodation in the North Herts District Area. Individually and cumulatively, these components should be afforded significant weight in determining this planning application.
- 8.1.7 The design and layout of the proposed development has been designed to take account of the constraints at the site. There are no physical, environmental, or infrastructural constraints that prevent the application site being re-developed, as such the site is physically and technically suitable for the development.
- 8.1.8 The design is sensitive and appropriate to the site and wider area.
- 8.1.9 The proposed development addresses the strategic policies of the Development Plan and offers significant potential to enhance the character and vibrancy of the site and wider area. Therefore, planning permission should be granted without delay in accordance with paragraph 11(c) of the NPPF. The proposed development is in accordance with the development plan for the district and under the requirements of Section 38(6) of the Planning and Compulsory Purchase Act 2004 planning permission should be granted.

9 Appendix -

Appendix A: *'Housing Markets and Independence in Old Age: Expanding the Opportunities'* by Professor Michael Ball of Reading University

Appendix B: *'The Top of the Ladder'* by Claudia Wood, DEMOS

Appendix C: *'Creating Housing Choices for an Ageing Population'* by Shelter

Appendix D: *'A Better Life: Private Sheltered Housing and Independent Living for Older People'* by The Opinion Research Business

Appendix E: *Identifying the Health Gain from Retirement Housing* by the Institute of Public Care

Appendix F: *'Local area economic impact assessment Report'*, March 2014 (Unpublished) by Institute of Public Care

Appendix G: *'Healthier and Happier: An analysis of the fiscal and wellbeing benefits of building more homes for later living'* by WPI Strategy and Homes for Later Living

Appendix H: *'Silver saviours for the high street: How new retirement properties create more local economic value and more local jobs than any other type of residential housing'*, by WPI Strategy and Homes for Later Living

PLANNING STATEMENT APPENDICES

**NAZARETH HOUSE, LONDON ROAD,
SOUTHEND-ON-SEA**

May 2022



Appendix A: *'Housing Markets and Independence in Old Age: Expanding the Opportunities'* by Professor Michael Ball of Reading University

Housing markets and independence in old age: expanding the opportunities

Professor Michael Ball | May 2011



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About the research

This piece of research has made me realise that, while housing supply affects us all, its impact varies across the ages.

Housing needs in older years are somewhat different. They are obviously as important as those of any other group, though often overlooked in policy debate. I hope the research outlined in this report casts further light on this important issue.

I should like to thank McCarthy & Stone Retirement Lifestyles Ltd for sponsoring this research at the University of Reading. They made it possible for the research team to conduct a

survey of residents; provided other data; and granted free access to managers and staff at the company, who were always kind, helpful and open to enquiries. However, I should like to emphasise that this report is based on independent research and that the arguments, analysis and recommendations are based on my ideas and understanding of the issues at hand.

I should like to thank the rest of the research team at the University; the many others who helped with enquiries and requests for information; the house managers and wardens

of the places contacted; and, most of all, the owners of the retirement properties - the residents - who with great kindness talked to me and my colleagues. I always left the discussions I had with them with a smile, which is something I shall always remember.

Michael Ball



Foreword

Our society has built very few new homes specifically to meet the needs and aspirations of our ageing population. Without addressing this, most of us will stay in properties that may well become hard to maintain, may be inaccessible, create worries for sons and daughters or exacerbate loneliness.

In old age, housing is not just about having a home, it is about maintaining independence often with declining health. The Housing our Ageing Population: Panel for Innovation (HAPPI), which I chaired, concluded in 2009 that the time has come for a national effort to build well-designed, attractive, sustainable, easy-to-manage homes to suit our requirements as we all grow older.

I am therefore very grateful to Professor Ball for pulling together a fascinating analysis of why older people in the UK today do not have enough choice about where they live and how we can address the challenges of providing more private sector housing in this market. Like HAPPI, Prof Ball makes some interesting comparisons with other parts of the world. He refers to Australia and the US where there is a much higher level of provision of this type of accommodation. Many more elderly households are happy to move

in those countries because there is a good choice of high-quality retirement housing options. Lack of choice or barriers to delivery drives up prices which in turn can lead to poor quality of life and greater pressure on families and local services.

While housing policy focuses on stimulating the market for younger people and key workers, this report reminds us that giving 'later life buyers' more choice boosts housing markets, releasing homes for families, and helps bring communities together. Professor Ball highlights how the Government's new National Planning Policy Framework and the Localism agenda could make a real difference to older homeowners now and in the future with no extra cost to the public purse. I hope that this report will stimulate new thinking about how society can make the lives of many older people more fulfilling.

Lord Best OBE
Chairman of HAPPI



Retirement Housing can hardly be described as a ‘niche’ issue. Over 5.5 million households in England are made up of people over 65, and three quarters of them are owner-occupiers. Yet Retirement Housing is a ‘niche’ market, holding only a 2% share of all homes owned by the over 65s.

Despite McCarthy & Stone’s success as a market leader, we openly concede that supply, diversity and choice of housing in later life are not where we want them to be.

I would like to thank Professor Michael Ball and the University of Reading for a thought-provoking analysis of why we face a shortfall in housing for older people and what can be done to stimulate more private sector investment into housing and care solutions for the elderly.

Professor Ball’s report highlights a paradox of our society. Over half of us will live alone after the age of 75 and nearly two thirds of us will have a limiting life time illness. So our quality of life will become far more affected by the design and location of our home. And yet as we get older we become less and less likely to move house. So, many of us find ways to adapt our family homes so that we can stay there, while some of us move in with our relatives.

Professor Ball argues however, that home ownership remains important throughout life, perhaps as a symbol of financial and personal independence.

For those who make the move to live independently in a more supportive environment, such as owner-occupied Retirement Housing (referred to as OORH in the report), Professor Ball’s interviews show some remarkable results.

82% of residents recommended this type of housing to others in similar circumstances and 83% said they were actually happier in their new home

than they were in their previous family home. Families benefit too. 99% are supportive of the move, and a typical development can impact positively on a local community and the lives of up to 400 locals related to the residents.

As we move out of the current recession, McCarthy & Stone has an ambitious growth strategy. In order to respond to the growing market, we are diversifying our products and services and look forward to helping meet the increasing needs and aspirations of our ageing population. Yet, even to meet a modest 5% share in the housing market for older people, this report shows that over the next decade build rates for OORH will need to increase fourfold on an annual basis. Professor Ball argues that as the market expands, competition will grow. We welcome this challenge.

Professor Ball’s report holds the key to creating more choice for older people. It clearly states that public policy constraints stand in the way but that they can be easily removed. The Government’s forthcoming National Planning Policy Framework and “Localism” agenda together hold the opportunity to do just that, so that communities are equipped to become more responsive to local need as they deliver housing in the future. I sincerely hope that all those involved in shaping housing supply for the future, at neighbourhood, parish, local authority and national level, give serious consideration to the findings and recommendations of this report.

Gary Day MRTPI ACIH

**Land & Planning Director,
McCarthy & Stone Retirement
Lifestyles Ltd**

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Housing markets and independence in old age: expanding the opportunities

Executive Summary | May 2011 | Professor Michael Ball

This report highlights the benefits of specialised private retirement accommodation and recommends a number of simple policy changes at no cost to the public purse to help increase its supply and address the challenges of housing an ageing population.

Introduction – why OORH matters

This report outlines the findings of a major piece of research on housing for older people who live in specialist private retirement accommodation, called owner occupied retirement housing (OORH). This type of housing is purchased, on a leasehold basis, and found in specially designed blocks of apartments which have communal facilities, house managers and other networks of support integrated within them. There are currently around 105,000 OORH dwellings in the UK, about 2% of the total number of homes for those aged 65 and over.

Why should policy makers be concerned about OORH? The reason is that it delivers a series of benefits for residents, their families, communities, the public sector and society in general. The key benefits of OORH are:

Personal

- A higher quality of life for residents and their families. The report notes that 92% of OORH residents are very happy or contented and the great majority would recommend the accommodation to others.
- Greater security and convenience, and reduced feelings of isolation and vulnerability.
- Improved independence, well-being and health.

Environment and neighbourhood

- Environmentally better than traditional housing, with reduced energy use, including less travel. The report states that 51% of OORH residents said that their energy bills were noticeably less.
- Sustains local shopping and other services, helping to sustain local communities. 80% use the shops almost daily or often; over 40% used the library or post office almost daily or often.

Government/social

- Private rather than public – its provision entails no cost to the public purse.
- Reduced demand on public sector resources and health services. Residents manage better and spend fewer nights in hospital.
- The release of home equity in retirement; though not all release home equity.

Communities

- Most OORH residents have family and friends in the locality. Older people form an important part of the core of most communities.
- Increases availability of much-needed family housing in areas of shortage. On moving, most OORH residents free up substantial family homes, with two thirds moving from homes with three or more bedrooms. This boosts supply in local housing markets.

This report highlights that far more elderly people could benefit from this type of accommodation than live in it now. However, due to supply side constraints created by restrictive planning and housing policies, many older people are not being provided with the opportunity to purchase OORH. **Relatively simple policy changes could address this without any cost to the public purse.**

Why the supply of OORH needs to increase

The population is ageing but older people have not featured much in recent policy discussions about localism, housing or planning. As the UK's population grows and ages over the next 20 years, **the number of households over 65 years old will increase at a particularly fast rate. There are expected to be an extra 3.5 million older households by 2033 in England alone, a 60% increase on today.** By then, a third of all households will consist of those aged over 65, up from 28% in 2008.

The ageing of the UK population is going to have a substantial housing impact. Many older households will face growing health and housing difficulties as they continue to age. Although people are living longer, unfortunately the incidence of age-related ailments is not being delayed at the same rate to progressively older ages.

Home owners aged 65 and older collectively own £1 trillion of housing equity and most want to stay where they currently live for as long as possible. However, as many as 130,000 older people moved in 2008. Many move to be in preferred accommodation or to enjoy living at a different location and few are motivated by releasing housing equity. But, for others, the drivers are primarily push factors associated with being unable to manage in their current home: due to declining health, increasing isolation or financial problems. Even amongst non-movers, there will be many potential reluctant stayers. This is coupled with the fact that most home owners wish to maintain ownership of their home. OORH offers the opportunity for an improved lifestyle while remaining an owner occupier.

However, the report notes that due to policy restrictions surrounding housing and planning, the supply of OORH has not matched growing demand. Build rates are low and need to grow four times from that achieved even before the 2007/8 downturn to cope with just a moderate increase in demand. Forecasts in the research show a potential increase in the use of this accommodation from 2% currently to 5% of housing for those aged 65 and over the next decade or so. This would generate a build rate of 16,000 OORH units a year, compared to just 4,400 delivered in 2007.

In a society which is increasingly searching for ways of growing private provision, housing for the elderly seems an obvious candidate for a greater emphasis on the private sector, especially as so many older households are now owner occupiers. Also, within private provision, the benefits of direct property ownership can be maintained.

The benefits of OORH

The report notes the substantial benefits of OORH for many older people. OORH dwellings are around 10% cheaper than the median values of the previous homes sold, giving significant average equity release, while maintaining continued housing equity. Over 40% are able to withdraw £25,000 or more housing equity but, at the same time, many others have none. An overall increase in the supply of OORH would lower the price of this type of housing, enabling millions more of the elderly to contemplate this as a lifestyle.

The report outlines the following benefits of OORH:

- **A higher quality of life for its residents.** The report notes that 92% of OORH residents are very happy or contented and most would recommend their accommodation to others. 83% said they were happier in OORH and 51% also said that their energy bills were noticeably less.
- **Improved health for residents and reduced impact on the NHS.** The overall balance of residents' perceptions of being able to manage their health was that it was better since their moves. As OORH accommodation is designed for impaired mobility, residents can manage better and spend fewer nights in hospital. This finding is important because of the high costs of in-patient care for older people.
- **OORH is good for the environment.** 51% of OORH residents said that their energy bills were noticeably less than they had been in their previous homes. This is backed up by comparative analysis of the energy costs of larger, older homes and new purpose-built energy-efficient flats. What is more, people tended to travel less once living in OORH, because they are often closer to friends and relatives and to shops and other facilities. Moving into OORH also allows the new owner of the previous home to undertake renovations to improve the energy efficiency of that house, increasing the energy savings potential.
- **OORH boosts local neighbourhoods.** Older people regularly use shops and local facilities during weekdays, when they are often underutilised, and at weekends. 80% use the shops almost daily or often; over 40% used the library or post office almost daily or often. The elderly are integral to any local area and because most have lived there for a long time have built deep roots in their neighbourhoods. This is reflected in extensive family and friendship networks. So, providing OORH means a much wider group of people benefit than simply the person or couple buying the property. Many local market-based services are under threat with the growth of out-of-town shopping and the Internet, but the elderly are more likely to use local amenities than many other residents.
- **OORH has a positive impact on local housing markets.** On moving, most residents free up a substantial family home, with two thirds moving from homes with three or more bedrooms. This boosts local housing markets – for every 5,000 OORH sold, property to the value of £1.1 billion is released into local housing markets. The turnover of this type of housing is essential for a healthy housing market.

How public policy constrains the delivery of OORH

The research found that the building industry provided this type of accommodation in a competitive environment, so that its price and availability is driven by the costs and availability of construction inputs, including land.

Therefore, a number of policy-related factors have inadvertently contributed to restraining the supply of OORH to date and therefore limited its potential benefits. These include:

- **A lack of understanding of the benefits of OORH at a local and national level.** Evidence of a less than positive attitude to OORH is found in the extent to which McCarthy & Stone have had to go to appeal in relation to its sites. A large portion of its developments are only permitted on appeal, because agreement could not be struck with the local planners (65% of cases). Even on the minority of schemes where the appeal is refused, a clear blueprint is provided by the Inspector that then allows most sites to then receive consent at local authority level in a form of development that the authority had originally indicated to be objectionable. This process of being forced to appeal seems a particularly inefficient, wasteful and time-consuming way of planning for the provision of OORH and raises the prices of the homes built.
- **An inappropriate use of S106/s75(Scotland) charges.** Local planning authorities negotiate with developers of OORH for s106/s75 and Community Infrastructure Levy contributions. The analysis in this research shows that in the case of OORH some or all of the development charges are borne by the user: in this case, elderly middle income households, who do not seem a sensible group to target for this taxation. Under s106, development contributions are made towards providing affordable housing, much of which is used for providing accommodation for younger people. This policy is discriminatory against older people.
- **The role of inflexible building regulations.** The current government has committed itself to reducing the regulatory burden but many issues remain and raise the costs of providing homes for the elderly, especially as there are specific factors that add costs and compliance problems for OORH building. A fundamental problem is that regulations are 'one-size-fits-all'.

How can public policy help increase the supply of OORH in the future?

The report makes the following four recommendations for amending planning and housing policy to boost the delivery of more OORH and meet demand. All entail little, if any, cost to the public purse.

1. **Better national strategic guidance on housing for the elderly.** The forthcoming National Planning Policy Framework offers an avenue to provide a set of ground rules for the delivery of more suitable accommodation and can help cut through local bureaucracy. It should include recognition in principle that demographic change and an ageing society are central issues for planning. It should also recognise that the elderly should be able to operate effectively in the private market and that the planning process should facilitate that.
2. **Better local strategic guidance on housing for the elderly.** This includes the allocation of sites for OORH in local plans and references to the benefits of this type of accommodation in local housing strategies. The greatest emphasis regarding housing for the elderly and planning is obviously at the local level. It will be highly useful in the context of a more positive, socially responsible attitude towards OORH, if the sector was integrated into planning strategies, local development frameworks and strategic housing market assessments rather than treated on a generally negative and individual site-by-site basis as currently occurs.
3. **Treat OORH as a form of affordable housing.** To improve the supply and lower the price of OORH, this type of housing should be redefined as the equivalent of affordable housing in terms of negotiations with builders over development charges. Treating all OORH as a form of affordable housing in planning terms, because of its significant personal and community benefits, would help reduce prices and increase availability. However, to impose price or quality caps on part or all of it would damage supply. Rather this proposal suggests that all OORH new build should be given enhanced planning status alongside low-cost home ownership for younger households, which is already treated as a form of affordable housing.
4. **Rethinking building regulations.** The government's principle of less all-round is a good one. The analysis here suggests that it would be useful if regulations and other requirements were more sensitive to differences in types of residential building and recognised the distinct roles that they play within housing markets. Regulations have differential costs and outcome impacts depending on the housing types and sub-markets in question. There is also a regulatory bias towards the most common types of built structure. Greater flexibility in allowable solutions, including recognition of the dynamics of household moves, would avoid imposing unnecessary burdens that limit the supply of OORH.

Conclusion

OORH encapsulates many of the ideas that the current coalition government is promoting. This type of housing is about self-help: using resources built up over a lifetime to fund an appropriate lifestyle in older age, when the frailties of life begin to mount.

It is about private endeavour: utilising personal resources and social networks rather than relying on the state. It is about being able to enjoy life in older age, even when health matters may impose constraints.

It is about maintaining a sense of independence in old age, within an improved framework of emotional and physical security. Also, it is about building up communities: with people living in situations where friendships can be made and mutual support offered and where they can engage with the wider community, especially through links to families and friends.

It is about bringing families together, with grandparents being better linked with their children and their grandchildren living in the local area. It is about recognising the intergenerational linkages in any local community, the cycle of life, and the relation of local resources to these.

It is about ways of living that keep down public costs and save energy, without compromising preferred lifestyles.

The changes recommended in this report are in line with current government policy intentions. If enacted, the benefits would be substantial and the costs limited.

Chapter 1: The issues

Introduction

At the age of 65, life expectancy for men in the UK is now 18 years and for women 20 years. Given the principles of averages, many people are going to live a lot longer than that and some will live well into their 100s. Everyone needs a place to live and most of the elderly are relatively comfortable and content as owners of their homes. They have almost all paid their mortgages off and so do not generally feel as financially burdened by ownership as they may have done earlier in their lives. But circumstances may change and people may want to move. As people age, health and mobility deteriorates and, if married, there is a growing risk of losing your spouse. Nature kindly does not tell us a long time in advance about the details of our mortality, so when thinking about housing, even when quite old, it is a good idea to think long-term.

This report outlines the findings of a major piece of the research on housing for the elderly who choose to live in a specific type of accommodation: owner occupied retirement housing (OORH). This type of housing is purchased, on a leasehold basis, and found in specially designed blocks of apartments which have communal facilities and support integrated within them. People living in this type of accommodation express very high levels of satisfaction with the lifestyle. But the amount of housing of this type in the UK is relatively small at about 100,000 units. The questions arise of whether this level of provision is adequate and, if not, what is holding back extra supply? These questions are addressed here.

The simple answer is that far more elderly people would benefit from this type of accommodation than live in it now. Underlying demand is much greater than manifested in current levels of provision. However, more people are not taking advantage of its benefits because its limited supply means that many cannot afford it. The accommodation is not expensive relative to house prices in any locality. In fact, they tend to be about 10% cheaper than the average. However, that is still too expensive for millions of older owner occupiers. This affordability problem, it will be argued here, is the inadvertent result of public policy and the constraints it imposes on the supply side, through restricting land availability and raising building costs.

Furthermore, relatively simple policy changes can be made that would enable owner occupied retirement housing to be treated in a more socially responsible way. They would help to address the issues of supply, choice and affordability. The government has recently changed incentives with regard to housebuilding. It is also altering the relationship between central and local government through a localism agenda and reforming the planning system. The population is ageing but older people have not featured much in recent policy discussions about housing and planning. All the same, matters are in flux. So, it is a good time to be debating these issues and thinking about reforms and their impact on housing for the elderly.

Broadening out

In Australia and the USA, there are much higher levels of provision of this type of accommodation when measured on a per capita basis, and both the range of options and the affordability of this type of accommodation are much better than in the UK.¹ Elderly households also move more in those countries.

It is sometimes suggested that the UK is different because geographically it is smaller and more uniform, with indifferent weather. So, why move on retirement? But the rest of Europe is but a short plane ride away, so that the Mediterranean littoral probably plays a similar role to Florida in the USA and the Gold Coast in Australia as an attraction for retirees looking for the sun. Moreover, the majority of older British people when they move do not go far, so that an alternative explanation for a lower rate of moving by the elderly has to be found. It comes as no surprise that those countries have less restrictive planning systems in many areas and, so, have far more development land in general and greater opportunities for developers to create good value retirement accommodation. This observation helps to justify investigation of the supply side.

Furthermore, in order to understand the issues surrounding this type of housing provision, it is necessary to investigate the broader framework of housing provision for the elderly in the UK. Most are homeowners and, as already noted, most do not move. When they move into owner occupied retirement housing, the decision is often triggered by a series of life-changing events associated with health and personal isolation.

The benefits of owner occupied retirement housing

Why should policy makers be concerned about owner occupied retirement housing (OORH)? The reason is that there are a series of benefits that residents, their families, the public sector and society in general gain from this form of accommodation.

- A higher quality of life for residents
 - and their families
- Improved security and convenience
- Sustains independence and health of the elderly
- Frees home equity in retirement
 - Though not all release home equity
- Private rather than public provision
 - Less demand on public sector resources and health services
- Environmentally better
 - Lower overall energy use, less travel
- Increases availability of family housing in areas of shortage
- Sustains local shopping and other services

These benefits are not fully accounted for in the price of the accommodation. In economists' language, there are significant externalities and they provide another reason for arguing that this type of housing is under-supplied.

Looking ahead

The discussion of the issues here first looks at the propensity of the elderly to move and the triggers of decisions to move. It then provides a background history of the development of owner occupied retirement housing and presents estimates of the potential future demand for this accommodation. It then focuses on the experience of people who moved into it in recent years and the benefits they have derived from doing so. After that, the relationships between residents and other members of local communities are explored; followed by a discussion of the effects on the health service and on the environment. The emphasis subsequently switches to the supply-side, with explanations of how the industry has evolved over time and what constraints producers face. The final chapter then discusses proposals for policy reform, based on the evidence of the previous chapters.

OORH

The expression 'owner occupied retirement housing' is a long one. In the interests of brevity, it has been reduced to its acronym, OORH, throughout the rest of this report.

¹ A. Jones et al. Service integrated housing for Australians in later life, AHURI, 2010; J. Banks et al. Housing Mobility and Downsizing at Older Ages in Britain and the USA, Economica, 2011.

Chapter 2: Moving in later life

Introduction

This chapter begins the task of positioning OORH within the context of housing for the elderly in general and by developing an understanding of why older people might wish to move from their existing homes. Older home owners in general strongly prefer to stay where they are, so it is important to explore why this is the case and what conditions trigger decisions to move. Releasing housing equity does not seem to be an important influence for many older people but they do value continued home ownership. Important drivers of moves seem to be declining health and the increasing isolation often associated with reduced mobility or the recent loss of a spouse. The discussion here relies on international as well as UK evidence, because behaviour patterns seem to be quite common across countries.

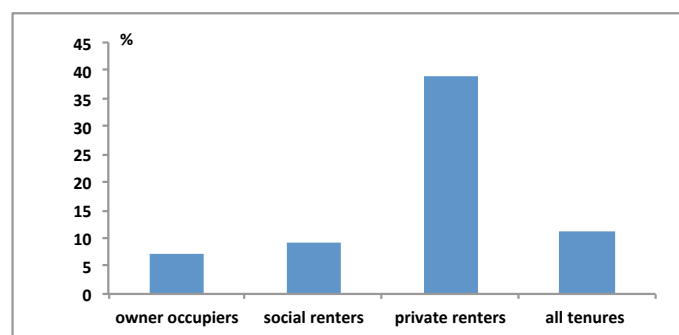
Moving lessens with age

In England, just over one in 10 of all households move each year. But, there are large differences in who moves, based primarily on which tenure people live in and how old they are.

Private renters are the most mobile, with around 40% of them moving yearly. However, social tenants and homeowners change home far less: only around 7% of owner occupiers move each year and the rate for social tenants is not much higher (Figure 2.1). Part of the difference in rates of mobility across tenures is due to the costs associated with moving. It is cheap to move as a renter, though queues in social housing offset that low cost. Homeowners by contrast face high moving costs, associated amongst other things with agents' and legal fees and taxation, which deters moves by them. In addition, they tend to have more settled lives and so are less interested in moving frequently.

Figure 2.1: Moves in previous year by tenure of new home

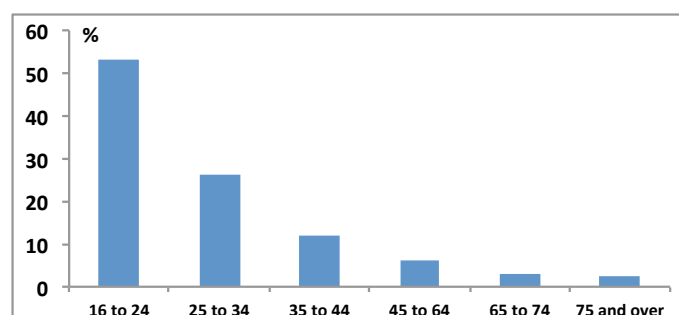
England, 2008



Source: CLG

Figure 2.2: Percentage of households moving in the previous year by age

England, 2008, all movers



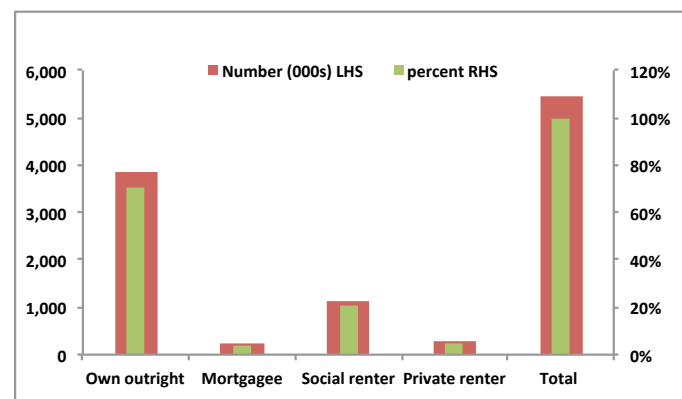
Source: CLG

The other great divide in the propensity of people to move is age. As people get older, they are progressively less likely to move. Over half of all 16 to 24 year olds move in a year; whereas only 3% of 65 to 74 year olds do and only 2% of those aged 75 plus (Figure 2.2).

These two factors of tenure and age clearly interact with each other. For example, the private rented sector attracts the young; whereas the majority of the elderly are home owners and most of the rest are social tenants rather than private renters (Figure 2.3). Of the 5.5 million 65+ households in England, 75% are homeowners; a fifth live in social housing; and only 5% live in the private rented sector, many in the remaining stock of controlled tenancies.

Figure 2.3: Number and tenure distribution of those aged 65 & over

England 2007-8



Note: LHS (Left Hand Side) indicates data should be read in association with axis on left & RHS (Right Hand Side) in relation to one on right

The reasons why the young move frequently seem pretty straightforward. They are at the early stages of their adult lives and job changes encourage high mobility, as do a host of other factors associated with their lifestyles. As their careers mature, personal relationships solidify and children begin to arrive for many of them, they increasingly settle down and move less.

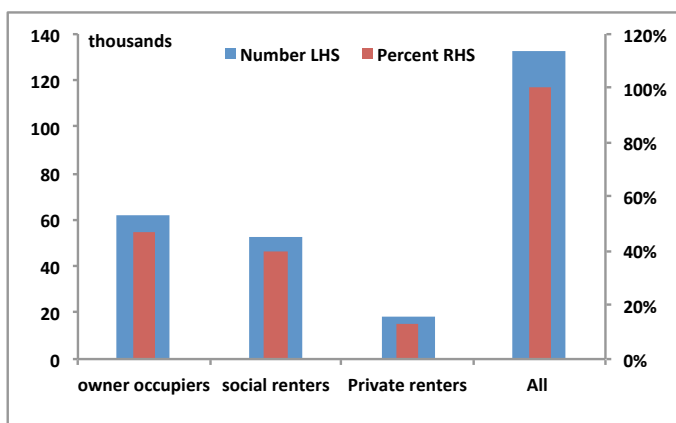
What about the elderly? Their children have invariably long gone to live their own lives, yet frequently the family home remains. Moreover, their lives change dramatically after retirement and beyond as personal circumstances alter. Many are outright homeowners and have substantial wealth locked up in their home, which they could convert into a more liquid form and, say, use as current income by down-sizing. Should not such factors similarly encourage a high proportion of moves amongst the elderly as well? The answer seems generally to be no. Most prefer to stay where they are for as long as they can and they do not touch their housing equity either.

Yet, this conclusion of relatively low mobility amongst the elderly should not be mistakenly understood as implying that numerically few older people actually move. As there are so many older households, even low percentages moving still mean that thousands change home each year. For example, in 2008, it is estimated that around 130,000 English retirees moved: approximately 70,000 of them were aged between 65 and 74 and 60,000 were 75 or older. Social housing is disproportionately represented amongst such movers, partly because of the preponderance of specialist retirement accommodation there but, even so, over 60,000 of the 65+ movers in 2008 bought an owner occupied dwelling (Figure 2.4).

The number of moves by the elderly highlights the current small market share of OORH in annual sales. For example, in 2008, when moves into newly built OORH were at a recent peak, they only represented 3% of all 65 and older moves and only 7% of purchases by them of owner occupied housing. However, if estimates of sales of dwellings from the existing OORH stock are included as well, the shares rise to around 16% of all 65+ year old moves and 35% of owner occupied purchases respectively.

Figure 2.4: Number of retired households moving in past year by tenure of new home

England, 2008



Source: CLG

A strong reluctance to move amongst the elderly

For anyone, whatever their age, moving home is a costly and potentially disruptive activity. But, for older people, who probably have been living in their current dwelling for a long time, moving can be particularly daunting. Therefore, there are often good reasons for most of them staying in their existing current home, even if a move may ostensibly seem desirable on many grounds. The reasons for staying put are varied. Some are financial; others are physical or about people's sense of well-being.

Strong attachments to a home or a locality can have been built up over many years of living in that home and maintaining such emotional bonds has been identified as important to the well-being of older people.² Studies in Australia and elsewhere have highlighted the strong attachment to local areas, even in countries where the elderly have a much wider range of more affordable housing choices than in the UK.³

People's assessments of the risks they face as they grow older are also significant. Finally, perceptions of the available options are important, which are partly based on hard information but also influenced by partly-formed or misinformed beliefs and, more importantly, a genuine lack of choice.

Moving is expensive and housing costs are high

Retirement incomes are typically lower than those in earlier life when salaries are earned, so that the financial costs of moving can be particularly burdensome for the cash-strapped elderly. Given how expensive housing is in the UK, a new home of an older person, as much as that of anyone younger, is almost certainly going to be an expensive purchase, unless it is heavily subsidised. This is particularly true if the property is in a desirable location and, even more so, if it is in one of the higher price areas in southern England or in eastern Scotland. Although affordability is often seen as a problem that primarily affects younger people, in reality, the high cost of British housing acts as a deterrent to moving into a preferred home for many of the elderly as well.

Equity withdrawal seems to be only a limited incentive to move

The standard view of consumption over a person's life cycle is that savings are made in younger years in order to support consumption in later life when incomes are more limited and the costs of support and care are potentially high. Housing is a major source of household wealth; 56% of all of it in 2008, according to National Accounts data. Much of that wealth is owned by older home owners, as they have experienced many years of rising house prices and have usually paid off their earlier mortgages. Therefore, unsurprisingly, the majority of older households' wealth is associated with housing equity.

Estimates of the amount of housing equity held by older homeowners are very substantial. In National Accounts data it has been estimated to be around £1 trillion (£1,000bn) in 2006 and the 65 plus age group then owned 44% of all housing equity. Based on current demographic forecasts and similar real price rises to the average of the past 25 years, older people's aggregate housing equity may rise to £2.3 trillion in 15 years' time, a staggering sum.⁴

House prices vary widely, with a marked division between cheaper and higher value ones (Figure 2.5). So, housing equity is skewed towards higher value properties rather than being evenly spread throughout all owners (Figure 2.6). This suggests that many older owners, though obviously beneficiaries of wealth holdings that non-owners do not have, are nevertheless not actually holders of substantial housing wealth that can be utilised for non-housing purposes. The high price of housing in the UK, which generates the scale of older home owners' housing equity in the first place, also necessitates a substantial allocation of personal resources by them to housing in the absence of subsidies, either in the form of own equity or income to pay rents. Unsurprisingly in this context, the Pensions Commission in its analysis in the mid-2000s, while aware of the potential financial benefits of housing equity in older life, was pessimistic that housing wealth could make up for substantial amounts of pensions shortfalls and was keen that housing equity remain sufficiently high to withstand housing market shocks.⁵

² Gilleard, C., M. Hyde, et al. "The Impact of Age, Place, Aging in Place, and Attachment to Place on the Well-Being of the Over 50s in England." *Research on Aging* 2007, 29(6).

³ Piggott, J. a. S., R. (2007). Residential Transition amongst the Elderly Sydney Australian Institute for Population Ageing Research, University of New South Wales.

⁴ A. Holmans, Prospects for UK housing wealth and inheritance, CML, 2008.

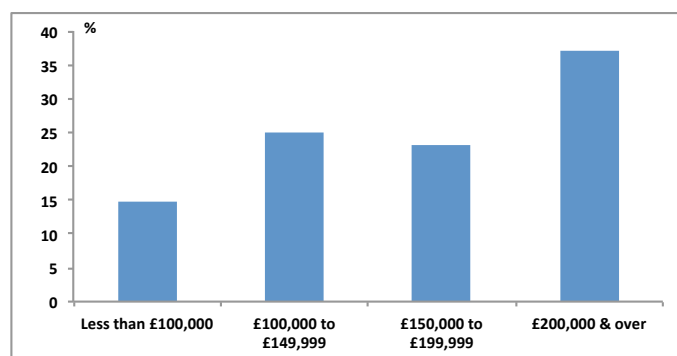
⁵ Pensions Commission. *First Report*, 2004. <http://www.webarchive.org.uk/wayback/archive/20070801230000/http://www.pensionscommission.org.uk/publications/2004/annrep/index.html>

Nonetheless, with such a large amount of wealth tied up in older people's homes it may be expected that some older households are keen to cash in on some or all of that equity. However, the evidence does not point to equity withdrawal being of much importance for many older households, although it is for a minority.

Evidence for this limited concern with housing equity can be seen for the largest group of older owner occupiers, those that do not move, in the limited interest that has been shown in equity release finance products. They have languished in the UK for many years at around £500m annually, even in the years prior to the financial crisis, and remain a tiny portion of the value of outstanding housing equity. This may be influenced to a degree by the nature of the products on offer and there is evidence of a somewhat higher take-up in countries, such as Australia and the USA, though even there the share remains very small.⁶

Figure 2.5: The distribution of UK house prices

2006

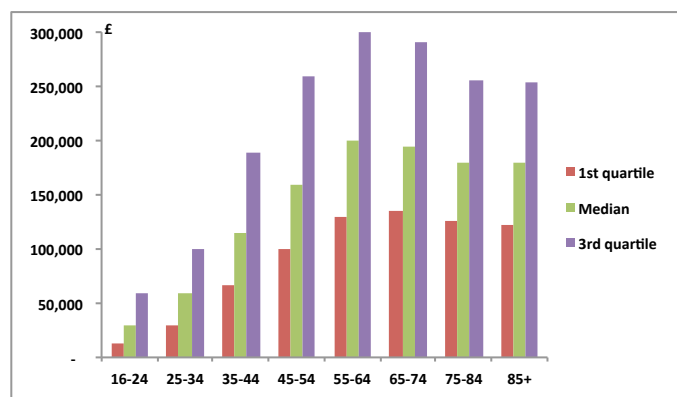


Source: CLG

Nor does equity withdrawal seem to be a major stimulus amongst the elderly when they move. Survey evidence of movers in 2007/8 found that amongst those owners that previously owned outright, who will invariably be amongst older age groups, around a fifth wanted to downsize. Moreover, even amongst those who actually did downsize, the motive for wanting a smaller property was related to a series of non-financial reasons as well as to equity withdrawal and, therefore, downsizing cannot simply be taken as direct evidence of moving in order to withdraw equity.

Figure 2.6: Distribution of net housing wealth by age

Great Britain 2006/8

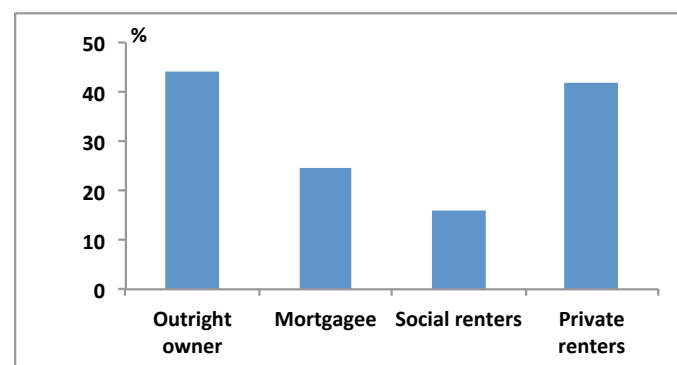


Note: Household reference persons' age. Excludes those with no housing wealth
Source: Wealth and Assets Survey, Office for National Statistics

In fact, it does not seem that the elderly are that much different in their propensity to downsize than many of younger ages. While there are no direct data, this conclusion can be inferred from tenure status. Most outright owners are aged 50 or more and their absolute number as downsizers is not that much greater than that for private tenants of all ages; while there is even a significant downsizing group of owners with mortgages (Figure 2.7). This suggests that complex and changing family structures and lifestyles may be predominant influences on moves to smaller dwellings. In the decision to move to a smaller home, affordability and wealth effects only play a part, even if it they can be important ones.

Figure 2.7: Recent movers who wanted to downsize their home

England 2007/8



Source: CLG

International research on housing wealth and the elderly

The academic literature in recent years has been critical of the simple 'life cycle' view of housing wealth. This theory argues that savings and wealth are built up in a person's younger years in order to finance consumption when they are old. However, there is now overwhelming international evidence that older home owners in practice are reluctant to run down their housing equity.

For example, research in the USA has found that older people had a strong preference for remaining in the same house and want to keep their housing wealth as it is. Moreover, when the elderly do move, they are as likely to put further funds into their new home as to withdraw equity.⁷ There is also little international evidence that homeowners place great significance to being able to bequest significant wealth.⁸

One suggestion to explain this reluctance to convert housing wealth into more liquid and immediately consumable forms has been an argument that older homeowners' housing equity represents an insurance against health and mortality risks. These risks have to be incorporated into the life cycle model of income and wealth to make it more realistic. Moreover, they imply a preference for housing wealth holdings by the elderly for precautionary reasons.⁹ When one partner in a couple dies, for example, the loss of income of the surviving person may be substantial and housing equity can then be dipped into. Alternatively, health might deteriorate or extra care may

⁶ P. Williams, Please release me! A review of the equity release market in the UK, its potential and consumer expectations, CML, 2008.

⁷ Venti, S.F. and D.A. Wise (1990), 'But They Don't Want to Reduce Housing Equity', in: D.A. Wise (ed.), *Issues in the Economics of Aging*, University of Chicago Press, Chicago, pp. 13–29; Venti, S. and D.A. Wise (2000), 'Aging and Housing Equity', NBER Working Paper 7882, 2000.

⁸ Hurd, M.D. 'Anticipated and Actual Bequests', NBER Working Paper 7380, 1999.

⁹ Coile, C. and K. Milligan (2006), 'How Household Portfolios Evolve After Retirement: The Effect of Aging and Health Shocks', NBER Working Paper 12391; Hurd, M.D., 'Mortality Risk and Consumption by Couples', NBER Working Paper 7048, 1999; Jan Rouwendal, 'Housing Wealth and Household Portfolios in an Ageing Society,' *De Economist*, vol. 157(1), 2009.

be required and the expenses associated with such events can be covered by utilising housing equity at that point in time. A personal sense of loss may also induce the surviving member of a couple to want to move and housing equity makes that feasible.

These moving drivers are clearly important in understanding the decisions of people to move to OORH. Purchase enables the retention of housing equity and a potential for downsizing and equity withdrawal, but the prime driver of a move is likely to be non-financial in nature. Housing wealth contributes to budget constraints in the main rather than acts as the prime driver of changing home to a retirement one.

Habits and preferences often favour staying in the same home

Rather than wishing to withdraw equity, many older households simply want to enjoy the space, location and familiarity that their current home brings to them. Furthermore, studies in the UK and elsewhere have emphasised the importance of housing to life satisfaction amongst the elderly.¹⁰

There may be significant psychological benefits of staying put. For example, when trading down to a small property, cherished possessions may have to be given away. If someone moves far, regular contacts with friends and relatives may be broken. Habits are well entrenched for people that have typically lived in a place for many years and there will be an understandable reluctance to abandon them. For these reasons, it is to be expected that older people will be more reluctant to move than many younger people and, even when they contemplate moving, many of the elderly will want to move locally. They do not have a stimulus to move because of a new job; or of experiencing growing affluence as careers mature; of setting up a family; or of needing additional accommodation for extra family members. Consequently, many of the common drivers that encourage people to move are absent for older people. As a result, it is to be expected that far less older people move yearly than is the case for the population as a whole.

One strand of housing policy research emphasises the existence of 'under-occupation' where households have two or more bedrooms above a set standard. 47% of owner occupied homes are said to be under-occupied in this way, with the highest incidence amongst empty-nesters, who tend to be older.¹¹ In crude terms, if this so-called excess housing was reallocated, it would house those in need.¹² However, in a free, market-based society people have a right to choose their accommodation on the principle of willingness to pay and there can be no grounds for denying older people the right to enjoy the property they have saved and paid for over many years. No-one argues that people are 'over-clothed' if they have more than two pairs of trousers. Consumer sovereignty is the basis of a free society and should be so in housing as much as with other consumption goods. If people wish to downsize that is their choice, but at present the elderly have limited options and, so, moves are suppressed for that reason.

Moves still happen

Even though elderly people stay in their existing homes for many years because most want to, others clearly do move: as many as 130,000 did in 2008, as earlier data showed. Many move in order to enjoy living at a different location, with rural areas and seaside towns being the main net recipients and London and the Home Counties the main net losers, or be in preferred accommodation. But, for others, the drivers are primarily push factors associated with being unable to manage in their current home, due to declining health, increasing isolation or financial problems.¹³ Even amongst non-movers, there will be many potential reluctant stayers.

Affordability clearly influences the decision to move. Some people may not be able to move into preferred accommodation, such as OORH, because they cannot afford to. By no means all older outright homeowners are able to buy a new desirable home and have much equity left from the transaction. The costs of estate agents, legal fees, stamp duty, removal companies and other outgoings further eat into previous equity. Some older people may only be able to move by drawing down non-housing wealth, through recourse to savings, or because of help from family members.

Core drivers of moves in older age

Some physical and emotional factors that induce a desire for a change in living circumstances are particularly important in older age and the drivers seem common across countries suggesting that they represent widely held preferences.¹⁴ Declining health is an obvious one and isolation another.

With ageing, physical constraints begin to take on a growing significance. To cope with an existing home, an ability to be mobile around the home is important. Moreover, being capable enough to lift and to carry objects is often essential. In the typical British house, climbing stairs may become more onerous with age. Also, the likelihood and consequences of falls may become more worrying. With growing physical impairment, particular activities that were once enjoyable can become burdensome and increasingly difficult to enjoy, such as looking after a garden. Necessary tasks, such as getting cooked food out of the oven, also can become progressively challenging and tiresome; while existing homes may have living space that is no longer required, but it still needs cleaning and looking after.

Growing physical impairment is an unfortunate fact of human existence. Around 40% of those in the UK aged 60 to 74 report having a limiting life time illness and the rate rises to almost 60% at 75 and over.¹⁵ When an older person's health deteriorates substantially they may need to move into care. But many others with less severe health issues are still able to live independently. However, they may now wish to move into accommodation specifically designed to respect their frailties, with some support and the potential for companionship, because it is now more suited to their current needs.

Existing homes can be adapted for some purposes. Data show that households where a core member is aged 75 and over have adaptations related to hand rails (30% of them), bathroom modifications (26%) or alerting devices installed (14%).¹⁶ However, there are limits to such adaptations and the more complex ones are expensive, so that moves become more sensible. A feasible option in such cases is OORH.

¹⁰ Oswald, F., H.-W. Wahl, et al. "Housing and Life Satisfaction of Older Adults in Two Rural Regions in Germany." *Research on Aging*, 25(2), 2003.

¹¹ CLG data.

¹² *Taking Stock. Making the most from housing – an assessment of under utilisation of the housing stock in England*, Policy Briefing, Shelter, London, April, 2011.

¹³ Z. Uren & S. Goldring 'Migration trends at older ages in England and Wales', *Population Trends*, Winter 2007, ONS.

¹⁴ Robison, J. T. and P. Moen (2000). "A Life-Course Perspective on Housing Expectations and Shifts in Late Midlife." *Research on Aging* 22(5); Sabia, J. J. "There's No Place Like Home." *Research on Aging* 30(1), 2008.

¹⁵ 2002/03 Family Resource Survey, ONS.

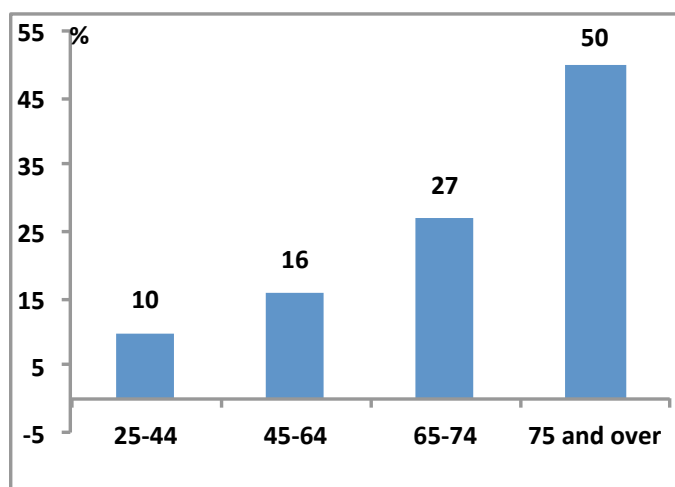
¹⁶ *Focus on older people*, ONS.

Previous research found that for the vast majority of older people a deterioration in their health would be the deciding factor if they were to move in the future. Amongst movers, virtually all were found to be experiencing health problems of some sort, usually related to diminished mobility.¹⁷

Isolation

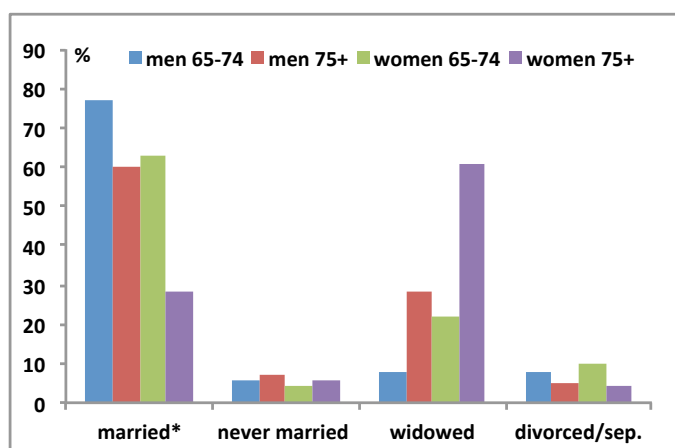
The number of older people living alone is high and growing, with half of those aged over 75 currently living alone (Figure 2.8). The most common cause of living alone is the loss of a spouse. This affects women more than men and over 60% of women aged 75 or more are widows (Figure 2.9). The number of single elderly is expected to grow substantially in the future (Figure 2.10). Problems of isolation are widespread amongst older singles living alone.

Figure 2.8: Proportion of people living alone



Source: GLS

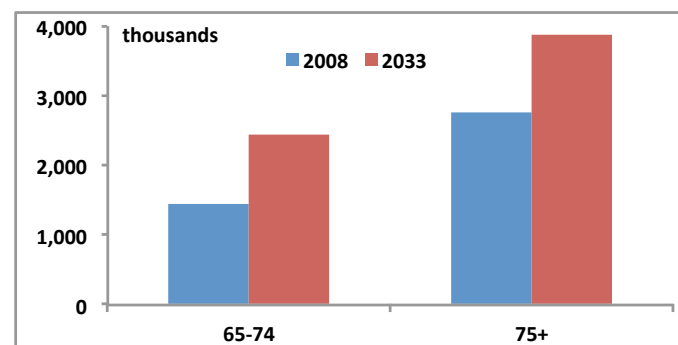
Figure 2.9: Marital status of the elderly



Note: married includes 1-2% co-habitation

Source: ONS

Figure 2.10: Single, widowed & divorced elderly, 2008 & 2033 forecast



Source: ONS

The benefits of owner occupation for the elderly

Most people aspire to become homeowners at some time in their life. Those on lower incomes may not be able to afford to but the vast majority of the population can and do purchase. A variety of personal, community and general social benefits have been ascribed to home owning in the international literature, including a personal sense of well-being, better levels of repair, neighbourhood enhancements and higher educational attainment by children. Although the results are sometimes debated, some general effect is usually identified.¹⁸

A preference for owner occupation is particularly apparent amongst the elderly, with high home ownership rates in the 50 to 75 age category. Older people enjoy the independence and security of ownership. In neighbourhoods where homeownership predominates, they will have a much high chance of living near to friends and people of similar ages to themselves and wider choice of properties to live in than in renting. Home owners also gain preferential tax treatment, especially if they have high shares of home equity as most of the elderly do.

However, there are other important considerations, which favour remaining as a homeowner that have particular importance at older ages.

- The first is that ownership acts as a hedge against potential future rises in rents. Once having bought a home, a prevailing rent/house price level is implicitly locked into. The value of a house might go up in the future but the non-maintenance costs of its resident's outgoings do not. This phenomenon is particularly relevant in Britain where long-run real increases in house prices (and rents) are expected to continue in the future because of housing shortages.

The importance of this hedging effect is well-recognised and the Pension Commission amongst others has emphasised its particular importance for older people.¹⁹

- Secondly, the benefits of homeownership are parallel to those about holding onto housing equity, raised earlier. Of particular importance is likely to be the implicit health insurance effect. Older people because of their increasing age have a rising chance that they may within a relatively short time require care to varying degrees of support. This care may be provided by the state, although this is increasingly unlikely, especially for those above the lowest income. It may be provided on a commercial basis, which

¹⁷ Croucher, K. Housing Choices and Aspirations of Older People. London, Communities and Local Government, 2008.

¹⁸ Dietz, R. D. and D. R. Haurin, "The social and private micro-level consequences of homeownership", *Journal of Urban Economics* 54(3), 2003.

¹⁹ Pensions Commission, *ibid*; Sinai, T. and N. S. Souleles, "Owner-Occupied Housing as a Hedge against Rent Risk", *Quarterly Journal of Economics* 120(2), 2005.

will obviously be costly as it is labour-intensive. Or, as is more typical for many people, it will mainly involve support from family or friends and moving to a living environment where self-help is more viable. It is at times such as these that homeowners may wish to use some of their housing equity by downsizing. However, getting the housing mix correct is likely to be more important, and the benefits of owning will still hold.

- Finally, there may also be an impact on lowering the probability of moving into a nursing home. A recent study in the Netherlands found that home owners enter care homes less often, even after controlling for people's health condition, economic status and family circumstances.²⁰ They also express a greater satisfaction with their housing situation than renters (and this is in a country with high housing standards and where 45% of the population rents).

Conclusion

This chapter has identified the main characteristics of older people's housing circumstances and explored under what conditions they might wish to move. Most do not want to move as they are settled in their current homes and it is usually a life changing event that triggers a decision for change. These events are particularly associated with health issues and a loss of mobility, but also with increasing isolation and the loss of a spouse. Older people value being owner occupiers for personal and financial reasons and they generally wish to stay in the tenure as long as they can. However, equity withdrawal is not a significant factor in moving decisions.

These characteristics of older movers correspond to features offered by OORH and the next chapter will examine potential demand for this type of accommodation.

²⁰ Rouwendal, J. and T. Fleur, Homeownership and Demand for Long-Term Care, No 10-114/3, Tinbergen Institute Discussion Papers, Tinbergen Institute, 2011.

Chapter 3: The potential demand for owner occupied retirement housing

Introduction

A central argument of this report is that OORH is significantly under-provided. Far greater numbers of elderly people would benefit from living in this type of housing, if they were given greater opportunity to do so and if there was a better understanding of this type of housing provision both by potential users and policymakers. The strongest argument for under-provision is the high level of satisfaction existing residents express, given their current state of health and lifestyle. There are many other older people with similar characteristics who would benefit from moving to such accommodation. The argument here, of course, is not for a wholesale movement of older people: most like being where they currently are and can cope well. The point rather is to suggest that even a moderate increase in the utilisation of OORH from its current low level would provide considerable benefits to key groups of older people and, in addition, would create substantial spin-off benefits for communities and society as a whole.

One of the main reasons, it is argued here, why this type of accommodation is underprovided is its high current cost and a lack of local supply and choice in many areas. Affordability issues put older people off from moving generally and in particular into OORH. Given the current limited supply of OORH, there is also in many localities a chance of needing to move away from the places where they want to live.

The purpose of this chapter is to examine the current types of specialist accommodation that exist, to explore how provision has changed over time and why, and to provide a scenario analysis of potential increases in demand for OORH. It will identify the types of older people that would potentially benefit from living in OORH and, on the basis of that identification, forecasts demand on the assumption that the price of this accommodation is such that OORH appeals to a wider market.

An ageing population

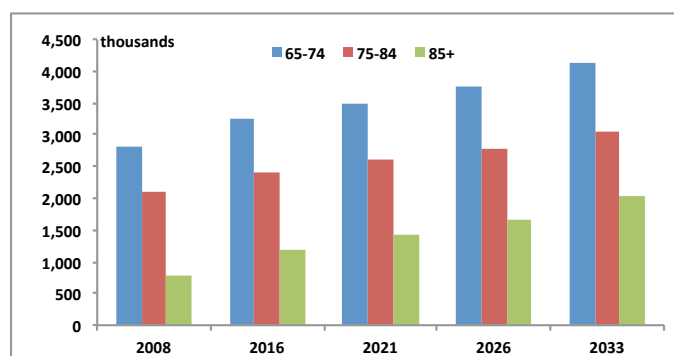
As the U.K.'s population grows and ages over the next 20 years or so, the number of households over 65 years old will increase at a particularly fast rate. There are expected to be an extra 3.5 million older households by 2033 in England alone, a 60% increase on today. By then, a third of all households will consist of those aged over 65, up from 28% in 2008 (Figure 3.1). These forecasts are made for a time that seems a long way off but the dynamics of change are happening now. If these forecasts are averaged out over time, they imply that there will be an extra 140,000 older households each year for the next 20 years or more. Growth will also be fastest amongst the oldest and potentially the frailest, aged 85 or more.

The ageing of the UK population is going to have a substantial housing impact. As was noted in the previous chapter, most of the elderly stay where they currently live, so the demand for housing is likely to grow even faster than household numbers and rising living standards suggest, because older homeowners consume on average relatively spacious accommodation. They became homeowners many decades ago and have been able to buy far more cheaply as a result than is feasible at today's prices and have locked-in that benefit through rising housing equity.

Many of these older households will also face growing health and housing difficulties, as they continue to age. Although people are living longer, unfortunately the incidence of age-related ailments is not being delayed at the same rate to progressively older ages. Therefore, people are likely to have to live with such problems and the constraints they impose for more time, which will alter housing choices amongst the elderly as they grow in number.

Few people plan for such events. Instead, a healthy and socially active person at whatever age tends to plan on the basis that things will remain as they are. However, for many that will not be the case as time passes and, when such events occur, the decision to make a lifestyle change may be quite a sudden one or, alternatively, be recognised as increasingly necessary once a life changing event has occurred.

Figure 3.1: Household projections England



Source: CLG

Specialist housing for the elderly

Specialist housing for the elderly contains various degrees of support and care.²¹ OORH occupies a particular place and currently represents around a seventh of all the accommodation available.

The most intensive care is offered on an institutional basis and there are 170,000 places in England, in the form of residential and nursing homes and specialist care centres. Under such arrangements, an elderly person is no longer part of a separate household but is, instead, a resident of a specific care home. People with particularly severe disabilities or illnesses may require such facilities.

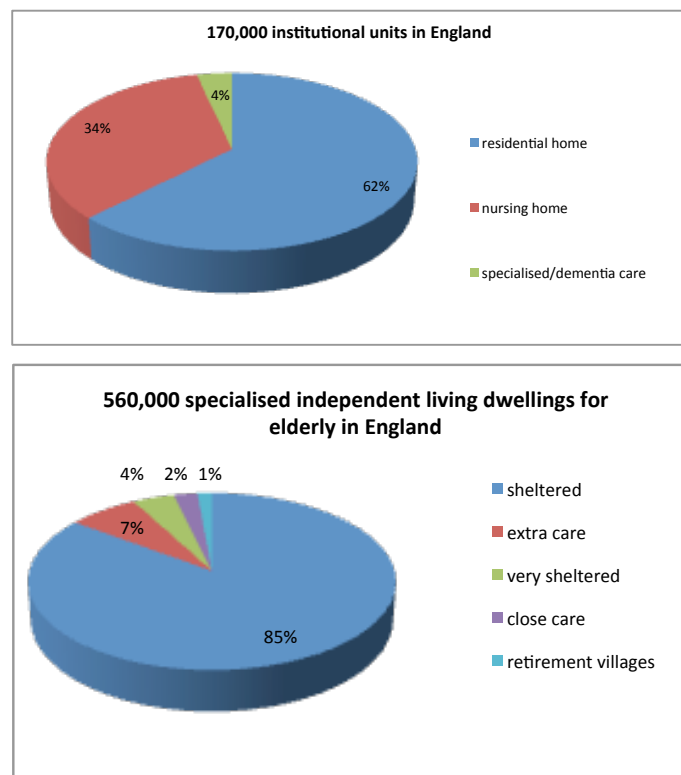
However, the majority of specialist accommodation is associated with a greater degree of independence. Understandably, when feasible, people generally prefer to be as independent as they can. Medical studies also show that this approach is most successful for health and general well-being. So, much specialist accommodation is based on independent living. Properties have their own front doors and are associated with various levels of support. Support ranges from the provision of communal facilities, offering an ability to meet and socialise with other residents, the presence of the house manager/warden for at least part of the day and, possibly, the preparation of meals and a dining room, through

²¹ Croucher et al, Comparative evaluation of models of housing with care for later life, JRF, 2007. HAPPI, *ibid*.

to more intensive assistance with extra care (domestic and/or personal) on a 24 hour basis.

There are currently around 560,000 specialist independent living dwellings for the elderly in England (Figure 3.2), which represents around 9% of all 65+ households. Most of these dwellings take the form of sheltered accommodation and OORH, which represents approximately 105,000 units in the UK, is a part of that.

Figure 3.2: Types of specialist housing for the elderly



Source: HAPPI 2009

Most specialist retirement accommodation is rented. There is a small amount of private rented provision and most of the rest is provided either by housing associations or local authorities. Less than 20% of the accommodation is private and most of that relates to OORH or to a small number of 'extra-care' properties with a greater care offer.

It is interesting to note that this balance between social and private provision in retirement housing is the mirror opposite of that for the overall housing stock, where over four-fifths is in the private sector and less than a fifth is socially rented. In part, the difference reflects a now old and long-past tradition of seeing retirement housing as part of general publicly-provided social services. That view lost favour decades ago and is a notion that has declined rapidly in relevance over the past thirty years.

However, the change not only reflects changing assumptions of state intervention and personal choice but also rising living standards, a growing active older population and substantially altered housing careers for most people through their lifetimes. Relatively few older households were home owners in the 1960s and 70s. Many were also poor and lived in bad quality, rent-controlled private accommodation and needed rehousing. That era is now a world away from today's conditions, as there is now much greater affluence and far

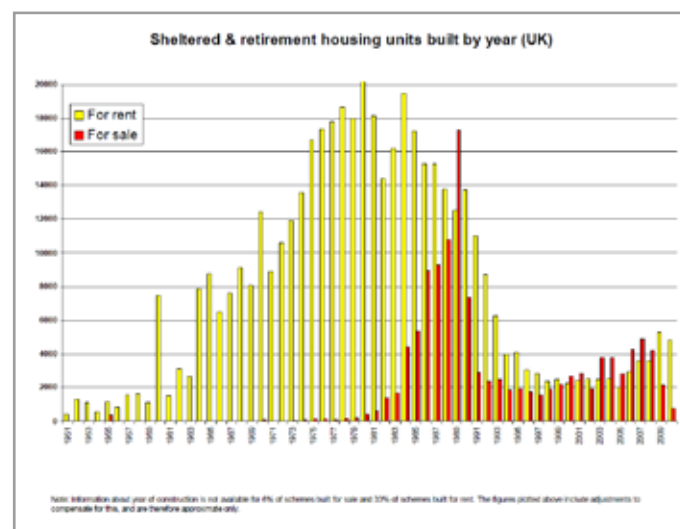
high rates of homeownership amongst the elderly; though poverty and housing hardship amongst some groups of the elderly still remains.

Although the fashion for having heavily public-oriented and institutionalised forms of provision has long passed, specialist housing for the elderly often still carries such connotations, particularly for the elderly themselves as they can remember what specialist housing meant 40 or more years ago. Nowadays, retirement housing is far more differentiated in what it offers and is much more of a realistic housing choice for a person with an existing comfortable life-style. Retirement housing, particularly in the private sector, plays an entirely distinctive role from the image of the past but, unfortunately, these changed characteristics are not always understood and appreciated.

Regrettably, along with the changing role of specialist retirement accommodation over time has gone a substantial reduction in the scale of new provision. Subsidised social building is much reduced and private sector accommodation has not been able to expand much in the face of rising costs and growing land shortages and increasingly burdensome regulation.

The building of specialist accommodation grew dramatically from the early 1960s (Figure 3.3). Rising twelve-fold in a decade, annual building rates reached a scale that was more than three times current levels. All of such housing was in the social sector in the early years, though in the 1980s the OORH sector started to develop. The two types of provision, although offering ostensibly a similar sort of product, are not close substitutes; in the same way as council housing and owner occupation in general are widely different. Socially rented retirement accommodation is an extension of the social care for those on lower incomes into older age. OORH is about maintaining economic as well as living independence in a supportive environment. It caters to a group who are not wealthy but are still financially independent and not in receipt of subsidy and, so, can exercise consumer choice.

Figure 3.3: Sheltered and retirement housebuilding, 1951-2010



Source: EAC

During the 1980s and early 1990s, social provision fell sharply away with public expenditure cut-backs allied to changes in the direction of social and housing policy and a greater reliance on the private market. New social provision levelled off at about 2000 units a year in the mid-1990s and it subsequently had a short-lived upturn from 2007 to 2010, as part of the last government's stimulus measures for the construction industry. Looking forwards, social building is likely to be very limited for at least a number of years to come and probably longer, given current public expenditure cutbacks. Moreover, existing social provision may also be reduced or in some cases offer a lower level of care, such as by the withdrawal of a house manager and switching to remote response instead.

Furthermore, renovation of existing socially provided retirement accommodation is also likely to slow as the money to undertake it dries up. Much of the social stock is now ageing and, in consequence, is becoming increasingly less suitable for modern requirements and for current and future spatial distributions of demand.

OORH building grew rapidly during the 1980s to peak at a level at the end of the decade more than 4 times that of the recent peak prior to the 2007/8 financial crisis. This initial phase of expansion was associated with a general housing boom in the 1980s. During that period, many general housebuilders, as well as specialists, provided this new type of accommodation and some of what was sold was of questionable quality and poorly managed, which cast a shadow over the reputation of the sector for some years afterwards.

In the early 1990s downturn, new building was badly hit by the general housing crisis. Revival of OORH construction then took a long time to take place with a prolonged pick-up only occurring after 2002 and it has never reached again anywhere near the peak levels seen earlier in the 1980s. Output expanded in the 2000s as the general housing market boomed. Some housing associations also started to build this type of accommodation for sale, adding to private supply. The financial crisis in 2007/8 then brought expansion to a halt once more and output is now only slowly recovering as potential residents find it hard to sell their existing homes in a tightly mortgage rationed housing market.

In this brief history, it is noticeable how closely sales of OORH have followed the general experience of the housing market as a whole. This is unsurprising for two reasons.

1. Purchasers of OORH have previous homes to sell in order to have sufficient funds for their new purchase. Consequently, an ability to sell their previous homes (at reasonable prices) is highly dependent on the contemporary state of the housing market. In fact, older people's sales will be especially sensitive to market conditions, because they are mainly sellers of existing family homes and, so, prone to be at the end of long chains of purchases and sales with a high risk of non-completion. Even though they do not need a mortgage, the person buying their previous home, or somewhere further down the chain, needs one. This puts them at a disadvantage whenever mortgages are sharply rationed.
2. The price of OORH is influenced by the same factors as the general price of housing. So, this segment of the new build market faces similar production and land costs to other parts of it and, therefore, unsurprisingly the price of OORH alters in line with the general price of housing.

In summary, there was some revival in the 2000s in specialist retirement housing provision but the extra scale of provision did not reflect the growing problems today of housing the elderly. It was then severely knocked back by the housing market and economic crises and recovery has only been limited since then, so that output still significantly trails potential demand.

There is also a more general question of whether social or private provision is more desirable. In a society which is increasingly searching for ways of increasing private provision, housing for the elderly seems an obvious candidate for a greater emphasis on the private sector, especially as so many older households are now owner occupiers. Also, within private provision, there are many benefits for older householders of direct property ownership rather than renting, as was noted earlier.

Evaluating the potential of OORH

The question arises whether more OORH housing should be provided, as is being claimed here. Is it the case that current levels of provision reflect true underlying demand for this type of accommodation or is demand restricted by a lack of opportunity to purchase in many localities and by the high cost of current new supply?

There is clearly a severe downswing in sales of OORH at present alongside the current low levels of activity in the housing market as a whole, so unsold completed dwellings exist and built rates remain low. But this currently reflects a low point arising from a major economic and financial crisis. Demand is gradually increasing, vacancies are falling and building rising again. Pent up demand (i.e. as reported in viewing rates) is still high, but potential residents are unable to sell their own home. The present consequently acts as a poor indicator of future demand. So, how much new OORH is required? As the housing market revives should much more OORH be built than was the case, say, prior to the financial crisis and should it be made more affordable?

One response to such a question is to say that market demand is being met, so why should a specific policy stance be made towards OORH? Surely, in a market economy, if there is a demand it will be met with a supply. There are two arguments related to housing markets that identify this conclusion as obviously right in so far as it goes but erroneous if overly simple conclusions about a lack of need for policy change are drawn from it.

1. Market outcomes are a product of demand and supply

Aggregate demand is met in a market only as long as it at least covers the prevailing cost of supply. The prevailing high cost of supply in the UK chokes off OORH demand. It is the contention of this report that supply costs are so high because of public policy decisions and constraints. Obviously, no-one is going around saying 'let's make OORH expensive to build' but that is the outcome of a variety of policy positions. This may be true for housing supply in general but it is especially the case for OORH. The policy determined OORH supply-side issues relate to the restriction of land availability, land taxation in the form of affordable housing requirements, etc. and a range of other regulatory burdens.

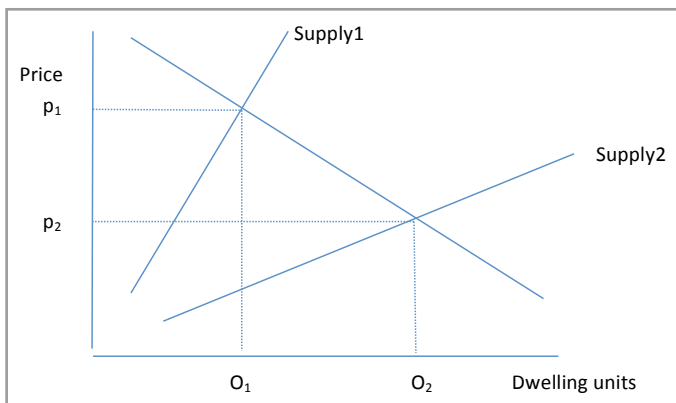
Figure 3.4 illustrates this argument in a standard demand and supply framework. The demand for OORH is assumed to be sensitive to its price and, so, slopes downwards. The position of the demand curve depends on older people's

preferences and current demographics plus prevailing levels of retiree's incomes and wealth. The supply of OORH depends on input costs and rises as output increases.

In the figure, Supply1 illustrates an inelastic supply schedule in which the cost of supply rises rapidly, while Supply2 illustrates one that can provide housing more cheaply and in which costs do not rise as fast when output increases. Under both schedules, demand and supply are equal in equilibrium. But, with Supply1, the equilibrium price is p_1 with O_1 dwellings sold, and with Supply2, the equilibrium prices and quantities are p_2 and O_2 – OORH is more affordable and there is much more of it sold. Between them, the underlying determinants of demand have not changed but, rather, those affecting supply have.

In the context of policy issues with respect to OORH, the two supply schedules illustrate potential 'before' and 'after' scenarios. Supply1 is the current regulatory situation in the UK while Supply2 is a feasible scenario for OORH if the burden of regulation was altered and if what is meant by 'affordable' housing is redefined.

Figure 3.4: The aggregate demand and supply of OORH with two supply-side scenarios



2. Local markets dynamics vary in their efficiency and effectiveness

There is a substantial stream of literature in housing economics that argues that housing 'sub-markets' exist, whose behaviour cannot be simply subsumed under a general market model because of specific supply-side, transaction cost and consumer information and perception differences that identify and isolate them as sub-markets. Such markets have varying degrees of distinction in their outcomes from general market processes, which are manifest, for example, through pricing or via barriers to change.

This type of analysis specifically argues that rigidities and constraints exist in some sub-markets which stop them from functioning effectively.²² What is more, researchers within this tradition argue that decisions about the allocation of land for housing can be used to shape prices and alter the conditions within such sub-markets.²³ OORH can be viewed as an obvious housing sub-market. Behaviour and supply-side constraints are distinctive within it from the housing market in general and its operation as a sub-market also has important implications for the wider operation of local housing markets. Moreover, it is a sub-market open to policy change.

The future demand for OORH

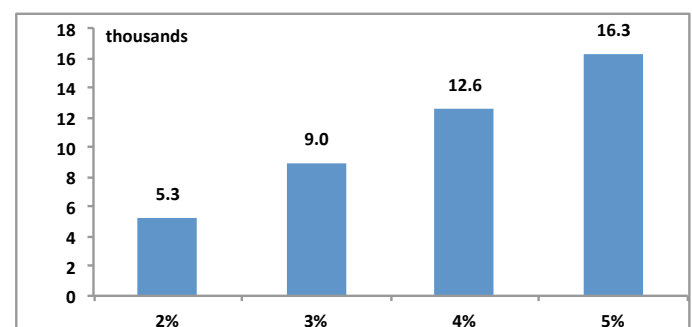
In a forecasting exercise, it would ideally be useful to have good parameter estimates of housing demand by the elderly and also similar inputs regarding supply but, unfortunately, this information is unavailable, because there have been no studies of this sector of the market. However another route is presented via assessments of the incidence of factors that encourage older people to think of living in OORH. It then becomes possible to postulate views about how many of such people might wish to move into this type of housing. Prime drivers of the demand for specialist retirement accommodation relate to health and social issues associated with older people. So, it is in relation to these factors that some estimates of the potential demand for OORH will now be made.

This exercise starts with a simple base case in which the current share of OORH in all housing used by older people remains the same in the future as it is today. The result 'stock' demand is then converted into an annual flow of new building by assuming that new building will expand at a steady rate to meet that demand.

Currently, OORH has a market share of 2% of the accommodation of people aged 65 plus in Britain. Therefore, as a base case, this share is applied to official forecasts of the future number of older households.²⁴ This assumption of a fixed market is likely to be unduly pessimistic but it provides a useful benchmark against which to compare other forecasts.

As can be seen in the first column of Figure 3.5, where the 2% market share annual build rate is shown, current household forecasts suggest that with a constant market share 5,300 new OORH dwellings will be required annually in England over the next 20 or so years. That figure is around a third higher than the recent peak achieved in the years before the financial crisis and is over twice what is currently being built. Of course, for every year when building is below the forecast, pent-up demand grows. As the general housing market improves over the next few years, consequently, it is to be expected that the demand for OORH will rise rapidly, as older households will then be able to sell homes where sales are currently not happening. This forecast surge in demand can be expected to have a positive stimulus to encouraging interest in providing this type of housing.

Figure 3.5: Annual demand for new OORH at current 2% & larger market shares 2011-33



²² See, for example, C. Watkins, 'Microeconomic Perspectives on the Structure and Operation of Local Housing Markets', Urban Studies, March, 2008.

²³ G. Pyrcie, Micro and Macro Effects of the Location of New Housing, University of Glasgow, 2004.

²⁴ Published by CLG.

However, if interest in living in OORH grows even moderately, this will raise the share of this type of property in overall future accommodation for the elderly. Figure 3.5 shows the impact of such changes on annual rates of newly built retirement accommodation. A 5% share of all accommodation for those 65 and over, which is by no means unfeasible, would lead to build requirements of over 16,000 new OORH dwellings a year, which is over four times the build rate achieved prior to the 2007/8 downturn. What is more, pent-up demand grows faster at these higher market shares if building does not reach the levels required to meet such demand.

An important conclusion of this introductory forecasting analysis is that it is clear that it does not require that much change in the role of OORH in the accommodation for the elderly for there to be a sea change in the market for such property. At a relatively modest market share of 5% of all homes for those over 65, within 20 years, there would be 460,000 of these types of properties in the housing stock. That is a market which is four and a half times larger than the one now existing. Within it, there would be significantly larger annual transactions of existing retirement homes as people move in and out of them; plus substantial repair and improvement of them; and the continual building of further new dwellings, as population pressures grew.

A larger market should also induce supply-side changes. Specialist firms in all aspects of the construction and purchase and sale processes would be expected to grow in number and in size. The management requirements and other service features of such properties would rise in importance. The potential for the scale and scope economies and for other productivity improvements would also be greatly enhanced. Such a growth framework should encourage competition, innovation, cost improvements and enhancement in quality. Furthermore, greater engagement of local authorities and central government with this type of housing would be necessitated as this type of housing similarly increased in importance.

But what factors would suggest that the market share of OORH is likely to increase?

1. One has already been raised, namely, a likely reduction in the share of retirement accommodation provided through social housing and proportionately greater private provision. Such provision for those on the lowest incomes would need to be based on subsidising the costs of some of the elderly. Yet, there are obvious avenues for expansion of an entirely unsubsidised form of provision, more closely reflecting the current high levels of owner occupation amongst the elderly. The largest single group of people presently moving from owner occupation into social housing are those over 65, many of them into specialist retirement and care accommodation. If some of these moves remained within the private sector or were delayed for several years, this would stimulate private demand and lower pressures in the public sector.
2. Another and more important potential for increases in the demand for OORH concerns greater recognition amongst the population as a whole and the elderly in particular of the benefits of living in specialised accommodation. These benefits are clearly shown in the survey evidence presented in later chapters of this report. In addition, there is somewhat of a chicken-and-egg situation in that the range of opportunities in OORH would be far greater if there was a larger stock of such accommodation, both in terms of locations and detailed property types.

3. Affordability is another factor of great significance, as was discussed previously. If public policy was changed, there are reasonable grounds to think that the affordability of OORH could be considerably improved. This would not only lower entry costs but also provide and incentivise those that moved with a greater probability of being able to withdraw equity from their previous house at the time of the move.
4. Fluctuations in the state of the housing market were shown above to be important influences on sales of OORH. If liquidity in the market could be improved during times of market difficulty, this would enable older people to sell their existing homes and move to OORH on a timelier basis in relation to their needs. That would also have the effect of expanding and smoothing out demand for this type of housing.

These issues will be considered in greater depth later in this report.

Mobility, health and the demand for OORH

The benefits of OORH are especially pertinent for households that are still relatively active but find their existing home increasingly hard to cope with for physical reasons or who are suffering from the adverse effects of isolation, possibly as a consequence of the recent loss of a spouse or other loved-one.

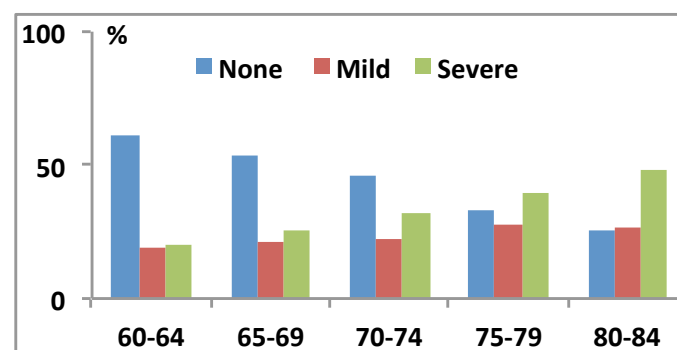
The negative impacts of isolation are difficult to measure as the consequences vary substantially across individuals from those that enjoy their new found independence to those that find being alone very painful. However, it is reasonable to predict that whatever the person's view isolation is likely to be harder to enjoy if it is associated with a loss of mobility, because then continual social interaction outside of the home is impaired. This suggests that a focus on mobility may be the most fruitful avenue when looking at the potential demand for OORH. Moreover, because of isolation, even those that have no activity constraints may still benefit from the greater sociability, support and sense of security offered in OORH compared to living in an ordinary family home.

Activity constraints and forecasting potential OORH demand

There is some useful information on activity and ageing available from the English Longitudinal Survey of Ageing's (ELSA) latest 2008 data set.²⁵ Activity constraints are measured in two ways: first, by the perception of the person and, second, by an objective measure of walking speed (Figure 3.6). The study broke down activity constraints into a threefold classification; none, mild activity constraints and severe activity constraints.

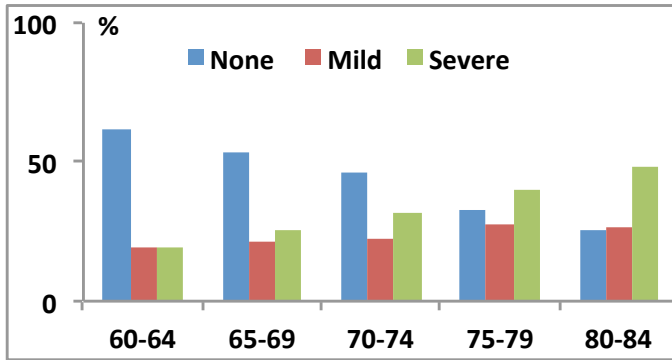
Figure 3.6: Activity constraints and ageing

(a) Perceived activity constraints



²⁵ ELSA, 2010.

(b) Measured walking speed



Note: No information for 85+
Source: ELSA 2010

As can be seen in Figure 3.6, activity constraints unsurprisingly rise with age, with almost half of respondents being severely constrained by the age of 80 on at least one of the measures. Nonetheless, a substantial proportion of the elderly still retain a significant ability to be active across all age ranges, although frailty obviously increases with age.

The survey findings indicate that perceived activity constraints are generally worse than those objectively measured by walking speeds but this may in part result from the fact that people's perceptions take into account more issues, such as the ability to climb stairs comfortably, than does a simple walking measure. In addition, when looking at whether someone wants to move, perceptions, rather than objective measures, are clearly going to be the most important drivers of their decisions.

Such data can be used along with other information to draw up a behavioural-based model of the potential future demand for OORH centred on demographic, personal physical mobility and social factors.

- 1. Household forecasts.** The basis of the estimates is the official 2008-based forecast of household numbers by age group up to 2033, which are linearly adjusted to generate intermediate year estimates.
- 2. Age profile.** It is assumed that the number of people benefiting from moving into OORH rises with age up to 85. A small number of those with activity constraints below 60 are included, along with an increasing proportion of those aged 65 to 85. It is then assumed that older age groups have a rising proportion of those that need more intensive care, so that the share benefiting from living in OORH is somewhat less than for younger age groups.
- 3. Activity constraint.** People benefiting from living in OORH are, in line with experience, determined by the expected degree of activity constraint they face. In aggregate, this is estimated by the shares of specific activity limitation category in an age range. The forecasts put greater weight on the mild activity constraint measure rather than on the none or the severe categories, because the active have a much higher probability of staying in their own home and severely constrained ones are likely to require extra care. However, isolation plays a part in people's living choices so some share of the active category is included as well.

4. Owner occupation. In order to buy an owner occupied retirement home it is generally necessary to have a prior owned dwelling to sell in order to raise sufficient funds. So, homeownership shares in each age group are an important determinant of OORH demand. In this context, it is assumed that the already high homeownership rate will remain constant for those below 75 over time but will rise over time amongst those aged over 75, because of the higher current homeownership rates amongst younger households.

5. Affordability. Affordability issues suggest that owner occupiers with existing properties in the lower end of the house price distribution will not be able to afford to purchase OORH at its current price point in the market. For this reason, a percentage of lower house price homeowners are excluded. Similarly, owners with particularly expensive dwellings may choose other more expensive housing and care options if they move, or be able to afford a package of substantial adaptation of their current home and extensive personal care, so a deduction is also made for them.

6. Household type. The attractiveness of living in OORH is likely to differ between one and two-person households. On the one hand, there is a greater chance that they will remain in their existing accommodation, because isolation factors are less for couples and, if one person suffers an activity constraint, the other is there to assist them. These factors would suggest that couples are likely to be relatively less represented in OORH than are single person households. On the other hand, there may be an encouragement factor as well, when spouses find OORH attractive because their partners are constrained in what they can do. However, on balance, an assumption of greater attractiveness of OORH for singles seems most plausible.

The detailed assumptions made in the forecast modelling are presented in Table 3.1 and the forecasts provided in Table 3.2. The forecasting data suggests that there is probably substantial pent-up demand for OORH at present and the pressures will grow over time as the population ages, unless house prices rise so far that moves are deterred. These estimates of underlying demand suggest that it would be quite easy to rapidly increase the size of OORH over the next decade or so, if the price of entry was appropriate.

It should be emphasised that such predicted increases do not imply a wholesale movement of the over 65s into this type of accommodation but, instead, a rather modest increase in its role. The forecasts shown in Table 3.2, for example, would only raise the sector's share of 65+ housing to 5%.

It could be argued that the assumptions made in this forecasting exercise contain a number of essentially arbitrary statements. But that is to miss the point of this exercise, which is to suggest that a large potential demand exists on plausible estimates of who might benefit from living in OORH. The assumptions made are quite conservative in their nature. Different assumptions can obviously be used but such variations are still likely to show a substantial potential demand, which is much greater than the current market share of OORH.

Table 3.1: Detailed assumptions of the forecasting model

Household shares by age cohorts	55-64	65-74	75-84	85+
Owner-occupation share %	78.9	76.6	68.9	68.9
Shares of ELSA activity groups %	1 PERSON			
<i>No activity limitation</i>	-	10	10	*
<i>Mild activity limitation</i>	5	25	50	*
<i>Severe activity limitation</i>	none	none	none	*
	2 PERSON			
<i>No activity limitation</i>	-	2	5	*
<i>Mild activity limitation</i>	2	20	30	*
<i>Severe activity limitation</i>	none	none	none	*
Exclusions of top and bottom ends of the house price distribution %				
<i>Excluded owners top-end</i>	15	15	15	15
<i>Excluded owners lower-end</i>	35	35	35	35

Table 3.2: Forecasts of potential OORH demand

By age cohort	Thousands of households	55-64	65-74	75-84	85+
1 person					
	<i>FORECAST 2016</i>	4.2	47.1	102.8	63.3
	<i>FORECAST 2021</i>	4.3	50.9	124.7	80.5
	<i>FORECAST 2033</i>	5.7	59.0	139.2	109.7
2 person					
	<i>FORECAST 2016</i>	3.9	41.5	30.3	24.3
	<i>FORECAST 2021</i>	4.0	44.9	36.8	30.9
	<i>FORECAST 2033</i>	4.0	53.4	47.6	47.5
By household size					
	<i>1 person</i>				
	<i>FORECAST 2016</i>	217.4			
	<i>FORECAST 2021</i>	260.4			
	<i>FORECAST 2033</i>	313.6			
	<i>2 person</i>				
	<i>FORECAST 2016</i>	100.0			
	<i>FORECAST 2021</i>	116.6			
	<i>FORECAST 2033</i>	152.1			
Total households					
	<i>FORECAST 2016</i>	317.4			
	<i>FORECAST 2021</i>	376.9			
	<i>FORECAST 2033</i>	465.7			

The impact of improving affordability on demand

What would improvements to the affordability of OORH do to the demand for OORH housing? Unfortunately, as already noted, specific demand parameters for this type of housing do not exist. However, using existing information for housing in general, it is possible to suggest some effects.

For example, if OORH buyers' responsiveness to house price changes was the same as those estimated for British house purchasers in general, a 10% reduction in the price of new homes of this type would lead to a 5% increase in the demand for them.²⁶ In fact, there are reasons to believe that demand would increase by even more. This is because at relatively lower OORH purchase prices, there would be an additional wealth effect for buyers of OORH homes when they downsize from their previous dwellings, because the price of OORH would have fallen relative to the price of their previous home. This improved equity withdrawal effect would act a stimulus to purchase for all potential buyers of this type of accommodation. Another group in particular would benefit: namely, those previously excluded from purchase because they did not have enough wealth in their previous home and insufficient alternatives sources of finance to afford to buy an OORH.

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Conclusions

Britain's population is ageing, yet the range of living options for the elderly has shrunk at the same time, as data on the new building of specialist housing for the elderly show. 50 years ago specialist housing was based on a public rental housing and social service agenda. Rising living standards, the growth of owner occupation amongst the elderly and changing perceptions of the role of government at national and local levels have changed all that. But the private sector has not been able to expand the accommodation it offers to any great extent. In fact, the amount built for sale in the past decade is far less than it was in the 1980s.

The cynic might argue that the market has spoken and indicated only a relatively low demand for this type of accommodation. However, as the analysis in this chapter has shown, this claim is spurious and, instead, the situation exists of high supply costs limiting the demand that is met. This suggests that there are deep-seated supply side problems. Housing in general faces these difficulties but they are exceptionally large with regard to OORH and the problems unfortunately derive from restrictive and inappropriate public policy with respect to housing supply and a failure to recognise the key role that policy towards the elderly can play in making local housing markets work better.

The demand for OORH is greatest in the UK's ageing population amongst those suffering from the frailties of old age and who are consequently physically constrained in what they can do or from those who are experiencing increasing isolation, often because of the recent loss of a loved one. These characteristics were used to make some scenario forecasts of the potential demand for OORH. Those estimates show that, even on modest assumptions, the underlying demand for OORH is currently substantial and will grow in the future, suggesting the need for a substantial increase in its current size.

²⁶ Ermisch, J., Findlay, J. and Gibb, K., 'The Price Elasticity of Housing Demand in Britain: Issues of Sample Selection', *Journal of Housing Economics*, Vol 5, 1996.

Chapter 4: Moving into OORH

Introduction

The opinions of residents living in OORH obviously matter. What benefits do they gain and how happy are they with their choice? Moreover, what made them decide to opt for this form of accommodation? What was their previous home like? What role did housing equity play? Who moves into OORH? These questions enable a picture of OORH in relation to its users to be built up.

A survey of recent movers into OORH

As part of this research, a questionnaire survey was undertaken of residents who have recently moved into OORH. People were contacted who had bought retirement accommodation between mid-2007 and mid-2010. This period was chosen to ensure topicality and to consider purchases since the onset of the recent downturn in the housing market, while still enabling a sufficient sample size.

Face-to-face and telephone interviews were conducted with 345 residents at 44 recently built McCarthy and Stone developments, spread throughout Britain. The survey took place between October 2010 and February 2011.

The questionnaire contained 60 questions related to:

- Benefits of moving
- Satisfaction with move
- Personal characteristics
- Current and previous property characteristics
- Use of local services
- Distance moved
- Energy saving: home and travel.

The purpose of the questions asked was not to enquire about individual issues in relationship to the specific development in which the respondent lived, but rather to explore general reasons why people decided to adopt this lifestyle and the benefits they had received from doing so. In addition, questions were asked about the degree of integration with the local neighbourhood, health and environmental factors.

Further information on moves into retirement accommodation was derived from recent sales data of McCarthy and Stone. Over 5000 sales records were available, information from which was used in parts of the analysis.

It should be emphasised that these survey results relate to those who have recently moved into OORH and who had lived in this lifestyle for on average only 1.8 years, although some had only been there a few months. Consequently, their characteristics may not be identical to those who have been living in such accommodation for some time. In particular, longer-term residents are likely to be older than those who have recently moved in.

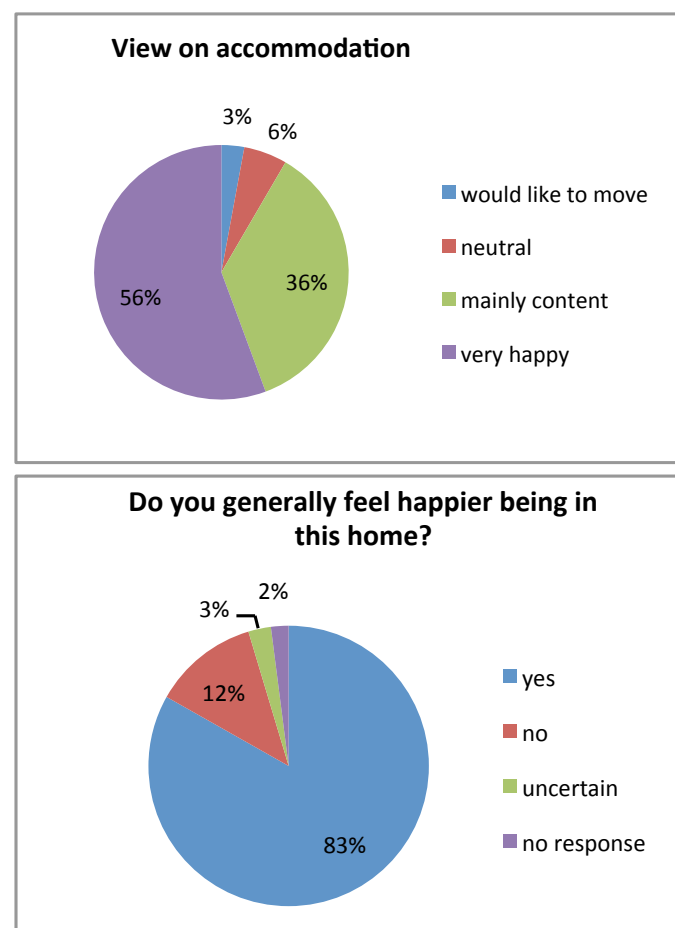
Attitudes to their new home

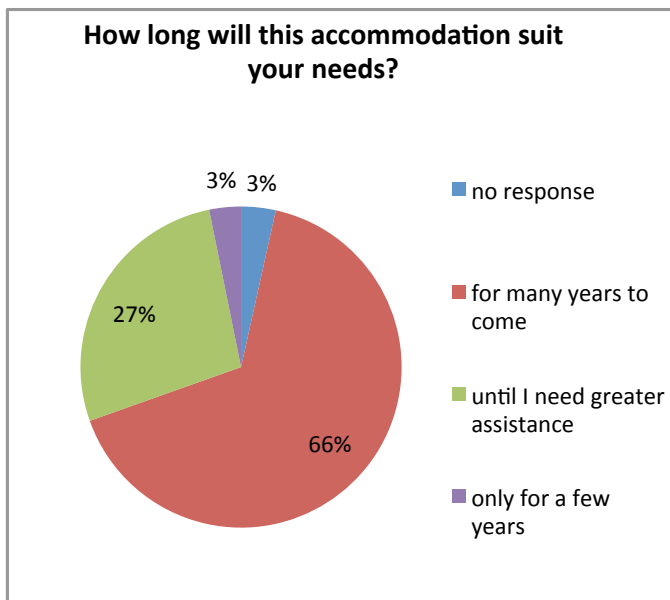
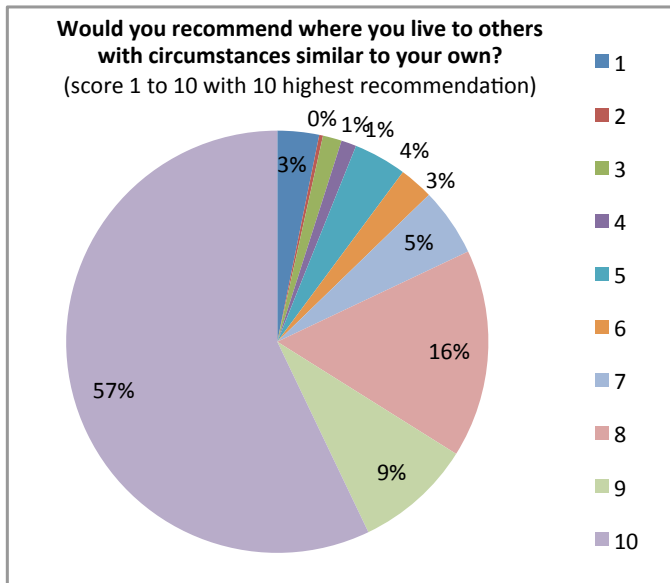
High satisfaction scores

There were generally very high levels of satisfaction amongst respondents with their new homes and the lifestyle associated with them. The question was asked in four different ways in order to ensure the robustness of the responses.

92% reported themselves as very happy or mainly contented with their new accommodation. 83% said that they generally felt happier being in this home. Most look forward to living there for some time to come and when asked if they would recommend where they lived to others in similar circumstances, 57% gave a 10 out of 10 positive score and only 5% gave a score of less than five (Figure 4.1).

Figure 4.1: Satisfaction with new home





Benefits of new home

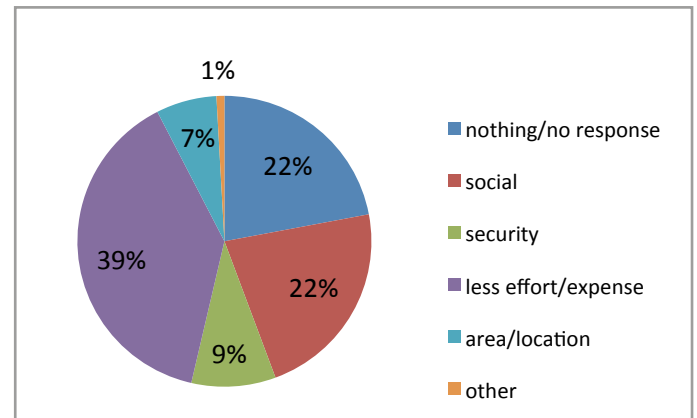
With regard to the perceived benefits of the new home, the main attractions were:

- Location
- Proximity to relatives and friends
- Ease of living in accommodation
- Sociability and security
- Having a house manager present
- The local environment
- Good health facilities
- Ease of travelling elsewhere

By contrast, financial factors, including the possibility of equity withdrawal, scored low (Figure 4.2). This corresponds to the findings of the wider literature on housing and the elderly, noted in Chapter 3.

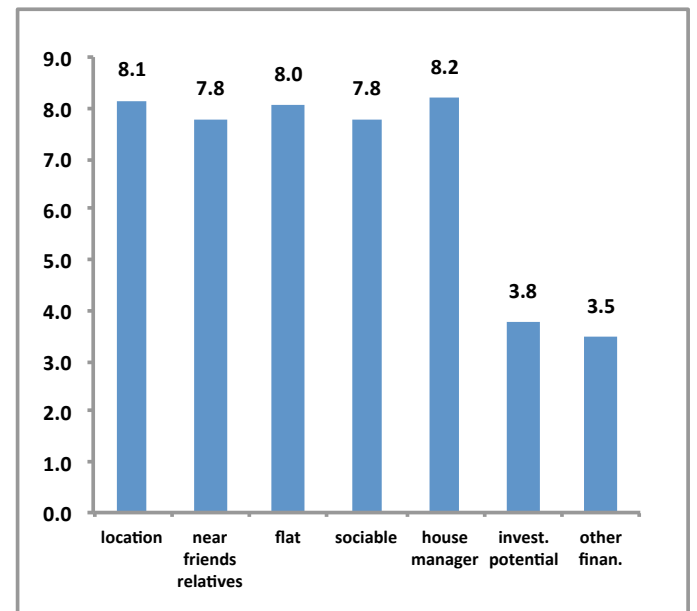
Figure 4.2: The attractions of the new home

a) What is better about your current home?

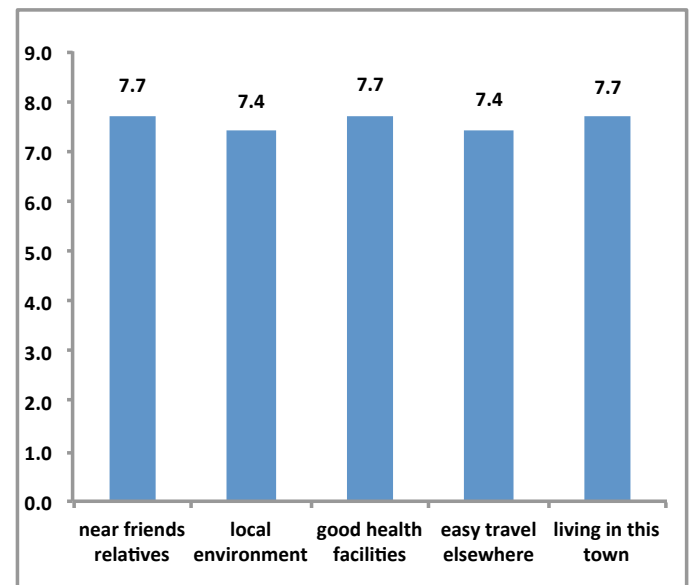


What attracted you most about moving into:

b) this property?



c) this neighbourhood?



Average scores with 10 the highest importance and 1 the lowest

Although most people were highly satisfied following their move, it was only natural that many also missed aspects of their previous home and lifestyle; although nearly a third actually missed nothing at all (Figure 4.3). The overwhelming majority recognised that they could no longer enjoy many of these things they missed, because of the impacts of ageing and health issues upon their lifestyles, and therefore had no regrets about their decision to move.

It was noticeable that the general disposition of the people interviewed was one of cheerfulness and fortitude and the sense that they wanted to enjoy life to the full, while recognising that their circumstances have changed. This type of highly positive attitude corresponds very closely to that found for the elderly in general in so-called 'happiness surveys'. In them, happiness has a U-bend over the human lifespan. Middle-age represents the low point - in the 40 and 50 age range - but after that personal satisfaction continuously rises with growing age.²⁷

Figure 4.3: Things missed about old home

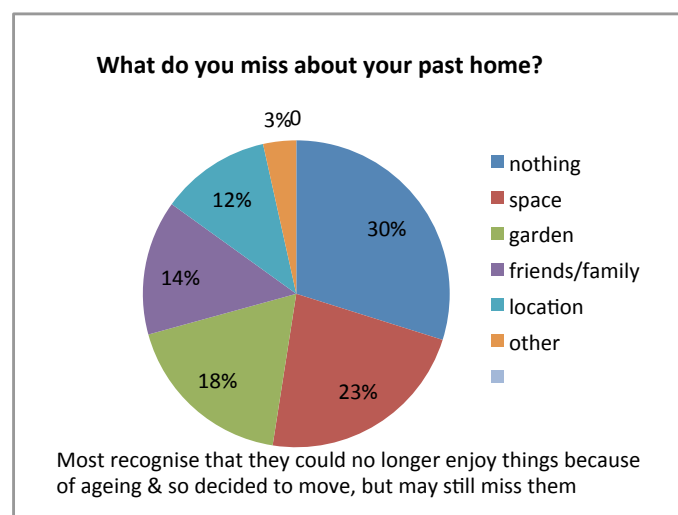
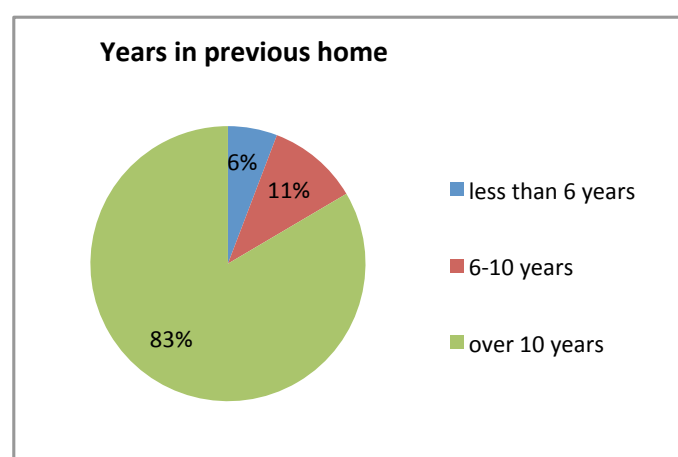
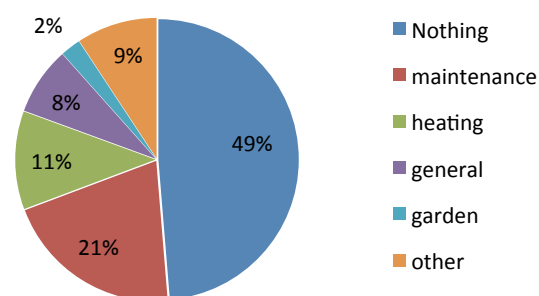


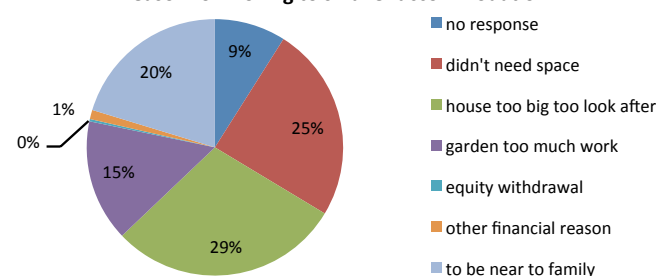
Figure 4.4: Time there and problems with previous home



Reason for cost concerns in previous house



Reason for moving to smaller accommodation

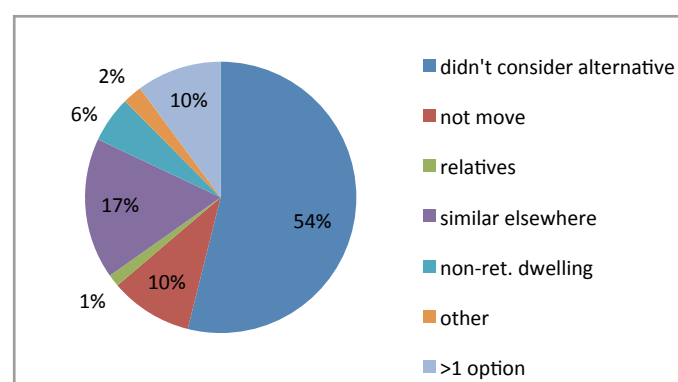


Most of those who moved into OORH had lived in their previous home for many years but now found it too demanding, which helped to prompt their decision to sell (Figure 4.4). Almost 30% found the previous home to be too big to look after and another 15% were concerned about the garden being too much work. A quarter simply felt that they did not need the space anymore and, so, were happy to downsize. Half of respondents were also concerned about the running costs of previous properties, including maintenance and repairs, energy costs, and frequently the level of council taxes.

Options at the time of the move

Over 70% of those who were interviewed in the residents' survey had firmly decided on opting for that living style and did not consider alternative options (Figure 4.5). The majority, in fact, had decided to purchase in the development in question and considered no other. This was generally because many had lived locally before and did not wish to move elsewhere but rather to be close to family or to friends and, so, chose the only local OORH available to them, as others did not exist in the area.

Figure 4.5: Options considered when moving



²⁷ A. Stone, Schwartz, J., Broderick J. et al. A snapshot of the age distribution of psychological well-being in the United States. *Proceedings of the National Academy of Sciences of the USA*, 107, 2010; D. Blanchflower and A.Oswald, International happiness, NBER working paper 16668, 2011.

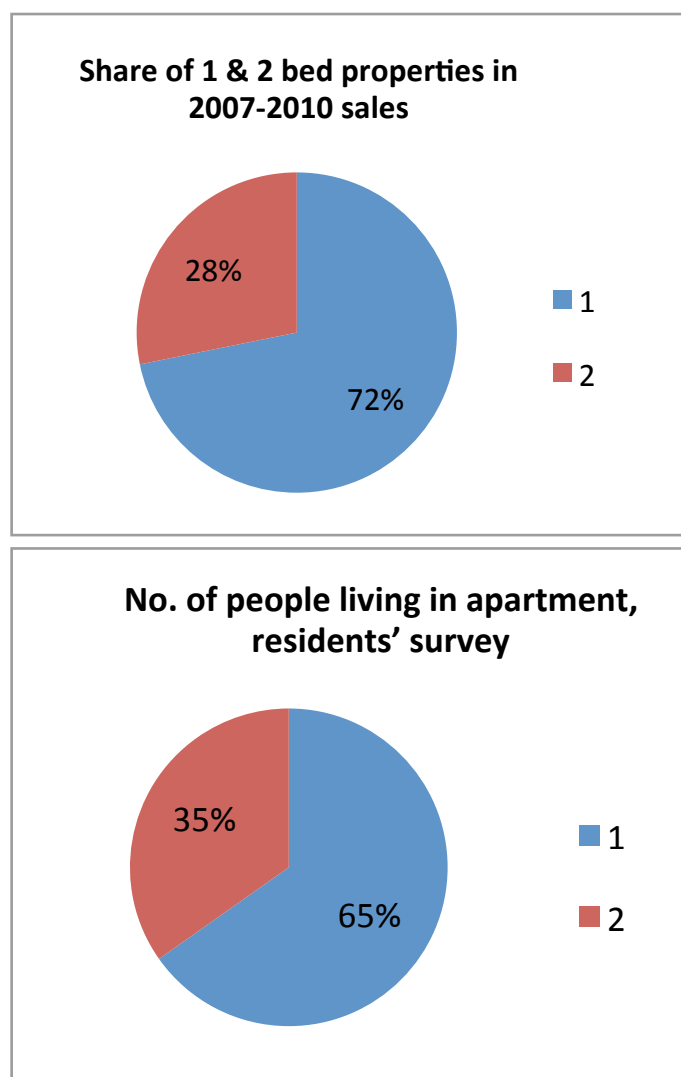
Residents and the size of dwelling purchased

The majority of the people living in OORH are women who live alone but there are also a significant number of single men and couples living together. This balance partly reflects the greater longevity of women and their somewhat higher levels of mobility impairment. In the interview survey, 74% of respondents were women and 26% men. 35% lived with someone else, although this percentage will be higher than the actual number of couples living in the places surveyed because both of those in a couple may have provided an interview (Figure 4.6).

People's ages ranged from under 65 to over 90. Almost a quarter were aged between 65 and 75; half were aged between 76 and 85; and a further fifth between 86 and 90 (Figure 4.7). Therefore, the core age of movers into OORH was between 75 and 85, which is unsurprising as this is the decade when mobility factors and potential isolation begin to affect large proportions of elderly.

Most flats in OORH have one bedroom, reflecting prevalent patterns of demand (Figure 4.6). In addition, there are a number of two bed properties. Floor areas may differ between properties with the same bed-size as well, with such differences being reflected in sales prices.

Figure 4.6: Property and household sizes



Whether purchasers choose one or two bed properties obviously depends on their prices and the resources buyers have in terms of income and wealth. However, the decision will also be influenced by people's living preferences. For example, some single people may wish to have an extra room in order to have more space or to enable relatives or friends to stay with them on occasion. There are often separate guestrooms available for short stays by visitors in retirement complexes but they may not be available at desired times. Alternatively, couples may themselves choose to buy one bed apartments, as is common in the rest of the housing market, for the convenience of a smaller property or because that is all they can afford. A consequence of such variation in flat size choices is that there is only a relatively weak correlation between household size and the number of bedrooms. It was 0.4 in the residents' survey.

Figure 4.7: Age distribution of survey respondents

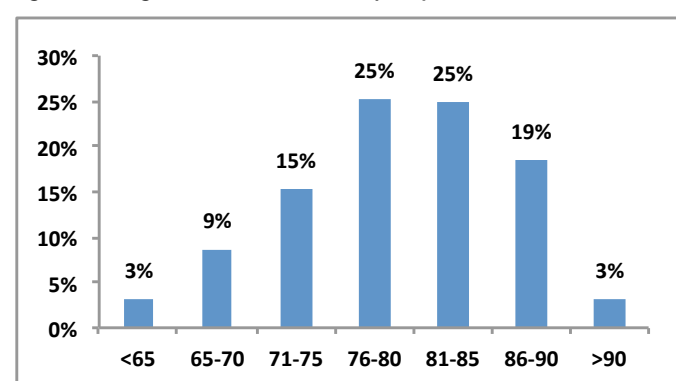


Table 4.1: Household size and number of bedrooms

% of total number of flats	1 person	2 person
1 bed	49%	12%
2 bed	16%	22%

Source: Residents' survey

Incomes

It did not prove possible to gather detailed information on incomes in the survey but information on previous employment and discussions with residents highlighted that most residents had had relatively comfortable lives. They were typically "your average mum and dad" coming from skilled working class or middle class backgrounds and when in work had been in a wide range of occupations. Many of the women had previously been housewives bringing up families for most of their adult lives. They had now lost their husbands but had sufficient financial provision. There may have been many situations where children or grandchildren were assisting with financial support but no detailed evidence is available on such matters.

Most people's lives had been structured by a common set of core values in which work, family, house purchase, paying off

a mortgage and providing for old age had been key elements. In discussions with them, they were clearly proud of their sustained financial independence and valued continued homeownership. When asked about their living standards, three-quarters said they were comfortable and only 2% said they were particularly financially constrained. This perception was not based on substantial income. From what income information could be gathered, it seemed likely at least four-fifths had incomes that were 70% or less than average final household incomes in the UK and many probably had much smaller incomes than that.

House prices and housing equity

Sales data provided by McCarthy and Stone for the period mid-2007 to mid-2010 enabled investigation, using Land Registry data, of the scale of previous housing equity for many dwelling purchasers. This could then be compared with the value of the properties purchased.

The average value of previous dwellings was just under £220,000, which was close to the national average for the period in question (measured values were 5% less than average UK house prices). There was a wide range of values around that average, of course, due to house type and locational factors.

The timing of the survey covered a three year period when the housing market fell into recession and then partly recovered from it. So, these results may be influenced by that period. For example, it may have been the case that new house prices held up more than those of second-hand ones during the downswing, so that the differential between the prices of new OORH dwellings and existing homes was particularly narrow. However, the new build market was hit by the 2007/8 financial crisis in a way that had never been experienced in peacetime since financial crises of the nineteenth century. In general, the fluctuations in the market over this period were varied enough to make it hard to come to a definite conclusion about which prices of what properties in what locations moved differentially to others.

Recent cyclical effects are probably not of that great importance when looking at the relative price of OORH and existing housing, because what matters most is the typical position relative to median house prices in a locality of the prices of new OORH and those of previous homes of purchasers. Given the broad middle of the range life-time income profiles of people buying OORH, it is reasonable to expect that the prices of their previous dwellings are distributed around either side of median prices. The average price of new OORH is generally somewhat less than the median but probably usually falls roughly within -10% of the median, because of the costs of providing OORH. A central argument of this report is that there would be substantial personal and social benefits to be derived by increasing supply and allowing the price of OORH to be shifted to a lower level relative to median house prices, through introducing cost-reducing policy reforms.

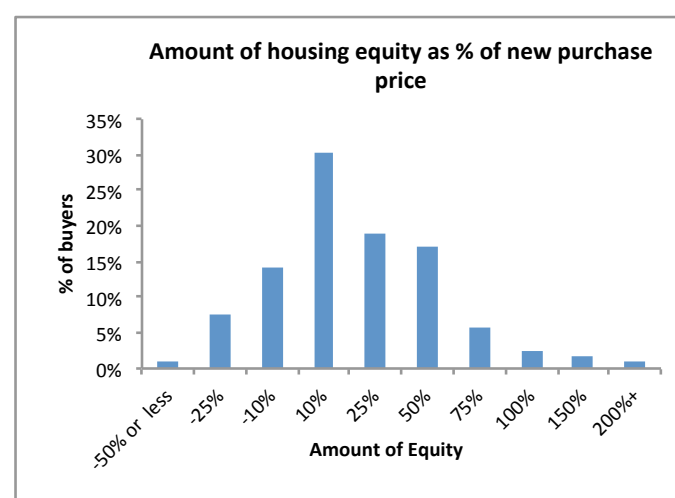
A number of other important conclusions can be drawn from this analysis:

1. Impact of new OORH on supply in the local housing market. This issue highlights the relationship between OORH and the housing stock. A key statistic is that for every 5,000 new OORH sold, property to the average value of £1.1 billion is released into local housing markets

through the sales of previous homes. The value is clearly greater in the more expensive parts of the country and less elsewhere but everywhere the impact on a local housing market can be significant. Building more OORH homes can therefore help to moderate local house price growth in the face of housing shortages, a theme that is explored in more depth later in this report.

2. Equity release. The OORH dwellings bought were around 10% cheaper than the median values of the previous homes sold, giving a significant but not a particularly large amount of average equity release. So, a general approximation would be that every 5,000 homes are associated with about £85m of equity release. Around the average value of equity withdrawal, again, there is a substantial distribution of values. Over 40% were able to withdraw £25,000 or more housing equity but, at the same time, many others had none (Figure 4.8).

Figure 4.8: Previous housing equity and the price of the new home



3. Non-direct housing wealth input into the new home. It was clear from the three year sales data for England that a significant number of purchasers paid more for their new home than the value of the dwelling they sold. This is in line with US studies which highlight that some purchasers may put additional equity into their housing, while others withdraw it.²⁸

The purchase in such cases required additional wealth either from own savings or from assistance offered by family members - because mortgages are hardly ever an option given the age range of OORH purchasers. However, family members may themselves have re-mortgaged to help a parent move into a home that suited their needs.

Almost 30% of purchasers had less housing equity than the cost of their new home. For some the deficit was relatively modest but almost 20% of purchasers paid over £10,000 extra. This illustrates the fact that for many home owners purchase of an OORH is an often impossible financial struggle. At present, homeowners in a locality with a house valued in the lower 40% of the price distribution are going to have to find other sources of funds if they want to move into OORH. Aggregating across the country, that percentage totals millions of elderly homeowners being currently excluded from a living option that may greatly benefit them. Moreover, the numbers will increase further over time as the number of older people grows.

²⁸ Venti *ibid*.

Conclusions

This chapter has answered several key questions about OORH by drawing on evidence from a survey of OORH and sales data from McCarthy and Stone.

The survey results report high levels of satisfaction by residents with the lifestyles they had chosen by buying into OORH.

People mainly move into this sort of housing for the same reasons that researchers have previously identified as the prime stimuli for moves by the elderly, namely, a life changing event related to the need for more support, security and companionship. People generally move into OORH because they find their previous homes too much to cope with in their new circumstances, especially after the recent loss of a spouse.

Most residents are women but, also, there are significant numbers of single men and couples. The size of the flats bought is influenced by ability to pay and personal preferences, rather than a simple allocation according to household size.

Housing equity is vital as a means to purchase. Previous homes are roughly situated in the broad middle of local house values. OORH sits somewhat lower down the distribution but the difference is not that great, so equity release is there for most purchasers but the sums are often modest. Moreover, almost 30% of purchasers had to use sources of funds in addition to the sales value of their previous home. This suggests that children and other members of a family may be financially helping out, as well as providing the more commonly identified incidental and informal care and companionship.

Notions that the costs of OORH are of little consequence because they are met by the value of previous homes are consequently often wide of the mark. Millions of elderly homeowners who have saved, purchased and paid off mortgages are ineligible for OORH because for them it is unaffordable. They rely on personal support from their families but their housing options are constrained by inappropriate policies which restrict supply and in turn drive up prices.

Chapter 5: Residents, families and communities

Introduction

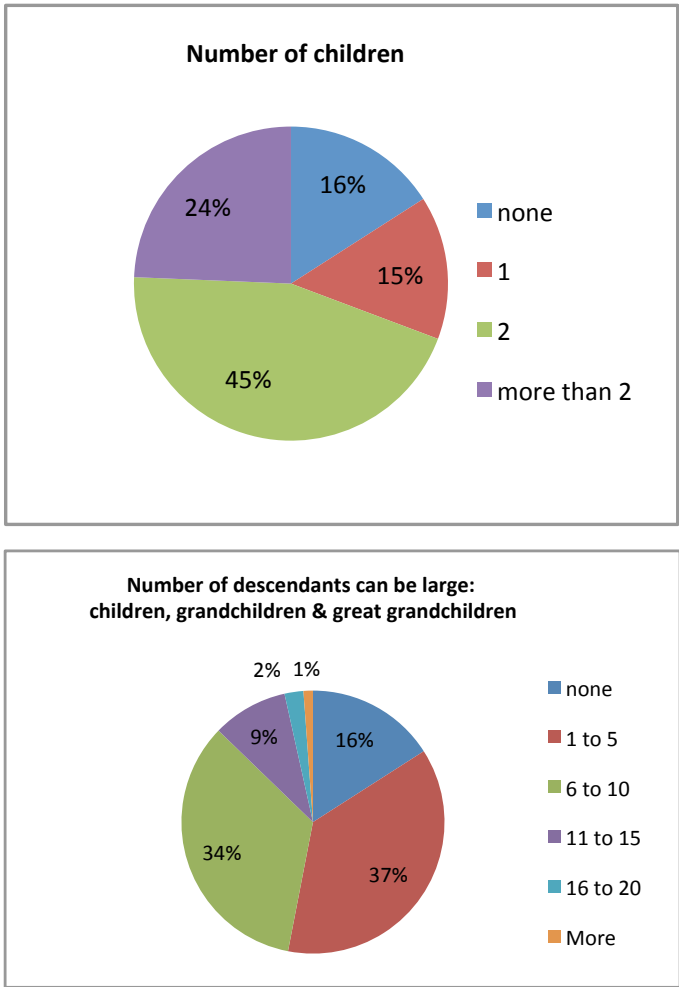
Housing forms the bases on which neighbourhoods develop and how communities evolve for the obvious reason that housing is actually where people live. The mix of housing that exists in a neighbourhood is consequently going to have a major impact on its character and how that will change over time. In this context, this chapter looks at how OORH relates to local populations, families and communities. This is a two-way process. On the one hand, if an older person enjoys good engagement with their family and the local community they can rely on informal help and support for many of their needs and enhance their quality of life. On the other hand, older people play a crucial role in the family and social networks of local areas, bringing out many of the desirable characteristics admired in the concept of a community. They are also significant users of local facilities, such as shops, libraries and community centres and that helps to sustain those facilities and keep neighbourhoods alive.

Many OORH residents are drawn from the local area, however, some are not. Nonetheless, even they form a part of the local community and engage with others in it. The focus of this chapter is the deep inter-linkages between OORH and local communities. In addition, it examines the impact of building OORH on turnover in the local housing stock.

Families, friends and communities

Keeping in touch with their families and maintaining a close link across the generations is regarded as very important by many of those moving into OORH. Some survey respondents had large families, including grandchildren and sometimes great-grandchildren. However, an important minority of 16% had no children at all and some had never been married (Figure 5.1) but they may often still value staying in a particular locality, because that is where many of their old friends and social relationships are based.

Figure 5.1: Number of Children and Grandchildren



It was often the case when families are close that the children of those moving into the accommodation might take on the burden of helping their elderly parent deal with their finances and bills, perhaps, contributing money as well as time to the process. On quite a number of occasions, survey respondents reported that their daughters or sons had helped to find their current accommodation for them or had even suggested it; wanting their parent to be comfortable, secure and to be living near to them. Some survey respondents commented that a child of theirs had undertaken all documentation associated with sale and purchase, so that all they need to do was provide their signature when appropriate. Some buyers' children probably also contributed financially to the purchase, although there was no direct survey evidence to verify this.

In general, respondents' families were strongly supportive of their parents' decisions to move into OORH, with only 1% disapproving (Figure 5.2). These family networks highlight the fact that a much wider number of people in local communities are directly affected by moves into OORH than simply those that move into them. This wider group linked by family ties to OORH gains considerable personal benefit knowing that their parent is in a more secure, supportive environment and can be easily visited. The same type of spill-over benefit occurs for other people engaged in long-term friendships with OORH residents. Many in the survey stated that they were keen to keep in frequent touch with friends and that influenced their location choice.

Contacts with family and friends were often improved by moves into OORH (Figure 5.3). Almost 45% of respondents said contact was better or much better and only 5% said it was worse. Moreover, just under half said the contact was about the same, but that may have been because many had only moved a short distance and, therefore, circumstances had not changed.

Figure 5.2: Family attitudes to move into OORH

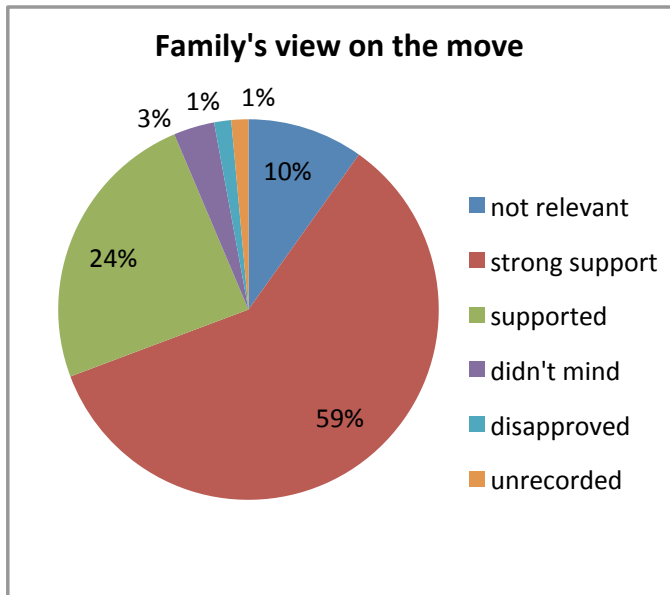
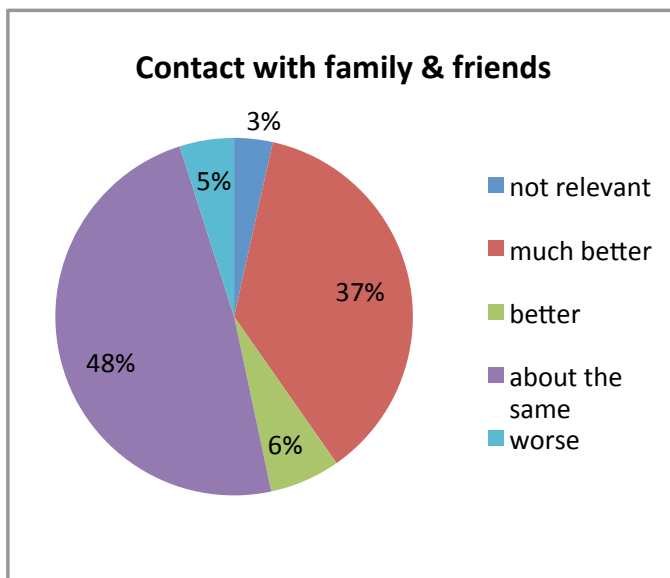


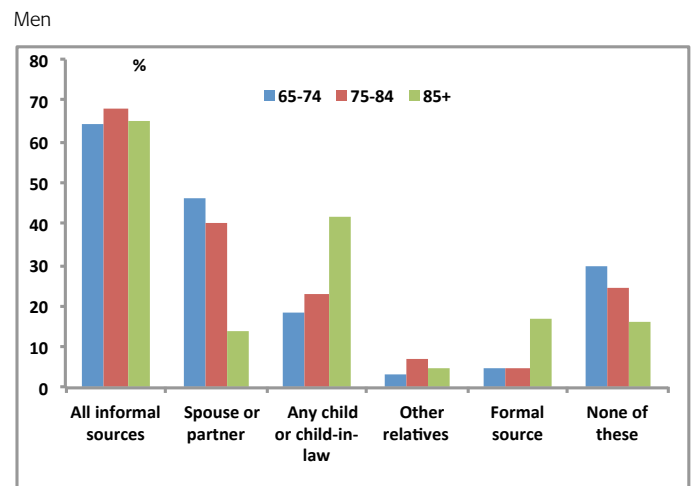
Figure 5.3: Contact with family & friends following a move into OORH



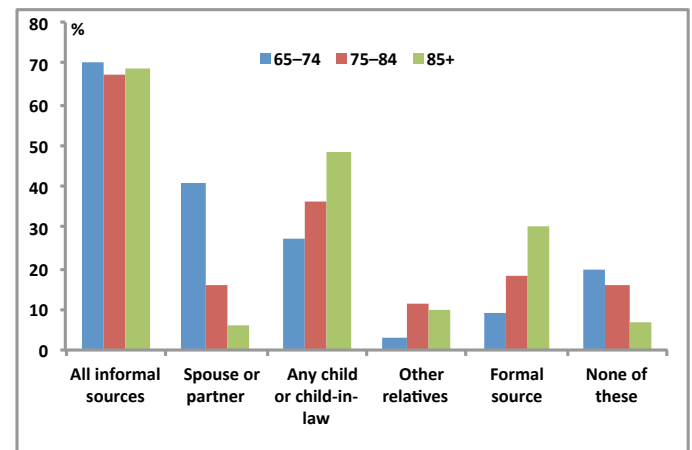
It is well recognised that isolation is a major problem for many elderly people, as was noted earlier. OORH has two effects on reducing a sense of isolation. The first is the dwelling effect of moving into accommodation where it is easier to make friends with other people living in the same building. It is noticeable when visiting such places that there is strong sense of friendship, camaraderie and mutual support amongst residents. The second is a locational effect related to when the accommodation is close to family and friends.

These interconnections mean that OORH residents are likely to have a somewhat different relationship to sources of help with basic tasks than the elderly population in general. This is because they probably have better supportive relationships with close neighbours and other friends, as well as often having better access to members of their own family. The periodic ELSA surveys of the elderly in England, mentioned earlier, measure general assistance and they indicate that older people predominantly rely on informal help when having difficulty in coping with the basic tasks of life (Figure 5.4).

Figure 5.4: Sources of help reported by older people with shopping or work around the house and garden by age



Women



Source: ELSA

Of course, better general physical assistance is not the sole motivation of decisions to move into OORH. Probably as, if not more, important is the hope of greater emotional satisfaction through improved social interaction and much of that is with other members of the local community in the form of family and friends. Many purchasers of OORH when choosing locations wish to move closer to members of their own family in order to enhance their personal well-being through greater contact with them.

Such processes of searching out higher emotional satisfaction may lead to longer distance moves in relation to OORH. For example, this occurs when elderly parents wish to move closer to a child of theirs and its family. Alternatively, it may happen when people wish to go back to an area of the country where they once lived or were brought up.

This discussion of the significance of family networks highlights the importance of OORH in bringing families together. It also raises a key point concerning the need to make available this type of accommodation in localities where most people work. The children of most OORH residents are likely to be in jobs and therefore elderly parents, if they want to be close to their families, will be as much affected by the spatial distribution of employment as their children are.

A whole series of family and wider social relationships can be affected across the generations by the move of a parent

or grandparent into nearby OORH. So, hypothetically a retirement development of, say, 60 flats may impact on the family lives of as many as 400 local residents, or even more, once children, grandchildren and great grandchildren are brought into the calculation. Clearly, having mum or dad or grandparents close by is a substantial benefit and source of emotional security for many families, so local personal benefits extend well beyond those living in any development itself. This calculation suggests a potentially large social relationship multiplier for a newly built OORH dwelling, with families and subsequent generations of residents all benefitting from locally built OORH. Such numbers suggest that this form of housing provision can be highly significant for the continuance of integrated local communities. Furthermore, this multiplier figure does not include other potential interactions with local friends as well. Older people are at the heart of local communities and they bring a sense of stability and sustainability across the generations.

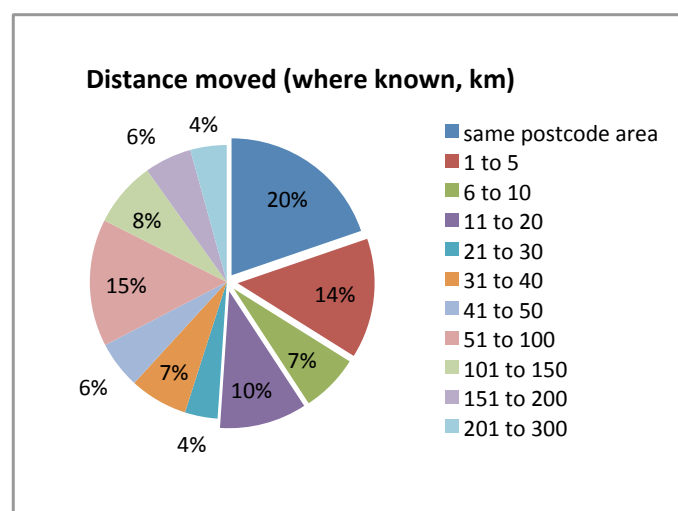
Distance moved

Most people only move a relatively short distance when they move into OORH. Sales data from McCarthy and Stone on over 5000 moves across Great Britain between 2007 and 2010 showed a high proportion of short distance moves, measured as straight line distances between the centres of the previous and the new postcode areas:

- 25% in same postcode area
- 40% within 5km
- 50% within 10km
- 60% within 20km
- 71% within 50km.

Similar results were derived from the Residents' Survey as well (Figure 5.5). When older people did move longer distances it was often back to near a place they had once lived or to be closer to relatives.

Figure 5.5: Distance moved



A local emphasis is typical of most moves but with respect to older people it highlights how generally they identify strongly with the locality in which they have spent a large part of their lives. In a minority of cases, they may lose that sense of attachment when an area has changed significantly for the worse or, perhaps, if they have suffered problems with bad neighbours.

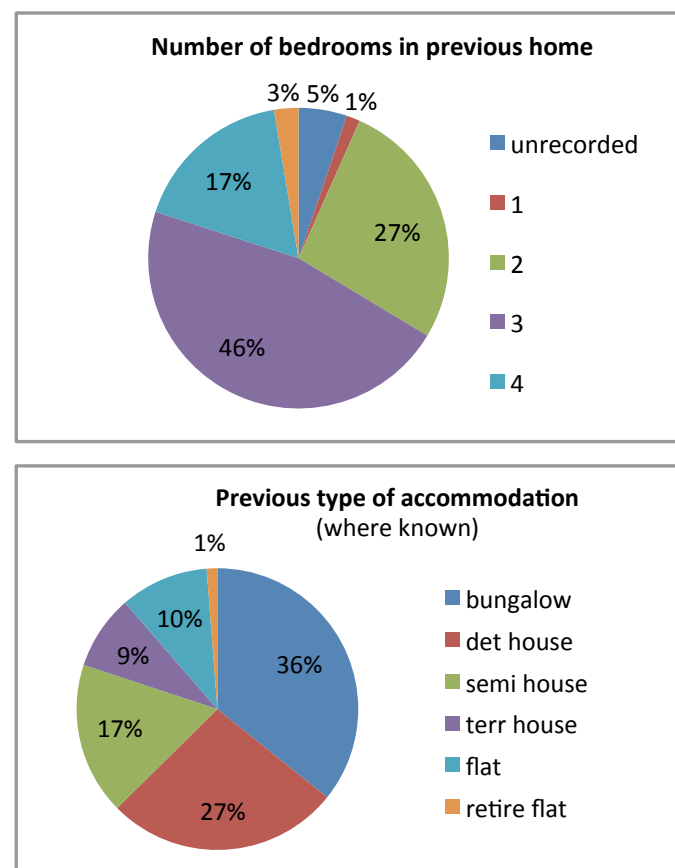
Localisation raises an important issue. Those that want to stay in the same area will only move if local accommodation is available. This helps to explain why many movers into OORH that were surveyed had only looked at the new development into which they had moved, as was noted in the previous chapter. That scheme probably represents the only local OORH option and none would have existed before it. This suggests that increasing the spatial density of OORH across more areas where older occupiers currently live would raise interest in this housing option amongst the elderly.

Freeing up family housing

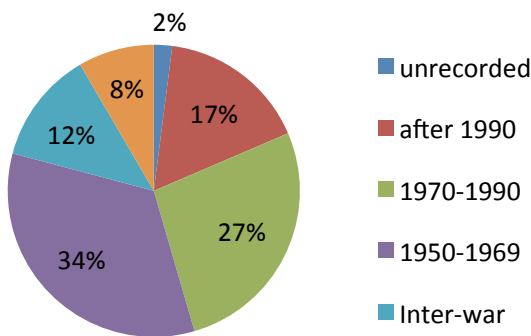
The homes that OORH residents move out of are typically family homes. Once an older person decides to leave, the property will usually be bought by younger people and often used to raise families. In this way, the local housing stock is recycled through the generations.

The previous dwellings vacated by purchasers of OORH interviewed in the residents' survey were generally relatively spacious, by UK standards, with an average of 2.8 bedrooms each. In fact, two-thirds had three or more bedrooms. The quality of the housing was also generally high. 80% was built after 1950 and 45% since 1970, so most of them were quite modern. 80% were also substantial homes, being either bungalows or detached and semi-detached houses (Figure 5.6). A high proportion was bungalows, which reflects the suburban nature of most of the locations from which people moved. Too much should not be read into this high share of bungalows because, contrary to perceived wisdom, a similar proportion of retirees live in bungalows as in other economic groups.²⁹

Figure 5.6: Characteristics of previous homes



²⁹ English Housing Survey.

Age of the previous home

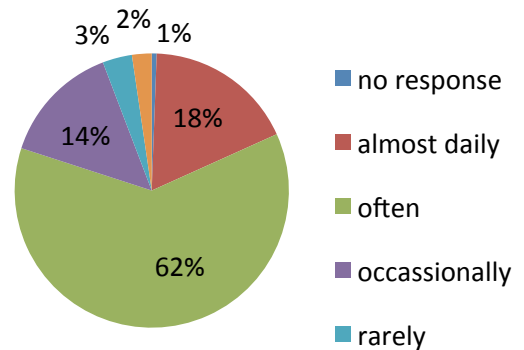
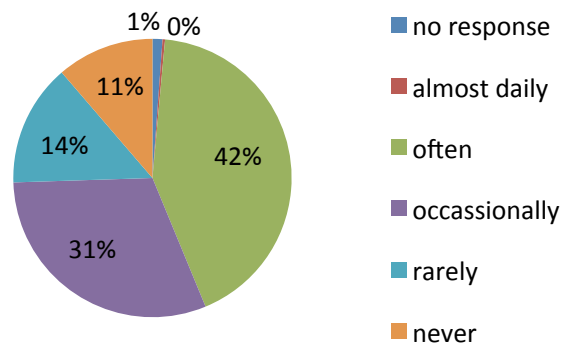
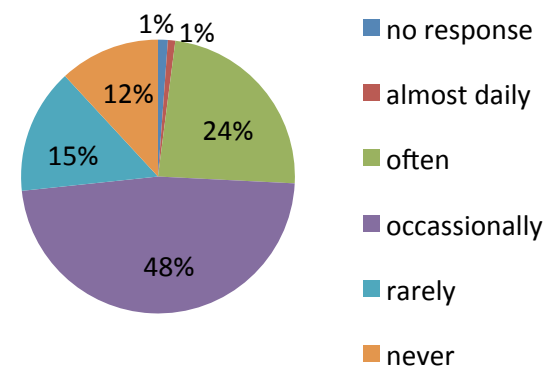
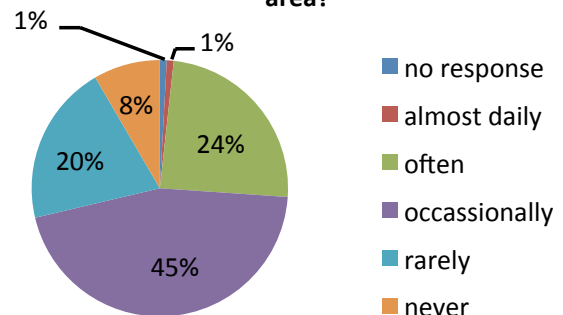
The provision of new OORH has a multiplier effect on housing supply because of the release of the previous home back into the local housing market. A chain of purchases and sales is initiated. A home is provided for an elderly person in OORH; the home vacated is now available for a typically much larger household; that family's previous home now becomes available for someone else; and so on. The chain of moves triggered by the provision of a new OORH dwelling is likely to be quite substantial, given the quite spacious nature of the properties vacated and the chronic shortage of family housing in Britain. Quite a large number of people consequently will all be able to improve their housing in this chain of moves and often on moving will improve the actual dwellings themselves, adding to supply. Moreover, such a chain of moves is made possible by the provision of one relatively small dwelling.

The scale of these chain effects should not be underestimated. On average, the previous dwelling had nearly 2 more bedrooms than the new one. So, for every OORH home bought, a 'classic' family of a couple and two children could be spaciouly housed in the previous home. In that scenario, five people are housed in the new and old dwelling for the provision of one relatively small single-person dwelling. Such processes are also highly land efficient, as the new dwelling only uses up a small amount of extra land.

Impact on local services

Concern is frequently voiced about the loss of local shops from high streets and neighbourhoods. For example, a recent poll found that 82% of people felt a reduction in the number of local shops in their area had a negative impact on the local community.³⁰ The elderly are regular users of shopping and other local facilities during weekdays, when they are often underutilised, as well as at the weekends. OORH developments are deliberately located near neighbourhood or high street facilities, because that is what their residents prefer.

Respondents in the residents' survey were regular users of local services. 80% used the shops almost daily or often; over 40% used the library or post office almost daily or often; and almost three-quarters were regular or occasional users of local cafes and restaurants (Figure 5.7). They did use some facilities further afield, although only a quarter did so often, but the local area was their focus of activity. This is, of course, unsurprising given the age of many respondents and the mobility constraints which they face.

Figure 5.7: OORH residents are active users of local services**How regularly do you use local shopping facilities?****Use of library & post office****Use of cafes and restaurants****Do you travel much beyond the local area?**

³⁰ ACS. http://www.acs.org.uk/en/Press_Office/details/index.cfm/obj_id/A19CC74E-5B44-43CD-BF78B6601833217E

Conclusions

There is a simple conclusion to this chapter regarding the impact of OORH on local communities. The elderly are integral to any local area and because most have lived there for a long time have built deep roots into neighbourhoods. This is reflected in extensive family and friendship networks. So, providing OORH means a much wider group of people benefit than simply the person or couple buying the property.

Moreover, elderly people are considerable owners of local resources and also users of other ones. The main resource they own is a significant part of local housing stocks, especially the larger, family-oriented, properties. So, if older people move into OORH, much housing is freed up for others and, because potentially large chains of purchases and sales are set under way as a result, many other people benefit as well.

The pattern of moves analysed above highlights the fact that much provision of OORH is about providing housing for people already living in the locality. This clearly has resonance with policies which aim to focus on the needs of local communities.

Many local market-based services are under threat with the growth of out-of-town shopping and the Internet. Elderly people are more likely to use local services than many other residents, especially at what would otherwise be very quiet times for those services. They may well make a similar contribution to other local activities as well.

However, OORH residents are often ignored as a special group with particular needs by local authorities. In contrast to the elderly in social housing, special services are not provided: by local authorities or by other community organisations, such as charities. In some respects, this mirrors the independent and self-help attitudes of OORH residents themselves but, unfortunately, it also reflects neglect at the local policy level.

Chapter 6: Public services and the environment

Introduction

Two major items of concern in the UK today are the costs of public services and the impact of energy usage on global warming. In both contexts, the usual policy stance is to argue for a change in activity, with less usage and hard choices about lifestyles. Although it is currently only a small part of housing provision, OORH offers important savings in both spheres, without requiring consumers to do things differently. This arises because there are benefits of OORH in terms of health provision, which saves on health costs particularly in the NHS, and in terms of the energy usage of older households.

Within the NHS, the average spending per retired person is nearly double that of non-retired ones. Almost two thirds of general and acute hospital beds are occupied by people over 65.³¹ In 2007/8 the average value of health services used by retired households was £5,200 compared to £2,800 for the non-retired; with the cost of services greatest for the most elderly.³² Department of Health estimates suggest that the average cost of providing hospital and community health services for those 85 years and older is around three times greater than that aged between 65 and 74. Any reduction in health costs amongst the elderly is consequently of considerable public benefit.

With respect to energy use, there is already a programme of changes in building regulations that will lead to 'zero carbon' new homes. However, the provision of OORH has particularly beneficial energy usage benefits in terms of travel savings as well as domestic energy use.

Health and the use of health services

The median age of the respondents to the residents' survey was just below 80 and many had moved into OORH because they have mobility or other health difficulties, such as having experienced a stroke or heart attack sometime previously. Nevertheless, residents did not exhibit high usage of public health facilities relative to that age cohort in the population as a whole.

Since moving in to their new accommodation, most have experienced no change in their health (Figure 6.1). For a minority their health had worsened but this may have been due to the fact that they were feeling the effects of ageing.

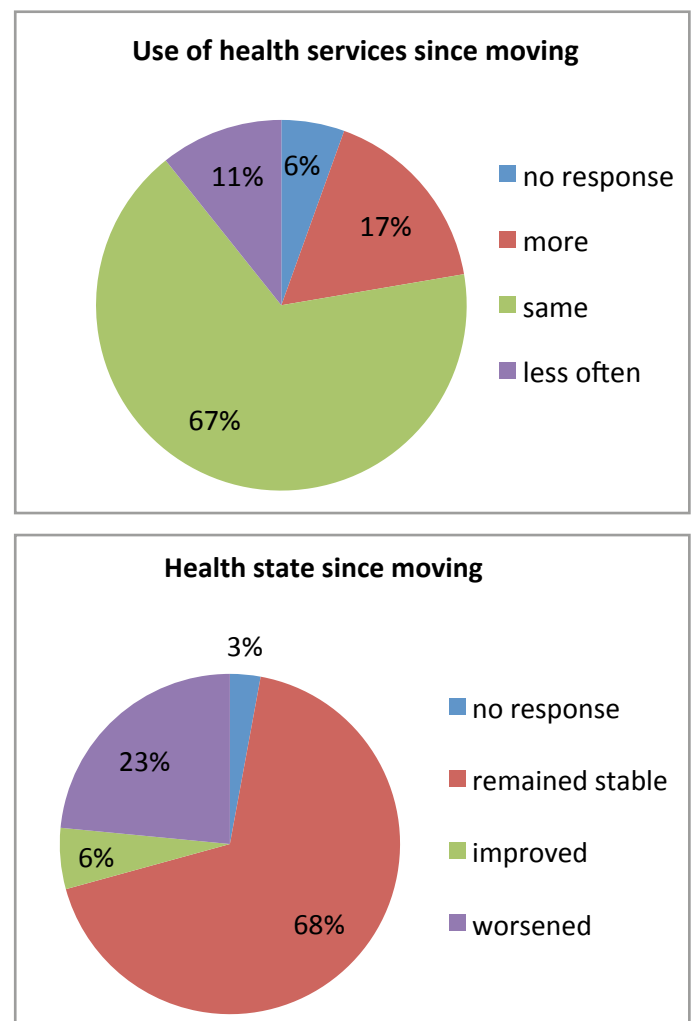
The usage of health services since moving was pretty much the same as in the past for most residents; although 17% did say that they were using them more, which may be due to the ageing effect already mentioned. Less than a fifth visited their doctor monthly or more and only 9% had had a home visit from a doctor or nurse since they had moved (Figure 6.2).

One of the benefits of living in OORH is that the accommodation is designed to cope with the needs of those with impaired mobility and other health-related problems while more assistance is at hand than in non-specialist housing. These benefits are reflected in residents' perceptions of being able to manage their health, with 28% saying that they could now manage it better (Figure 6.3). The overall balance of views was strongly in favour of improvement, with only 5% saying it had worsened – probably because of the onset of an illness. 65% of respondents said there was no change but that may reflect no deterioration in their health, as 68% also reported that their health had been stable since moving.

A quarter had stayed in hospital overnight since they had moved and 10% had had to be there for more than a week (Figure 6.4). This percentage of in-patient care is similar to that of the general population as a whole of that age.³³ However, 60% of OORH residents who had stayed in hospital said that they had found it easier to return home since moving. There are also indications that residents spent fewer nights in hospital than was the case for that age-cohort in the population as a whole.

This finding about spending less time in hospital is perhaps the most interesting one in relation to both the well-being of the person in question and also the costs to the National Health Service. As was noted at the beginning of this chapter, nights in hospital are one of the most expensive items of health care for the elderly, so any reduction in in-patient stays provides a significant benefit to the NHS.

Figure 6.1: Use of health services and state of health



³¹ National Service Framework for Older People, Department of Health, 2001.

³² ONS.

³³ GLS data

Figure 6.2: Visits to doctor

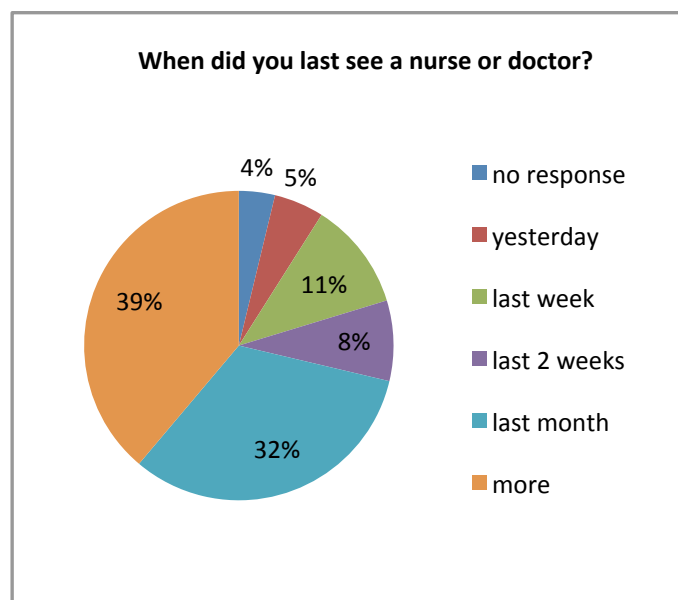
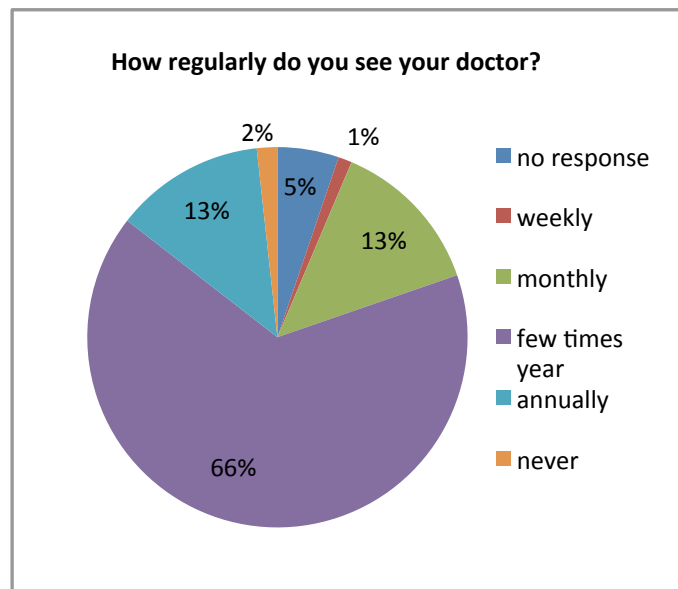


Figure 6.3: Perceptions of personal health management

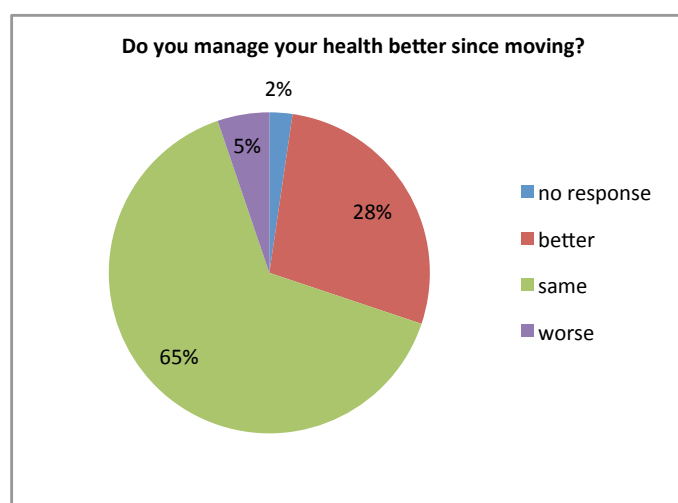
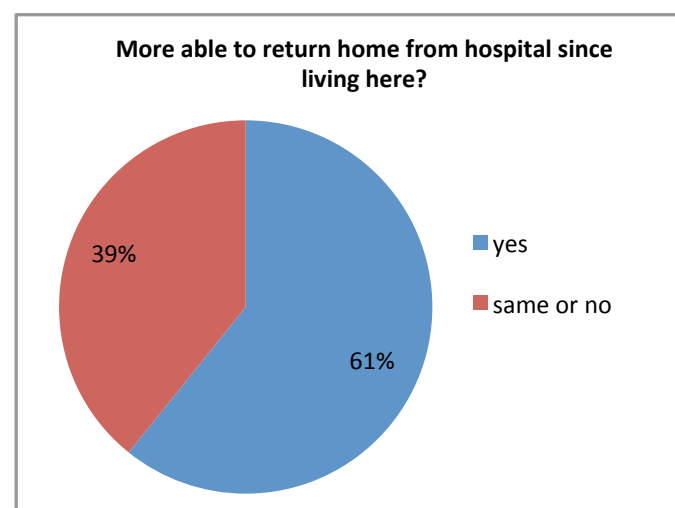
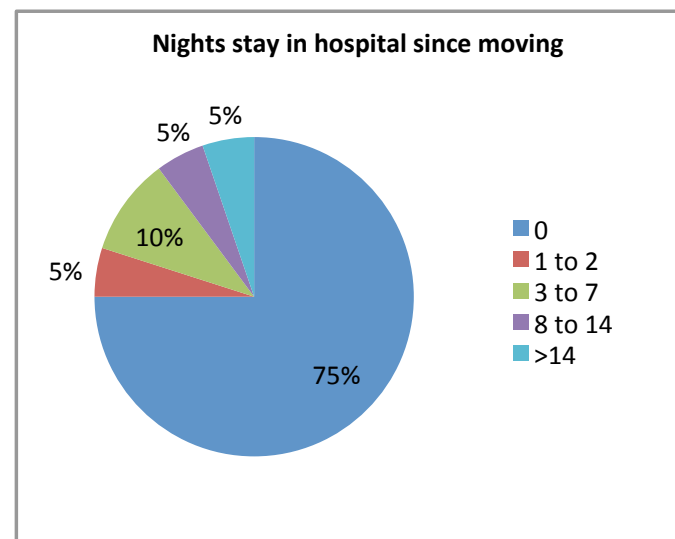


Figure 6.4: Use of hospital in-patients and the return home

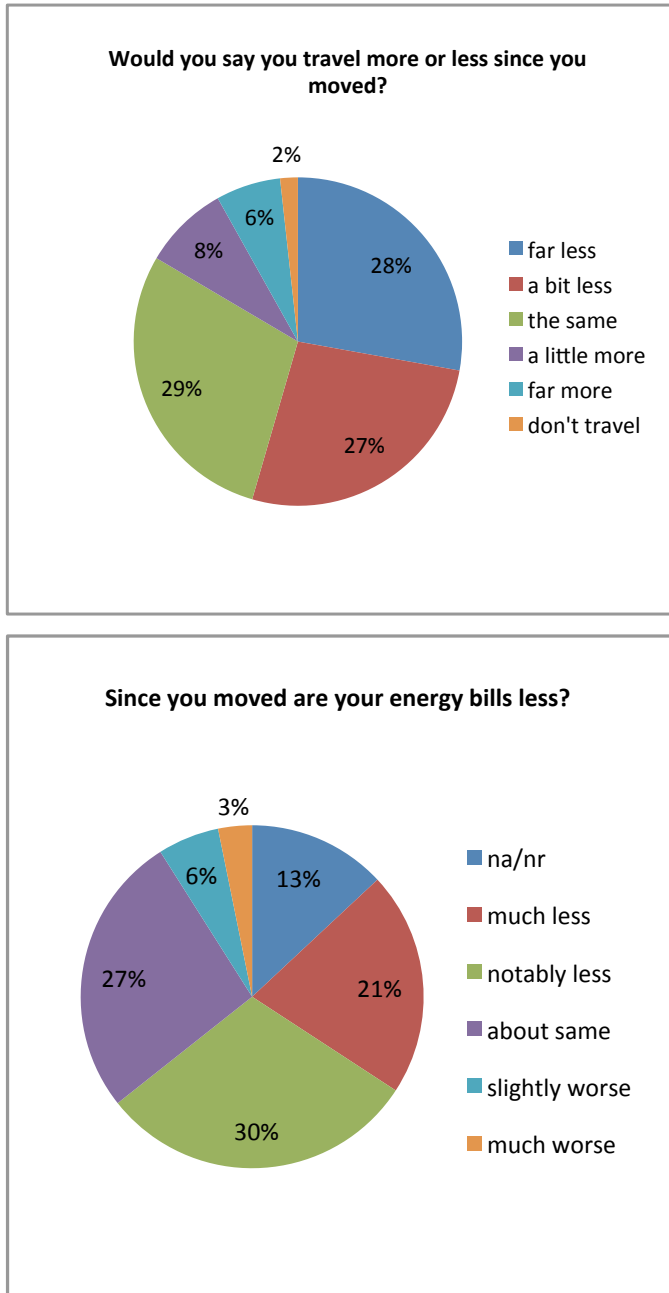


Energy assessment

Many energy assessments are static in nature because they look at the energy use of a specific building or activity. In terms of energy saving, which is actually the objective in the face of global warming, changes in energy use are actually the most important factors. Therefore, in the context of OORH making comparisons between energy use in the previous homes and related lifestyles and those in the current home are most worthwhile.

There are two issues in this comparative approach. The first is energy use in the home, measured by the costs of energy bills. The second is the amount people travel and the energy used up in those journeys. In the residents' survey, people were asked how their energy bills had been since moving and also how much their travel patterns had changed. The results suggested a significant reduction in energy consumption on both counts. 51% said that their energy bills in the new dwelling were noticeably less or much less than before and 55% said they travelled a bit less or far less. These responses indicate a significant lowering of the carbon footprint of residents following their moves.

Figure 6.5: Comparative energy usage



These interview responses were backed up by further information. With regard to travel, other questions in the residents' survey highlighted that people were now often living much closer to friends and relatives after they had moved. As journeys to meet them were likely to have previously been a substantial part of those people's total journeys, a reduction in travel following the move is unsurprising. Their visitors are also likely to have to travel less in order to meet them. Journeys to shops and other facilities are also key components of travel needs and the location of OORH properties near to facilities would have cut journey times compared to the dispersed locations of previous suburban homes.

The situation with regard to energy usage in the home is more complex, because energy usage depends on a person's habits as well as the energy efficiency of buildings. The most obvious change is that after moving people are living in accommodation built to the latest and historically strictest energy standards. So, it is to be expected on that criterion alone energy usage would be less, as indicated by falls in energy bills.

Energy surveys link energy usage to income levels and dwelling characteristics. With regards to income, higher income households are associated with the highest energy usage. OORH residents, however, have much lower incomes than even the national household average and therefore are unlikely to be heavy users.³⁴ As regards buildings, purpose-built flats have the lowest energy use in the housing stock as do properties with the smallest number of bedrooms.³⁵ These data consequently are similar in their conclusions to the responses in the residents' survey regarding energy.

Conclusions

Measurement issues are difficult when trying to assess the use of health services and the extent of energy usage. So, research can often be inconclusive. However, the evidence presented here does suggest that OORH provides clear health and energy saving benefits.

The overall balance of residents' perceptions of being able to manage their health was that it was better since they moved. There is also one clear aspect where OORH residents utilise health services less. That is the amount of time they spend in hospitals when they are ill. This finding is important because of the high costs of in-patient care.

Turning to energy usage, respondents felt that their bills were less in OORH than they had been in their previous homes. This is backed up by comparative analysis of the energy costs of larger, older homes and new purpose-built energy-efficient flats. What is more, people tended to travel less once living in OORH, because they are often closer to friends and relatives and to shops and other facilities.

Increasing the provision of OORH is thus good for the environment. It would therefore seem perverse if general measures aimed at improving the energy efficiency of new buildings particularly adversely affected the viability of OORH over other ways of living. However, this currently seems to be happening, as the next chapter shows.

³⁴ DECC.

³⁵ English Housing Survey.

Chapter 7: Providers and supply side constraints

The importance of the supply-side for affordability

So far, this report has examined the benefits of OORH to users and in relation to the wider community, public services and the environment. It has been emphasised that, if affordability could be improved, more people would benefit from OORH.

Improving affordability is a job for the supply side. If building costs could be lowered and supply increased, competition would push down new dwelling prices and, more likely than not, encourage greater product variety and service innovation. The price of this type of housing is influenced by the same cost factors as all other types of new homes: that is, by land prices and costs associated with construction, development finance, and conforming to planning and other types of regulation. So, this chapter will examine these elements of the supply side in turn in order to identify potential issues that could be addressed.

A common argument is that non-land supply costs do not matter much in the UK because of land supply constraints. So, if the cost of building housing falls for some reason or another, the argument goes, the principal result would be to bid up the price of land rather than to lower the price of houses for consumers. A corollary is that there is little point in looking at any one type of housing specifically, because general land shortages have to be overcome for housing affordability to improve. Focusing on one type of accommodation clouds the core policy message of needing to improve land supply in general.

There is a great deal of sense in the argument that it is land shortages in general that raise the cost of housing for all. However, given current policies, it is both feasible and desirable to treat new OORH in a unique way that shields any benefits of improving its cost of provision from seeping away in higher land prices, as will be explained in the policy chapter that follows.

The specific production characteristics of OORH

The construction of owner occupied retirement housing has obviously many similar characteristics to other types of housebuilding. However, there are a number of specific features that are important when looking at supply-side issues.

1. A specialist product

This type of housing consists of purpose built blocks of apartments embedded into the urban fabric; with on-site facilities and building designs to aid the movement, comfort and security of the elderly. Communal lounge facilities and office and other building space for services are required and these typically take-up 30% of built space; none of which is directly revenue earning, because only the self-contained space within flats is sold. In addition, landscaped gardens and car parking have to be provided. Communal cooking and restaurant facilities may also be built.

The accommodation built and the service offer have to be attractive and desirable – people will obviously only buy what they like. Furthermore, it has to be affordable for the broad middle income and wealth range of the elderly population in a locality and potentially from elsewhere. This joint value requirement has to be met within a tight cost frame: on the one side, driven by caps on feasible selling prices and, on the other, by high land prices, by construction and finance costs and by regulatory compliance expenses.

2. Working capital intensive

Although some flats can be sold off plan, most schemes have to be completed and be in a completed “live-in” state before most sales are made. Before anyone can move in, a house manager has to be in place and the communal facilities available for use, even though at that time many of the flats are likely to remain unsold. After that time, a further period will elapse before all the units for sale are occupied.

Such activity means that a considerable amount of working capital has to be utilised in land purchase, in acquiring planning permission, in construction, and in setting up service functions, before most revenues come on stream and final sales are completed. It is consequently a more working capital intensive type of building process than, say, building new single-family housing.

The scale and the length of time of the investment of capital mean that the financial success of this type of development is highly sensitive to market risks to a greater extent than many other types of housebuilding. When the general housing market turns down, elderly people wanting to move into such accommodation cannot find anyone to purchase their existing home and, so, sales languish whilst working capital still has to be financed

3. Specific market and product skills

Producers have to have a good understanding and knowledge of this specialist market in order to succeed. These are necessary in all aspects of the business: land assembly and planning, design, specification, finance, marketing and sales, and in the setting up of the continuing client service and maintenance operation.

4. The benefits of specialisation

The features already described suggest that, although in principle generalist builders could be active in this area, in practice there are considerable benefits to be derived from specialisation within it. In consequence, many firms active in this area over the past two decades focus upon it exclusively.

McCarthy and Stone is the major producer. Since the late 1990s, the firm has averaged around a 60% market share and has a strong brand image.³⁶ Other providers include a variety of smaller size specialists and some housing associations building for sale. Although the largest firm has a significant market share, the sector remains a competitive one. There is ease of firm entry and exit, other new housing products are substitutes and, most importantly, elderly people always have the option of staying in the existing housing stock.

5. Specific land needs

Residents of OORH like to be near shops and other facilities and, so, proximity to town or neighbourhood centres is a requirement. Moreover, developments are not particularly large in size, so that relatively small land sites are desirable. This means that sites are often brownfield in nature and frequently ‘windfall’ ones released from other land uses and, consequently, often absent from land-use plans. Planning authorities, instead, often treat such sites opportunistically on a case-by-case basis.

³⁶ For example, they consistently achieve a five star rating in HBF national new home customer satisfaction survey industry results.

The required locations mean that this type of housing is often in competition for central urban sites with other land uses, such as commercial offices or shops. Alternatively, but less frequently, a scheme might be an element of the larger suburban development and located near the shopping and other facilities within it. In this case, the land will be bought from, or in conjunction with, the major developers of the scheme.

The general nature of this development profile for OORH is not conducive to land banking, because of the relatively long-time frame of the development relative to site sizes, the inherent risks and because so much capital is already tied up in schemes underway. So, firms typically buy land on an as-needed basis, which makes them sensitive to the available flow of land supply.

6. Setting up an on-going resident service operation

There are several on-going activities necessary once the accommodation has been built. These include the need for a house manager; a helpline linked to the emergency call system available in flats; maintenance of the building, its communal parts and surroundings; a considerable burden of administration and compliance; dealing with changes in occupants when they occur; and, on occasion, a full-service meals and restaurant operation.

All these features mean that on-going service arrangements have to be built up and sustained. Those operations may be undertaken by independent service companies that often purchase the freehold of developments as well and are active across a wide number of properties. The major British provider of retirement services is Peverel, which was once part of McCarthy and Stone, but many others also exist.³⁷ (McCarthy & Stone now manages all of its new schemes itself).

Getting the service operation functioning at a high standard is clearly key to the on-going success of an OORH development and the happiness of residents. It also has a cost dimension and associated on-going charges for residents. This key element of the 'lifestyle package' affects the attractiveness to potential purchasers, the initial purchase prices they are willing to pay and the continued reputation of this lifestyle.

Local authorities, land-use planning and OORH

Planning is currently undergoing considerable change with the development of a new National Planning Policy Framework (NPPF) and the government's associated localism agenda. Discussion in relation to them will be undertaken in the next policy related chapter. However, in order to frame that discussion it is worth briefly looking at past experience of the practice of planning for OORH, because even with the envisaged changes, the past will influence practice considerably going forward. Unfortunately, the picture is not an encouraging one. Strategic neglect and extensive case-by-case objection to development proposals have been the principal features of planning and OORH to date.

Evidence of a less than positive attitude to OORH is found in the extent to which McCarthy & Stone have had to go to appeal in relation to its sites. A large portion of its developments are only permitted on appeal because agreement could not be struck with the local planners (65% of cases). Even on the minority of schemes

where the appeal is refused, a clear blueprint is provided by the Inspector that then allows most sites to then receive consent at local authority level in a form of development that the authority had originally indicated to be objectionable. This indicates that local planning departments are less than enthusiastic about such developments and only allow many when required to. On average, McCarthy & Stone has had to go through the process of appeal 10 times a year and has initiated appeals even more times (after which agreement was reached with the local planning authority without having to pursue the appeal further).

Even when an appeal is successful, it raises costs. McCarthy & Stone's costs on average are around £105,000 per appeal, or over £1m annually, plus they incur land holding costs because of the delay. In addition, local authorities incur other substantial costs themselves in preparing for and participating in appeals, and in 43% of cases paying the developers' costs. So, this process of being forced to appeal seems a particularly inefficient, wasteful and time-consuming way of planning for the provision of OORH and raises the prices of the homes built. Other costs and uncertainties are imposed by the length of time it takes to go through the planning process.³⁸

Critical commentary on the lack of engagement between the planning system and housing for the elderly in general has been significant in recent years and on how it needs to be more joined up with other local services and better related to national priorities.³⁹ This is encapsulated in a quote from a recent Planning Advisory Service (PAS) paper: "There is clearly a need for change in the way planners approach planning for an ageing population – all the way from plan making through to implementation."⁴⁰ The PAS report does show that some local authorities and the planning community in general are trying to address the issues. However, the engagement is relatively small in scale in relative to the large number of planning authorities in the country as a whole. It, also, tends to be from what can be described as a traditional planning framework. Positively, that approach argues for better recognition and a more positive approach at the local level. But, more worryingly, its suggested remedy is an administrative one of greater planner engagement across the local policy spectrum related to the elderly; more consultation; and improved demographic data and analysis to inform planning. Such a perspective has also been echoed in a recent Local Government Group seminar paper.⁴¹

There is a danger in expecting too much of planners in such an approach. They would be in little position to overcome possible conflicts over resource use and divergent policy directions. The analysis base on which they make decisions and consult local populations may be scant and weak. Greater planner engagement across local authorities' functions and policy and in greater consultation would lead to a substantial increase in their workloads, with overload potentially leading to unhelpful or inadequate outcomes and continued cycles of appeal.

More strategic guidance on housing for the elderly seems essential to provide a set of ground-rules that can cut through a potential escalation in bureaucracy and conflict. Some can be set locally but broad national frameworks and guidance seem vital. The NPPF offers such an avenue and the significance of demographic change in the country would suggest inclusion within that Framework's remit. As the RTPi

³⁷ See the EAC website.

³⁸ M. Ball, *Housing supply and planning controls. The impact of development control processing times on housing supply in England*, National Housing and Planning Advisory Unit, Dept. Communities and Local Government, 2010.

³⁹ Wanless, *ibid*; HAPPI, *ibid*; International Longevity Centre, *Sustainable planning for housing in an ageing population: a guide for regional level strategies*, 2008; Poole, *Housing Options for Older People*, Kings Fund, 2006; National Housing Federation, *In your lifetime*, 2010.

⁴⁰ Planning Advisory Service, 2009, *Knitting together – planning and our ageing population*, p7.

⁴¹ *Housing and Neighbourhoods fit for an Ageing Population: Briefing report for an LG Group workshop*, 2010.

argued in a submission on the NPPF: “The NPPF does ... have an important role in establishing the type of plans that are needed at the local level in terms of their evidence base, including the establishment of need, their transparency and their inclusivity.”(p5).⁴²

Strategic Housing Market Assessments (SHMAs) are likely to be particularly important, as they will represent the basis of forward-looking assessments of housing requirements. However, SMHAs are not easy to do and there are widely divergent outcomes in terms of their quality and content. SHMAs aim to provide an evidence base and are intended to be monitored annually and revised every three to five years to inform local plans and housing strategies. Their purpose is to go beyond demographics to measure, project and monitor demand in housing market areas, which may themselves straddle local authority boundaries. Demand in relation to supply is important as it brings into forecasts house prices and, consequently, actually how many people will be able to afford to live in an area. If house prices continue to escalate on a long-term basis as they have done in the past, and there is a clear chance they will, increasing fewer people will be able to afford to live in many parts of the country, which will result in many current local people or their children and grandchildren being squeezed out. However, in practice, most SHMAs over the past five years since their introduction have only added a little housing market intelligence and data onto traditional local demographic forecasting, rather than approached estimation through the economics of housing market mechanisms. There remains a great deal of uncertainty over how SHMAs should be done properly and what conclusions should be drawn from them in planning terms.⁴³

SHMAs are relevant to elderly housing, because a simple demographic analysis provides no indication of how the elderly are going to be housed. Most live in the private sector in existing local housing and do not move. Consequently, there is a danger of regarding their housing as being ‘sorted’ and beyond the remit of planning as it is primarily focused on new development. However, that is to take a crude cross-sectional demographic ‘needs’ view rather than a life-cycle and more market-oriented view of local housing. There has to be an understanding of how older people operate within a market context and what local opportunities exist for them, including OORH.

At present, on average, around a fifth of any local area’s housing stock houses owner occupiers aged 65 and over. Because this figure is an England average, and includes low homeownership rates in London, the percentages are actually much higher in many local authority areas and particularly for family housing in them. The possibility of at least a portion of such a substantial group of elderly being able to move within the private sector is essential for the effective functioning of local housing markets. If there is no movement by the 65+, the turnover of housing in a local area will become progressively less as people live longer. The stock available for other movers will shrink significantly, making demographic-based forecasts of future need increasingly irrelevant as local house prices escalate.

Section 106 agreements and CIL

As with all private residential development, OORH is not granted planning permission unless a Section 106 agreement is drawn up.⁴⁴ These specify the contributions to affordable housing and other items that developers have to make

following negotiation with the local planning authority. From April 2010, local authorities also have the opportunity to charge a Community Infrastructure Levy (CIL) in partial replacement of Section 106. The actual incidence of development charges on specific OORH developments varies considerably and over time with fluctuations in the housing market, but can still be substantial.

The theory underlying Section 106 and CIL charges is twofold:

1. Land values are greatly increased by the granting of planning permission, so the local authority as the representative of the local community should be able to impose a charge to gain some of the windfall for local needs. But who bears the cost of the charge, the final user of the building granted permission or the original owner of the land on which it is built? In a certain world with only one land use, it could be argued that the charge falls on the land owner alone.
2. The provision of private housing should make some contribution towards housing the less well-off in the form of affordable housing. Affordable housing includes social housing at below market rents and various forms of low-cost homeownership, used to an entry into owner occupation.

On both counts, it is not clear that OORH fits the bill as a candidate for development charges.

With regard to the incidence of development charges, it was noted earlier that OORH competes with other land uses in central urban areas as well as other forms of residential housing. Although other land uses are subject to development charges, they are typically lower than for residential. Moreover, brownfield sites can be used in a wide variety of configurations and often contain a great deal of uncertainty about build costs and development pricing. On both counts, the argument that the charges pass through to landowners is weak. In which case, at least part of the charge remains with the developer. As a result, developers will be less interested in supplying new OORH, which in turn raises its price. Some or all of the development charges, consequently, are borne by the user: in this case elderly middle income households, who do not seem a sensible group to target for extra taxation.

Furthermore, section 106 monies are not used to help the elderly but generally for facilities that help younger people. RTPI research found no evidence of section 106 agreement leading to improvements to facilities specifically for the older population and urged local authorities do so.⁴⁵

Building and other regulations

A report on the housebuilding industry for government last year by the author highlighted the high regulatory burden the industry faces.⁴⁶ The current government has committed itself reducing the burden but many issues remain.

These burdens, of course, affect the provision of housing for the elderly as much as any other type of private new housing. But, in addition, there are specific factors that add costs and compliance problems to OORH building. Several examples give the flavour of the issue:

1. **SBEMS ratings** In relation to energy use, Building Regulations are gradually being altered to generate ‘zero

⁴² National Planning Policy Framework: Preconsultation Phase: RTPI Initial Proposals, 2011. <http://www.rtpi.org.uk/download/11270/110228-RTPI-evidence-on-NPPF.pdf>

⁴³ Understanding Housing Markets. What are the issues? Is there scope for joint working to produce a toolkit to improve SHMAs? NHPAU, 2010. <http://www.communities.gov.uk/documents/507390/nhpau/pdf/1516435.pdf>

⁴⁴ These contributions fall under section 75 of Scottish planning law, but for brevity will be referred to by their English title only.

⁴⁵ Planning for an Ageing Population, RTPI, 2004.

⁴⁶ M. Ball *The Housebuilding Industry. Promoting Recovery in Housing Supply*, Dept. Communities and Local Government, 2010.

carbon' new residential buildings. Each new OORH dwelling has to conform to SAP energy ratings for individual dwellings. However, as OORH includes communal spaces as well, there is the likelihood of a requirement to meet SBEMS ratings (Simplified Building Energy Model) as well for those communal areas that are heated (residents' lounge, restaurant etc.). This requires utilisation of renewable technology, in one form or another, which will result in a substantial capital cost (although part, if not all, of this cost could be recovered from the Government's financial incentive tariff), and significant on-going operating and maintenance costs. These on-going costs will be a burden for residents as they will be on top of the normal service charge. This could well therefore prejudice supply of OORH as other living alternatives for the elderly do not bear that cost.

2. Flood and water management Amendments to the Flood and Water Management Act are proposing on-site SUDS (Sustainable Urban Drainage Systems) in which rainwater is dealt with on site rather than the traditional approach of channelling through pipes to a watercourse. However, this approach is difficult and expensive to achieve on the small brownfield sites typically used for new OORH.

3. Secure by design This is the official UK Police flagship initiative supporting the principles of 'designing out crime' but it is now also becoming a benchmark to be met in order to win planning approval. New OORH schemes therefore have to introduce expensive locking system on all of the entrance doors to individual apartments in line with standard requirements. However, this obligation ignores the already existing security features in OORH buildings, including door entry systems at main entrances with CCTV etc., so it is questionable whether security is actually improved.

A fundamental problem is that regulations are 'one-size-fits-all'. This can be seen in the examples above. Regulations and changes to them do not tend to recognise market segments and associated specific compliance and cost implications. OORH is only around 2% of new housebuilding, so it could be suggested that it is hard for regulations to take into account such a small part of the market. But the danger is that by recourse to such arguments building regulations limit housing choice and innovation inadvertently.

This theme is noticeable in new regulation and general debates over energy saving through Part L of the Building Regulations and local planning policies. Such measures can have particularly high cost impacts on OORH threatening development viability. Furthermore, small sites offer less flexibility than do major housing developments which tend to be the prime focus of debate.

Another difficulty is that policy does not consider the actual housing alternatives facing users and their energy impacts. In the case of an older person moving into OORH, the previous chapter suggested that there were significant energy savings in relation to that person's travel habits (and those of their visitors) and in the difference between the energy costs of a large house built in an area era when energy savings were not of concern and a purpose-built apartment built to the latest energy-saving requirements. The overall energy-saving arising from that person moving into OORH is therefore likely to be substantial. Failure to move into an OORH home, therefore, has a considerable negative impact on energy-saving aims. Once again, the dynamics of housing markets and how they inter-relate with travel patterns are what matters in the energy calculus, rather than the static energy measurement of a particular building.

Conclusion

This chapter has looked at the supply side and argued that there are significant barriers to reducing the cost of OORH housing. The biggest problem is planning induced land shortages, leading to higher costs for the elderly. However, there are other issues associated with on-going changes to building regulations. These factors can be seen throughout the housebuilding industry but have specific manifestations in OORH.

To reiterate a theme of this report, the supply side matters a great deal if there is a desire to increase use of OORH and its affordability. The issues discussed here have been related to public policy and regulation policy because it is through changes in regulations and attitudes towards OORH in central and local government that there is the greatest prospect of improvement in the supply side.

Chapter 8: Time for a policy reassessment

Introduction

The current government is trying to do two things in relation to the role that it plays in society. The first is to reduce public expenditure in order to deal with economic crisis and to rebalance the economy. The second is to change the relationship between government and people: by devolving power down to lower levels of government in local areas and by trying to encourage people, both individually and collectively, to rely less on the state and more on their own actions. It is obvious, given the number of older people and their importance in society as a whole, that these policy changes are having significant impacts on older people.

It could also be argued that OORH encapsulates many of the ideas the government is promoting. As has been argued in this report, this type of housing is about self-help: using resources built up over a lifetime to fund an appropriate lifestyle in older age, when the frailties of life begin to mount. It is about private endeavour: utilising personal resources and social networks rather than relying on the state. It is about being able to enjoy life in older age, even when health matters may impose constraints. It is about maintaining a sense of independence in old age, within an improved framework of emotional and physical security. It is also about building up communities: with people living in situations where friendships can be made and mutual support offered and where they can engage with the wider community, especially through links to families and friends. It is about bringing families together, with grandparents being better linked with their children and their grandchildren living in the local area. It is about recognising the intergenerational linkages in any local community, the cycle of life, and the relation of local resources to these. It is about ways of living that keep down public costs and save energy, without compromising preferred lifestyles.

Given these characteristics, it might be expected that politicians and governments would be currently rushing to assist the expansion of OORH. Yet this is not the case. In part, this is because the sector is quite a small one, housing only around 2% of those over 65 at present, and so often overlooked. It is also because this form of provision does not appear on the political radar much. Its very characteristics mean that there are no urgent problems that politics has to deal with.

However, it is also about the way government traditionally works at the local as well as national level. Governments focus on pre-given tasks and on winning votes. Even when engaged with broad questions, the minutiae of what already exists tend to predominate over wider concerns. For example, most local authorities now have some form of policy statement related to housing for the elderly. Moreover, they generally recognise that many older people live in private housing with, in most places, the majority being owner occupiers. However, in practice, this does not mean that any level of government actually has fully worked out strategies with regard to elderly housing in the private sector and, typically, they all neglect OORH almost entirely.

Policy is also rarely joined up between strategy and action. Elderly housing policy statements quickly focus action on the things that centrally matter to the local authority rather than seeing local government as one agent within a much bigger market place. Issues of provision and expenditure by local authorities and social housing providers for the elderly invariably become the centre of local government interest, to the exclusion of the positive role that the private sector can play. Though social providers are clearly important and costs of social care are high and of concern to both central and local government, particularly at a time when expenditure is being squeezed, the opportunities offered by the private sector are under-played. Perhaps, this emphasis is encouraged because votes are directly won and lost in relation to actions that can be directly attributed to local government, which relate most to social provision; whereas it is less easy to identify and attribute positive benefits that voters can easily weigh up in relation to the provision of private housing. However, in the absence of coherent policies and strategies the negatives start to mount. Without clear strategies and guidance, planners and local politicians understandably become focused on objections to development, rather than on the positive contributions this type of housing offers.

The research results here indicate that the provision of OORH has particularly large community spin-offs. Not only does the provision of OORH often directly house someone from a local community, who themselves will frequently have extensive kinship and friendship networks within that community, but in addition it means that existing local housing is vacated when somebody moves into an owner occupied retirement home.

So, OORH would seem tailor-made for policies aimed at strengthening communities and giving them more say in what they would like to see in terms of local development. However, many local people are not aware of these OORH links and are thus likely to be indifferent to its existence in consequence. Others see only another new development, which can provoke a NIMBY-ist response. Part of the issue therefore is about appropriate research, information and communication.

These sorts of issues raise some of the dilemmas facing localism. How to get real action, engagement and a positive response to necessary development? How to build up a consensus on what to do? These are difficult questions without simple answers. Yet this concluding chapter will argue that in relation to OORH some simple policy rules could draw out the benefits. The principal issues concern engagement with local housing markets, planning policy and wider building regulation.

Localism agenda and OORH

Current government policy puts a great deal of emphasis on its localism agenda. Taking a positive view towards OORH would be an important practical step within that context. Such a positive view would:

- Recognise the direct benefits to user
- Identify benefits to local authorities and central government in less public expenditure e.g. on care
- Be aware of indirect benefits to family and friends
 - Most of whom are locals
- Note other wider context benefits
 - With respect to health provision, community building, localities, local services, and the environment
- Integrate housing market benefits
 - A new OORH houses an elderly person directly plus potentially a family in the previous home and frees up chains of moves.

Shaping housing markets

Growing problems with affordability have led governments to try and improve the situation in housing markets for groups that are regarded as particularly adversely affected. For example, in the last Budget there were initiatives for first-time buyers and also with respect to institutional investment in rental housing. Far less attention is paid to the situation of the elderly. Older homeowners are seen as equity rich, but as the analysis here has shown many cannot afford to move even if they would wish to. Insufficient attention is given to the distribution of house prices amongst the elderly and the impact on their housing options.

Furthermore, when housing markets seize up, governments spend more on social housing and improving the ability of first-time buyers to raise mortgages. Neither of these things helps last-time buyers. The benefits for them are substantial of moving, when they need to, and also for society as a whole, because when older people downsize important parts of the housing stock are released for others to use and flows of transactions spread through markets in chains of sales.

Schemes to facilitate the continued sale of older people's property in periods of market downturn and overly tight credit conditions would seem just as desirable as providing liquidity for first-time buyers and they indirectly help serve the same purpose of stimulating the market.

But where government action would be most relevant is in the allocation of land for housing, because it shapes the costs of OORH. An opportunity to improve the market-price of OORH has been highlighted in this report and it has been argued that the amount of OORH would be much greater if it could be provided more cheaply. **With localism, it would seem that the onus is entirely on local authorities in this regard. Yet central government still sets the rules.**

Affordable housing

Under s106 Planning Obligations, development contributions are made towards providing below market price housing. As was noted earlier OORH developments often make such contributions.

There are a variety of definitions of the below market price housing provided in this way. Affordable housing is defined as: "includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market."⁴⁷ Intermediate rental housing is that between open market levels and subsidised rents. Under the current government policy, most social rents are going to rise up to the intermediate level. However, most intermediate housing involves shared ownership, usually involving a social housing institution and private purchaser, as a stepping stone to full ownership. In 2008/9, 25,000 intermediate homes were built: 45% of all affordable housing delivered in England that year.⁴⁸

The point of going through these definitions is to highlight the fact that this set of policies is discriminatory against older people, unless they are on low incomes living in social housing. It was pointed out in Chapter 6 above that it cannot be assumed that the landowner always bears the burden of s106 payments. In the current framework, an older person on a modest income moving into OORH is being taxed to provide housing for those who might actually be better-off. This is regressive and seems hard to justify. Two potential reforms can be suggested, the first smaller scale and the second involving a bigger but more beneficial outcome.

OPTION 1: Ring fence any s106 contributions that are derived from providing older people's homes

The funding derived from such s106 negotiations could be directed to expenditure that benefits older people. More reasonably, as affordability is such an issue in this submarket, it would be better to apply a zero rate to OORH.

OPTION 2: Redefine OORH as being equivalent to affordable housing

Developers when they make s106 contributions on any development could offer to provide land for OORH as their contribution, provided that the offer leads to an underwritten, viable and timely new build scheme of OORH, and negotiate the appropriate tariff with local planners accordingly.

Option 2 was suggested by one of the HAPPI panel and has much merit. Where the location of the development is inappropriate for OORH, equivalent payments could be made to a local or regional fund set up to purchase land for viable OORH building.

If land costs would be reduced significantly by treating OORH like affordable housing for s106 negotiations, developers would have an incentive to provide OORH, possibly in partnership with specialist providers, and this would greatly increase the supply of such accommodation and extend competition within the sector. This extra supply would result in OORH becoming far more affordable and move the price of OORH down the distributional percentages of local house prices, so that additional older people can afford to sell their existing home and buy into the sector. The viable and timely caveats were included to avoid the possibility of unworkable proposals being offered as s106 contributions.

⁴⁷ Delivering Affordable Housing, CLG, 2006.

⁴⁸ CLG.

There are various formulae that could be used and experimented with over precisely how development contributions that assist in the provision of OORH could be operationalized. Probably the best way to set s106 tariffs in relation to OORH is to base them on the number of dwelling units alone. There is a temptation to specify particular price levels for the dwellings built that guarantee they will be affordable, but it is probably better to let the market determine the actual mix between quality and price. Asking prices should in any case quickly improve because the extra supply would lead to competition and that would force the price of OORH down. However, if, as a second-best, price caps were imposed, it would be better if they were set in relation to specific percentile points in local house price distributions rather than fixed in monetary terms, which requires guesses about future house prices and a danger that the price was pitched too low to induce developer interest.

It should not be a requirement that the OORH 'contribution' negotiated under s106 agreements be built on the sites in question, because they may be inappropriate locations for the accommodation needs of the elderly. Instead, developers should be able to purchase 'credits' in the cost of better located schemes, where appropriate, and should be able to negotiate with OORH developers over the value of such credits to encourage the principle of economy.

To impose price or quality caps on part or of all of OORH would damage supply. **Similarly, independent developments of OORH should not be liable to pay an additional affordable housing contribution, say, to provide 'cheaper' OORH accommodation elsewhere, as that would simply raise costs again. Rather this proposal suggests that all OORH new build should be given enhanced planning status alongside low-cost home ownership for younger households, which is already treated as a form of affordable housing.**

Treating OORH as an affordable type of housing would have a dramatic impact on its supply, cost and the range of choice. The policy would not only improve fairness towards the elderly and enable access for more of them to a lifestyle that may offer considerable benefits to them but would also encourage older people in need of some support and care down a private, self-help route. There are also a further set of spill-over benefits, outlined in this report, that further reinforce justification for treating OORH in this more socially responsible way.

This change of policy would involve no cost to government.

OORH and planning policy

If OORH is to become one of the components of local community building, a new attitude to housing the elderly has to pervade throughout land-use planning. Although government wishes to direct decision-making down to local authorities, the new NPPF framework would benefit from engaging with this issue in its principles.

With regard to the NPPF FRAMEWORK, two factors seem important:

1. Recognition in principle that demographic change and an ageing society are central issues for planning

The data on the ageing population and the sharp rise in older households should make that self-evident, but dealing with this issue from a housing perspective is about more than simply recognising the demographics but rather, instead, dealing with the consequences and knock-on effects in local housing markets.

2. Recognition that the elderly should be able to operate effectively in the private market and that the planning process should facilitate that

Older people can rarely borrow mortgages and may effectively be trapped where they are unless there is a better price range of private sector options from which they can choose. The balance of specialist housing is currently heavily tilted towards the public and housing association sectors.

The greatest emphasis regarding housing for the elderly and planning is obviously at the LOCAL LEVEL.

- 1. It will be highly useful in the context of a more positive, socially responsible attitude towards OORH, if the sector was integrated into planning strategies and local development frameworks rather than treated on an individual site, generally negative, basis as currently occurs.**
- 2. It would help within this context if planning operated on a dynamic, life-cycle basis rather than the cross-sectional approach to estimating needs that dominates thinking at present. There is a lack of coherent, credible approaches to undertaking these analyses that can bring in housing market and population dynamics. Addressing this problem urgently within the context of the transformation of the planning system seems essential, if sufficient housing of the right type is to be provided. (This issue was discussed in Chapter 7 in relation to SHMAs.)**

There is a dynamic interrelationship between the people living in a local area - that is the community - and the local housing stock. The community contains arrays of people/households that flow through the housing stock, moving at different stages of their lives. From within this framework, ageing becomes an integral element, rather than regarded as an end point of less importance than earlier life-cycle events, such as buying the first home. Also, within this dynamic framework it is easier to identify when restricted land release blocks the flow of households through the housing stock. A specific blockage has been identified in this report in the form of a lack of lower-priced private housing into which some of the elderly would wish move, of which OORH should be an important part. That blockage is caused by insufficient land supply, not by the actions of developers themselves.

Rethinking building regulations

The government's intentions towards reducing the regulatory burden are to be welcomed. The principle of less all-round is a good one, but there are so many initiatives underway which affect housebuilding that the task is a hard one.

The analysis here suggests that it would be useful if regulations and other requirements were more sensitive to differences in types of residential building and recognised the distinct roles that they play within housing markets.

Regulations have a differential costs and outcome impacts depending on the housing types and sub-markets in question. There is also a regulatory bias towards the most common types of built structure.

It would help if building regulations and debates around them could take a wider view than of just the characteristics of built structures and specific problems associated with them, such as rainwater run-off. Buildings are in networks of provision. For example, people moving into OORH typically leave behind an older, larger, family home which is often refurbished and made more energy efficient by its new occupants. Unless regulations are sensitive to these market dynamics they can end up severely restricting desirable developments. That could then negate the aims of the regulations in the first place. This point has great reliance for OORH. It was pointed out earlier in Chapter 6 that environmentally OORH is a good thing. However, environmentally driven regulations are now threatening the viability of schemes and the overall consequences of their loss will be bad rather than good for the environment.

Building regulations traditionally have played the role of underwriting the safety and integrity of built structures. In this context, there can be no variation: a building is either safe or it is not. However, in recent decades building regulations have come to play another role, which is much more related to changing behaviours in what is seen as socially desirable ways. The most obvious example of this approach is regulation aimed at reducing energy use. A less energy-efficient dwelling does not threaten life and limb but may be detrimental to wider and much longer-term events associated with global warming. In these contexts, a rigid approach may not be the most desirable; in fact, it may hamper innovation and unduly raise costs.

1. **If energy reduction policies are to continue through building regulations rather than say through an energy tax, it may be worthwhile extending the principles of control away from absolute requirements to a more flexible mix of options to achieve goals with a greater emphasis on allowable solutions than is currently envisaged.**
2. **Network effects should be integrated and recognised as a potential allowable solutions. They should be explored and assigned particular values.**
3. **Moreover, the different types of activities that are going to take place within buildings could be given distinct weights in allowable solution tariffs.**
4. **The same should be the case with other environment regulations.**

The feasibility of increasing OORH supply

The sorts of changes being suggested here are in line with current government policy intentions. The benefits from change would be substantial and the costs limited. Bringing OORH within the remit of affordable types of housing, eligible for s106 negotiations, will also trigger larger payments to local authorities for permitting OORH building under the New Homes Bonus Scheme recently put in place. This would further incentivise the building of OORH, because under it affordable homes are given an enhanced bonus.⁴⁹

Conclusion

One of the greatest issues facing the UK, both now and increasingly the future, is the housing and care of a rapidly growing older population. There are signs of increasing recognition of the issues but to date limited practical outcome can be seen in housing and planning policies.

The growing shortage of housing in Britain and the crisis of affordability associated with it affects all ages. Moreover, markets are not being allowed to function properly, so that the elderly face constrained housing costs as a result and bottlenecks appear in local housing markets to the detriment of all. These bottlenecks are not due to some perceived failure of suppliers but to the conditions under which they have to operate and the unanticipated consequences of public policies that create them.

Older 'last-time buyers' are getting a raw deal, as well as the much better recognised problems facing younger 'first-time buyers'. Moreover, in some respects, the elderly who want to move into accommodation more suited to their needs are getting a worse deal, as there is currently little policy focus upon them.

With regard to provision of specialist housing for the elderly, the research reported here found that due to policy restrictions surrounding housing and planning, the supply of OORH is not matching growing demand. Build rates are low and need to grow four times from that achieved before the recent downturn to cope with just a moderate increase in demand.

OORH hits all the right buttons in terms of personal and social benefits; the impact on families and communities; and the public exchequer. There is a strong case for expanding supply and improving affordability through relatively modest changes to planning and land policies. The current revisions to the planning system offer an excellent opportunity for doing so at both the national and local levels.

⁴⁹ New Homes Bonus: final scheme design, CLG.

Housing markets and
independence in old age:
expanding the opportunities

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Appendix B: *'The Top of the Ladder' by Claudia Wood, DEMOS*

“A new generation of retirement housing could set off a property chain reaction...”

THE TOP OF THE LADDER

Claudia Wood

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THE TOP OF THE LADDER

Claudia Wood

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All errors and omissions remain my own.

Claudia Wood
September 2013

Executive summary

This report brings together the evidence regarding the UK's 'next housing crisis' – the chronic undersupply of appropriate housing for older people. While all eyes are on those struggling to get on the bottom of the property ladder, those at the top are often trapped in homes that are too big and unmanageable. They struggle to compete with first time buyers (supported by Help to Buy and other initiatives) for small properties currently in the market – nor would they necessarily want to. A lack of choice of suitable homes to downsize into is having a negative effect not just on older people's health and wellbeing, but on the rest of the housing chain, as 85 per cent of larger family homes owned by older people only become available when someone dies.

Many policy reports have been written on this issue and a range of robust evidence already highlights the benefits of retirement housing. And yet little has been done so far to implement the proposals made in these reports. We lack a coherent strategy at national level and guidance at local level on retirement housing and this shows in everyday planning decisions and the attitudes of those dealing with developers. Retirement housing remains in an uneasy space between general needs housing and residential care, and suffers from association with both.

Demos sought to distil the evidence presented from a range of sources (academic, policy orientated and grey literature) on the scale of the problem, the impact this was having, the benefits or resolving it, and how to go about this. We supplemented these findings with new polling of our own and analysis of the English Longitudinal Study of Ageing (ELSA) to get a better picture of the housing chain effect that could be achieved if more of those older people interested in downsizing or moving to retirement properties were able to. We also spoke to a range of experts

(listed in appendix 1) for their suggestions on how to tackle supply and demand issues regarding older people's housing. We found that, while retirement properties make-up just 2 per cent of the UK housing stock, or 533,000 homes, with just over 100,000 to buy, that:

- One in four (25 per cent) over 60s would be interested in buying a retirement property – equating to 3.5 million people nationally.
- More than half (58 per cent) of people over 60 were interested in moving.
- More than half (57 per cent) of those interested in moving wanted to downsize by at least one bedroom, rising to 76 per cent among older people currently occupying three-, four- and five-bedroom homes.
- These figures show that 33 per cent of over 60s want to downsize, which equates to 4.6 million over 60s nationally.
- More than four in five (83 per cent) of the over 60s living in England (so not Scotland, Wales or Northern Ireland) own their own homes, and 64 per cent own their home without a mortgage.
- This equates to £1.28 trillion in housing wealth, of which £1.23 trillion is unmortgaged. This is far more than the amount of savings this group has (£769 billion).
- Therefore the over 60s interested in downsizing specifically are sitting on £400 billion of housing wealth.¹
- If just half of the 58 per cent of over 60s interested in moving (downsizing and otherwise) as reported in our survey were able to move, this would release around £356 billion worth of (mainly family-sized) property² – with nearly half being three-bedroom and 20 per cent being four-bedroom homes.³
- If those wanting to buy a retirement property were able to do so, this would release £307 billion worth of housing.⁴
- Combining NewPolicy Institute (NPI) analysis of current market chain effects of older people dying and moving each year with our own analysis of ELSA, we can estimate that if all those interested in buying retirement property were able to do so, 3.5 million older people would be able to move,⁵ freeing up 3.29 million properties, including nearly 2 million three-bedroom homes.⁶

- If just half of those interested in downsizing more generally were able to do so, 4 million older people would be able to move,⁷ freeing up 3.5 million homes.

Apart from the obvious gains to the housing chain, there is robust evidence that retirement housing has a very beneficial effect on older people's health, wellbeing and social networks, and could save health and care services considerable resources. The equity released could help tackle pensioner poverty and have wider economic benefits.

With all of this in mind, it is somewhat surprising that the current government has not done more to work in partnership with the private sector to encourage greater supply of retirement property. There are a range of relatively low-cost steps which could stimulate the market, including:

- giving retirement housing special planning status akin to affordable housing, given its clear and demonstrable social value.
- tackling S106 and community infrastructure levy (CIL) planning charges, which make many developments untenable and affect them disproportionately compared with general needs housing developments.
- quotas and incentives for reserving land for retirement housing, and linking this to joint strategic needs assessment and health and wellbeing strategies for local areas.

Of course, we cannot assume that 'if we build it, they will come'. While poor supply does drive down demand, there are other factors at play, both practical and emotional. Methods of overcoming these include providing practical help to older people to move, giving financial incentives (such as stamp duty exemption) and – some have argued – bringing in financial penalties for under occupation.

We conclude by reflecting on the fact that the housing needs of our rapidly ageing population (the number of over 85s will double by 2030) is the next big challenge this government faces. And yet the costs associated with overcoming this are far lower than those related to the effects of the ageing population

on health or social care. The money is there already – locked up in over a trillion pounds' worth of assets across the country. Hundreds of millions of pounds could be released to stimulate the housing market if (low-cost) steps were taken to unlock the supply to meet the demand already there – let alone if demand were further stimulated. While there must always be a place for social housing and affordable tenancy for older people, the vast majority of older people can be helped into more appropriate owner-occupied housing without any direct delivery costs incurred by government or local authorities.

So the fact that no recent government has yet grasped this nettle is a surprise, given how substantial the benefits could be. The Coalition Government has focused significant attention and resources on the currently more visible plight of renters unable to afford their first home and others unable to move because they lack the necessary deposit. Somewhat inevitably this focus has largely ignored the specific needs of housing the elderly.

We argue that the government needs to have a 'whole chain' view of the housing market – recognising that assisting the private sector to help serve older people will have a trickle-down effect of unlocking supply and benefiting those on every other step of the ladder.

1 The UK housing crisis

We have not built enough homes to keep pace with demand for many years. Looking at long-term trends, the National Audit Office concluded that there has been no consistent growth in private house building since 1970.⁸ Demand for extra homes in England is now estimated at around 210,000 properties a year to meet population growth, and yet the average output from house builders and social housing providers has been 154,000 extra homes a year since 2008. Moreover, building is slowing down – 146,000 dwellings were added to the housing stock in 2011, 43 per cent down on the figure for 2008, while in 2012 this had fallen to 112,500 – almost half the number required. The Joseph Rowntree Foundation (JRF) calculated that at the current rates of building, the gap between demand and supply would be a shortfall of 1.1 million homes in 20 years' time.⁹

The most obvious and direct result of this shortage is spiralling rental and house prices, with young, first time buyers bearing the brunt of this problem. Between 1997 and 2011 there was a 20 per cent increase in the number of 20–34-year-olds living with their parents, and now considerable attention is given to first time buyers and the shortage of housing for the under 30s (the so-called 'generation rent').¹⁰ To try and help this group, the Government has recently extended its First Buy scheme with Help to Buy, as part of a package of measures to enable people buying new homes with small deposits to secure 95 per cent mortgages.¹¹

However, it is important to recognise that the UK's housing crisis is not simply a case of a shortage at the bottom of the housing ladder – it is a shortage across the housing chain, which is preventing families from moving into bigger homes and making space at the bottom of the ladder for first time buyers.

To help ‘generation rent’ trying to get on the bottom of the housing ladder, as well as those families struggling to find bigger homes, one needs also to look at the top of the housing ladder – older people who may be in homes which are too big or otherwise no longer suited to their needs, who we might call ‘generation stuck’. Enabling this group to move to smaller properties – essentially extending the housing ladder – will have a domino effect down the housing chain, freeing up family homes and in turn freeing up smaller properties for first and second time buyers.

2 Housing at the top of the ladder

Although an important solution to the shortage of housing in this country would be to enable older people to move out of large family homes into more suitable and smaller properties, there are currently very few specialist properties. Just 2 per cent of the UK housing stock – or 533,000 homes – meets the needs of older people, and most are in the social rented sector – just over 100,000 are for ownership.¹² This number is dwarfed by an over-65 population of 10 million and an over-60 population of 14 million.

Demographic change, supply and demand

The numbers of older people are increasing rapidly. As part of a parliamentary committee set up last year to explore the implications of demographic reform, the following projections about ageing were considered:

- There would be 51 per cent more people aged 65 and over in England in 2030 than there were in 2010.
- There would be 101 per cent more people aged 85 and over in England in 2030 than there were in 2010.
- 10.7 million people in Great Britain can currently expect inadequate retirement incomes.
- There would be over 50 per cent more people with three or more long-term conditions in England by 2018 than there were in 2008.
- There would be over 80 per cent more people aged 65 and over with dementia (moderate or severe cognitive impairment) in England and Wales by 2030 than there were in 2010.¹³

With these sobering statistics in mind, the committee produced a 100-page report detailing the various ways in which this change in our demographic make up would affect our lives – from health and pension spending to our welfare system and housing needs. Related to this latter point, the committee concluded:

The housing market is delivering much less specialist housing for older people than is needed. Central and local government, housing associations and house builders need urgently to plan how to ensure that the housing needs of the older population are better addressed and to give as much priority to promoting an adequate market and social housing for older people as is given to housing for younger people.¹⁴

The fact that of the older population, the ‘very old’ (those in their 80s) are increasing in number more rapidly than other segments of the population is particularly important: 69 per cent of over 85s currently have a long-term illness or disability, compared with 34 per cent of 65 to 74s.¹⁵ This increasingly old population may well need housing that offers care and support services on site.

Yet the chronic undersupply of specialist retirement housing – built with the physical and social needs of older people in mind – is a long-standing problem exacerbated by rising demand associated with larger numbers of older people. McCarthy & Stone’s submission to the aforementioned parliamentary committee provided some sense of the demand for this housing – it stated that a third of older people would consider living in retirement housing, and quoted statistics from the 2006 Wanless Review showing that 27 per cent of older people would consider this form of accommodation if it were available, and a YouGov poll for Shelter in February 2012, which found that 33 per cent of people over 55 were interested in it.¹⁶

Research produced by the University of Reading in 2011 provided detail on the level of supply supposedly meeting this potential demand: the author noted that there were around 105,000 units of owner-occupied private retirement accommodation in the UK, just 2 per cent of the total number of

homes for those aged 65 and over. If that share of the total were to grow to 5 per cent of the over-65 market over the next decade or so, 16,000 units would need to be built a year, up from just 4,400 delivered in 2007. The report argued that because of restrictive planning and housing policies, many older people were not being provided with the opportunity to purchase a unit.¹⁷ This is discussed in more detail in the following sections.

Again, McCarthy & Stone's parliamentary submission illustrates this problem – they explained that planning constraints meant that provision of retirement housing lagged far behind other developed countries, while build rates for specialist housing in the UK were lower now than in the 1980s. In 2010, just 6,000 units for rent and 1,000 for ownership were built, down from 17,500 for rent and 13,000 for ownership in 1989 – yet the number of older people has increased rapidly within the same time frame. Unsurprisingly, only 2 per cent of the UK's housing stock is retirement property, housing 1 per cent of the 14 million over 60s (compared with 17 per cent in the US and 13 per cent in Australia).¹⁸

Box 1

What do we mean by 'retirement housing'?

In this report we use 'retirement housing' as a generic term for specialist housing for older people, which includes sheltered housing (also known as warden assisted), retirement villages and extra care schemes. Key features include individual dwellings with their own front door (whether for rent, sale or shared ownership), communal areas such as lounges and restaurants, scheme managers (or other types of support service) and varying levels of personal care and support.

Sheltered housing is the most widely known form of retirement housing; schemes include a house manager, shared lounge and laundry and other facilities. The term has generally now been superseded by 'retirement housing', although it is still used in planning circles.

The term enhanced sheltered housing is used to describe sheltered housing that provides more in facilities and services than traditional sheltered housing but does not offer the

full range of support that is found in an extra care housing scheme.

Extra care housing is the term used for a complex of retirement housing that also provides care in a style that can respond flexibly to increasing need while helping individuals to retain their place within their community. There is usually a range of 'lifestyle' facilities for social, cultural, educational and recreational activities, including restaurants, gyms, libraries and other facilities.

Retirement village is a term generally used to describe large-scale extra care or continuing care retirement community developments, generally in the range of 90 to 350 units, with developments of around 250 units being common. They provide a range of accommodation and tenure options, potentially with a care home on site.

The term very sheltered housing has largely been superseded by extra care housing.

Where specific types of scheme are referred to in the evidence we will identify it as such rather than use the general term 'retirement housing'.

3 Policy background

As there is such potential demand for retirement housing, and yet such poor supply of it, it would be interesting to know why nothing has been done at national or local policy level to remedy the situation and ease the wider housing crisis at the same time. In reality, much has been written, discussed and proposed on this issue, but very little action has been taken or policies implemented. In 2008, the Labour Government published its blueprint for the future of housing in an ageing society: *Delivering Lifetime Homes, Lifetime Neighbourhoods*.¹⁹ It described ‘two nations in old age... increasingly polarised by housing wealth’. Following a 2007 green paper on housing, it promised to build more mainstream and specialised homes for older people over the next three years, including increased investment in social housing and equity sharing. It also outlined a new approach to a national housing advice and information service, with strengthened local housing information services, to enable older people to find out about their housing options, whether to stay put or move home, or to consider equity release.

The strategy argued in favour of making it easier and safer for people to stay in their own homes, near their family and neighbours. It also outlined a ‘new positive vision’ for specialised housing for older people as somewhere they might aspire to live. The Labour Government said it would create ‘more homes and more choice’, through increased funding for public housing and by encouraging private sector provision through reform of the planning system.

However, relatively little was achieved following these policy pronouncements, and in June 2009, the Homes and Communities Agency set up Housing our Ageing Population: Panel for Innovation (HAPPI) to build on the work of *Delivering Lifetime Homes, Lifetime Neighbourhoods* and to examine what

further reform would be needed ‘to ensure that new build specialised housing meets the needs and aspirations of the older people of the future’.²⁰

The panel’s focus included ‘influencing the availability and choice of high quality, sustainable homes and neighbourhoods’, ‘challenging the perceptions of mainstream and specialised housing for older people’, and raising aspirations to demand higher quality, more sustainable homes.

Among its many recommendations, it urged house builders and housing developers to recognise ‘the extent of the commercial opportunity’ and to develop new types of housing for older people that would respond to the aspirations of this burgeoning market.

However, as a consequence of the economic downturn and a new Coalition Government in 2010 much of the good work undertaken by HAPPI fell by the wayside and its recommendations were not followed through. HAPPI 2 – published in 2012 to review the progress of the original panel and make further recommendations, stated:

*the publication of the HAPPI report coincided with a worsening economy and policy uncertainty following the 2010 General Election. It was also suggested that the austerity measures adopted by the incoming Coalition Government created nervousness in the housing market and reduced public and private sector appetite for innovation. Clearly this operating environment has limited the take-up of the recommendations in the HAPPI report.*²¹

It urged the government to act, stating that improving housing options for older people could lead to reduced health and social care costs and create new housing options for younger people and families if older people could be moved from large, under-occupied family homes into retirement accommodation. It recommended that 100,000 retirement, supported housing and extra care homes should be built every year.

In spite of a lack of progress since 2008, the panel was encouraged by the new Coalition Government’s report *Laying the Foundations*, published in November 2011, some 18 months after coming to power.²² The document noted that ‘for some older

people a move to a smaller, more accessible and manageable home can also free up much-needed local family housing'. The Government promised to work with planners and developers to produce guidance for local strategic planning and delivery of a wider range of housing for older people. However – crucially – it said it did not intend to introduce national regulation, and that decisions on the number of 'lifetime homes' within each development should be made at a local level, according to need. Moreover, the New Deal for Older People's Housing announced in the strategy focused mainly on keeping older people independent and living in their own homes (and out of residential care) for as long as possible. This included maintaining investment in repairs and adaptations, and even the investment in housing advice through the First Stop service was described as 'independent advice to older people looking to plan their future housing needs – whether in their own homes, or in care homes'.²³ The exclusion of a middle way – a move into specialist retirement housing – is telling.

In 2011 the Government also published *Lifetime Neighbourhoods* to pick up on the original themes in the 2008 report, but this addressed the question of housing in just one chapter, and focused on house design and housing-related support services rather than issues of housing supply or demand.²⁴ It noted: 'A range of choices – from standard housing through to sheltered or extra care housing would help to maximise the value of neighbourhoods, and the range of choices available to older people' but – like many of the previous strategies – gave little indication as to how this would be achieved.

4 Obstacles to supply

We have thus far presented information regarding the current housing shortage in the UK, the government focus on creating effective demand and getting people on to the housing ladder as a solution to this, and the potential for a longer term and more meaningful solution coming in the form of enabling older people at the 'top' of the housing ladder to downsize. We have also explored briefly the limited supply of older people's housing compared with the rapid and significant increase in the number of older people in the UK, despite several policy documents issued on this subject.

In this section, we consider why so few older people live in specialist retirement housing in this country, compared with, say the US or Australia.

There has been a significant amount of research exploring why the supply of older people's housing has been limited in the UK. Reviewing the assembled evidence, there seems to be three key obstacles.

Commitment at local level

First, the benefits of such housing have not been understood at a local level despite warm words from central government departments. The 2012 National Planning Policy Framework states that local authorities must address

*the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities).*²⁵

But a report from Policy Exchange concluded:

*Councils are not even able to put in place up-to-date broad [strategic housing market assessments], let alone plan specifically for ageing populations in their areas.. But even where they have such plans in place they do not address the housing needs of an ageing population. In fact they often make it worse.*²⁶

The Home Builders Federation (HBF) similarly cast doubt on the effectiveness of strategic housing market assessments (SHMAs). They concluded that they ‘vary greatly; they are often deficient, looking mainly at the housing needs of younger people, first time buyers, and those in the social sector’.²⁷

The experts we interviewed for this report made many similar observations about local authorities’ approach to retirement housing. They commented that older people’s housing assessments carried out by local authorities tend to focus on social sector stock and issues (eg extra care housing), with very few addressing the needs of owner occupiers or private renters. Where strategies for older people do exist (in local authorities and in the NHS), they are often light on detail about how strategies would be delivered.

The experiences of two of the housing providers we spoke to for this project is informative. One provider – Hanover – reported that it had particularly concentrated in the past on providing extra care housing, predominately for social rent, and had experienced few difficulties in gaining planning consent for this. This is because local authorities are generally positive about providing extra care in the public sector and can see a clear link between housing with care models and reductions in demand for care from those who qualify for care on their registers, who may otherwise need (for example) traditional residential home settings.

In contrast, another provider – McCarthy & Stone – had looked more to owner-occupied housing. As Gary Day, Land and Planning Director, put it: ‘our focus has actually been on the other end, it has been on the private market’. As a consequence, McCarthy & Stone struggled more to convince local planners of the value of their offer. Around two-thirds (65 per cent) of the housing developments for older people it operates were permitted only on appeal after being rejected by local planners,

who have a poor understanding of the need for such housing in the private sector. Many schemes were opposed at the planning stage because local authorities were concerned about the impact of an increased older population on local services, such as GP practices and hospitals – which the company suggested indicated a ‘lack of joined up thinking’.

Interestingly, Hanover now too wants to provide housing in the owner-occupier market. Gillian Conner, Head of External Affairs at Hanover, told us that public funding for extra care was harder to come by following care cuts, but a big driver in moving away from this provision was feeling ‘increasingly not in control of our own development in this area’ – local authorities were setting out terms and conditions for extra care, and making referrals, increasingly of people with higher needs. Hanover is keen to shift to more preventative models of housing (care-ready housing that helps people maintain their independence for longer), but a barrier to this was that ‘local authorities focus strategy on older people with care needs, which only constitute 5 per cent of all older people’.

Jeremy Porteus, chief executive of Housing LIN, admitted there was a narrow focus when it came to local approaches to housing supply for older people:

It's been seen as a numbers game. About the number of units we need, not the prices and how we'd be able to market them. It's not really about understanding what the aspirations of the older people will be. As a result, we've tended to build to a lower common denominator and the benefit of that has been 'Yes, we've met housing targets', we can say we've done x, y and z in terms of good density ratios, we've developed x number of care homes for people etc, but it is not clear whether this is going to be desirable in 20–30 years' time.

This point was echoed by Bill Gair, CEO of Urban Renaissance Villages, who felt that local authorities and central government were displaying a lack of imagination over planning and delivery of housing, measured purely by number of units rather than any wider outcomes.

Planning rules

The second main obstacle to supply relates to planning rules. For example, Section 106 agreements of the Town and Country Planning Act 1990 are designed to offset the impact of new developments, with developers of private housing charged so that local authorities can invest in affordable housing. This treats private retirement housing the same as private general needs housing, even though the social value of the former, and the important role it plays in local communities, is greater than the latter.

The additional costs of S106 charges are often passed to the buyer in the form of higher prices, and a recent report by the University of Reading concluded that as a lot of affordable housing provides accommodation for younger people, elderly middle income households were subsidising younger buyers and the process was ‘discriminatory’ against older people.²⁸ Joe Oldman, housing policy adviser at Age UK, also told us that affordable housing quotas are an issue for private retirement developers (not for registered social landlords, as all their housing is affordable), which stifles innovative models, such as cooperative housing and cohousing, which could deliver the same sense of community as retirement housing, but in a way that allows residents to maintain more control.

Another extra cost burden borne by private retirement developers, which makes them less competitive compared to open market housing providers, is the CIL. A flat rate planning charge, CIL has been criticised as being ‘one size fits all’ and based on standard residential properties rather than specialist provision which may have services on site or communal areas. CIL is charged as a flat rate per square metre on new housing development, but a third of the floor space in normal sheltered housing developments is shared, so not sellable. Such developments are therefore hit disproportionately by CIL. Gary Day, Land and Planning Director from McCarthy & Stone, told us that CIL was ‘causing us real concern, in fact that’s one of our biggest business threats at the moment, because that could stifle supply for us’.

The disproportionate – some may say discriminatory – effect of S106 and CIL, driving up the cost of supply (or simply

making it not possible) is, many believe, a lack of appreciation of what role retirement housing plays at local and national level. As the HBF explains in a parliamentary briefing, retirement housing is

*a complex form of accommodation. The need for specific design features and services, such as on-site care and support provision as well as the need for individual care packages, make developing this form of accommodation different from general needs housing. Developers of all tenures provide more than simple bricks and mortar – it is the ‘lifestyle’ provided to the residents who chose or need this type of housing, that ensures a successful housing scheme.*²⁹

Retirement housing occupies an uneasy space between residential care and general needs housing and seems to lose out as a result – penalised by general needs planning rules, and misunderstood by social services.

Some of the experts we spoke to suggested that this uneasy position – bringing with it a different and inappropriate set of planning rules, the complexity of coordinating service provision with housing, and a negative attitude among planners – was discouraging new entrants from entering this part of the house building market.

The requirements of retirement housing

A third obstacle to supply is related to the requirements of retirement housing itself. First, such developments are ‘capital-hungry’ because they needed to be entirely completed before sales are made rather than sold ‘off plan’ like other housing, as prospective buyers need to see the entire development, with communal spaces and services already in place, rather than just their own apartment, before purchasing. Therefore a considerable amount of up-front working capital is required, to complete the development entirely, before revenues from the sales of apartments come on stream.

A second issue is that such developments also need to be located near shops, services and transport links, where residents

wished to live. This makes good sites hard to find, in higher value areas and in demand for a variety of uses, both residential and non-residential. McCarthy & Stone reported that it had lost out on sites to drive-through restaurants, car parks, storage companies and care homes. Gary Day told us:

It does make it difficult to find good sites, and they are critical to the success of this type of housing. You've got to get the site right – even if you have a wonderfully designed apartment and all the facilities – the whole idea is to let people remain as independent as possible.

This impact of this shortage of supply was described by the JRF when interviewing groups of older people seeking to move home. They noted that for those wanting to move for a long time:

a key issue was the availability of a suitable property. Waiting lists for warden-controlled properties were seen as problematic. The perception of being overlooked and 'fobbed off' led to frustration at the lack of progress and ability to do anything about it... Obstacles for home-owners included the affordability of bungalows, limited supply of owned properties for older people and not being comfortable with the idea of renting.³⁰

5 Build it and they will come? Obstacles to demand

Of course, the lack of older people's housing may be more than a supply-side issue. Perhaps, culturally, the UK's older population do not warm to the neatly laid out retirement villages so frequently seen in the US and prefer to stay in their (albeit difficult to maintain and too large) family homes. The attachment to our homes – as places we raise our children, fill our lofts with their belongings and then hand over to them when we die – makes us cautious about downsizing. Recent research by Demos for Hanover Housing also found an aversion to 'age segregated' housing and communities among the over 60s living in mainstream housing, and an association between this form of housing with 'ghettoisation'.³¹

As retirement housing can be associated in people's minds with either public sector sheltered housing or residential care, private developers (building owner-occupied properties) can lose out. Gary Day told us:

Historically the private sector has suffered – still suffers to an extent – with the reputation of historic public sector provision, because a lot of local authorities developed sheltered housing on sites that we certainly wouldn't have considered suitable. There is a lot of sub-standard accommodation.

Andrew Burgess, Managing Director of Planning at Churchill Retirement Living, suggested that all 'sheltered housing' should be renamed 'retirement housing' to avoid some of the historical stigma attached to the term 'sheltered housing'.

Nonetheless, our previous research suggests that if the 'right' sort of housing was available – as we describe in the next section – then attitudes are more positive and receptive to the prospect.³² To gather a more precise picture of the demand for smaller and/or more suitable homes among older people, Demos

carried out a survey of 1,500 over 60s. We asked a variety of questions related to their current housing situation, their ideal situation, and what factors they considered when staying put or considering a move (see appendix 2).

The findings suggest that there is considerable appetite among the over 60s for moving to a new property at some point in the future, with 58 per cent of people saying they would consider this – this equates to over 8 million people nationally. People in semi-detached and detached houses and those who owned their property outright (with no mortgage left to pay) were more likely to consider moving in the future. Those in slightly larger and more expensive properties were also more likely than average to say that they would consider moving. The mean house size for ‘movers’ was between 3.47 bedrooms and the mean value of home was £270,000, compared with 3.4 bedrooms and £240,000 for ‘non-movers’.

But does this interest in moving automatically involve downsizing, or moving to specialist retirement properties? One-quarter (25 per cent) of the over 60s in our survey (increasing to 41 per cent of the 76–81 age group and 34 per cent of the over 81s) said they were interested in buying a purpose-built retirement property, and 25 per cent also said they would be interested in renting one on an assured tenancy (which gives tenants the right to live in the property as long as they wish). This equates to over 2 million people.

Our findings seem in line with the information developers shared with us – for example, the average age of McCarthy & Stone’s customers is 79, in the peak demand group in our survey. In their assisted living schemes, the average age is 83. Hanover has seen this age profile increase recently – formerly it was people in their 60s, now it is people in their 70s, and this is in part due to increasing numbers of referrals for the more frail elderly people with higher support needs.

Of course, many older people may be able to secure a more suitable house simply by reducing the size of their property and considering things like stairs and garden maintenance. By asking about the size of people’s current homes, and the number of bedrooms they would like to have if they were to move, we were

able to ascertain how many of the 58 per cent of over 60s who were interested in moving specifically wanted to downsize. Unsurprisingly, more people were interested in downsizing to another home than purchasing a specialist property.

Excluding older people living in one-bedroom properties, only 4 per cent on average of those interested in moving wanted a larger home: 57 per cent of those interested in moving wanted to downsize – this represents 33 per cent of over 60s, or 4.6 million nationally. However, this figure rose to 76 per cent of those interested in moving who are currently occupying three-, four- or five-bedroom homes. Only 1 per cent of those with five bedrooms or more did not want to downsize. Of all those who wanted to downsize, 56 per cent opted for a reduction of one bedroom, and 44 per cent a reduction of two or more bedrooms. Only those currently in two-bedroom homes were more likely to say they wanted to stay in the same size home if they moved rather than downsize (73 per cent said this). Indeed, two-bedroom properties were the most popular choice across the board, with the majority of all groups stating that their preferred move would be into a two-bedroom property. This is in line with other previous research on this issue, such as JRF's 2012 review of evidence into downsizing, which found:

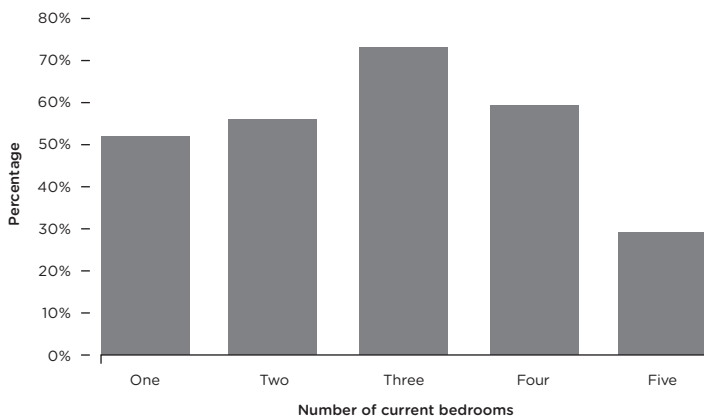
Two bedrooms is the minimum that most older people will consider, to have enough space for family visitors, a carer, storage, hobbies, or separate bedrooms for a couple. Analysis of moves by older households in the last five years within the private sector (rent or owner-occupier) shows that 87 per cent move into a dwelling with two or more bedrooms.³³

The second most popular choice was three-bedroom properties, particularly among those in larger (four and five or more bedroom homes) with 57 per cent and 68 per cent opting for this respectively.

For those in one-bedroom properties, downsizing is not an option. Nonetheless, 41 per cent of those in one-bedroom properties said they would like to move to another one-bedroom property, while 52 per cent said they would like two bedrooms.

This appetite among older people to buy smaller, more manageable properties, of two or three bedrooms in size, is

Figure 1 **Percentage of over 60s wanting a two-bedroom property, by number of current bedrooms**



relevant for retirement housing developments. As explained below, much of the existing supply is one bedroom only, and for rent – two factors likely to put off the average ‘downsizer’. We will return to this point in the next section.

Push factors

As they get older, people want to move for different reasons. Often these are practical considerations associated with physical limitations (opting for a bungalow, a smaller garden, or another a home which is generally more easy to maintain), social considerations as a result of becoming widowed and/or wanting to move nearer to family or friends, or financial – downsizing as a form of equity release to pay for care or a better quality of life in retirement.

Our polling explored the reasons most commonly cited by the over 60s reporting an interest in moving home: 43 per cent of this group said it was because they wanted a more suitable property – one that had a garden that was easier to maintain, or had fewer stairs, for example; 26 per cent said their property was

too big for them – rising to 44 per cent of people with four bedrooms and 60 per cent of those with five or more; while 19 per cent said maintenance was now a problem. Interestingly, while maintenance and size problems were less frequently given as reasons to move by over 60s in one-bedroom properties, the response ‘I want to live somewhere different’ was far more of a push factor for this group, as was the need for more support or care. Those in one-bedroom properties were more likely to be in social economic groups DE and also older (81+), and to be renting from the council or a housing association. This suggests these older people may be single and unsupported by health or care services, and perhaps also socially isolated.

Pull factors

While retirement housing is not for everyone, there are clear reasons why people are unnecessarily discouraged from even considering this as an option. There is a dual barrier at play here – many more older people would no doubt downsize, if they could, while a proportion of those might also look to retirement property as an option if there were not a series of barriers to this. In this section we consider what these might be.

First, and most obviously, there is a lack of understanding among older people about what ‘retirement housing’ is and the lifestyle it offers. As Gary Day commented:

A lot of our customers that walk into our showrooms walk in and say, ‘I didn’t realise it was going to be like this’ – they had this image of it being more like a care home than simply different standards of living for later life.

This issue is exacerbated by some of the terminology used, with different people talking about the same thing using different names (‘retirement’, ‘sheltered’, ‘warden assisted’ are used interchangeably, while an ‘extra care home’ can be assumed to be a care home). This makes it very difficult for older people to know what their options are, and there is a general dearth of information, advice and help for older people to navigate the housing market.

Therefore few people are making a positive choice to move to retirement housing until something forces them to do so – a death of the partner, an accident or a fall within the house, burglary or major maintenance problem. A move to retirement housing is more akin to a last resort or ‘distressed purchase’, commonly seen in moves to residential care, rather than a preventative or – better yet – aspirational move for a more active retirement.

People’s tendency not to think about the future or plan ahead for ageing or future care and support needs exacerbates this reluctance to move; they perhaps worry about energy bills and maintenance but do not consider a move, which requires them to accept that they may well need care and support in the future.

But older people’s reluctance to move is not simply a lack of awareness, information or planning. We should not underestimate other pull factors – perhaps practical or emotional issues, which discourage older people from moving even if they recognise their current home is too large or unsuitable for them. JRF’s research with older people considering a move illustrates this. The researchers found that moving home was a ‘developmental process’ – ‘a series of steps or a combination of factors that contributed to participants’ decision-making and the practicalities of moving’; many older people worked up to a move but were often deterred before taking the final step:

While many older people recognised the sense in moving to smaller, more manageable properties, they had concerns – for example, the daunting process, the emotional ties to their home, they would miss their garden, the new property’s rooms would be too small, uncertainty about sleeping on the ground floor and not knowing where to go. Participants also mentioned psychological barriers to moving to a property that was designed specifically for older people... As with reasons for moving, barriers to moving were often multifaceted, with a range of practical and emotional factors in play.³⁴

In our survey we asked the 42 per cent of over 60s not interested in moving to tell us why this was the case. The most common responses were:

- My current house already suits my needs (88 per cent).
- I am close to family and friends here (32 per cent).
- It would be too stressful (23 per cent).
- My house/the local area has sentimental value to me (21 per cent).

We then asked the 43 per cent of over 60s reporting that it would be difficult to move (whether they wanted to or not) why this was the case. The most common answers were:

- The process of packing up all my belongings would be too stressful (50 per cent).
- It would be too expensive (45 per cent).
- I would find it physically difficult (29 per cent).
- There are no suitable properties available (26 per cent).

Only 5 per cent of the non-movers said that there were no suitable options available for them, rising to 16 per cent of people aged over 80, and 10 per cent of people currently living in one-bedroom properties. More than half (56 per cent) of people aged over 80 said it would be too stressful to move.

Overall, 52 per cent of people felt that it would be easy for them to move, if they wanted to, compared with 43 per cent who felt moving would be difficult or impossible. The importance given to ease of moving broadly increased with age – from 53 per cent in the youngest age group (60–65) to 26 per cent in the oldest (81+); 44 per cent of those considering moving in the future said they would find it difficult or impossible. This compares with 49 per cent of people who said that they would find it easy to move, but would not want to.

Physical difficulty and stress of moving were highlighted more by older people, while expense was highlighted more by younger older people. For people living in larger properties (with four or five bedrooms), the biggest obstacle was the stress of packing up personal belongings and the sentimental value of the house and local area. In contrast, for people in smaller properties (one or two bedrooms), expense and physical difficulty were highlighted as bigger problems.

The process of packing and moving seemed to put people off the idea the most, with 63 per cent of people who would not choose to move highlighting this as a barrier, compared with only 41 per cent of people who would consider moving.

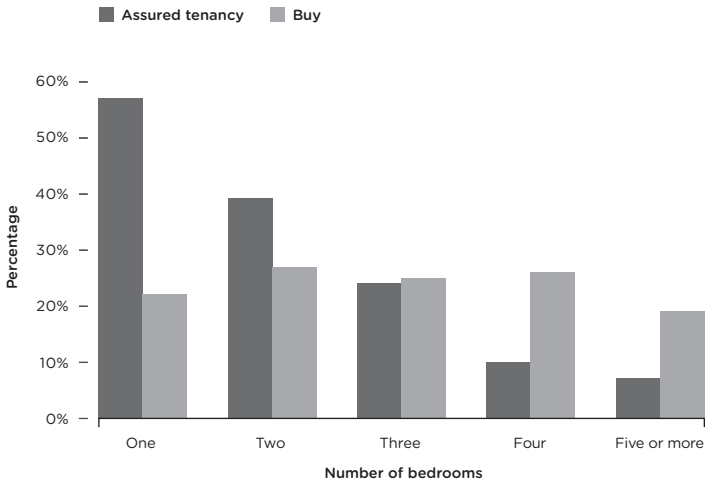
It is interesting to compare this list with the reasons given by those not wanting to move: 5 per cent of those not wanting to move said they didn't want to move because no properties were available, but for those reporting difficulty in moving (44 per cent of whom want to move), 26 per cent said there was a lack of suitable properties. Indeed, a lack of suitable properties (and to a lesser extent, not knowing how to go about looking for another property) were the only factors that was more of a problem for people who would like to move (30 per cent) than for people who would not like to move (20 per cent). This suggests that these are the key obstacles that stand in the way of people who would otherwise like to move.

Supply and demand

The evidence reviewed above suggests that both supply and some demand factors have prevented older people at the top of the housing ladder from downsizing, moving into retirement property or finding an otherwise more suitable home in later life. However, it is clear that supply and demand are linked, with issues of supply likely to be dampening demand. If the 'right' sort of housing – which meets the needs and preference of prospective buyers – is not available, then obviously people will not pursue the possibility of moving in the first place.

This could be a potential problem as relatively few developers operate in the marketplace for specialist retirement housing (mentioned above), so there may be a lack of choice and variants of the retirement housing model in areas where people want to live. The quality and location of much of the available housing can also be off-putting – Gillian Conner of Hanover Housing explained how much of the existing public provision is not ideally placed: 'If you were building units now, you would never build them where they are – tucked away behind an estate, not on a bus route, not near shops.'

Figure 2 **Percentage of people who would be interested in a retirement property, by number of bedrooms in their current property**



Our polling and the wider literature on this subject suggests that most older people would want a two- or perhaps three-bedroom home to move to. And yet, a considerable amount of specialist retirement property has only one bedroom.³⁵ It is also noted that while 76 per cent of older people are owner occupiers, only 23 per cent of retirement property is for sale, with the remainder for rent.³⁶ It is suggested that older people's desire to remain property owners for a greater sense of stability therefore deters them from moving to rented retirement homes,³⁷ although our survey suggests people would equally be interested in moving into retirement properties with an assured tenancy – giving them the sense of permanence and security they need. Older people with one-bedroom properties (57 per cent) and two-bedroom properties (39 per cent) were particularly attracted to this option.

Policy Exchange also reflected on how a poor supply of the 'right' housing would dampen downsizing to general needs housing more generally:

There is already a huge financial gain for those downsizing. The idea pure cash gain will make most people move from a large family-sized home, one that often contains precious memories, to a smaller one, is disproved by the evidence... what are needed are the homes that older people like and so would like to move into. But planning policy prevents these homes from being built.³⁸

One developer we spoke to had recently experienced higher than expected demand for purpose-built accommodation designed for the 'active elderly downsizer', compared with another local development, which was targeting the same market but where properties were more 'formulaic', where low demand forced the developer to discount the properties by 30 per cent in order to liquidate the stock. The lesson he and his colleagues learnt from this is that not all retirement housing is the same, and it can be made more attractive through good design and knowing one's market.

Then there is the issue of affordability – as outlined above, problems of planning and associated charges and the demand for well placed land can drive up the price of retirement property. Many of the studies on this issue assume that all older people have significant housing equity to enable them easily to cover the costs of purchasing specialist housing, but this is not always the case, and less wealthy older home-owners can be priced out of the market. There is a risk that housing models like extra care – which are fairly expensive per resident – become unattainable for all but the very wealthy. This can lead to regional variations in provision, as retirement property is built near homes where adequate equity can be released from nearby housing to increase the chances of purchases by people from the local community. Therefore retirement housing may not be available in some poorer parts of the country. As Karen Croucher told us:

[Private developers have] not concentrated on nice retirement housing in places like Barnsley, Hartlepool or Blackpool, but on the nice market towns... so that's fine if you have a house you can sell in those places, but not so nice if you wanted to sell in not so nice an area.

In conclusion, there is likely to be a complex interplay of push and pull factors when people consider moving into retirement housing. As JRF's recent report regarding downsizing concluded:

The current discussion of downsizing is misleading because it presents the issue as a simple matter of older people holding onto housing. This ignores both the lack of housing choice, as well as older people's psychological and social reasons for staying put. If the government believes that more older people should move to smaller homes, it must make choice its watchword, finding ways to induce providers to offer a range of attractive alternatives.³⁹

6 Helping those at the top of the ladder – a win-win-win

We now know why older people may (or may not) downsize or move to retirement housing, and the supply and demand problems at play. In this section, we explain why resolving these supply and demand problems is so critically important – for older people themselves, for the housing market and for the wider economy.

Benefits to older people

Evidence suggests older people who move to specialist retirement housing enjoy a higher quality of life than they did before they moved and improved social networks, reducing isolation and loneliness. Evaluations also show positive outcomes in health, and safety and wellbeing tends to improve, while moving to smaller, more energy efficient accommodation can help older people to stay warm and save money on energy bills. One survey carried out by the University of Reading among the owner occupiers of retirement properties found:

- More than eight in ten residents reported that they generally feel happier in their new home.
- Almost 45 per cent of residents reported having better or much better contact with family and friends; a further 48 per cent reported no change.
- Half of residents thought that their energy bills were lower.
- Residents reported spending less time in hospital and nearly a third felt that their health had improved since moving.⁴⁰

A review of retirement villages on behalf of the JRF found that developments for older people that included communal areas help improve the social relationships of isolated older

people, and those with facilities such as leisure or learning activities can increase older people's wellbeing and help them to stay mentally and physically active. Other benefits on offer in larger scale sites included: finance and benefits advice services, healthcare, and on-site care homes, so residents did not have to move if their needs increased. The researchers also noted:

As homes are purpose built, decent and accessible, they are safer and warmer; particularly beneficial if people develop mobility problems or ill health... Residents tend to feel safer and have less fear of crime [and] there are self-reported improvements in health and well-being.⁴¹

Gary Day confirmed this:

There is a strong community benefit in that, previously [older people] would live in their family house and be more remote from the community, they didn't have that sense of wellbeing, companionship, security and everything else we offer. They didn't have the confidence to go out and involve themselves in the local community.

A review in 2011 of 19 extra care schemes by the Personal Social Services Research Unit (PSSRU) found that the occupants had considerably lower rates of mortality than a matched sample in care homes.⁴² Over 40 per cent were also at an improved level of physical functioning after moving in, and had improved levels of social interaction. This supports the findings from three earlier evaluations cited by the Institute of Public Care (IPC). The first was a survey in 2004 of over 300 residents in sheltered housing, which found that over 50 per cent believed that their housing helped to promote good health, while 55 per cent considered their health to be good or very good. The average age of this group was 79; in the wider population only 41 per cent of 65–74-year-olds feel their health is good, falling to 32 per cent for those aged 75+.⁴³ The second was a study by Biggs et al, which suggested that on average the residents in a retirement scheme they reviewed improved by more than 35 per cent in mobility and 20 per cent in functions of daily living. They also found a 25 per cent reduction in the use of medication by

residents after admission.⁴⁴ Finally, research undertaken by the Extra Care Charitable Trust found that superficial physical assessment scores improved by an average of 50 per cent, mobility by 35 per cent, daily living functions by 20 per cent, and sensory ability by 10 per cent,⁴⁵ and (as the study by Biggs et al found) there was a 25 per cent reduction in the use of medication.⁴⁶

Of course, all of the evaluations cited above relate to retirement housing or extra care housing, which unsurprisingly have health benefits thanks to the presence of support services, and include communal spaces to improve social networks, physical and mental activity. However, it is clear that simply downsizing into general needs housing that is more efficient to heat and maintain, or perhaps has adaptable bathrooms, or is on one floor, will have a range of health and financial benefits associated with staying warm, avoiding fuel poverty and reducing the risk of falls.

Downsizing and moving into retirement property can both release equity and boost the financial wellbeing of older people. Analysis of a group of retirement property owners found that their property was around 10 per cent cheaper than the median values of their previous homes, giving significant average equity release. Over 40 per cent of the group studied were able to withdraw £25,000 or more in housing equity as a result.⁴⁷ For downsizing into general needs housing the gains could be larger – analysis of housing markets by the NPI suggests £100,000 of equity would be released on average, across most areas of the UK, by moving from a detached home to a semi-detached or apartment.⁴⁸ Policy Exchange considered London and the South East specifically and found potentially greater gains:

*An older couple moving from an average detached property in London to a semi-detached property in London would move from a £751,184 property to a £459,182 property, gaining nearly £300,000. In the South East, downsizing from a detached to semi-detached property would mean moving from a property worth £438,891 to a property worth £259,922, gaining around £180,000.*⁴⁹

The HAPPI2 report (2012) summed up the evidence on the benefits of retirement property thus:

Solutions to health and social care problems so often lie in provision of specially designed, high quality homes: these reduce risks of falls; provide safety and security; protect against the effects of cold homes and fuel poverty; enable earlier discharge from, and fewer re-admissions to, hospital; prevent the need (both temporary and permanent) for institutional residential care. And the companionship that comes with retirement housing can combat the depression and poor health that so often results from isolation and loneliness. These factors can save public (NHS and local authority) funds as well as conserving private resources.⁵⁰

The housing market

As explained in the introduction to this report, the housing market in the UK is under considerable pressure. Supply is not matching demand and the result is unaffordable house prices and extortionate rents. At the time of writing, the Halifax house price index reported that house prices are rising at their fastest rate since August 2010, and in the three months to July 2013 were 4.6 per cent higher than the same period in 2012.⁵¹

The Government has responded by making borrowing easier for those with smaller deposits, in the hope that more first time buyers will be able to get on to the housing ladder and this increase in demand will stimulate an increase in supply. But increasing supply need not only involve building more property for first time buyers or family homes. An efficient chain reaction can be created by increasing the supply of a range of retirement properties to enable those at the top of the housing ladder to move to somewhere more suitable. This, in turn, frees up a range of properties for families of different sizes, which in turn frees up smaller properties for first and second time buyers to move into. The entire housing chain benefits as a result. When thinking about ‘whole chain’ improvements in this way, it is obvious that focusing on first time buyers will not solve the challenges of the housing market on its own. As Shelter’s 2012 report explained:

The market is currently stagnant, but it operates on swaps, chains and cycles, with households trading up and so allowing others to enter at the bottom of the ladder. If more households were to downsize they would obviously need somewhere to move to. While there are potentially enough smaller homes in the market they are not necessarily the right kind, in the right tenures or the right areas. Building more homes that are suitable for older people could help to stimulate the market by increasing their propensity to downsize.⁵²

Shelter calculated that if those in the 20 per cent of older households which are currently under-occupied were to downsize, around 840,000 family-sized homes would be released, including 760,000 in the owner-occupied sector:

This approach would potentially be at a lower cost than building the equivalent number of new family homes and would create family housing more quickly – it has taken eleven years for 828,000 new homes with three or more bedrooms to be built. This is a big ‘if’, as we have seen that developers are not currently catering for the older market or building sufficient levels of new specialist housing⁵³

Analysis from the University of Reading found that two-thirds of residents currently living in retirement property had moved from homes with three or more bedrooms. The researchers calculated that for every 5,000 retirement units sold, property to the value of £1.1 billion would be released into local housing markets.⁵⁴ However, as JRF pointed out, 85 per cent of homes with three or more bedrooms are currently ‘released’ by older people as a result of death rather than a move to a smaller home.⁵⁵

For this report, Demos carried out new analysis of the latest wave of the English Longitudinal Study of Ageing (ELSA)⁵⁶ to get an up-to-date picture of how those at the top of the ladder might affect the housing market if they were to move.

Our analysis shows that 83 per cent of the over 60s living in England (so not Scotland, Wales or Northern Ireland) own their own homes, 64 per cent without a mortgage. Rates of home ownership peak in the 76–80 age bracket (at 91 per cent), before

sharply dropping (this may be the point at which people generally enter residential care). This equates to £1.28 trillion in housing wealth, of which £1.23 trillion is unmortgaged. This is far more than the amount of savings this group has (£769 billion).

Therefore the 33 per cent of the over 60s looking to downsize (57 per cent of the 58 per cent over 60s interested in moving) are sitting on £400 billion of housing wealth.⁵⁷ If just half of the 58 per cent of over 60s interested in moving generally, as reported in our survey, were able to move, this would release around £356 billion⁵⁸ worth of (mainly family-sized) property – with nearly half being three-bedroom and 20 per cent being four-bedroom homes.⁵⁹ Whereas if those 25 per cent of over 60s interested in buying a retirement property were able to do so, this would release £307 billion worth of housing.

Analysis from the NPI suggests that 200,000 older people (defined as over 55) move each year, while 271,000 die. This releases 189,000 owner-occupied properties back on to the market for other (non-older-person) families: 43,000 two-bedroom properties, 101,000 three-bedroom and 21,000 four or more bedroom properties each year, once any moves by older people into the properties have been taken into account (table 1).

Combining this NPI analysis with our own analysis of ELSA, we can conclude that if all those interested in buying retirement property were able to do so:

- 3.5 million older people would be able to move.
- This would free up 3.29 million properties, including nearly 2 million three-bedroom homes.

If just half of those interested in downsizing more generally were able to do so:

- 4 million older people would be able to move.
- This would free up 3.5 million homes.

However, change on this scale would be impossible because of the inadequate supply of housing that is suitable and

Table 1 **Estimated annual change in use of housing stock by older households due to mortality only, and mortality and moves combined, 2008/09–2009/10 (thousands)**

	Owner-occupied		Private rented		Social rented	
Number of Bedrooms	Mortality	Mortality & moves	Mortality	Mortality & moves	Mortality	Mortality & moves
0 or 1	-5	0	-3	1	-24	3
2	-61	-43	-4	-2	-21	-28
3	-101	-117	-9	-13	-17	-38
4 or more	-21	-28	-2	-3	-3	-3
Total	-189	-189	-17	-17	-65	-65

desirable for older people to move into. It is a startling fact that it would take 20 years to see this level of change at the current rate of movement in the current market. By that time, the population of over 85s in the UK will have increased by 101 per cent.

Wider benefits of building more homes suitable for older people

House building – in whatever form it takes – is seen by many as highly beneficial to the economy in the current climate. It would stimulate growth and create jobs in a variety of construction-related industries, reduce spending on housing benefit and bring down the cost of living.⁶⁰ Developers calculate that a 40-unit scheme puts around £5 million into the economy, with 50 people directly employed during construction and 17 jobs created in a typical extra care development.⁶¹

Enabling older people to downsize would have additional benefits – the equity they release through downsizing would increase consumer spending and reduce costs to services such as the NHS associated with pensioner poverty.

The building of retirement properties would combine the benefits associated with both of these, but may then (as the University of Reading argues) also have benefits for the environment, as properties are far more energy efficient than the homes older people move out of.⁶² McCarthy & Stone's submission to the Lords committee on demographic change also stated that retirement housing made efficient use of previously used land – brownfield sites.⁶³

There are also cost savings to be had – by promoting better health outcomes cost savings are made to acute care services in social care and the NHS, fewer hospital admissions, and so on. The HAPPI2 report summed up the range of savings very well, ranging from reduced risk of falls to combating mental health problems.⁶⁴ Specialist housing for older people delays and often prevents the need for residential care. Since for each year a person postpones moving into residential care the state would save on average £28,080,⁶⁵ the cost savings can be substantial. Both the University of Reading and IPC calculated net cost savings to the NHS of hundreds of millions of pounds in building more retirement housing.⁶⁶

7 The top of the ladder – recommendations for policy and practice

In the previous sections, we have gathered the available evidence and combined it with new analysis on the problem of the supply of older people's housing meeting demand; the barriers to further demand; and the potential benefits in overcoming these. In this section, we tackle the most important question – how can we improve both supply and demand?

As we explain above, this is a multifaceted problem. There is no 'magic bullet' here. Nonetheless there are a number of fairly obvious issues that, if tackled, would make a huge difference.

Unleashing supply

Guidance from above

Retirement housing currently makes up around 2 per cent of housing for the over 65s – making it a small, niche area and perhaps easy to overlook by the Government. It also presents no obvious problem: older people with their own homes who are unable to move are understandably less obvious a challenge to policy makers than younger people unable to get on the housing ladder in the first place. This is seen as a more obvious, direct and urgent issue, but the two are fundamentally linked. It is vital that the government connect the present housing crisis of unaffordable rents, spiralling housing benefit and young people living with their parents to the lack of options available to older people to downsize.

The government needs a 'whole chain' focus rather than simply looking to first time buyers, but it is clear from policies such as the spare room subsidy (or 'bedroom tax') – from which older social renters were exempt – that older renters and home

owners are simply seen as a static link in the chain, not to be moved while all other links take the strain.

Without fully appreciating the benefits of retirement housing to individuals, the housing market and the wider economy, encouraging policy statements are made without adequate follow-through. The Government's strategies and guidance on the need for more retirement housing remain unclear, and several bodies have made similar suggestions of ways to address this. The HAPPI² report recommended setting up a Cabinet Office task force to bring together the Department of Health (DH) and the Department for Communities and Local Government (DCLG) to work towards building the homes needed by an ageing population.⁶⁷ This echoes the call by McCarthy & Stone for the formation of a ministerial working group on specialist housing for older people to bring together the key decision makers in the DH and DCLG to develop policies to support this kind of housing.⁶⁸ In a briefing note for MPs in July 2012 entitled 'Increasing build rates of specialist housing for older people', the HBF added its voice to this and called for a housing, health and planning working group to be set up to build greater understanding of the link between better housing and improved health, and to see how planning should play a role in this.⁶⁹

All of these organisations recognise that some type of national cross-departmental coordination is required to push for a national strategy and a clearer position on this issue. The Lords committee report on demographic change, referred to in the introduction of this paper, presents an opportunity to do this.⁷⁰ The Government could review its position on older people's housing and take a coherent line on how to encourage both demand and supply as part of its response to the report. The Government's initial written response to the Lords report was muted, without any promise of new legislation to tackle the range of problems (including housing supply) identified. Nonetheless, the Government has yet to follow up the initial response with further policy statements – so the window of opportunity for action in this area has not yet closed.

Local direction

A clearer national strategy, underlining the importance of a greater housing offer for older people and the need to work in partnership with a range of providers, would no doubt trickle down to local level, where retirement housing schemes encounter most problems.

However, leadership at local level is also vital. Council chief executives need to consider the Lords committee report on demographic change very carefully and think what the implications might be for service provision and ensuring local markets are fit for purpose, across all departments. The priority need for having a local housing market which meets the needs of older people must be articulated not just across housing and adult services, but in all departments.

With this vision at the top, subsequent changes would then need to be made. For example, the local plans that each local authority must have in order to lay out the overall development plan for the local area must include a strategy for ensuring that local housing reflects demographic change. The National Planning Policy Framework stipulated that these plans needed to be up to date, and look ahead – preferably with a 15-year time frame – to the needs of the local population.⁷¹ It seems unlikely that any 15-year plan would be able to avoid the issue of an exploding over-65 and over-85 population and what that means for planning policy.

The HBF has also advocated clear guidance for local SHMAs, which (as explained above) have been described as patchy and inadequate. The HBF said local authorities should be encouraged to review the need for specialist housing for older people across all tenures in their assessments.⁷² It also suggested neighbourhood forums should be encouraged to consider the housing requirements of their ageing populations, while HAPPI2 recommended that local housing and social care departments should give strategic priority to assessing and investing in older people's housing. Jeremy Porteus told us that the

idea of local strategies is really important but it shouldn't be about the numbers, it should also be around the quality of outcomes, such as lifestyle and design outcomes, and have a greater recognition of the links between those.

Demos has also in the past argued that housing providers should be represented on health and wellbeing boards, given how important housing is to public health generally.⁷³ However, retirement housing's role as (in some cases) an alternative to residential provision and (in others) a way of preventing or delaying this makes this particular form of housing a key player in the local market of health and care services. The Care Bill currently being debated in parliament places considerable emphasis on the prevention of acute health and care needs and the promotion of wellbeing. Inclusion in joint strategic needs assessments and representation on health and wellbeing boards should be the very least retirement housing should expect at local level, and these in turn must engage with planners to address the disconnect that currently exists when applications for retirement housing are considered.

The planning system

Perhaps the key problem stifling supply and driving up costs at local level is problems with planning, which at least in part stem from lack of coordination at local and national level between housing and health teams, and a lack of strategic direction and guidance on the role of retirement housing. The effect on the ground – as explained earlier in this report – is a housing and planning policy which is not fit for purpose when dealing with retirement housing.

Several measures have already been suggested to help remedy this by a range of organisations. The University of Reading and several others producing research in this field have come to the conclusion that owner-occupied retirement housing should be treated as a form of affordable housing, and given 'enhanced planning status' alongside low-cost home ownership for younger households. Developments of retirement properties should be exempt from paying Section 106 charges towards affordable housing, and a proportion of the charges levied from other private developments ought to be put towards helping develop older people's housing. This would in turn reduce the

costs of these properties, making them more affordable, and stimulate demand.

The argument for such a move is strong. Planning policy is currently used to encourage the provision of affordable homes for groups particularly disadvantaged in the current housing market, as this has clear social value. But building homes for older people which can improve their health and wellbeing also has obvious social value. It can also be argued that older people are disadvantaged in the housing market – they may not be struggling to afford the rent, but many are struggling to maintain their current homes and cannot remedy this by moving home. Being unable to buy a home should be seen as a crisis not just for renters, but for home-owners too, stuck in the wrong property. When older people are risking their health and wellbeing as a result, this obviously vulnerable group is clearly in need of special planning measures. Current housing policy seems to focus almost entirely on issues of finance, with affordability being the only measure of social good. A more joined up way of thinking would enable the DCLG at national level and planners at local level to recognise the close relationship between housing and wellbeing and that social value is derived from more than just its price.

Other steps planners could take if they were to prioritise older people's housing as part of the overall housing market include developing quotas for local provision (part of recognising that this housing has value in its own right), putting aside land specifically for retirement housing developments, and operating with a presumption that planning permission will be granted (currently around half of the sector's applications are refused, and two-thirds are then won on appeal⁷⁴ – adding costs and delays). CIL tariffs for retirement homes could be set at more viable levels by exempting communal space in designated retirement properties (perhaps up to a capped amount, set in consultation with planners and reviewed as new innovative models are developed). The IPC also suggests that incentives should be provided to local authorities to release land for the development of older people's housing schemes.

Specific measures – changing S106 and CIL rules – could be trialled in pathfinder areas of the country to establish what the impact might be on speed and cost of development and resulting demand (eg developers involved could pledge to use the money they save to reach out to the local community, improve awareness, ensure they understand local preferences and needs, and encourage take-up).

Working in partnership at national and local level

It is worth remembering that retirement housing need not be built by local authorities or housing associations. Indeed we have focused primarily in this report on the barriers of retirement housing being built by private developers, suggesting it is a nascent market currently being stifled by lack of understanding by national and local government and the public. The reasons for this focus are twofold. First, we know that many older people want to remain home owners, and yet there is a lack of retirement properties to buy, with more than three-quarters of the current properties for rent. Building more council-owned or social housing tenancies is less urgent than encouraging private providers to improve the supply of homes to buy.

Second, in the current economic climate councils are not in a position to embark on or subsidise large-scale home-building schemes. The strategic housing policy officer for West Dorset Council told us that while the council had previously relied on government grants for affordable housing, these were drying up. The council could therefore no longer afford to ‘build their way out’ of the problem, and those in the housing department are having to think more cleverly about their existing housing stock. They have tended to focus on funding services that help people to remain in their homes and live independently, such as floating support, home improvement agencies, loan schemes, and energy efficiency and retrofitting.

With these two factors in mind, it is clear that solutions to the issue of older people’s housing must be sought in partnership with the private sector at national and local level. The focus of these partnerships are more likely to be about market facilitation

– making properties easier to build and therefore more affordable to buy – than about engaging in costly direct provision. While the IPC suggested that there should be ‘support to developers in sharing financial risk through the development of interest-free loan schemes to be repaid as properties are sold’, many of the ways the market can be encouraged are relatively low cost or cost neutral – related as they are to changing planning rules, refocusing strategies and (as outlined in the next section) ensuring there is adequate information and support given to older people to help them move.

At national level, the HAPPI2 report said the DCLG should encourage and incentivise the private sector and registered social landlords to meet the rising demand of people seeking to move to ‘elegant, functional, sustainable and manageable homes’ for later life.⁷⁵ While the University of Reading observed,

*Though social providers are clearly important and costs of social care are high and of concern to both central and local government, particularly at a time when expenditure is being squeezed, the opportunities offered by the private sector are under-played.*⁷⁶

While developers would prefer regulatory reform (like the reforms outlined above) to state funding, the Care and Support Specialised Housing Fund announced by the DH in July 2012 is a step in the right direction. Although much of the focus of this fund is on affordable properties for older and disabled people, £160 million has been put aside to look at how ‘to stimulate development in the wider private market’.⁷⁷ Jeremy Porteus told us that this scheme marked a promising new era where the Homes and Communities Agency is no longer just a grant giver, but also a place shaper by working in partnership with private providers. We would urge the Government to use the findings of this work to feed into a more robust response to the Lords committee on demographic change (mentioned above) aimed at age proofing our housing market in partnership with private developers and landlords, social housing organisations and local authorities.

At local level, the concept of market facilitation is not new. Local authorities have increasingly been shaping the care and support market for many years as these services have moved from direct in-house provision to being offered by a range of third sector and private providers. Local authorities now have to issue ‘market position statements’ as part of the national programme Developing Care Markets for Quality and Choice (DCMQC),⁷⁸ which sets out the outcomes they hope to achieve in care and support, a demand analysis, how they think this should be met, and so on.⁷⁹ The key assumption behind these statements is that local authorities are providing very few (if any) services themselves, but rather working to ensure other providers know the types of services in demand in the local area and the types of services the local authority is likely to commission. There is an opportunity for these statements to also cover housing needs – to give a clear steer to providers of the local demographics and care and support profile of the area, and to give the local authority a chance to consider the housing-related health outcomes the local authority is focused on (and indeed, what steps they might take to facilitate or encourage this in partnership with private and social housing developers and providers).

Encouraging demand

Back to supply

There is already healthy interest among older people in retirement housing, and many more express the wish to downsize in order to have a more manageable home. Nonetheless, what the sector can offer is generally poorly understood and there remain several reasons why any older person wanting to move would find it difficult to do so. Retirement housing certainly will not be for everyone but how can we ensure older people know of the benefits it can offer, and can be supported to move if they decide it is right for them?

Perhaps most obviously, the housing offer needs to be of the right quality, in the right location, have the right number of

bedrooms and look like the type of home an older person would want to live in. It also has to be available to buy – at a reasonable price – for those who want to maintain a sense of asset ownership and security. As Gillian Conner commented: ‘You’ve got to get the housing right first, making it aspirational, somewhere people want to live.’

If supply is too scarce, in the wrong place, of the wrong type or too expensive, then we should not be surprised when no one wants to move in. Many older people have spent years making their own family homes comfortable and attractive places to live, so the pull factor has to be strong in order to tempt them to move.

This then comes back to the supply-side solutions outlined above – tackling planning problems may well lead to a larger number of and more affordable schemes. It may also encourage more developers to enter the market, bringing new models and ideas to meet different preferences. This would create greater variety for older people to choose from, and again potentially reduce costs.

We must remember that while 83 per cent of older people are home owners who would therefore be able to release equity, not everyone can afford retirement property or indeed afford to downsize. Karen Croucher from York University explained this latter problem using a local example. She explained that in Barnsley, a three-bedroomed ex-council house was worth £70,000. But a one- or two-bedroomed bungalow in the same town was worth £120,000. For older people in this housing market, downsizing could actually be more expensive. She felt that there should be more tenure choices, such as shared ownership and shared equity (as under HomeBuy), to help make retirement property more affordable, particularly for people who are selling in low house price areas. She felt the social rented sector had a role to play as many were now developing homes to buy, not just rent. She commented, ‘The boundaries between social rented sector, private sector landlords and private sector developers are becoming quite blurred.’

Support and advice

Offering a good range of housing options will only do so much to encourage older people interested in moving. We also have to consider what is holding them back. Our polling, and the findings of the polling carried out for Shelter in 2012, suggests this is a combination of practical and emotional issues. While the latter may be harder to help with, the former is certainly easily remedied.

First and foremost there needs to be a far better local offer of practical help for older people looking to move. The physical strain of moving – packing up years of belongings from a large home, storing, giving away or disposing of items and moving into a smaller property – is a mammoth effort for all of us, so for someone in their 80s (as our polling suggests) this may seem an insurmountable problem. The experts we spoke to suggested that age-friendly removal services should be encouraged to develop (perhaps as part of local authorities' market position statements) in the same way as age-friendly handymen and gardeners are. Local 'housing options services' already exist, which can provide advice to people who are weighing up the pros and cons of moving and provide practical help, such as being there when the removal van comes, and helping to disconnect and reconnect utilities in a new property. These services were encouraged through Care & Repair England's initiative 'Should I Stay or Should I Go?', though this ceased several years ago. While many of these housing options schemes still exist, awareness of them is fairly low and many of those we reviewed for this project were focusing on more traditional local authority challenges – social housing waiting lists, affordable housing and homelessness. However, in Dorset a large population of older people has prompted a more comprehensive offer from the Dorset Housing Options Service.

Box 2 **Dorset Housing Options Service⁸⁰**

We recognise that 'staying put' in their own home is no longer the best option for a proportion of older people. However, the idea of having to even consider the options that might be

available can be very daunting and often that alone puts people off at the start.

The Dorset Housing Options Service has been developed by the Dorset Home Service to provide older people with the information, specialist advice and practical support that they need to enable them to make informed choices about whether to move property or to stay put at home.

On occasions, a single visit may be all that is required to look at options. In other cases people may want more support to:

- appraise the housing options available*
- advise on repairs and grant assistance*
- arrange property viewings*
- help with packing belongings*
- help with the sale of unwanted furniture*
- help with the safe disposal of household records*
- make contact with removal companies*

This sort of comprehensive service ought to be the standard fare in all local authorities. In the Care Bill currently being debated in parliament there is a duty on local authorities to provide information and advice services on people's care and support options and how to fund them. As retirement housing (and indeed downsizing to more suitable property) is an important means of promoting wellbeing and preventing or delaying care needs, and releasing equity can pay for care, we suggest that advice on downsizing and housing options is included as part of this duty and that housing options services are reinvigorated and brought within the remit of the duty presented in the Care Bill.

Financial incentives and penalties

In addition to support of this kind, others have also suggested financial incentives. The Intergenerational Foundation among many others has suggested that stamp duty should be scrapped

for downsizers, while the IPC and others have suggested there should be a reduction of stamp duty and/or a council tax abatement for those downsizing or for buyers of specialist retirement properties.⁸¹ The IPC suggested these as well as providing financial support for legal and conveyance fees (older property owners of smaller homes reported in our survey that they were put off by the cost of moving), as well as extending the Help to Buy scheme for older buyers (who are downsizing or moving to retirement property).⁸² The costs of such measures are likely to be recouped (in part at least) by a housing chain reaction, generating stamp duty as families are able to move into the properties vacated by older people (which is more than could be said for financial assistance given to first time buyers, whose ability to get on the bottom of the ladder has no effect on potential buyers above them on the housing ladder).

It is also worth noting that many local authorities offer financial incentives to working age council tenants to downsize and free up properties.⁸³ The reasoning behind this is that a voluntary move to a smaller property enables the family to avoid facing the bedroom tax and the costs that could follow as a result of arrears and eviction. A similar cost-saving calculation could be made regarding the health and care savings made if older people were financially encouraged (in the ways outlined above) to sell their homes and move into more appropriate housing.

Financial penalties have also been considered by some, alongside incentives. Currently there are no penalties for older under-occupiers in the social rented sector (as they are exempted from the bedroom tax), although extending this charge to older people has been mooted. So too has the idea of withdrawing some universal older people's benefits from owner occupiers living in houses worth over £500,000. The Intergenerational Foundation also proposed the abolition of council tax concessions for single occupation, to 'eliminate a perverse incentive which currently encourages single occupants to remain in large houses'.⁸⁴

Such suggestions should be treated with extreme caution, if not dismissed out of hand. The spare room subsidy (or bedroom tax) has proven extremely controversial, leaving many families in

a dire financial situation. It is likely that such policies will more effectively exacerbate pensioner poverty than induce people to downsize. For those who do downsize, a forced move is unlikely to reap the benefits associated with voluntary and planned moves, such as improved wellbeing and sense of security. In short, penalty systems may deliver some benefits to the housing chain, but the negative impact on older people's health and wellbeing would far outweigh these.

8 Concluding thoughts

This report has drawn together existing evidence and supplemented it with new analysis to create a clear picture of the next big housing crisis we face – the fact that our housing supply is not fit for purpose in an ageing society where the population of over 85s will increase by 100 per cent in the next 20 years.

On review, it is clear that the evidence on the problem, how to overcome it and the benefits of doing so is thorough and robust: we know exactly what the problem is, how to fix it, and who stands to gain if we do.

We also know – crucially – that this does not involve massive investment in housing building by the government. Unlike costs related to health or social care, the costs associated with overcoming the challenges of housing an ageing society are relatively small, because the money to stimulate supply of new housing, built by the private sector, is there already – locked up in over a trillion pounds' worth of assets held by older people across the country. Hundreds of millions of pounds could be released to stimulate the housing market if (low-cost) steps were taken to unlock the supply to meet the demand already there – let alone if demand were further stimulated.

The lack of appropriate housing supply cannot be remedied by the government building housing itself – this is economically unfeasible. We also know that many older people want to remain home owners, and yet more than three-quarters of the current retirement properties on offer are for rent. Building more council-owned or social housing tenancies is less urgent than encouraging private providers to improve the supply of homes to buy.

While there must always be a place for social housing and affordable tenancy for older people, the vast majority of older

people can be helped into more appropriate housing without any direct delivery costs incurred by government or local authorities.

The retirement housing market is a nascent market currently being stifled by lack of understanding from national and local government, and the public. It would take a small number of relatively low-cost steps to unlock it. So the fact that the Government has yet to grasp this nettle remains one of the great mysteries of UK policy making, given how substantial the benefits could be. One can only assume that the more obvious, seemingly more urgent and visible plight of renters unable to afford their first home is clouding the issue. The Government needs to have a 'whole chain' view of the housing market – recognising that helping the private sector serve older people at the top of the ladder will have a trickle-down effect of unlocking supply, benefiting those at every other step of the ladder.

Summary of policy recommendations

Unleashing supply

Guidance from above

The Government needs a 'whole chain' focus rather than simply considering first time buyers. To achieve this, some vehicle for cross-departmental coordination is required. This may take the form of a Cabinet Office task force to bring together the DH and the DCLG, or a ministerial working group on specialist housing for older people across housing, health and planning to build greater understanding of the link between better housing and improved health, and to see how planning should play a role in this. The need to respond to the Lords committee for demographic change is a good opportunity for the Government to take such steps.

Local direction

Leadership at local level is also vital. Council chief executives need to consider the Lords committee report on demographic change very carefully and think what the implications might be for service provision and ensuring that local markets are fit for purpose across all departments. The priority need for having a

local housing market that meets the needs of older people must be asserted, not just across housing and adult services, but in all departments.

In particular, local plans, in which each local authority lays out the overall development plan for the local area, must include a strategy for ensuring local housing reflects demographic change. SHMAs also need to be improved to include a strategy for developing retirement housing.

Given the vital role housing plays in public health, and the way retirement housing can delay or prevent the need for residential care, there should be representatives from local retirement housing schemes on health and wellbeing boards and should feed into joint strategic needs assessments. These in turn must engage with planners to address the disconnect that currently exists when applications for retirement housing are considered.

The planning system

Developments of retirement properties should be exempt from paying Section 106 charges, which are put towards affordable housing, and a proportion of the charges levied from other private developments ought to be put towards helping develop older people's housing. This is based on a strong argument regarding its clear social value.

CIL tariffs for retirement homes should be set at more viable levels by exempting communal space in designated retirement properties (perhaps up to a capped amount, set in consultation with planners and reviewed as new innovative models are developed).

Other ideas to improve the planning regime for retirement property ought to be considered, including developing quotas for local provision (part of recognising that this housing has value in its own right), putting aside land specifically for retirement housing developments; and operating with a presumption that planning permission will be granted (currently around half of the sector's applications are refused, and two-thirds are then won on appeal⁸⁵ – adding costs and delays to housing supply).

Encouraging demand

Back to supply

There are many ways we might encourage supply, but perhaps most obviously, the housing offer needs to be of the right quality, in the right location, have the right number of bedrooms and look like the type of home an older person would want to live in. It also has to be available to buy – at a reasonable price – for those who want to maintain a sense of asset ownership and security. This then comes back to the supply-side solutions outlined above – tackling planning problems may well lead to a larger number of and more affordable schemes. It may also encourage more developers to enter the market, bringing new models and ideas to meet different preferences. This would create greater variety for older people to choose from, and potentially reduce costs, encouraging more people to purchase property.

Support and advice

Offering a good range of housing options will only do so much to encourage older people to move. We also have to consider what is holding them back. First and foremost, there needs to be a far better local offer of practical help for older people looking to move. The physical strain of moving – packing up years of belongings from a large home, storing, giving away or disposing of items and moving into a smaller property – is a mammoth effort for all of us, so for someone in their 80s (as our polling suggests) this may seem an insurmountable problem.

In the Care Bill, currently being debated in Parliament, there is a duty on local authorities to provide information and advice services regarding people's care and support options and how to fund these. As retirement housing (and indeed downsizing to more suitable property) is an important means of promoting wellbeing and preventing or delaying care needs, and releasing equity can pay for care, we suggest that advice on downsizing and housing options is included as part of this duty and that the housing options services are reinvigorated and brought within the remit of the duty presented in the Care Bill.

Financial incentives

In addition to support of this kind, others have also suggested financial incentives. The Government should consider a reduction or exemption of stamp duty and council tax for downsizers or for buyers of specialist retirement properties.⁸⁶ Financial support for legal and conveyance fees as well as extending the Help to Buy scheme for older buyers (who are downsizing or moving to retirement property) are also viable proposals.⁸⁷ The costs of such measures are likely to be recouped (in part at least) by a housing chain reaction, generating stamp duty as families are able to move into the properties vacated by older people.

Appendix 1

We interviewed the following experts during the course of this research:

Chris Branch, Strategic Housing Policy Officer, West Dorset Council

Andrew Burgess, Managing Director of Planning Issues, Churchill Retirement Living

Gillian Connor, Head of External Affairs, Hanover

Karen Croucher, Research Fellow, Centre for Housing Policy, University of York

Gary Day, Land & Planning Director, McCarthy & Stone

Bill Gair, Chief Executive, Urban Renaissance Villages

Joe Oldman, Policy Adviser (Housing), Age UK

Jeremy Porteus, Director, Housing LIN

John Slaughter, Director of External Affairs, HBF

Amy Swan, Policy Officer, NHF

Appendix 2

Questions put to 1,510 over 60s on 17–18 July 2013

- 1 What type of property are you currently living in?
 - a Semi-detached house
 - b Detached house
 - c Bungalow
 - d Terraced house
 - e Flat or apartment
 - f End-of-terrace house
 - g Static caravan
 - h Other

- 2 Do you own or rent your property?
 - a Own outright (mortgage paid off)
 - b Own (with a mortgage)
 - c Rent from a council or housing association
 - d Rent from a private landlord
 - e Other

- 3 How many bedrooms does your property have?
 - a 1
 - b 2
 - c 3
 - d 4
 - e 5 or more

- 4 FOR OWNERS – Approximately what value band does your property fall into?
- a Less than £150,000
 - b £150,001 – £200,000
 - c £200,001 – £300,000
 - d £300,001 – £400,000
 - e £400,001 – £500,000
 - f £500,001 – £750,000
 - g £750,001 – £1 million
 - h Over £1 million
- 5 How many people are living in your house in total (including you)?
- a 1
 - b 2
 - c 3
 - d 4
 - e 5 or more
- 6 If you were able to, and suitable properties were available, would you consider moving from your current property in the future?
- a Yes – definitely
 - b Yes – maybe
 - c No – unlikely
 - d No – definitely not
 - e Don't know
- 7 If YES – What would be your main reasons for wanting to move? Please tick all that apply.
- a I need a property that suits my needs better (eg no stairs, smaller garden that is easier to maintain)
 - b I want to live somewhere different
 - c The house is too big for me
 - d Ongoing maintenance is becoming an increasing problem
 - e I am too far from family and friends here
 - f I need to reduce my fuel bills
 - g I need to free up cash for other expenses

- h I need more support and care
- i I can no longer afford my current property
- j Other (please state) [open]

- 8 IF YES – What number of bedrooms would you ideally be looking for?
- a 1
 - b 2
 - c 3
 - d 4
 - e 5 or more
- 9 IF YES – How likely would you be to consider the following options when planning a future move?
- a Buying a purpose-built retirement property
 - i Very likely
 - ii Quite likely
 - iii Neither likely nor unlikely
 - iv Not very likely
 - v Not at all likely
 - vi Don't know
- 10 Renting a purpose-built retirement property on an assured tenancy (which gives you the right to live in the property for as long as you wish)
- a Very likely
 - b Quite likely
 - c Neither likely nor unlikely
 - d Not very likely
 - e Not at all likely
 - f Don't know
- 11 IF NO – What are your main reasons for not wanting to move?
- a My current house already suits my needs
 - b I am close to family and friends here
 - c It would be too stressful
 - d My house/the local area has a sentimental value to me

- e I have only recently moved to my current home
 - f There are no suitable options available to me
 - g I do not want to move until my children/grandchildren are independent
 - h Other (please state) [open]
- 12 How possible do you feel it would be for you to move if you wanted to?
- a Very easy
 - b Quite easy
 - c Quite difficult
 - d Very difficult
 - e Not possible
 - f Don't know
- 13 IF DIFFICULT/NOT POSSIBLE – What are the main reasons why it would be difficult for you to move? Please tick all that apply.
- a The process of packing up all of my belongings would be too stressful
 - b It would be too expensive to move
 - c I would find it physically difficult to move (due to illness or age)
 - d There are no suitable properties available to me
 - e My house/the local area has a sentimental value to me
 - f I would find it too difficult to leave behind memories
 - g I have no family or friends who could help me
 - h I would not know how to go about looking for a new house
 - i Other (please state) [open]

Notes

- 1 All those interested in moving is 58 per cent of over 60s – 58 per cent of the £1.23tn unmortgaged equity they own is £701 billion. Of this group, 57 per cent would want to downsize – or 33 per cent of over 60s. They own £400 billion in housing equity.
- 2 All those interested in moving is 58 per cent of over 60s – 58 per cent of the £1.23tn unmortgaged equity they own is £701 billion. Half of this is £356 billion.
- 3 The proportion of people owning homes of different bedroom size was taken from the responses to our survey – see Appendix 2.
- 4 This is calculated as 25 per cent of £1.23tn owned by over 60s. 25 per cent of over 60s in our survey reported to be interested in buying retirement property.
- 5 25 per cent of 14 million people – the number of over 60s in the UK.
- 6 Using proportions identified through NPI analysis.
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The chronic undersupply of appropriate housing for older people is the UK's next housing crisis. While all eyes are on those struggling to get on the bottom of the property ladder, those at the top are often trapped in homes that are too big and unmanageable. This is due to a lack of suitable homes to downsize into and in turn has a negative effect not just on older people's health and wellbeing, but on the rest of the housing chain.

The Top of the Ladder uses original quantitative research to investigate older people's housing preferences, and the likely impact of giving them greater choice. It estimates that if all those interested in buying retirement property were able to do so, 3.5 million older people would be able to move, freeing up 3.29 million properties. Apart from these gains, retirement housing has a very beneficial effect on older people's health, wellbeing and social networks, and could save health and care services considerable resources.

The report suggests that this would be a triple-win for government, improving older people's lives while stimulating the property and home-building market, at little cost to the public purse. It recommends changes to the planning code to encourage the development of retirement housing, while also providing practical help and giving financial incentives to encourage downsizing. It concludes by arguing that the Government should adopt a 'whole chain' view of the housing market, as helping those at the top of the ladder will unlock supply and benefit those on every other step.

Claudia Wood is Deputy Director of Demos.

Appendix C: *'Creating Housing Choices for an Ageing Population' by Shelter*

Policy: report

A better fit?

Creating housing choices for an ageing population



Shelter

Foreword



The ageing society is one of the most well-documented and universally accepted facts of our time, so it is surprising that the housing system – both public and private – has been so slow to adapt to the changing needs of this important group. After all, the cohort of baby boomers now entering older age are both numerous and politically influential. Many of them have accumulated wealth, much of it in the form of housing equity. There is clearly a market opportunity to offer more and better housing options tailored to the needs and aspirations of older people.

At the same time, the over 55s group includes some of our most vulnerable and excluded households. Poor health, social isolation and fuel poverty are all more common among older people. There have been many attempts to respond to these problems with public policies and new initiatives – but few have sought to tackle the fundamental housing questions at the heart of many of these issues. As the work of Lord Best and the HAPPI project have highlighted, older people are a very diverse group and no one housing solution will work for everyone. However, there is clearly more that could be done to ensure everyone can live in a comfortable home suited to their needs as they get older.

In this context, Shelter wanted to explore the opportunities for better housing options designed to meet the needs of an ageing society. Older people's housing does not exist in a vacuum: it is a terrible irony of our housing crisis that single older people struggling to maintain or heat homes that are too big for them coexist with appalling overcrowding. Every under occupier enabled and supported to downsize into a better home for them frees up a larger home that could house a family in need of space – whether in the market or the social sector.

In this report, we demonstrate that there is both a need and a real opportunity to improve the lives of millions in our society – old and young alike – by giving greater focus and drive to our efforts to build quality homes for our older people.

A handwritten signature in black ink that reads "Campbell Robb". The signature is written in a cursive, flowing style.

Campbell Robb
Chief Executive, Shelter

A better fit?

Creating housing choices for an ageing population

April 2012

Written by Nicola Hughes

Cover photograph Kate Stanworth

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Shelter's work is independent and the views expressed in this publication are those of Shelter.

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Summary: A better fit?

England's population is ageing, and fast. By 2030 one in three people are projected to be aged 55 and over. Older people will be a diverse group, ranging from economically powerful 'baby boomers' to over-85s with high care and support needs. How will the housing market respond to this demographic change? Do we have the right kinds of accommodation for older people, in the right places?

Older people and housing today

There are approximately 14.7 million older people and 7.3 million 'older households' in England today. These are households where everyone is aged 55 or over. Most are couples or single people living alone; in particular there are many single women aged 75 or over.

Most older people are owner-occupiers and have already paid off their mortgages. Older people, in particular older owner-occupiers, tend to live in larger homes than other households. Sixty-eight per cent of older homeowners live in a home that has at least two spare bedrooms, technically known as 'under-occupation'. This measure is controversial, not least because most older people think that their home is about the right size for them. However, there is also a growing problem of intergenerational housing inequality with younger households unable to buy their first home without over-leveraging on debt.

Older people's attitudes to housing

Many older people want to stay in their current home for as long as possible and have strong emotional ties to their home, possessions, or neighbourhood. Moving house can be a very daunting and stressful experience for some older people, and they are often unaware of their housing options, or simply perceive that there are no suitable homes available for them.

While some older people plan a move, or move for lifestyle reasons, many only move later in life or at a time of crisis, for example when care needs or health problems become unmanageable. Tailored support and practical help can assist older people with their housing needs.

Although a minority, a significant number of older people we surveyed felt that their home was difficult to manage, or would become difficult in the next ten

years. The need for social interaction, and for a safe, warm and accessible home often becomes more important with age. Older people want housing that is attractive, in a safe, well-connected neighbourhood. They typically value homes that are well insulated, have some outdoor space, and have a spare bedroom. Over a third of older people are interested in the idea of retirement housing either now or in the future, suggesting a latent demand for this market.

The current market for older people's housing

Specialist housing – that is available only to older people – makes up a small proportion of the market and the majority of older people live in general, mainstream housing. There are approximately 533,000 specialist homes in England, mainly in the social-rented sector with some support facilities to give residents practical day-to-day help.

There is very little specialist housing available to buy or rent privately, and very little mid-range specialist housing for older people who are not wealthy but do not rent socially. In the mainstream housing sector there is an under supply of bungalows relative to demand, and not all homes are easily accessible to those with limited mobility.

Few developers are active in building for the older people's market and they are constrained by complex planning regulations, financial viability and a lack of strategic vision at local authority level. We need a much greater supply of specialist housing for older people. If demand for specialist housing remained constant, the supply would need to grow by 70 per cent just to accommodate the growth in the number of older households over the next twenty years, some of which may be met through turnover in the existing stock but some of which must come from new builds.

The benefits of expanding options for older people

Evaluations of retirement housing schemes have largely shown positive outcomes for older people. Residents' health, safety and well-being tends to improve and there are increased opportunities for social interaction. Moving to smaller, more energy efficient accommodation can help older people to stay warm and save money on energy bills. Economic benefits can include employment opportunities for the local community and cost savings to the NHS through improved health and the reduced likelihood of accidents and falls. However, service charges and reductions in on-site care facilities are contentious issues for some older people living in specialist accommodation.

When older people downsize to smaller accommodation, there is a market chain effect and larger properties become available to other households. This is a complex picture however, as new buyers may themselves 'under-occupy'.

How to increase housing options for older people

England has a rapidly growing population of older people, but few strategies exist to ensure that they will all be able to live somewhere decent and affordable that meets their changing needs. There is also very little recognition among policy makers of the wider socio-economic benefits of such provision. For older people themselves, the fear of the unknown and the lack of suitable and attractive options present further barriers to more widespread downsizing.

Recommendations

- We need a significant increase in the supply and range of suitable housing for older people, including private-rented and owner-occupied specialist housing.
- Developers should build attractive and well-designed homes for older people and specialist providers must be upfront about their services and charges.

- The planning system must support the development of housing for older people. The introduction of the National Planning Policy Framework provides an opportunity to give housing for older people a higher priority and to clarify the guidance on how housing for older people should be classified.
- Older people need to be better informed about their housing options at an early stage and to plan ahead accordingly. Many need practical help and support with their housing and with planning their later life.
- Local government can do more to facilitate schemes that help older people move to accommodation that's more suited to their needs.
- Local planning authorities must factor older people's housing into local plans, strategies and housing market assessments, while integrating these with health and social care strategies.

Methodology

This report was informed by:

- A market assessment of housing options for older people carried out by the New Policy Institute (NPI) on behalf of Shelter and the Joseph Rowntree Foundation. The full analysis can be downloaded from NPI's website at www.npi.org.uk
- A survey of respondents aged 55 and over carried out by YouGov Plc on behalf of Shelter in February 2012. This survey has been weighted and is representative of GB adults aged 55 and over.
- Secondary analysis of existing literature and data sources, as well as informal consultation with sector stakeholders.

Introduction

The demographic shape of England is changing profoundly and this shift will have major impacts on the way that we live. As life expectancy in England has improved over the last 25 years, there has been an increase of some 2.3 million people aged 55 and over to 14.7 million people. The over 55s now account for 28 per cent of the total population (up from 26 per cent in 1985)¹, and these trends are set to continue – by 2030 one in three people are projected to be aged 55 and over.

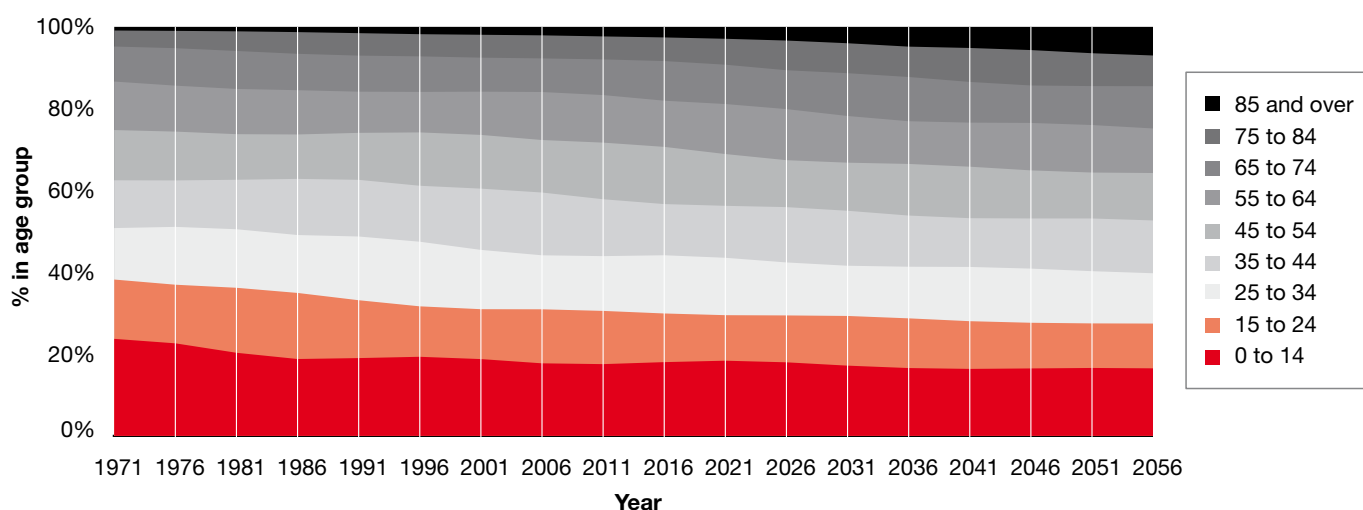
Older people are clearly not a homogenous group and the needs of over 85s (one of the fastest growing age groups) will be different from the needs of those in their 50s or 60s.

Furthermore, the future older population will not be the same as today. For example, older people will be more ethnically diverse. Continued advances in medicine and the understanding of health mean that the physical health of older people will generally be better and their life expectancy longer. Their working life patterns will be different in a flexible labour market, where retirement ages shift and freelance or portfolio working becomes more common. Their attitudes and behaviours will be different too, and we cannot predict exactly how society will adapt to

demographic change. The ‘baby-boomer’ generation for example, is often typified as economically powerful; they are demanding consumers with different social and political attitudes compared to previous generations.² What will this mean for the way older people interact with society and markets as they age? Will they demand more from housing than previous generations?

The demographic shift is nuanced, but clearly poses some significant policy challenges, in particular how tomorrow’s older people will be able to fund their care needs.³ It must also make us reconsider the availability and suitability of housing for older people. Shelter believes that providing the right kinds of accommodation for older people, in the

Figure 1: Age Profile, England – Trend Data and Projections



Sources: 2010 Mid Year Population Estimates, England, Office for National Statistics (ONS); 2010 Principal Population Projections, England, ONS.⁴

¹ Office for National Statistics, *2010 Mid Year Population Estimates*, England.

² Huber, K & Skidmore, P, *The New Old; Why baby boomers won't be pensioned off*, Demos 2003.

³ A question considered by the Dilnott Commission; see Commission on Funding of Care and Support, 2011.

⁴ Accessed online at tinyurl.com/7y8436v (February 2012).

right places, would lead to positive well-being and health outcomes for them, and would help to create movement in the housing market by freeing up family-sized homes for those who are stuck in unsuitable or overcrowded accommodation. It is in the context of this demographic shift and at a time when there is huge pressure on the housing market that Shelter is examining housing options for older people in more detail. This report aims to:

- Set out the evidence about older people's housing at present: where older people are living, their aspirations and their attitudes about housing, particularly their attitudes to downsizing.
- Explore the social and economic benefits associated with providing more housing for older people.
- Make the case for increasing the supply of housing for older people and recommend policy changes that can support this.

It is clear from research that many older people do not want or intend to move home. Those that wish to stay in their homes should of course be supported to do so, and we welcome efforts to provide repair and refurbishment services, advice and support to these households.

In this report however, we will be focusing specifically on potential home-movers, how to promote greater supply of housing for older people and how to facilitate home moves for those who choose to move. As there is a large body of existing work that focuses on the provision of accommodation for older people

in the social sector, and given that the majority of older people are currently owner-occupiers, we will be focusing mainly on homeowners and the private housing market.

Methodology

This report is informed by:

- A market assessment of housing options for older people carried out by the New Policy Institute (NPI) on behalf of Shelter and the Joseph Rowntree Foundation, December 2011 – February 2012. This analysis is referred to throughout and is hereafter cited as New Policy Institute (NPI), *Market Assessment of Housing Options for Older People*, 2012.⁵ The methodology included statistical analysis, desk research and stakeholder interviews.
- An online survey of respondents aged 55 and over carried out by YouGov Plc on behalf of Shelter in February 2012.⁶ This survey has been weighted and is representative of GB adults aged 55 and over. In order to preserve the sample size, figures have not been filtered down to England only.
- Secondary analysis of existing literature and data sources, as well as informal consultation with sector stakeholders.

There is a wide and complex spectrum of types of housing designed for older people, each with different characteristics and levels of support or care provision that are set out in more detail in Chapter 2. We will be talking about a broad range of specialist housing that is suitable for older people.⁷

Throughout this report we will use the following definitions:

- **Older households** refers to households where all members of the household are aged 55 or above. This is a wide definition and households are split into different age cohorts (for example, over 65s, over 85s) where necessary. Due to the differing data used in different surveys, these cohort groups are not consistent throughout all sources. Where the age of a household is mentioned, this refers to the 'household reference person' (HRP).⁸
- **Older people** is also used for ease of reference to refer to the broader population of over 55s.
- **Specialist housing** is used to describe housing that is only available to older people; much of this also contains on-site facilities such as communal hubs. It can be public or private and includes retirement housing.
- **Mainstream housing** is used to describe housing, generally on the open market, that is not restricted to older people but may be accessed by them.

⁵ The full analysis can be downloaded from NPI's website at www.npi.org.uk

⁶ Total sample size was 897 adults. Fieldwork was undertaken between 3–6 February 2012. The figures have been weighted and are representative of all GB adults (aged 55+).

⁷ This excludes residential care homes, which are classed as accommodation rather than housing.

⁸ Household Reference Person (HRP) is a term used for data collection in the *Survey of English Housing*. It is defined as the householder with the highest income. If two or more householders have the same income, the oldest householder is selected.

Chapter 1: Older people and housing today

Who are England's older people and where do they live now? In this chapter we outline the facts about the ageing population and consider the arguments about the nature and level of under-occupation.

Housing and older people

There are approximately 14.7 million older people, and 7.3 million 'older households' in England today. This is equivalent to more than a third of all households.⁹ As Figure 2 opposite shows, the region with the highest proportion of older people is the South West (40 per cent) while London has the lowest proportion of older people (22 per cent).

They are largely two-person households, often 'empty nesters' whose children have grown up and left home. Living alone is also very common among older people and particularly so among over-75s, who are more likely to be widowed. Over half of households comprised of over-85s are single women.¹⁰

Tenure

The vast majority of older people are homeowners and most do not have any outstanding mortgage debts, particularly in the older age groups. Figure 3 opposite shows a more detailed picture of current tenure trends among the different age groups.

What type of housing do older people live in?

Older people tend to live in houses and only a small number live in flats:

- 65 per cent live in houses (detached, semi-detached or terraced)

- 20 per cent live in bungalows
- 16 per cent live in flats.¹¹

It is notable that a much higher proportion of older people than the wider population live in bungalows; 20 per cent of older households live in a bungalow compared to four per cent of other households.¹² Bungalows are easier to manage for older people who have mobility issues. Disability and illness become more common with age. More than half of older person households aged 85 and over have someone in the home with a serious illness or disability¹³, which means they are more likely to need step-free, accessible homes with features such as wide doors and hand rails.

Although older people own a lot of housing equity, are most likely to be satisfied with their future financial security¹⁴ and are much less likely than other age groups to be living in poverty, not all older people are wealthy. Many rely on state benefits as their main source of income and savings rates are fairly low. Household wealth may have a major impact on older people's attitudes to housing and their behaviour within the housing market; people will only tend to move home if it makes financial sense for them to do so.¹⁵

9 An older household or older person household is a household that contains only over-55s. The figure for the overall number of older people is therefore much higher, as many households contain more than one older person (eg couples). Older people also includes people who do not live in an exclusively older household (eg a two person household where one person is under-55).

10 NPI analysis of the *English Housing Survey*, 2008–09 to 2009–10.

11 New Policy Institute, *Market Assessment of Housing Options for Older People*, 2012.

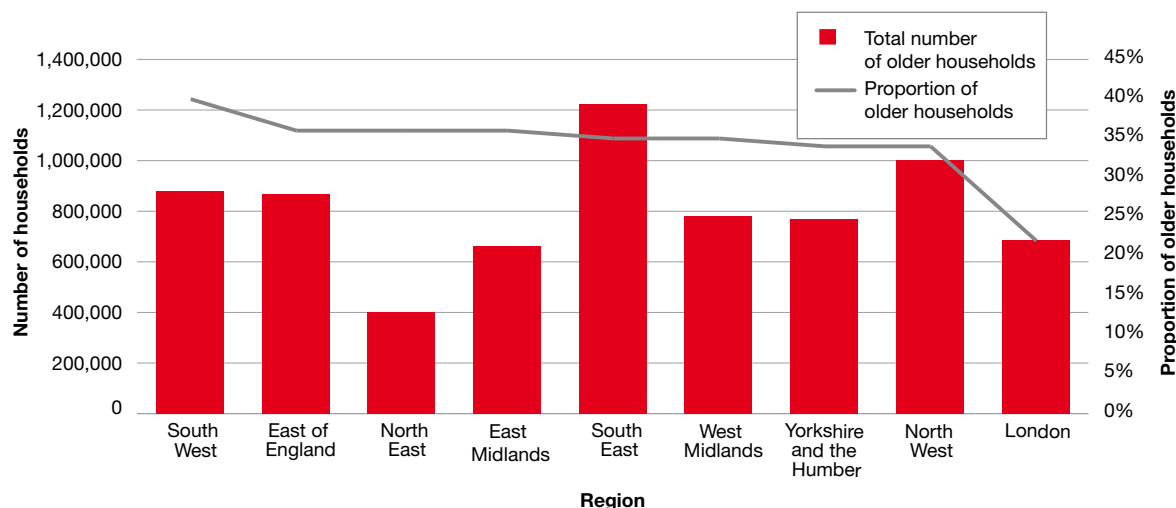
12 *ibid.*

13 *ibid.*

14 72 per cent of over-65s said they were satisfied with their future financial security, higher than any other age group. Department for Environment, Food and Rural Affairs, *Survey of public attitudes and behaviours towards the environment*, 2011.

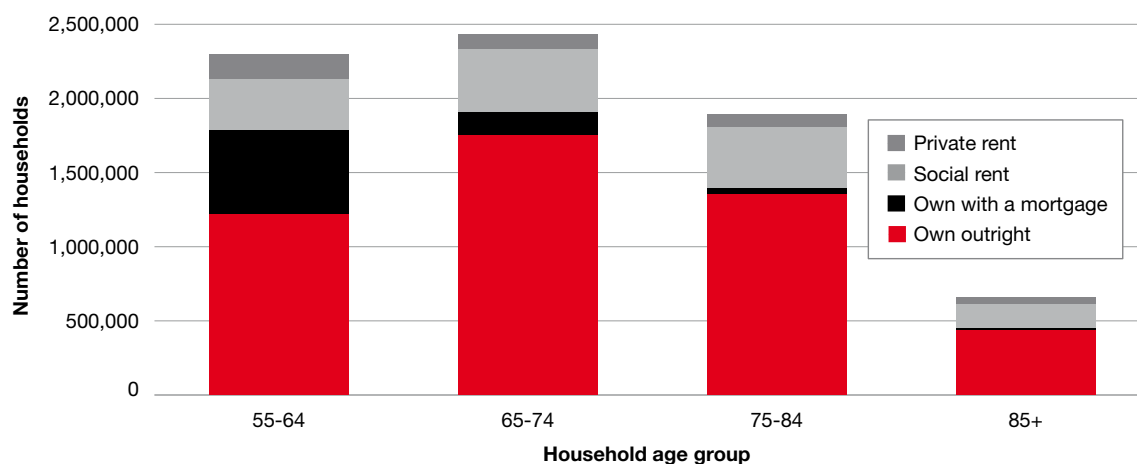
15 Other reasons why older people do and do not move home are discussed further in the report.

Figure 2: Number and proportion of older households in the English regions



Source: NPI analysis of *English Housing Survey* household data. Average for 2008–09 to 2009–10.

Figure 3: Tenure of older households (England)



Source: NPI analysis of the *English Housing Survey*. Average for 2008–09 to 2009–10.

Under-occupation

The size of homes that older people currently occupy is a contentious subject. Under-occupation is very common in England; nearly half of all owner-occupiers (of any age) have two or more bedrooms above the bedroom standard¹⁶, a government standard used to approximate the use of rooms compared to the numbers within the household.¹⁷ In this context, under-occupation usually means that people have at least two unused bedrooms. Empty nesters are those most likely to under-occupy, particularly couples over 60 with no dependent children.¹⁸

According to the bedroom standard, approximately 57 per cent of over-55 households are under-occupying, which is more than any other household age group. As Figure 4 overleaf shows, under-occupation is more common among the ‘younger old’, while over-85s are more likely to live without spare bedrooms. Renters are far less likely to have spare bedrooms than owner-occupiers, indeed very few social renters under-occupy. Although the bedroom standard is a useful proxy for determining whether a home might be considered too small or too large for its occupants, it is a simplistic measure.

¹⁶ *English Housing Survey*, 2009–10.

¹⁷ The bedroom standard calculates the size of a property a household needs so that no one has to share a bedroom unless they are a couple; both aged under 10, or aged between 10 and 21 and of the same sex. A different measure is used in the Census 2001. In this report we refer to under-occupation based on the *English Housing Survey*.

¹⁸ Shelter, *Taking Stock: Making the most from housing – an assessment of under utilisation of the housing stock in England, 2011*, see shelter.org.uk/policylibrary

It does not reflect house size in terms of square footage, it is based on survey evidence¹⁹ and does not account for other uses of bedrooms.²⁰ It can also be a value-laden term, implying that the home is larger than the household needs. Occupiers rarely consider themselves to be under-using their home; people tend to enjoy having lots of space and are entitled to do so in a free market economy, regardless of how this fits with a pre-defined government standard. Most older people who are able to, choose to live in a three bedroom home. Around three

quarters of over-55s believe that their home is 'about the right size' for them. The trend in Figure 6 shows that those with three or more bedrooms are more likely to say that they consider their home to be 'too big' than those with one or two bedrooms.

Why does under-occupation matter?

Despite these issues with defining under-occupation, it is clear that housing space is not evenly distributed between different income brackets and between

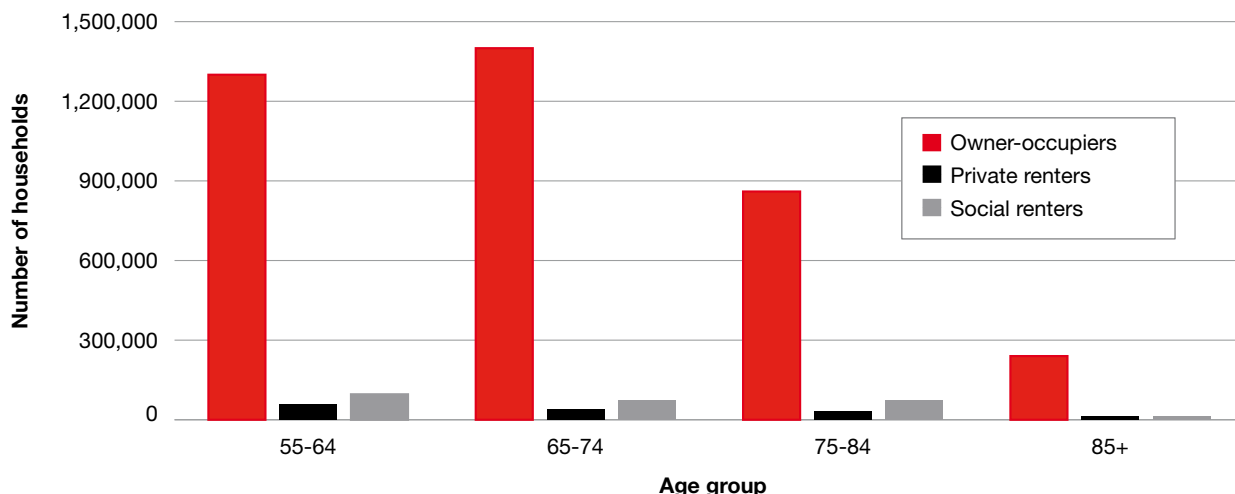
Figure 4: Number and proportion of under-occupying older households by household age group and tenure*

Household age group	Owner-occupiers		Private renters		Social renters		All tenures	
	Number (000s)	%	Number (000s)	%	Number (000s)	%	Number (000s)	%
55-64	1,300	73%	58	35%	96	28%	1,500	64%
65-74	1,400	71%	41	40%	74	17%	1,500	61%
75-84	860	62%	33	37%	74	18%	970	51%
85+	240	52%	13	30%	12	7%	260	40%
All older households	3,800	68%	150	36%	260	19%	4,200	57%
Other households	3,300	36%	410	14%	140	6%	3,800	27%

*Numbers may not add up to 100% due to rounding.

Source: NPI analysis of the *English Housing Survey*. Average for 2008-09 to 2009-10.

Figure 5: Number of under-occupying older households by age group and tenure



Source: NPI analysis of English Housing Survey. Average for 2008-09 to 2009-10.

19 The data is gathered by interviews, and as 'bedrooms converted to other uses are not counted as available unless they have been denoted as bedrooms by the informants', people may respond to the question in different ways.

20 Such as using rooms to occasionally accommodate family or friends.

Figure 6: Attitudes to size of home, by number of bedrooms*

Do you think the size of your home is too big, too small or about the right size for the number of people in your household?	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	More than 4 bedrooms	all
Too big	–	2%	11%	28%	39%	13%
About the right size	51%	80%	79%	68%	55%	74%
Too small	49%	18%	10%	4%	4%	12%

*Numbers may not add up to 100% due to rounding.

Source: YouGov, 2012. Base: 897. GB 55+ weighted. 'Don't know' responses are not shown in the table.

different age groups. There are 25 million 'empty' bedrooms in under-occupied homes²¹, and there are technically enough bedrooms in England for every adult and child to have at least one, even if all couples slept separately.²²

This matters because housing in England is a scarce resource and some families have to over-crowd or live in highly unsuitable accommodation. It also relates to intergenerational opportunities and asset building: while younger households have taken on large debts to get a foot on the housing ladder, or remained in the private rented sector rather than buying a home, many older households have benefitted from the boom in house prices over the last thirty years and hold substantial housing assets.²³ Some £1 trillion of un-mortgaged equity is owned by the over-60s.²⁴

In the absence of greater housing supply for everyone, policy makers need to consider how effectively existing housing stock is used. This is a controversial and sensitive subject – a recent report encouraging more downsizing attracted significant criticism in the media.²⁵ Nobody should be forced to move home and there is nothing intrinsically wrong with small households occupying a large property. The potential capital gains and the extra space for friends and families or hobbies are attractive features of a larger home.

Nonetheless, the scale of the housing crisis is such that a sensible discussion on the merits of downsizing is required. Better options for older households could deliver a range of benefits and these should be discussed openly without attaching value judgements or blame to different generations. It is likely that downsizing would be viewed more positively if attractive options were available to older people and less emotive and negative language was used.

Downsizing is more common in other countries including the United States and Australia where there is a greater tradition of retirement communities.²⁶ Other European countries also have a good track record of supplying more attractive and well-designed housing for older people, including co-operative and quasi-public housing.²⁷

In this chapter we have seen that the vast majority of older people are owner-occupiers. Many have at least two spare bedrooms and enjoy the benefits of extra space. Some commentators have argued that the older generation have unfair advantages in housing, but the debate around under-occupation is extremely sensitive and measures to tackle it court controversy.

21 Griffith, M, *Hoarding of Housing: the intergenerational crisis in the housing market*, Intergenerational Foundation, 2011.

22 There were around 52 million people living in England in 2010. In 2010/11 there were over 60 million bedrooms in England – which is more than one per person. The *English Housing Survey Headline Report 2010–11*.

23 Willetts, D, *The Pinch: How the Baby Boomers Took Their Children's Future – And How They Can Give it Back*, Atlantic Books, 2010; Howker, E, Malik, S, *Jilted Generation: How Britain Has Bankrupted Its Youth*, Icon Books Ltd, 2010.

24 Bailey, L, *2010 Retirement Housing Report*, Knight Frank, 2010.

25 Griffith, M, *Hoarding of Housing: the intergenerational crisis in the housing market*, Intergenerational Foundation, 2011.

26 Only one per cent of over-60s in the UK are estimated to live in retirement homes compared to 17 per cent in the United States and 13 per cent in Australia; Sutherland, J, *Viewpoint on Downsizing for older people into specialist accommodation*, Housing Learning and Improvement Network, 2011.

27 HAPPI, *Housing our Ageing Population: Panel for Innovation*, Homes and Communities Agency, 2009.

Chapter 2: Older people's attitudes towards housing

It is important that housing policies for older people are based on what older people themselves aspire to or need. In this chapter we consider older people's attitudes towards housing in general, towards their home in particular, and towards the idea of moving home.

To stay or to go?

A big decision facing older people, particularly as they become less mobile and their care needs may increase, is whether to stay in their current home or to consider a move to smaller home that is better suited to their needs.

A number of qualitative studies have shown that the incentives to stay, the 'pull' factors that compel people to remain living in their current home for as long as possible, are strong. For example, even where there are clear problems with the home – it has become too difficult to get up stairs or heat the whole home – many people prefer to cope rather than move.²⁸ Some of the factors that bind people to their homes are emotional and powerful, and are largely outside of the control of policy makers. Older people have often invested in their homes over the long term and often feel a strong sense of attachment to their space and possessions, or to their neighbourhood and local community. The sense of having built up a family home and the fear of the unknown can make the prospect of moving an extremely daunting one.²⁹

There are also deterrents to moving; transaction costs, removals costs, an inability to sell and a poor choice of suitable, affordable housing to move to. Cultural attachment to home-ownership and the status of having a large property mean that older owner-occupiers may associate downsizing with negative connotations and a loss of importance or status³⁰, not to mention equity in what has, up until recently, been a well performing investment vehicle.

Figure 7: Staying in the home – competing pressures



28 Croucher, K, *Housing Choices and Aspirations of Older People Research from the New Horizons Programme*, Communities and Local Government (CLG), 2008.

29 *ibid.*

30 New Policy Institute, *Market Assessment of Housing Options for Older People*, 2012; Griffith, M, *Hoarding of Housing: the intergenerational crisis in the housing market*, Intergenerational Foundation, 2011.

A recent think-tank report noted the cultural attachment to equity and argued that:

‘It may sound strange to say, but we need to encourage in society a more consumerist attitude towards later life. It is tragic that many older people have to live out the last years of their lives in houses falling around them solely because they are trying to preserve the inheritance they pass on to their children.’³¹

By contrast, the ‘push’ factors can be unexpected or sudden and can often force a move. Loss of income, bereavement, or severe health problems may prompt older people to move into a smaller home or into accommodation that has support or care services.

Ironically it is at these times of crisis that moving home is likely to be the most difficult and stressful. These crisis movers are often older (75 or over), but in one study, older focus group participants who had moved home expressed that they should have done it sooner, when they were younger, more able and more in control of their decisions.³² Once they have moved, older people generally report satisfaction with their decision and their new home³³, but making the decision to do so in the first place is a major barrier.

Encouraging people to start thinking about their housing options at an earlier stage would be a positive step, encouraging them to make informed, realistic plans while they are well equipped to do so. Other households will make a lifestyle choice to move at an earlier stage, sometimes triggered by children having left home, or following retirement. As Figure 4 shows (see page 12), under-occupation is most common among the ‘younger old’, and encouraging them to move to smaller or more appropriate housing would, crudely, release the most amount of housing space (ie bedrooms) to the market.³⁴

Help and support

Good information and advice, and often practical support, are needed to support older people with their housing choices, particularly for the very old, isolated people who do not have family networks

available, and those with care needs. Moving home in particular is very daunting and stressful for someone who has lived in their home for a long time. Evaluations of services to help older people make decisions about their housing or to give them practical support with the moving process have been very positive.³⁵

For example, a recent review of the publicly funded FirstStop advice service for older people tested the cost benefits of different scenarios for an older woman, ‘Mrs Jones’, living in an unfit home:

‘Scenario 3 (being supported by First Stop to move home) is the cheapest option, with the new housing reducing the need for intensive care and support, as well as reducing the risk of falling. Scenario 1 where Mrs Jones stays in her current home is the next cheapest, but unsustainable. Unsurprisingly, Scenario 2, a fall and admission into a nursing home is most expensive: over three times the cost of Scenario 3’.³⁶

Managing in a large home

Although a minority, a significant number of older people think that their current housing is difficult to manage, or will become so in the future:

- Twenty-seven per cent of older people say that they are currently managing to keep their home tidy and move around the house, but anticipate that it will become harder in the next ten years.
- Six per cent are already finding it difficult.
- One per cent are finding their home so unmanageable that they would like to move.³⁷

Being able to stay comfortable, warm, safe and mobile in the home becomes increasingly important to older people. About a third of all people aged over 65 fall each year, and the resulting cost to the NHS is huge.³⁸ Winter deaths are linked to poorly heated or insulated homes, while older people, particularly over-75s, are more likely to feel lonely, isolated or trapped in their homes.³⁹ More suitable housing options could help to alleviate all these problems.

31 Centre for Social Justice, *Age of Opportunity Transforming the lives of older people in poverty*, 2011.

32 Croucher, K, *Housing Choices and Aspirations of Older People Research from the New Horizons Programme*, CLG, 2008.

33 *ibid*; Ball, M, *Housing Markets and independence in old age: expanding the opportunities*, Henley Business School, 2011.

34 It is not necessarily the case that new homebuyers would not also be under-occupiers; this is discussed in greater detail in the following chapters.

35 O’Shea, N, *Helping older people choose the right home for them*, EAC 2012; Burgess, G, et al, *Evaluation of the FirstStop Advice Initiative*, Cambridge Centre for Housing and Planning Research, 2012.

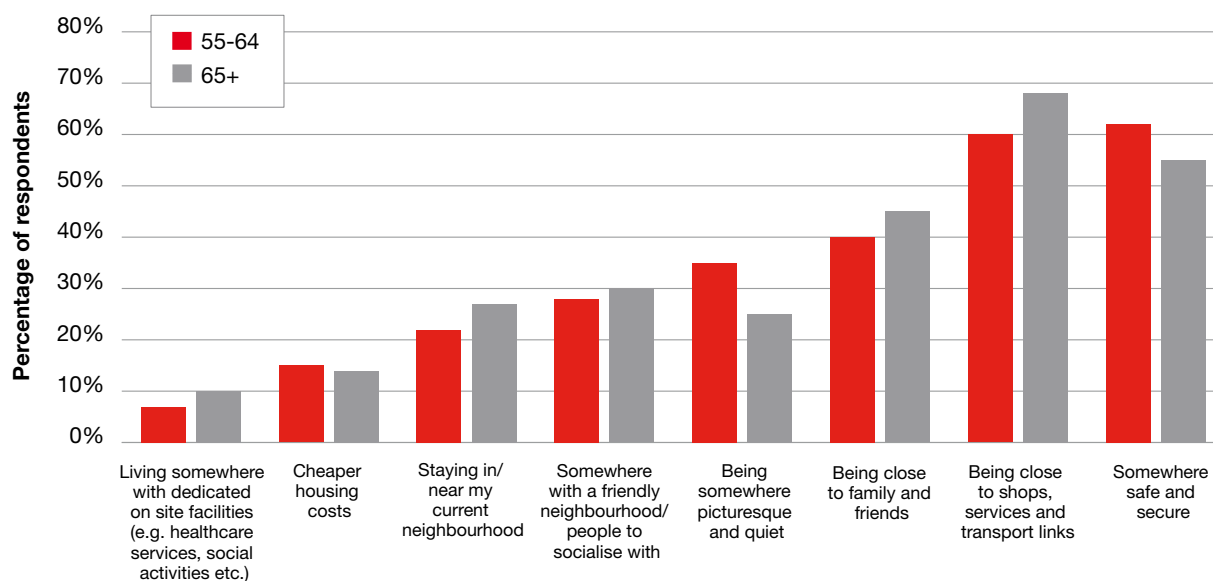
36 Estimated annual costs are as follows: Scenario 1 – staying in the home: £27,366, Scenario 2 – move to nursing home: £59,085, Scenario 3 – supported to move home: £17,826.11.

37 YouGov 2012. Base: 897. GB 55+ weighted. Participants were asked to choose one of five statements about the manageability of their home: Which ONE, if any, of the following statements BEST applies to your current home?

38 The combined cost of hospitalisation and social care for hip fractures (most of which are due to falls) is £2 billion a year – British Orthopaedic Association, *The National Hip Fracture Database National Report 2011*, 2011.

39 Age UK, *December 2011 Factsheet: Later Life in the United Kingdom*, 2011.

Figure 8: Which three neighbourhood features would be the most attractive to older people if they were to move?



Source: YouGov, 2012. Base: 897. GB 55+ weighted. 'Don't know' and 'none of these' responses are not included.⁴⁰

Housing aspirations

One of the factors that puts people off moving home is a concern that there is no suitable housing available for them. Like all people, older people want to live in decent, secure housing, in a place that is well suited to their needs. As Figure 8 shows, being safe and secure is something that older people would look for in a home. Proximity to shops and services, family and friends are also key features that older people would look for if they were to move, as well as living somewhere picturesque and quiet.

It is interesting to note the relative lack of attachment to their current area and a lack of concern about cheaper housing costs (although it would be expected that those on lower incomes would value cheaper housing costs more highly). The survey suggests that older people value a safe home, an attractive, welcoming area with good facilities, transport links and services, where they will be close to friends and family.

The property features that older people would look for if they were to move within the next ten years vary, suggesting that there is no 'one size fits all' property type for potential movers as Figure 9 opposite shows.

Awareness of housing options

Another key barrier to moving is simply a lack of suitable options:

'Currently, many older people want to stay in their existing home because they have no information about other options and more people would want independent living with flexible support if they knew it existed.'⁴¹

Our YouGov survey suggested however, that over a third of older people are interested in the idea of retirement housing, or would be in the future. (See Figures 10 and 11 on page 18 for more details.)

This equates to over six million older people⁴², and suggests that there is latent demand for retirement housing; an opportunity which the market is yet to fully exploit. It is possible that with better awareness and more targeted marketing, demand could grow further.

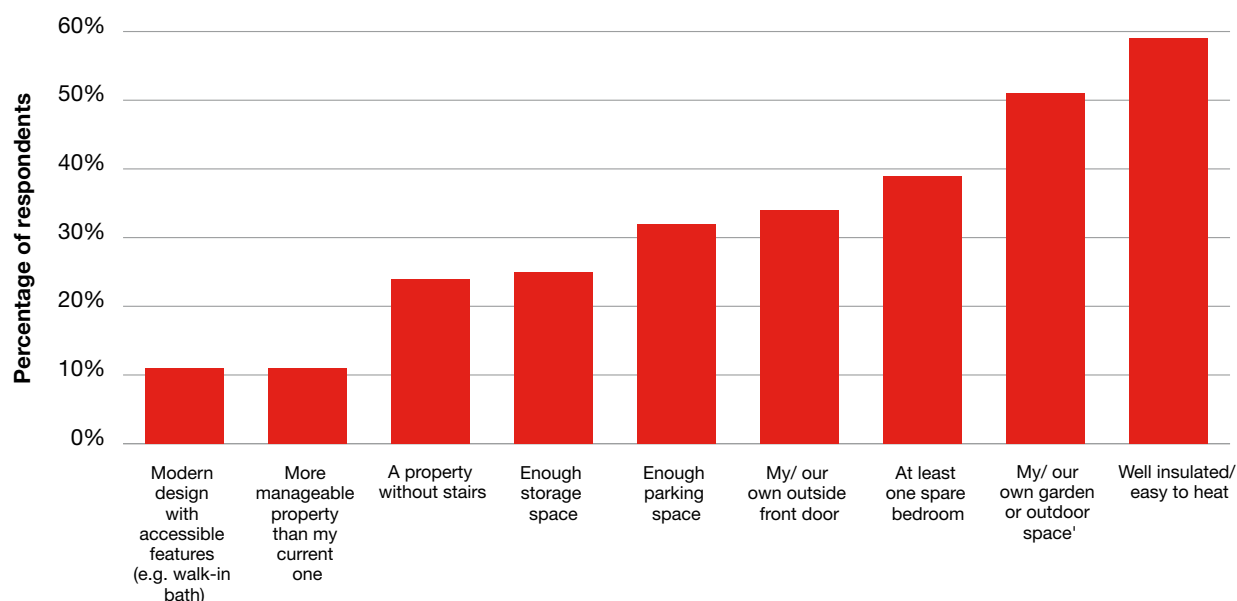
Although the bases are too low in some groups to draw any meaningful conclusions, we can see that interest in retirement housing is particularly high among older outright owners.

⁴⁰ Participants were asked: Thinking about the next ten years... Which THREE, if any, of the following neighbourhood features would be MOST important to you if you were to move house? (Please tick up to three options.)

⁴¹ Sutherland, J, *Viewpoint on downsizing*, Housing Learning and Improvement Network, 2010.

⁴² Results from the YouGov survey were grossed up to the GB population aged 55 and over (17.2m) using the ONS Mid Year Population Estimates 2010.

Figure 9: Which three property features would be most attractive to older people if they were to move?



Source: YouGov, 2012. Base: 897. GB 55+ weighted. 'Don't know' and 'none of these' responses are not included.⁴³

Of those who are not interested in retirement housing now, and do not think they will be in the future, the vast majority (nearly three quarters) state that a key reason is because they want to stay in their own home or have no intention of moving now or in the future. It is unlikely that they will be moved to change their minds in the short term. It is possible that renters see themselves as more likely to move due to the flexibility of rental contracts. Other reasons older people were not interested were because of negative views about the size (30 per cent) and affordability of retirement housing (21 per cent), or because they expressed a preference for living in mainstream housing or mixed-age communities (57 per cent).

Another way of assessing older people's attitudes to moving is to look at their past behaviours. It is estimated that just three per cent of older households move every year⁴⁴, and their reasons for doing so

are most often related to personal or family reasons. However, around a fifth move because they want a smaller home; older households are much more likely than other households to downsize when they move.⁴⁵

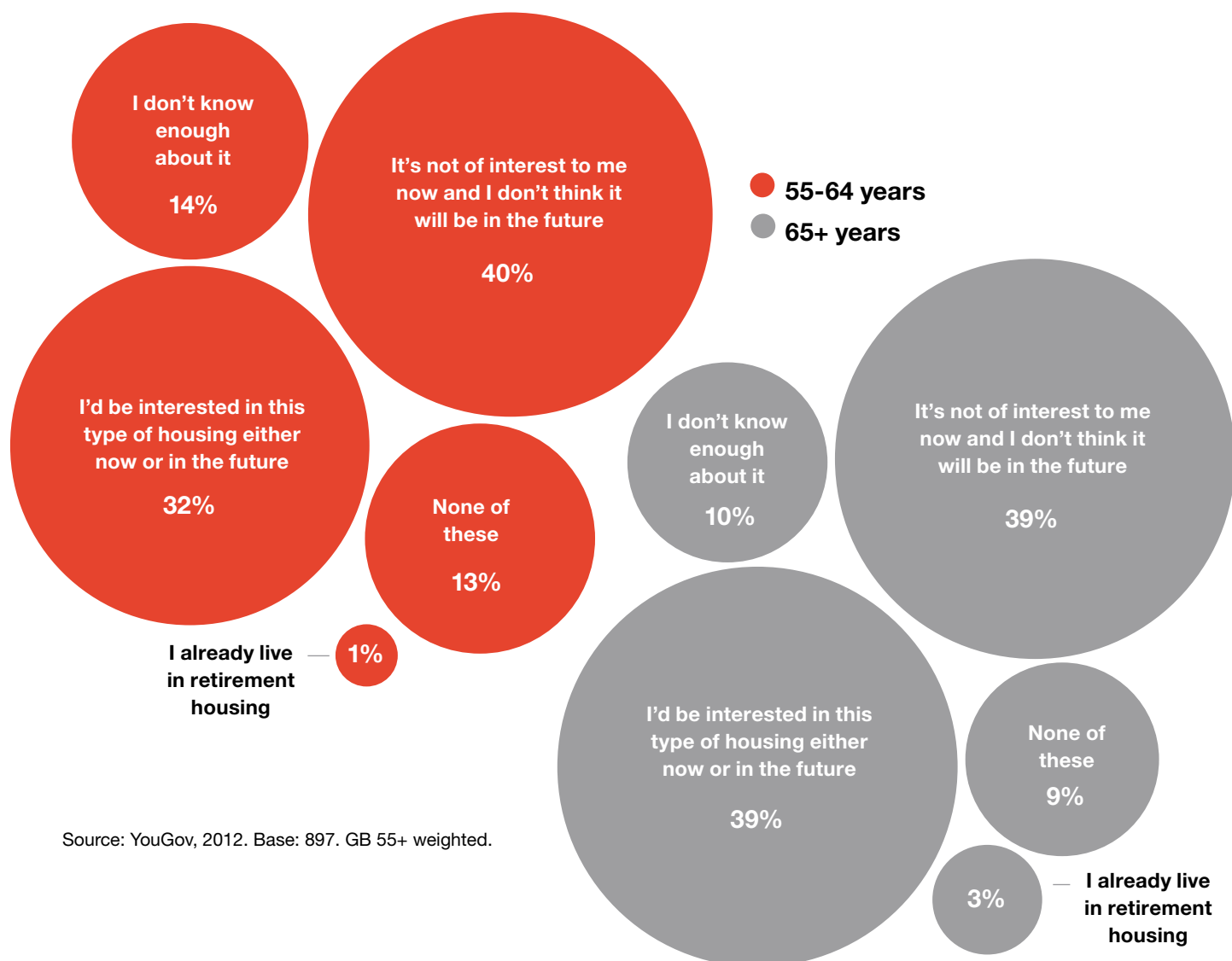
There are strong disincentives to moving to a smaller or different property but some households are interested in moving and have clear ideas about what kind of housing they would wish to move to. Older people's needs and aspirations are diverse, but there is some demand for retirement housing and a clear preference for attractive homes in good neighbourhoods. In the next chapter, we examine how well the market meets those needs.

⁴³ Participants were asked: Still thinking about the next ten years... Which THREE, if any, of the following property features would be MOST important to you if you were to move house? (Please tick up to three options.)

⁴⁴ This is lower than across other age groups – older person households are much less likely to have moved in the last ten years than other households (28% compared with 66%, NPI 2012).

⁴⁵ New Policy Institute, *Market Assessment of Housing Options for Older People*, 2012.

Figure 10: Interest in retirement housing, by age group⁴⁶



Source: YouGov, 2012. Base: 897. GB 55+ weighted.

Figure 11: Interest in retirement housing, by tenure

	All	Own outright	Buying with a mortgage/ loan	Rented from local authority	Rented from private landlord*	Rented from housing association*	Live rent-free (including rent-free in relative/ friend's property)*	Other*
I'd be interested in this type of housing either now or in the future	36%	38%	28%	31%	54%	32%	21%	28%

Source: YouGov, 2012. Base: 322. GB 55+ weighted. *Denotes base size under 50.

⁴⁶ Participants were asked: By 'retirement housing' we mean private flats or bungalows specifically built for, or marketed to, older people. Which ONE, if any, of the following BEST applies to you?

Chapter 3: The current market for older people's housing

There is clearly some demand for older people's housing, but is the market providing for this growing demographic? In this chapter we consider the make-up of the current market, and the challenges and benefits facing market players.

Specialist housing

Very few older people live in 'specialist' housing, ie housing that is built or available only for older people and usually features support or care services and other communal facilities. It is estimated that 90 per cent of older people stay in mainstream or general needs housing while ten per cent move to specialist housing.⁴⁷

The Elderly Accommodation Counsel, which collects the most reliable data on specialist housing, estimates that there were about 533,000 specialist housing units in England in 2010. These are largely only available for the over 55s, and the current supply is equivalent to about 73 units per 1,000 older households.⁴⁸ These are principally social rented homes with support facilities and much of the stock, often bedsits built in the 1960s, is difficult to let.⁴⁹ Housing Associations are the dominant providers.

The range of needs of older people and varying trends in funding and types of provision means that specialist accommodation can come in many and various guises, often with confusing labels:

'Over the last 20 years, the range of specialised or supported housing options has expanded from 'sheltered housing'; it now includes 'very sheltered', 'assisted living', 'retirement homes', 'retirement villages', 'extra care', 'close care',

'continuing care', and more besides... Newer typologies – often 'complexes' designed to serve a range of care needs – often feel institutional. Residential and nursing care home types have also compounded and now include specialist facilities for dementia, palliative care, and the shorter-term functionality of respite and intermediate care. The impression is one of almost bewildering choice. But when push comes to shove – especially in a crisis – there is no choice at all.'⁵⁰

It is striking that the majority of specialist housing is rented when the majority of older households are owner occupiers. Only 124,000 homes – just under a quarter of the total specialist stock – are owner-occupied homes. Sixty nine per cent of people we surveyed said that they would be most likely to buy with a mortgage or buy outright if they were to move⁵¹, and it is likely that many older people will want to retain the security and equity attached to being a homeowner, or believe that they will not be eligible for social rented housing. But the market is not delivering enough specialist housing for sale.

A recent report for one provider of privately-owned retirement homes suggested that build rates need to quadruple to keep up with potential demand.⁵² It tends to be the case that specialist housing is:

47 Sutherland, J, *Viewpoint on downsizing for older people into specialist accommodation*, Housing Learning and Improvement Network, 2011.

48 New Policy Institute, *Market Assessment of Housing Options for Older People*, 2012.

49 'Support' refers to practical help – preparing meals or shopping for example, while 'care' is more intensive, referring to personal care such as help getting dressed or bathing. Of the current housing stock, around 78% is for rent and 22% for sale. 91% is classified as housing with support and 9% is classified as housing with care.

50 HAPPI, *Housing our Ageing Population: Panel for Innovation*, Homes and Communities Agency, 2009.

51 YouGov 2012. Base: 897. GB 55+ weighted. Participants were asked: If you were to move home in the future... Which ONE, if any, of the following types of home would you be MOST likely to move into? (If you are not sure, we'd still be interested in which type of home you think you would move into).

52 Ball, M, *Housing Markets and independence in old age: expanding the opportunities*, Henley Business School, 2011.

‘Polarised between retirement villages for the affluent and subsidised sheltered housing for people on low incomes, with little in-between... there is very little on offer to the ‘inbetweeners’. They represent the majority of older people living in privately-owned medium priced family homes on mid-to-low incomes with limited savings or pension arrangements.

The housing association sector has not yet addressed this in any major way and as business models of providers and builders have to alter to deal with rapid changes in funding and planning regimes, there is an opportunity for the sector to widen its appeal to large numbers of older households.’⁵³

There is also an under-supply of private-rented specialist accommodation. Girlings, the leading provider of private-rented retirement housing for the over-55s, report high demand for their products and note that the offer of secure tenancies is particularly important to older people. Moving from owner-occupation to renting can allow older households

to release capital and avoid the hassle and cost of repairs and maintenance.⁵⁴

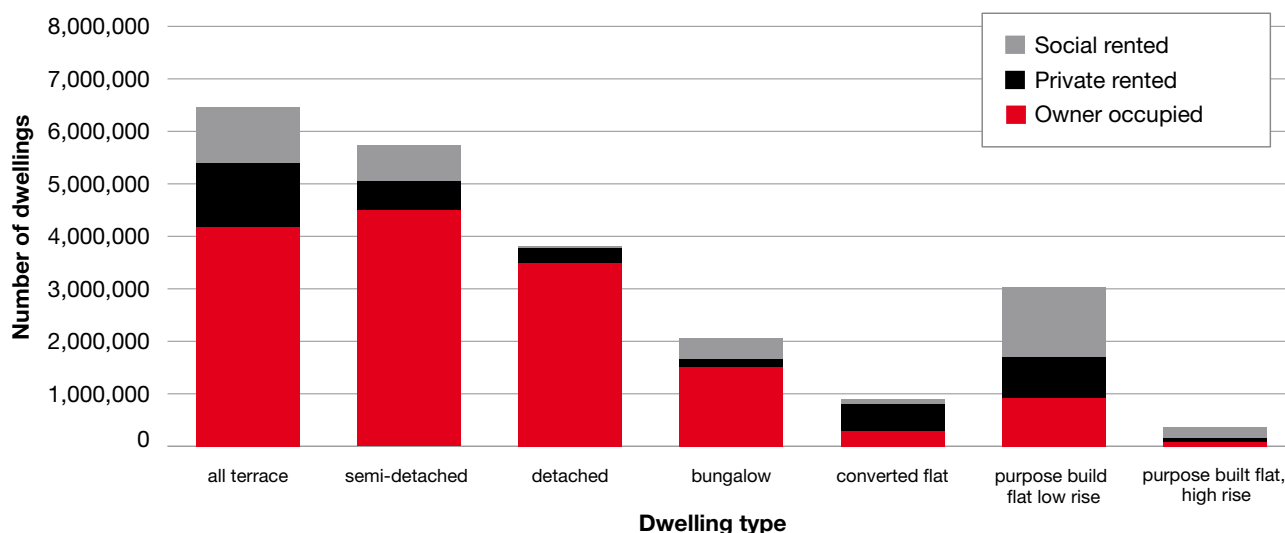
Mainstream housing

Most older people move within the mainstream housing market, that is to say they move to non-specialist accommodation either on the open market or within the general needs social-rented sector.⁵⁵ Inevitably it is difficult to demonstrate what sort of mainstream housing is available for older people as it isn’t any different from other types of housing. Figure 12 shows the overall housing stock profile in England, by tenure.

As a little under a tenth of older people say they would look to move somewhere without stairs⁵⁶, the relatively short supply of bungalows may be a concern. Builders are more likely to build flats or houses than bungalows as bungalows take up a larger amount of land, increasing costs to the developer.

It is possible to assess how many homes in the general housing stock would be broadly suitable for older people in terms of property features, and particularly how far they meet the ‘lifetime homes’

Figure 12: Stock profile, England, 2009



Source: *English Housing Survey summary statistics*, 2009.

⁵³ Housing Forum/NHBC, *Everyone Needs a Home: Report of Working Groups*, 2011.

⁵⁴ Housing Learning and Improvement Network, *Housing Learning and Improvement Network Factsheet no. 32 Private rented Extra Care: a new market?*, 2010.

⁵⁵ Older social renters are more likely to downsize than owners or private tenants (NPI 2012).

⁵⁶ See Figure 9 on page 17.

standards.⁵⁷ Figure 13 shows that the majority of mainstream housing stock is accessible, or could be adapted if necessary⁵⁸, to meet the needs of older people with mobility problems.

There is a risk that in the future, fewer homes will be built with these features as housing policy becomes increasingly localised. The recent government housing strategy stated that:

‘...we do not intend to introduce national regulation. Future needs will vary considerably at a local level and we believe that decisions on the number of Lifetime Homes within each development should be made at a local level, in proportion to local need and aligned with other local housing support and information services.’⁵⁹

Although these homes have some accessible features, it does not necessarily mean that they will be attractively designed. A major commission into the design of older people’s housing noted the need for flexible, light, spacious, well-ventilated homes with imaginative use of shared

spaces.⁶⁰ This contrasts against the ‘institutional’ feel of much of England’s older specialist housing stock and to mainstream stock that is not usually designed in an age-friendly way.

New build mainstream housing

Large developers are not generally building mainstream housing with the older people’s market specifically in mind; website information from the major developers is largely aimed at new buyers, for example. New housing for sale tends to be quite small⁶¹ and is often marketed at first-time buyers or investors, although this may change if mortgage availability for younger buyers continues to be scarce and developers see increasing value in targeting equity rich older people.

Alternative housing models

Outside of the major providers of specialist housing and the larger private volume house-builders, there is some limited provision of alternative housing options for older people. Co-housing, a new model of housing provision in which a group of people

Figure 13: Accessibility features in mainstream housing stock*

Feature	Already has	Could with amends	Not feasible
Facilities at entry level		moderate re-plan	
Potential living space	94%	0%	3%
Potential bedroom	83%	0%	6%
WC	60%	25%	9%
Shower/bath**	23%	57%	9%
Entering and leaving the home***		minor amends	
Level access to the main entrance	16%	59%	23%
Flush threshold to the main entrance ⁶²	20%	80%	0%
Car-parking space	54%	18%	2%

Source: NPI analysis of English House Conditions Survey (report), 2007.

*Numbers may not add up to 100% due to rounding.

**Dwellings with three or more bedrooms (not required by lifetime homes for one- or two-bedroom dwellings).

***For flats, no account was made of whether there was a lift in the block.

57 ‘Lifetime homes’ were developed in the 1990s. There are 16 Design Criteria, based on five principles: inclusivity, accessibility, adaptability, sustainability and good value for money. The aim is to make all new housing suitable for older and disabled people and to make future alterations easier and less costly. We have featured seven of the accessibility features that are most relevant to older people. More information can be found at www.lifetimehomes.org.uk

58 ‘Minor amends’ means repairs costing up to £1,000 while a ‘moderate re-plan’ could cost up to £15,000.

59 Department for Communities and Local Government, *Laying the Foundations: A Housing Strategy for England*, 2011.

60 Ten design principles were set out, also including energy efficiency and adequate storage space. HAPPI, *Housing our Ageing Population: Panel for Innovation*, Homes and Communities Agency, 2009.

61 Griffith, M, *Delivering reform of the Building sector to meet the UK’s Housing and Economic challenges*, Institute for Public Policy Research, 2011.

62 This means that the threshold has no major obstructions and allows a wheelchair user to enter easily.

join together to purchase or build and manage their own housing development with communal facilities, is growing in popularity, especially among older people.⁶³ By utilising the equity held by older homeowners to provide purpose built accommodation, this approach may have potential to open up a new form of housing that older people can be directly involved with, and offer efficiencies in terms of shared facilities and services. The specialist housing association Hanover is seeking to develop more co-housing schemes for older people.

Why aren't more developers building for older people?

There has been a general slump in house building and housing market liquidity, with the general shortage of housing causing major problems for households today.⁶⁴ However, looking beyond these recent causes, developers have always been slow to build specialist or mainstream houses for older people. Why have commercial developers neglected such a large and affluent generation, and why are so few now seeking to get involved in this market?

In terms of specialist housing, particularly housing with some level of communal services or care facilities, large developers are put off by the additional land requirements and costs attached. Communal facilities, for example, do not generate sales income in the way that flats for sale do. High density first-time buyer housing is generally considered to be easier to sell, to generate more 'bang for buck', and to have a greater chance of being successful at the planning application stage – a powerful combination of incentives.

Retirement properties can take longer to sell, slowing cash flows. Ongoing management and commitment is needed, and specialist housing is undoubtedly more complicated and costly to design, market, deliver and manage than other types of housing. This barrier could perhaps be overcome by greater partnership working between specialist providers and volume builders.

Developers also report that planning can be a significant barrier for them⁶⁵:

- Local authorities have, to date, been fairly poor at recognising the importance of housing for their local ageing populations and planning ahead accordingly.
- There is little steer or strategy from Central Government, and older people's housing is often considered in the narrow context of care. This can mean that developers who want to build for the older people's market encounter a lack of interest and understanding from the local authorities they need to work with, and poor data on need and demand.
- High-density housing tends to be favoured by planners over the more spacious, low-density housing preferred by older people.
- Planning authorities take different approaches to classifying specialist housing; which can be seen as either a residential institution (class C2) or as dwelling houses (class C3).⁶⁶ This is important to developers for a number of reasons, particularly as development classed as housing (C3) can generate an obligation on the developer to build a proportion of affordable housing under Section 106 agreements, which affects the development's profitability and potentially the viability of the site.
- New housing for older people is not immune to some of the wider problems developers report in negotiating planning consents: opposition to new development or 'nimbyism', restrictions on greenfield land, slow and burdensome processes and regulatory costs.

Existing developers of housing for older people are also having to reconsider their models in light of financial pressures. Hanover housing association, who manage several 'extra care' developments, are considering ways to cut back on costs by scaling back on some 'nice to have' features in their developments, such as on-site care, certain communal facilities and free meals. But they maintain that: 'it would surely be the falsest of economies to back pedal on the size and quality of the accommodation we build.'⁶⁷

63 Durrett, C, *Senior Cohousing: A Community Approach to Independent Living*, New Society, 2005.

64 Shelter, *Held Back Households – How the housing system squeezes people on low-middle incomes*, 2012; see shelter.org.uk/policylibrary

65 The planning system is currently undergoing fundamental reform – this is discussed in greater detail in Chapter 5, see page 27.

66 King, N, *Planning Use Classes and Extra Care Housing*, Housing Learning & Improvement Network, 2011.

67 Hanover, *The Future of Extra Care and Retirement Housing*, 2009.

Future development

The supply of new housing for older people has fallen since the financial crisis and the ensuing economic downturn. There is scepticism among developers that provision of either mainstream or specialist housing for older people will increase significantly in the short-medium term due to the barriers outlined above, and the wider economic outlook means that new housing supply generally is likely to remain depressed until the market picks up.

Over the longer term, supply of both specialist and mainstream housing needs to grow. Around 6,000 new specialist homes were delivered in 2010, a slight improvement on build rates from previous years since the financial crash of 2007 when building rates plummeted.

Projecting up to 2033, when the older population will have boomed, there is a huge development challenge. To maintain a similar proportion of both public and private specialist housing stock for older people as we have currently (ie if the ratio of specialist housing: older households remained constant) we would need to build around 10,000 new specialist homes per year.⁶⁸

An alternative way of projecting required stock is to look at current demand. If the same proportions of older people moved to specialist housing each year as they currently do, annual demand would be for 86,000 units per year.⁶⁹ In other words, if the proportion of over-55 households moving into this type of accommodation remains constant, there will be an increase in annual demand of 70 per cent.

It is possible that this could increase even further if the proportion of over-55 households who want to move into specialist housing grows over the next 20 years. Some of this demand may be met through churn in the existing specialist stock, but new building will undoubtedly be required.

If all older people were to stay within their current tenures, these 86,000 specialist homes would need to be split across owner-occupation (around 76 per cent), social-rented (18 per cent) and private-rented (six per cent). It is not projected that the tenure split among older people will have changed dramatically by 2033, although this is obviously difficult to predict.

There are, however, many variables and unknowns – while some older people will wish to stay in their current tenure, for example to preserve equity, some will choose to move to other tenures if they are available and accessible. At present, around 30 per cent of moves to specialist social-rented housing are from the private sector.⁷⁰

There is a narrow range of housing available to older people. The principal model is social-rented housing with support, which will be unsuitable for many older people, particularly lifestyle movers and owner-occupiers. There is little new development at present and it is unlikely that this situation will improve without policy intervention or greater incentives for developers.

68 New Policy Institute, *Market Assessment of Housing Options for Older People*, 2012.

69 England. Around 50,000 households move into specialist accommodation each year. Data from CORE (the Continuous Recording of Lettings and Sales in Social Housing in England) shows that among households headed by someone aged 55–84, around 0.6% move into specialist accommodation each year. For those with a household reference person aged 85+ it is around 1.1%. Applying these proportions to the projected number of households in each age group, in 2033, this would amount to an annual demand of around 86,000 units of specialist accommodation. This is an increase of 70%. New Policy Institute, *Market Assessment of Housing Options for Older People*, 2012.

70 *ibid.*

Chapter 4: Why expand housing options for older people?

Our research has shown that housing options for older people are limited and that there is latent demand for a wider range of more appropriate homes across different tenures. What would be the benefits of improving the housing offer for the burgeoning population of older people, and why should developers and planners pay attention to this market?

What are the potential benefits of housing for older people?

Assessments of existing housing schemes for older people have generally shown positive socio-economic outcomes for those who move into them.⁷¹ A positive choice to move into more suitable

accommodation can help people to maintain healthy, independent lives in a variety of ways. The following table outlines the estimated benefits of one model – owner occupied retirement housing – based on a survey for the specialist developer McCarthy and Stone⁷²:

	Evidence	Potential wider benefits
Health and well-being aspects	■ More than eight in ten residents report that they generally feel happier in their new home. ■ Almost 45 per cent of residents reported having better or much better contact with family and friends, a further 48 per cent reported no change.	■ Greater mental well-being and less isolation for older people.
Financial aspects	■ Half of residents thought that their energy bills were lower.	■ Older people save energy, which has environmental benefits and are able to heat the whole home, which has health and safety benefits.
Housing market aspects	■ Two thirds of residents had moved from three- or four-bedroom homes.	■ More family-sized homes are released to the market, bringing liquidity and more opportunity for younger buyers to trade up or buy their first home.
Economic aspects	■ Residents were frequent users of local shops, cafes, restaurants, libraries and post offices. ■ Residents reported spending less time in hospital and nearly a third felt that their health had improved since moving.	■ Local business and jobs are supported. ■ Costs to the public purse are saved through reduced hospital use.

⁷¹ Porteus, J, *Housing, prevention and early intervention at work: a summary of the evidence base*, Housing Learning & Improvement Network, 2011.

⁷² Ball, M, *Housing Markets and independence in old age: expanding the opportunities*, Henley Business School, 2011.

Developments for older people that include communal areas can help isolated older people to have more interaction with other people and many developments offer facilities such as leisure or learning activities which can increase older people's well-being and help them to stay mentally and physically active. A review of retirement villages on behalf of the Joseph Rowntree Foundation noted further benefits of larger scale sites⁷³:

- Services such as finance and benefits advice and healthcare facilities are available, made possible through economies of scale. Additional services also provide employment opportunities for the wider community. Some retirement villages provide on-site care homes so people don't have to move again later in their life.
- As homes are purpose built, decent and accessible, they are safer and warmer; particularly beneficial if people develop mobility problems or ill health.
- Residents tend to feel safer and have less fear of crime.
- There are self reported improvements in health and well-being.

However, there have been criticisms of some aspects of specialist housing from residents – particularly around the transparency of the housing offer and the fee and charges schedules. Older people want to know exactly what they will be getting for their money, for example if care or support will be available onsite all the time or whether they can be certain that warden services will not be withdrawn to cut costs. Following campaigns by Age UK and others, an investigation is being carried out into the nature and level of exit fees charged to retirement housing leaseholders.⁷⁴

Specialist older people's housing can also generate savings for society as a whole. A study for the Homes and Communities Agency analysed the net cost benefits of investment into specialist accommodation for vulnerable and older people. These benefits mainly arise from reduced reliance on health and social care services and were estimated to be around £219 million for nearly 12,400 older people.⁷⁵ At a time

when Government is seriously concerned about the costs of providing health care and social care, it is vital to recognise the role that housing can play both in improving older people's health and well-being, and in meeting wider policy objectives.

This was acknowledged in the recent work of the NHS Future Forum:

'We have heard that there is little understanding of the dependencies between health, social care, housing and other services, especially in relation to the effectiveness of housing in preventing, delaying, reducing or diverting demand on more costly health and social care services. For example, the NHS spends £600m treating people every year because of 'category 1' (the most severe) hazards in poor housing, the vast majority being associated with falls.'⁷⁶

The benefits of moving to mainstream or non-specialist housing are harder to quantify; although one benefit to moving owner-occupiers is the release of equity. Moving from a detached home to a smaller one – a flat or semi-detached home for example – would release around £100,000 on average⁷⁷, although this will vary regionally. There is less potential to release sufficient capital for those moving to more expensive types of housing, such as in-demand bungalows, and any capital released will be offset to some extent by transaction costs.

Those moving to a smaller mainstream home may also find that it is easier to heat and keep warm, which itself has positive health implications⁷⁸, and easier to take care of and clean. In turn, these effects feed through to lower fuel, maintenance and tax bills for down-sizers.

Finally, better provision for older people may have cumulative effects on social attitudes towards new house building, though these will necessarily be diffuse and difficult to measure.

Older, more affluent people are among the most likely to oppose new housing development⁷⁹, perhaps because they see themselves as having little to gain from the supply of new homes. The provision of high quality, attractive homes for older people could help

73 Croucher K, *Making the case for retirement villages*, Joseph Rowntree Foundation, 2006.

74 Age UK, *Putting Retirement Housing in Order*, 2010.

75 Frontier Economics, *Financial benefits of investment in Specialist housing for vulnerable and Older people: A report for the homes & communities agency*, Homes and Communities Agency, 2010.

76 Department of Health, *Integration – A report from the NHS Future Forum*, 2012.

77 New Policy Institute, *Market Assessment of Housing Options for Older People*, 2012.

78 Staying warm is important for older people's health: 'There is a strong relationship between poor insulation and heating of houses, low indoor temperature and excess winter deaths of older people...there were 24,430 excess winter deaths of people aged 65 or over in the UK in 2010/11.' Age UK, *December 2011 Factsheet: Later Life in the United Kingdom*, 2011.

79 Shelter Housing Insights for Communities, see england.shelter.org.uk/professional_resources/housing_insights

overcome this perception by demonstrating that development can be directly beneficial to people like them, and so lessen this group's propensity to oppose planning applications.

How would better housing options for older people affect the housing market?

While few older people move every year, for reasons outlined in the first chapter, data shows that those who do move have fewer bedrooms than those who have not moved within the last five years.⁸⁰ Given the large number of under-occupying older households, even a small proportion moving would have impacts on the housing market. Freeing up three- or four-bedroom owner-occupied homes does not directly benefit new households or low income households in housing need. Around two-thirds of all moves are from within the same tenure⁸¹ and those buying larger homes are likely to be established owner-occupier households with sufficient equity to trade up.

Owner-occupied housing is traded in the open market and it is possible that those who moved into vacated homes would themselves be under-occupying. Based on current trends, over half of younger owner-occupiers who have moved into a three- (or more) bedroom home within the last three years have children. Ninety-one per cent of younger movers to three-bed homes have at least one spare room and 58 per cent of them under-occupy (ie they have two spare rooms or more).⁸² However, many younger families buy a larger property in anticipation of having more children in the future. There could also be a trickle-down effect from enabling more downsizing at the top of the market; the housing

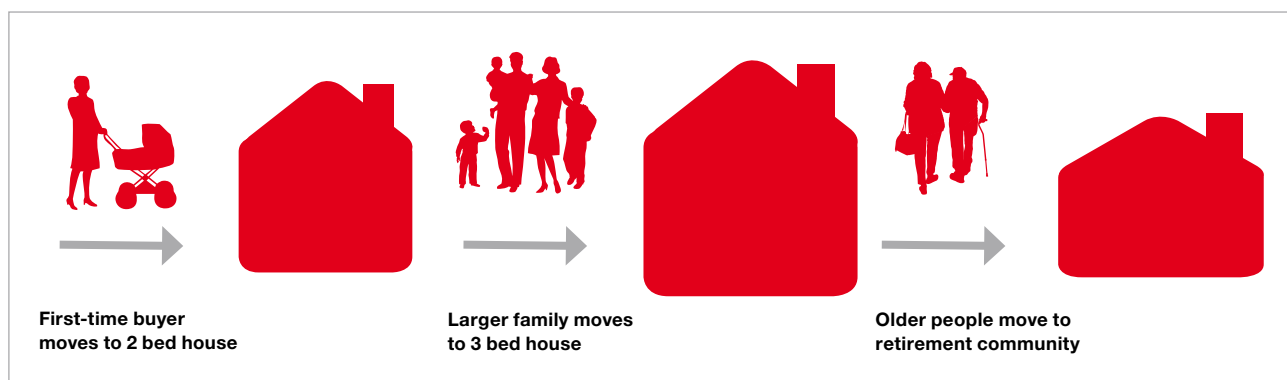
market is currently stagnant, but it operates on swaps, chains and cycles, with households trading up and so allowing others to enter at the bottom of the ladder.

If more households were to downsize they would obviously need somewhere to move to. While there are potentially enough smaller homes in the market⁸³, they are not necessarily the right kind, in the right tenures or the right areas. Building more homes that are suitable for older people could help to stimulate the market by increasing their propensity to downsize.

If, for example, 20 per cent of older households who currently under-occupy were to move to new, more suitable, attractive, purpose-built accommodation, around 840,000 family-sized homes would be released, including 760,000 in the owner-occupied sector. This approach would potentially be at a lower cost than building the equivalent number of new family homes and would create family housing more quickly – it has taken eleven years for 828,000 new homes with three or more bedrooms to be built.⁸⁴ This is a big 'if', as we have seen that developers are not currently catering for the older market or building sufficient levels of new specialist housing. In Chapter 5, we explore how these problems might be overcome.

Housing built for older people can deliver excellent health and well-being benefits as well as helping to free up space in the housing market. However, market chains are complex, and are subject to multiple drivers, including older people's ability and willingness to move.

Figure 14: Illustration of a market chain effect



80 The average number of bedrooms among recent older movers (2.59 for owner-occupiers, 2.04 for private-renters and 1.30 for social-renters) is lower than the corresponding figure for non-movers (2.93, 2.37 and 1.87 respectively); New Policy Institute, *Market Assessment of Housing Options for Older People*, 2012.

81 *ibid.*

82 *ibid.*

83 ie those that would be made available by families moving up to larger homes.

84 The last eleven years for which data are available. Department for Communities and Local Government, *Live Table 254 Housebuilding: permanent dwellings completed, by house and flat, number of bedroom and tenure, England* (online).

Chapter 5: How to expand housing options for older people

In this chapter we discuss how some of the barriers to providing better housing options for older people might be overcome and how to better encourage and support home moves.

Encouraging development

Planning in England is to be radically reformed, localised and simplified following the passing of the Localism Act in 2011. The National Planning Policy Framework (NPPF) sets out the broad principles by which planners should assess housing development, among other things. In recognition of the coming demographic shift, the NPPF encourages planning authorities to ‘plan for a mix of housing based on current and future demographic trends’ and to consider a range of housing, including for older people, in local housing market assessments.⁸⁵

It is questionable whether these broad statements fully recognise the centrality of demographic change or will encourage a step change in local authorities’ approaches to planning housing for older people. The planning framework might also be used to encourage local authorities to think about housing for older people in a more strategic, integrated way. Housing for older people, including mainstream developments, should be seen as part of local authorities’ wider strategies for their local housing markets, linking to local health care and social service strategies. Planners must recognise that new developments for older people, including mainstream or private developments, are socially useful and have knock-on market impacts – they are not just a means to more housing units.

Developers are unlikely to enter the specialist market until there is greater clarity within the planning system, notably the inconsistent application of planning use classes for retirement homes. Developers also need to be confident that a planning application will not be an excessively costly and lengthy process.

The kinds of homes that older people really want to live in, that promote health, well-being, safety and independence are the ones that need to be built. The design principles and inspiring international examples set out in the HAPPI report should be more widely adopted. We need energy efficient homes that are well lit and ventilated, can be easily adapted to suit changing needs and have layouts that promote social interaction.

Supporting home-movers

Many older people want to stay in their own homes and it is important that this is respected. But given the potential benefits of downsizing and particularly the social benefits associated with moves into specialist accommodation, how can we encourage more older people to move and support people through the process?

One way of encouraging downsizing is through incentives; some groups have suggested stamp duty tax breaks for downsizers⁸⁶, although the likely effectiveness and cost benefits of such tax breaks are not entirely clear cut.

The private sector could potentially attract more demand by offering incentives to downsizers, such as part-exchange schemes, or ‘try before you buy’ schemes to help people overcome their fear of moving by spending time in a new development before they commit to it. Inclusive packages that offer older people practical support with moving would also be attractive. An offer that included, for example, help with removals, negotiating with energy suppliers, redirecting mail, selling unwanted goods, dealing with administrative and legal issues and post-

85 Department for Communities and Local Government, *National Planning Policy Framework*, 2012.

86 Griffith, M, *Hoarding of Housing: the intergenerational crisis in the housing market*, Intergenerational Foundation, 2011.

move support, would take much of the stress away from older people considering a move, particularly those who do not have any family support. Some independent firms are already offering these kinds of services for a fee.⁸⁷

Developers can also help to incentivise moves by marketing their offers for older people in a more positive and appealing way. Awareness of retirement housing is fairly low, but our survey suggested that there is an underlying interest among older people that could be better exploited through marketing, PR and testimonials that highlight the positive benefits of moving. Government also has a role in communicating to older people and encouraging them to start planning their housing options for later life. Existing channels, such as the First Stop advice service and Direct Gov can be better used and promoted as useful hubs for information, but both local authorities and Central Government could be more active in promoting older people's housing and setting out a coherent, positive vision for its future.

Some councils have been taking innovative approaches to encourage downsizing. The Redbridge 'FreeSpace' pilot allows homeowners to lease their home to the local authority while they move to specialist accommodation. The rental income is used to fund the older person's space in specialist accommodation and the older person is able to hold onto their equity until they sell their home or die. This approach, while limited to some degree by administrative complexities⁸⁸, has the potential to provide local authorities with a home that can be used to accommodate homeless families. It may also give the older person a new lease of life in suitable

accommodation and save them money. Councils could explore other variations on this such as buying homes from older people or helping them to sell on the open market.

Recognising the benefits of housing for older people

Moving to more suitable accommodation can increase people's well-being. It is important that housing is not seen in isolation but is considered alongside other social strategies, something local authorities should consider as more power is devolved to them. To this end, a recent resource pack for an independent learning organisation, the Housing Learning and Improvement Network, and the Association of Directors of Adult Social Service recommends that local authorities should show active leadership and improve their understanding of the demand and supply of housing for older people across all tenures in their areas. It advocates the value of producing locally determined Market Position Statements that provide the intelligence to better inform, plan, design and deliver housing that older people want now and in the future.⁸⁹

The new Health and Wellbeing Boards⁹⁰, that have been set up as part of a more devolved health service provide an excellent opportunity for more strategic consideration of housing and health. They should consider housing issues and have strong links to housing providers and shaping investment in local communities.

87 Seamless Relocation: www.seamlessrelocation.com

88 A dedicated team is needed to guide older people through the process and there may be some difficulties with the state of repair of the home etc.

89 Institute of Public Care, *Strategic Housing for Older People*, Housing Learning & Improvement Network/ADASS, 2011.

90 Fora for local health and social care commissioners as well as elected representatives.

Conclusion

England has a rapidly growing population of older people, but few strategies exist that ensure they will all be able to live somewhere decent and affordable that meets their changing needs.

Many older people will want to remain in their family home for as long as possible, and should be supported to do so. Expansion of Homeshare schemes⁹¹ or increases to the Rent a Room tax relief⁹² could encourage more sharing of space while allowing older people to stay in their own homes.

The housing needs and aspirations of older people are diverse – from those in their 50s and 60s who are still working and active, to those in their late 80s who are more likely to have some support or care needs. While some choose to move for lifestyle reasons, others may have to move following a crisis, often reluctantly.

Making a positive, informed, planned choice to move to more suitable accommodation can improve older people's health and well-being, helping to deliver wider policy objectives and save reliance on institutional care. It can also help to free up much-needed family-sized homes, with positive impacts on the housing market. But there are barriers on both supply and demand sides which mean that few older people choose to downsize:

- Strong attachment to the home and fear of the unknown. Older people may struggle to find the right information and advice needed to help them make decisions and struggle to find practical support to move.
- A lack of suitable, attractive, affordable housing options to move to, hampered by low rates of new development for older people and poor recognition of the importance of housing for older people in planning policies.

In order to create an environment in which older people are encouraged to make positive choices about their housing, Shelter makes the following recommendations.

Housing developers

- We need a **significant increase in supply and a greater range of housing that is suitable for older people, including private-rented and owner-occupied housing**. This will vary for different age groups and those with different preferences and care needs, but developers are not currently providing enough for this growing market and realising its potential.
- In order to raise competition and increase affordability of retirement housing, developers, including volume builders, should be encouraged to enter the older people's market, partnering with smaller specialist providers where they need additional expertise.
- In order to overcome some of the barriers that face older people considering whether or not to move, we need greater support and advice services. Developers should play a part here by **offering inclusive packages** that support people through the moving process. They could also take away some of the fear of moving through 'try before you buy' schemes.
- Providers of specialist housing must offer older people **transparency and certainty about their consumer rights**, setting out clear and fair schedules of fees and charges.
- Alongside much greater provision of specialist housing for older people, more suitable mainstream housing is needed – in particular well-designed, well-insulated homes and bungalows.

⁹¹ Homeshare schemes match people with spare rooms with people in housing need who are seeking a low-cost housing solution. Homeshare lodgers may provide some support and care for the older people they stay with. See www.sharedlivesplus.org.uk for further details.

⁹² The Rent a Room scheme provides a £4,250 tax exemption to households who take in a lodger. The threshold was set in the late 1990s and has not risen in line with rental inflation.

National Government

- The **planning system should support development** of housing for older people and provide greater clarity about application of planning use classes.
- **Government should encourage and enable, but not push, people into downsizing**, communicating earlier and more clearly to people about their future housing and care needs and encouraging advance planning.
- **Advice and information services** and locally run schemes to support people through the moving process should be properly funded and promoted. This should include toolkits to help older people decide on and plan their housing for the future.

Local government

- Local authorities **must show greater leadership and take a more strategic approach to housing for older people, taking into account the wider social and economic benefits** that older people's housing developments can have for the local community. This should be reflected in their housing market assessments.
- Local authorities could also facilitate or run innovative schemes such as **helping older people to sell or lease out their homes** while being supported into new, more suitable housing.
- Local authorities should base their requirements for homes to be built to the Lifetime Homes standard on detailed local demographic data and projections, and encourage developers towards more ambitious design criteria such as those set out in the HAPPI report. Planning applications for homes with these features should be favoured.

Until there's a home for everyone

In our affluent nation, tens of thousands of people wake up every day in housing that is run-down, overcrowded, or dangerous. Many others have lost their home altogether. The desperate lack of decent, affordable housing is robbing us of security, health, and a fair chance in life.

Shelter believes everyone should have a home.

More than one million people a year come to us for advice and support via our website, helplines and national network of services. We help people to find and keep a home in a place where they can thrive, and tackle the root causes of bad housing by campaigning for new laws, policies, and solutions.

Visit shelter.org.uk to join our campaign, find housing advice, or make a donation.

We need your help to continue our work.
Please support us.

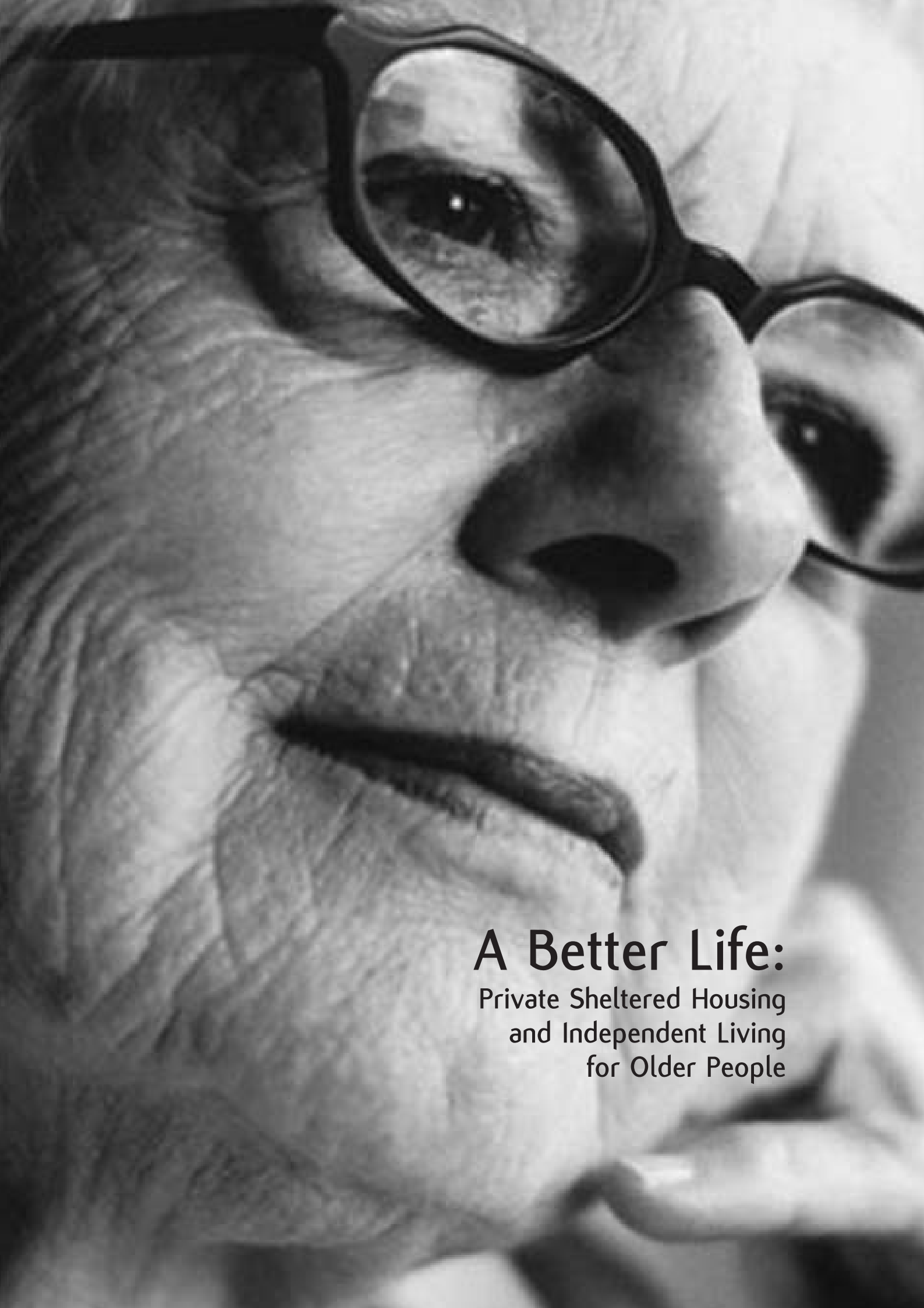
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Shelter

Appendix D: *'A Better Life: Private Sheltered Housing and Independent Living for Older People' by The Opinion Research Business*



A Better Life:

Private Sheltered Housing
and Independent Living
for Older People

Foreword

Housing choice is an essential dimension of public policy to promote independence. Housing strategies need to ensure that a range of appropriate housing choices for older people is provided. This study with its focus on private sheltered housing reflects the views of over 1,500 residents and prospective residents and contains important messages.

The views reflected in this study show that the burden of unsuitable housing can threaten personal confidence, lead to restricted lives and increase dependency. Appropriate housing choice can be liberating to individuals who are often alone in houses that are too large and need regular maintenance. Residents value private sheltered housing for the security and peace of mind it brings, and with this comes the widening of choice. An 80 year old resident says “Life is so much easier and happier – financially, emotionally and physically”.

This study also highlights the economic case for sheltered housing. These sections should give town planners food for thought. Not only will carefully designed sheltered housing be sympathetic to the local environment, but it gives positive

economic advantages to small businesses in the community. As a 65 year old resident says “We spend more money locally now – whereas before we would have gone further afield”.

The social case is made by highlighting the health and social care benefits from living in sheltered housing. Residents are typically more active, have a greater sense of wellbeing and make less demands on health services while care can be organised more effectively within a larger complex if required. Independence can therefore be maintained through choice of both housing and care. A 91 year old resident says “Help is at hand if needed, otherwise one can still live an independent life”.

This study presents evidence of the importance of private sheltered housing as a positive choice to promote the independence of older people. This choice is however only a real choice if schemes are widely available. The personal, economic and social benefits of this housing option are clear – the providers are prepared to invest, the challenge is to the planners to put these visions into practice.

Dr. Glenys Jones
Chair of the Older People Committee
Association of Directors of Social Services

Introduction

Over the course of the last 15 years, my experience in sheltered housing development has brought me into contact with a wide variety of people and agencies, particularly in the fields of Housing and Planning. During this time, I became aware of the many misconceptions of private sheltered housing: that it takes people out of the community, accommodation is undersized and even ‘demeaning’, and is the preserve of the rich. It also became increasingly apparent that in the wider context the housing needs of older people were not being given the priority and attention they deserve and in fact housing policy was actually deterring the private sector’s contribution towards better housing for older people.

I remain concerned by the overall lack of consideration and assessment of what today’s older people want and need from housing, particularly given the ageing population in which we live. Last year McCarthy & Stone verified this view by conducting a survey of local authorities, which showed that only 6.5% have any sort of housing strategy in place for older people and that, of those, we have yet to find one that properly refers to older owner occupiers, despite this being the predominant tenure of older households.

Recently, however, I have been heartened by a number of developments that mark real progress in putting the housing needs of older people on the agenda: the Government’s “Quality and Choice for Older People’s Housing: A Strategic Framework”, published January 2001, identified valuable priorities and objectives that have been carried forward by the Housing and Older People Development Group, of which I am proud to be a member. Furthermore, the link between good housing and better health in older people has been identified by the Government and, I believe, the Department of Health has injected a new spirit of determination into this policy agenda.

We realised that McCarthy & Stone itself could do more to communicate the needs and preferences of our own customers and the wider benefits of sheltered housing. What provokes people at the age of, on average 75, to make a major change to their lifestyle and move to a new home? What impact does it have on their quality of life and their local community?

My thanks goes to The Opinion Research Business which has painstakingly achieved one of the largest independent studies of its kind and who went beyond the superficial to try to provide a more in-depth analysis of this particular housing market.

Whilst this study focuses exclusively on one housing option, I hope you will agree that this does not in any way detract from its value. McCarthy & Stone has been urging the Government to assist local authorities in developing strategies for older people’s housing, health and social welfare and we hope this research will play its part by clarifying the role private sheltered housing should play within this.

I must emphasise that McCarthy & Stone supports the Government’s objective to achieve true diversity in choice and provision of housing for older people, but to achieve that aim, policy makers will need to take a holistic approach to encourage greater innovation and contribution from the private sector. I would urge the Government to use its planned revision of Planning Policy Guidance on Housing (PPG3) as an opportunity to provide a specific “Guide to Good Practice” to help local authorities address the housing requirements of older people and other specific groups. Furthermore, the frameworks being established under the new Supporting People programme offer, in my view, an excellent opportunity for relevant stakeholders to look beyond the provision of government services and to work alongside the independent sector to achieve the common goal of a better life for older people.

I hope you find this report interesting and informative.

Gary Day MRTPI
Land & Planning Director
McCarthy & Stone Plc.



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Executive Summary

The Reality of Private Sheltered Housing

This report sets out the findings of one of the largest studies into sheltered housing in the United Kingdom. It represents and examines the opinions of over 1,500 current and prospective residents of private sheltered housing – their priorities, levels of independence, health, happiness and contribution to their local community and the wider economy.

It aims to contribute to the wider debate on the needs and wellbeing of older people, ensuring appropriate housing choice and, in particular, the importance of housing in delivering a good quality of life.

Additionally, the report dispels many myths about private sheltered housing that seem to have been allowed to grow in the past.

To summarise the key findings that emerge from this report:

01 THERE IS A SHORTAGE OF PRIVATE SHELTERED HOUSING IN THE UK

- 39% of prospective residents have had to look further afield to find suitable accommodation as there was not enough in their area;
- 81% of prospective residents believe there should be more private sheltered housing in their area;
- If the rate of demand and provision remain at their current levels, there is likely to be a shortage of around 62,500 private sheltered housing units by 2020.

02 PRIVATE SHELTERED HOUSING HELPS OLDER PEOPLE ENGAGE WITH THE LOCAL COMMUNITY

- 39% of current residents live a more active life in private sheltered housing than they did before they moved there;
- 76% of current residents feel that they are a member of the local community;
- 92% of current residents have contact with friends/family on a regular basis.

03 PRIVATE SHELTERED HOUSING PROMOTES INDEPENDENT LIVING

- Since moving into private sheltered housing, 58% of residents have become less dependent on their children;
- 59% of residents have a more independent lifestyle in private sheltered housing than they did in their previous homes;
- 61% of prospective residents strongly believe that moving to private sheltered housing will help them maintain their independence;
- 83% of current residents believe that living in private sheltered housing helps maintain independence.

04 PRIVATE SHELTERED HOUSING IS A HOME FOR LIFE

- 66% of prospective residents strongly believe that moving into private sheltered housing will enable them to avoid the need to move into assisted living accommodation;
- 66% of current residents believe they will live longer in private sheltered housing;
- 86% of current residents believe that their home is a home for life.

05 “STAY PUT AND ADAPT” IS NOT THE BEST SOLUTION FOR MANY OLDER PEOPLE

- 29% of prospective residents spend more time on their own than they would like to;
- 32% of current residents highlight companionship as the greatest advantage of private sheltered housing;
- 66% of current residents enjoy their lifestyle more living in private sheltered housing than they did in their previous home;
- 78% of prospective residents strongly believe moving into private sheltered housing will increase their security;
- 84% of current residents moved into private sheltered housing to have better access to local shops and facilities. 81% did so to have supervision by a house manager. 60% did so in order to rid themselves of unwanted responsibilities.

06 LOCAL ECONOMIES BENEFIT SIGNIFICANTLY FROM PRIVATE SHELTERED HOUSING SCHEMES

- One in three current residents walk to the local shops each day;
- 45% of current residents buy the bulk of their shopping within one mile of their private sheltered housing scheme, with 65% travelling no further than two miles;
- 62% of private sheltered housing residents prefer to shop in local centres rather than major town centres;
- Each week, a typical private sheltered housing scheme generates £11,735 in resident spending (£610,000 per year), generating an additional £1,750 per week (£92,000 per year) in local spending compared to what would have been generated in a conventional high density housing scheme (deadweight). Over the lifetime of a scheme, this equates to around £2.3 million more in local spending than would have been generated by a conventional scheme.

07 PRIVATE SHELTERED HOUSING SCHEMES ALLEVIATE PRESSURES ON THE NHS

- Only 21% of current residents have received inpatient medical care in the last 12 months. Amongst this group, the average number of nights of inpatient care is 7.4, under half the average for the national population aged 75+. This saves the NHS £2,598 per resident receiving inpatient care per year;
- The average number of visits per annum to a GP by current residents is 4.2 compared to 6 visits amongst the national population aged 75+;
- 41% of residents confirm that their health has improved since moving into private sheltered housing;
- 55% of current residents class their health as very good/ good.

08 PRIVATE SHELTERED HOUSING SCHEMES INCREASE THE AVAILABILITY OF ORDINARY LOCAL HOUSING STOCK

- 23% of those moving into private sheltered housing sell their previous homes to families;
- 43% of those moving into private sheltered housing sell to couples;
- 45% of current residents moved within five miles of their previous homes;
- 85% of those who purchase private sheltered housing flats will downsize from houses to do so.

09 PRIVATE SHELTERED HOUSING OFFERS SUFFICIENT SPACE AND HIGH STANDARD SPECIFICATIONS FOR OLDER PEOPLE

- 71% of prospective residents believe that they do not need to live in a house as big as the one they currently live in;
- 71% of current residents moved to private sheltered housing to meet their specific design and mobility needs.

10 PRIVATE SHELTERED HOUSING TRANSFORMS THE QUALITY OF LIFE OF ITS RESIDENTS

- 64% of current residents feel their sense of wellbeing has improved since they moved into private sheltered housing;
- 78% of current residents believe that private sheltered housing helps to alleviate their worries and anxieties;
- 88% of current residents believe that private sheltered housing helps to improve their personal security. 53% of current residents cite personal security as the biggest advantage of private sheltered housing;
- 92% of current residents would recommend private sheltered housing and their way of life to their friends.

A black and white photograph showing a close-up of hands building a structure with dominoes on a table. The hands are carefully placing a domino into a larger rectangular frame made of other dominoes. The background is blurred, showing more dominoes and hands, suggesting a group activity or a complex construction project.

Chapter One

The Demand for Private Sheltered Housing

"I don't think there is an adequate supply of housing for the elderly. We get a lot of enquiries from elderly people who want to know what housing is available as their housing has become unsuitable for them. One of the benefits of the complexes is that lots of the worry is taken care of because someone else is responsible for maintaining it."

Age Concern, Support & Advice Services

“My husband died nine months ago. I find the garden hard work and there is all the maintenance of the house; that would all be taken care of if I was in a retirement flat. I want to keep a degree of independence and have the manly side of things looked after.”

Female prospective resident, late 70s, Sussex

What is more important than where we live?

It impacts upon our quality of life, our health, our mobility, our independence, our economic vitality and our personal security. Our house not only defines our place in the external community, but it gives us a personal focus for our being. The walls that surround us, at any age, are our privacy, our shelter and, potentially, our prison.

Suitable housing that fits our needs and maximises our quality of life is increasingly a priority throughout our lives. And no more so than as we get older.

Ensuring sufficient and suitable housing across society (from the availability of land to build on, to the provision of special needs and affordable housing) is a key challenge to policy makers at both a national and local level. Ascertaining the housing needs of our society and calculating the value the alternatives bring, are growing problems that will undoubtedly escalate further in the coming years.

Enabling genuine housing choice for older people depends upon a proper assessment and understanding of the needs and aspirations of older people. Such assessments can then underpin appropriate housing strategies and policies. Only then will we ensure the delivery of sustainable housing options.

This Report

This report contains the findings of one of the largest and most detailed studies of UK opinion on the role of sheltered housing and the contribution it makes to the lives of older people and to society as a whole.

This report sets out to examine one vital issue facing housing in the UK today: the provision of private sheltered housing for older people. It aims not only to quantify the demand and need for this housing but to demonstrate the value that such housing brings to the lives of its occupiers and to the communities in which such accommodation is built.

This report is based on the findings of both qualitative and quantitative research conducted amongst older people in the UK and the stakeholders whose professional lives they impact upon – in the local economy, public and voluntary sector and through their social lives.

Throughout the report the views of over 1,500 older people are represented. There are no assumptions made about what this vital group think and how they act; this report represents their opinions, needs, demands and aspirations. Some of the views expressed do not conform to those assumed by opinion formers as typical of older people. In this way, this report emphasises the gap between how older people view their lives and how others in the policy making and opinion forming arenas see them. We hope therefore, that this report informs the wider debate on the housing needs of older people.

The findings published in this report are the results of two quantitative polls carried out by Opinion Research Business (ORB) and 8hwe Ltd in July 2003 and a series of qualitative focus groups and in-depth interviews carried out in June and July 2003. The economic analysis in chapter four was conducted from the findings in the research by Roger Tym & Partners, a leading consultancy that specialises in planning and the economics of regeneration and development and analysis of labour markets.

ORB was established in 1994 and encompasses staff with over thirty years of worldwide market research experience. It is a full service market research company and has conducted research in over sixty five countries. 8hwe is the UK's first dedicated research-led campaigning and issues ownership agency, and works with clients in the political, public and corporate sectors.

The quantitative research was conducted amongst 1,000 residents of McCarthy & Stone retirement housing schemes across the UK and amongst 512 older people who have expressed an interest in retirement housing schemes and were either on an enquiry list or had asked for information about a scheme but who are still living in conventional housing.

“I’m getting old. I need more people around me who are in the same boat.”

Female prospective resident, 79, Cheshire

3,500 self completion questionnaires were sent to a random selection of eighty two McCarthy & Stone schemes throughout England, Scotland and Wales to fulfil the desired number of resident responses. Interviews with prospective residents were conducted by telephone¹.

It should be noted that, whilst these two groups both comprise older people, those already resident in private sheltered housing are proportionately older than the prospective residents. Therefore, in comparing aspects of their lives, (for example mobility, health, marital status), the impact of age and ageing needs to be borne in mind.

The average age of prospective residents in this study is 71.6. This report uses some comparative figures from the UK 2001 Census, for whom the age group over 65 in England and Wales has an average age of 75 years². It is important to note, therefore that our figures comprise aspects of the lives of a comparatively older section of this group. Annex A sets out the key demographics of both groups in this study.

Throughout the report, we feature anonymised quotes and case studies from residents and stakeholders. These are taken from over twenty in-depth interviews and three qualitative focus groups conducted as part of this research. These interviews were based around private sheltered housing developments in:

- Aylesbury, Buckinghamshire
- Gosforth, Newcastle
- Murryfield, Edinburgh
- Walderslade Village, Kent

We are grateful to all those who took part in this research for giving their time to build this comprehensive picture of the needs and priorities of older people today.

What is Private Sheltered Housing?

This report highlights the issues surrounding “category 2” type sheltered housing schemes; that is those where there is a resident warden, an alarm facility and other communal facilities (notably provision of a guest suite, communal lounge and laundry)³.

Whilst the overwhelming majority of category 2 type sheltered housing is provided by local authorities and Registered Social Landlords, the private sector also plays an important role in the provision of this type of accommodation, having delivered

approximately 50,000 units (around 10% of the total sheltered housing stock in the UK). This report is based on evidence collected amongst current and prospective residents of sheltered housing provided by the private sector but many of the issues it raises will be of relevance across the public-private spectrum.

Over the past two decades the spotlight has been placed on the problem of hard-to-let sheltered housing in the public sector. Indeed, the Audit Commission has reported that some eighty seven percent of local authorities have hard-to-let sheltered housing, partly because “better housing stock and rising housing expectations mean that some older people will struggle to remain in their own homes rather than move to sheltered accommodation with shared or poor quality facilities”⁴. Many local authorities have started to tackle the problem of hard-to-let sheltered housing through refurbishment or by changing the use of the scheme to provide extra care for frail older people. Nonetheless, the very existence of this problem means that it is hardly surprising that the phrase “sheltered housing” has negative connotations in the minds of many people.

It is important, however, to remember that the problem of hard-to-let schemes applies to dated public sector stock. It must not be allowed to deflect attention from the demand and enthusiasm for well maintained and conveniently located sheltered housing, across all tenures.

Neither residents nor prospective residents of private sheltered housing identify their personal circumstances with the negative attributes that are often associated with sheltered housing. In fact, evidence from this report shows that older people regard private sheltered housing as a significant means through which they can take charge of later life through maintaining independence. Few residents of the schemes featured in this report would describe themselves as living in “sheltered housing”. To them, their accommodation is:

- “A retirement flat”
- “Retirement living”
- “My house”
- “My home for life”

Nevertheless, this report uses the term “private sheltered housing” to describe the accommodation referred to, as this is the term most commonly used by government, academics and practitioners.

¹ In some charts in this report, percentage responses do not add up to 100%. There are three reasons for this. First, where percentages fall just below or just over 100%, this is likely to be caused by the rounding of numbers. Second, some questions allow respondents to offer more than one response. In these cases, totals may well be significantly higher than 100%. Third, because the residents’ questionnaire was self-completed, residents may not have answered every question. The standard margin of error in the data is + 4.3% (prospective residents) and + 3.1% (residents).

² Office for National Statistics, All people Part 1: Census 2001, National report for England and Wales, (London: The Stationery Office, 2001), Table S001.

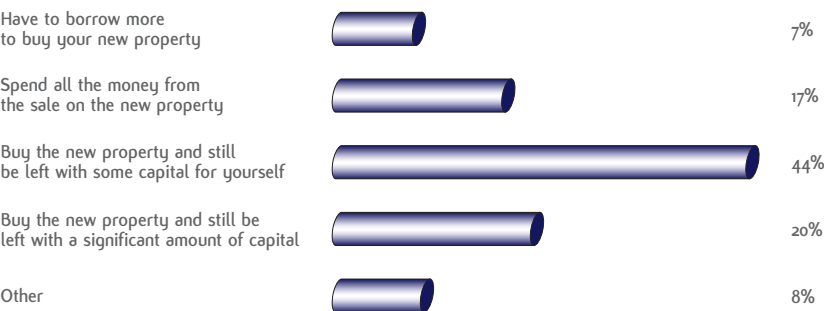
³ The formal distinction between “category 1” type schemes (where there are no communal facilities) and “category 2” type schemes (where there are communal facilities) was originally introduced by the 1969 Ministry of Housing and Local Government Housing circular 82/69.

⁴ Audit Commission, Home Alone: The Role of Housing in Community Care, (Great Britain: Audit Commission, 1998), p.26

“We are getting older and finding it more difficult to look after the house we are in. It would be cheaper living in a retirement flat – it would make life easier for day to day living.”
Male prospective resident, 78, Lincolnshire

Private Sheltered Housing is an Affordable Option

Residents were asked... Q. When you moved into your retirement flat did you...?



Private sheltered housing presents an affordable option for older people to live comfortably, securely and independently.

Older homeowners are likely to have paid off more of their mortgage than younger homeowners. In addition to this, they have benefited from a near doubling of house prices over the past five years.

There is £367 billion in un-mortgaged equity (the difference between size of mortgage and value of property) available to UK pensioners. This equates to about £72,500 per dwelling (Council of Mortgage Lenders, 1997)⁵. Indeed, figures from the Nationwide Building Society suggest that older people have the highest overall stake in their home of any age group with an average equity level of £153,500 in some areas of England⁶.

The average price of a flat in a McCarthy & Stone retirement housing scheme is £122,900⁷. Therefore, far from being the preserve of the rich, private sheltered housing is an affordable option for the majority of older people, of whom sixty one percent own their property outright and nine percent own with a mortgage⁸.

Unfortunately, without the permission to build housing to meet the demand, many thousands of older people will be deprived of the opportunity to live as they wish.

Private sheltered housing is not only within the spending power of the majority of older people but, by selling their existing ordinary housing, its residents free up considerable housing stock locally, providing much needed accommodation on the open market – principally family housing. Indeed, ninety one percent of prospective residents in this report are selling their existing properties in order to purchase private sheltered housing.

A similar proportion of current residents (89%) had done likewise, and sixty four percent had freed up capital in doing so – one in five releasing a significant amount.

“I’m 80 and my husband is 81 and I want something that we can stay in so when one of us dies the other one is staying somewhere comfortable.” Female prospective resident, 80, Axminster

⁵ Ray Forrest and Philip Leather, Ageing, Home Ownership and the Mortgage Market, (Great Britain: Council of Mortgage Lenders, 1997)

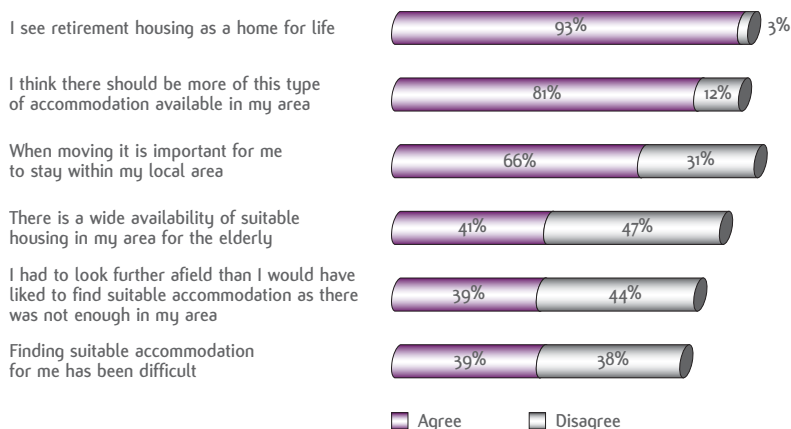
⁶ Nationwide, House Prices – Quarterly Review, (Great Britain, 1st July 2003), Table 2

⁷ McCarthy & Stone Plc, Interim Accounts, (February 2003)

⁸ Opinion Research Business Omnibus Survey amongst a nationally representative sample of 1000 adults aged 18+ throughout England, Scotland and Wales, July 2003

The Urgent Need for Private Sheltered Housing

Prospective Residents were asked... Q. Thinking about when you decided to move out of your home, how strongly do you agree or disagree with the following statements about the availability of suitable accommodation for elderly people?



At present there are only approximately 50,000 private sheltered housing units in the UK which is wholly insufficient to meet demand. For example, 75,000 expressions of interest have been registered with McCarthy & Stone in the past twelve months alone. Thus, existing demand for private sheltered housing units is approximately 125,000.

On average, approximately 3,000 units of private sheltered housing are built each year in the UK⁹.

By 2020, it is estimated that 12.02 million (19.3%) of the UK population will be over 65¹⁰. This is a 28.4% increase on the current 9.36 million people of that age¹¹.

With the projected growth in elderly population, we predict demand for this type of housing will increase by a minimum of 35,500 homes by 2020¹². Assuming the rate of demand remains constant, there will be a shortage of 62,500 units by 2020 if the rate of provision does not increase¹³.

It is important to bear in mind that this is a very conservative estimate, not least because of the effort that local authorities have been making to solve the problem of their hard-to-let accommodation, which will enhance the reputation and demand for sheltered housing in general. In addition, we have assumed the demand for housing from only one private sector

provider (albeit the market leader with around seventy percent of the market).

However, the rate of demand for both private and good quality public sector sheltered housing may well increase and the need will therefore possibly be far higher than this very conservative figure. All in all, this points to a critical shortage of private sheltered housing now and in the future.

The paucity of supply is illustrated by the fact that nearly forty percent (39%) of prospective residents are having difficulty in finding suitable private sheltered housing.

Despite the wishes of two thirds of prospective residents to stay within their local area – thirty seven percent within five miles of their current house – nearly forty percent (39%) have had to look further afield due to the lack of suitable private sheltered housing in their locality. Without growth in supply, some older people will have to move away from their communities if they want the security and independence that private sheltered housing offers.

This concern is widely voiced by prospective residents, 81% of whom believe that there should more private sheltered housing in their area.

“I want to find somewhere suitable for my wife, where she is comfortable if something happens to me, because I have cancer.” Male prospective resident, 60, Reading

⁹ McCarthy & Stone figures

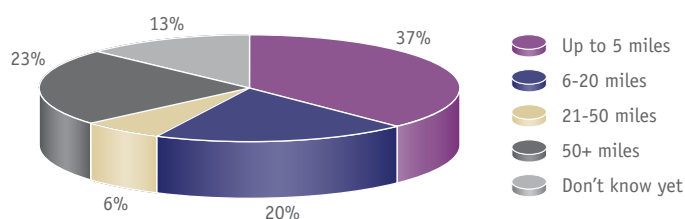
¹⁰ Government Actuary's Department, 2001-based National Population Projections

¹¹ Office for National Statistics, Key Population and Vital Statistics Series VS no.28, PP1 no.24, (London: The Stationery Office, 2001), Table 1

¹² This assumes a proportional increase in demand for private sheltered housing as the UK population over the age of 65 grows by 28.4% from existing demand and supply of 125,000 units.

¹³ Total demand of 160,500 units minus the existing 50,000 units and 3,000 new units pa for period 2004 – 2020.

Prospective Residents were asked... Q. What is the distance you are intending on moving from your current home to retirement accommodation?



The Preferred Choice For Living

The majority of those living in or seeking private sheltered housing are women. Private sheltered housing also attracts a high proportion of widowed people (thirty percent of prospective residents). As we will see later in this report, the provision of security, companionship and the ease of living in a smaller home contribute to making a change in personal circumstances, such as the death of a spouse, easier to adjust to. Amongst current residents, 60% are widowed. Amongst the general population of older people, 47% are widowed, divorced or separated¹⁴.

81% of prospective residents and 74% of current residents have children but their offspring are not seen as an alternative provider of accommodation. Indeed our research shows that a central component in the attractiveness of private sheltered housing is its ability to help older people look after themselves, and thereby avoid being dependent on their families.

This is a theme echoed in the work of academics including Robin Means et al who asked older people what independent living meant to them. First, older people expressed a wish to lead a varied lifestyle outside the home. Second, they wanted to be able to maintain a routine. Finally, they wanted to avoid dependence on others, be they friends, family or the statutory services¹⁵.

Private sheltered housing attracts older people who have reached a stage in their lives where they wish to act to secure their independence. The importance of housing in achieving this is paramount; hence the demand for well located, well designed homes which optimise mobility, security and freedom. 70% of current residents emphasised the importance of the mobility-friendly aspects of the design and the access facilities offered in private sheltered housing in influencing their decision to move.

These key components of independent living are further examined in chapter two.

“We have a very large garden and my husband isn’t very well and there will come a day that we won’t be able to cope. I like the idea that someone is on hand so if he fell down and I couldn’t pick him up, someone will be able to help.” Female prospective resident, 63, Devon

¹⁴ Opinion Research Business Omnibus Survey amongst a nationally representative sample of 1000 adults aged 18+ throughout England, Scotland and Wales July 2005

¹⁵ Robin Means et al, Maintaining Independence in Later Life, (Great Britain: Anchor Trust, 1996), pp.8 – 10

“I got robbed. My daughter doesn’t want me to be on my own . She likes the idea of there being a warden and me being able to socialise.” Female prospective resident, 67, Surrey

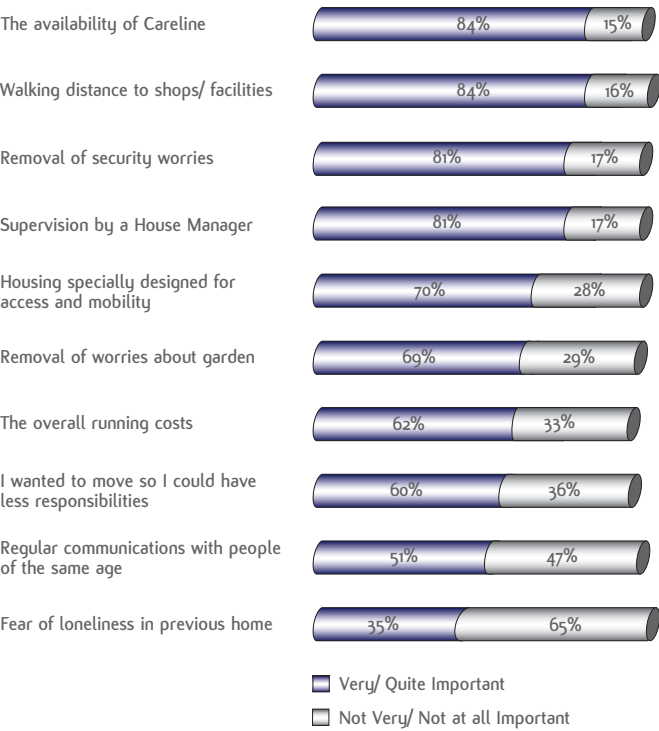
Private Sheltered Housing v “Stay Put and Adapt”

To be effective for its residents, there are certain criteria that sheltered housing needs to meet. In defining a policy for housing and older people, Government advice highlights the importance of security, distance to shops, amenities, transport links and cultural amenities as well as physical aspects of the housing stock¹⁶.

Our research wholly supports this and, in doing so, highlights one of the key problems with the “Stay Put and Adapt”

argument proffered by some opinion formers: that what older people really need when it comes to housing cannot always be provided by alterations to their existing properties but are wholesale environmental improvements that can only be guaranteed through the provision of quality purpose-built housing, effectively located. That is not to say, of course, that adaptation of existing property does not have an important role to play in ensuring genuine housing choice for older people. It nonetheless ought not to be seen as a panacea.

Residents were asked... Q. How important were each of the following factors in influencing your decision to move into this accommodation? (Percentaged on those giving a response, including don't knows)



¹⁶ DETR, Quality and Choice for Older People’s Housing: a Strategic Framework, (London: DETR, 2001), Chapter 7

Characteristics such as being within walking distance of shops or a doctor's surgery (given a mean score of 9.23 and 9.01 respectively by residents as of utmost importance), lift access (9.14) and links to public transport (8.95) cannot necessarily, or often, be delivered by adapting ordinary housing.

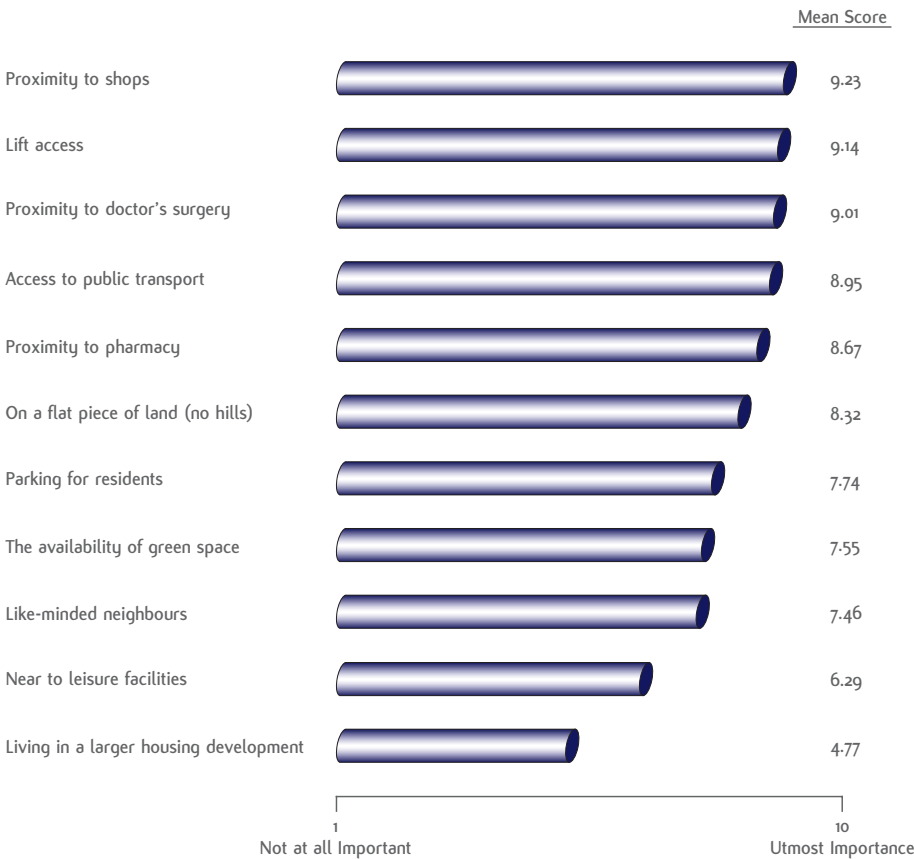
The majority of older people demand housing that is specially designed for access and mobility. And, whilst there have been huge steps forward in the provision of services to older people who remain in ordinary housing, significant doubts remain about the efficacy of it as a solution.

As our research demonstrates, “Stay Put and Adapt” does not necessarily offer older people what they require and demand. As a solution it does not remove concerns about security (of importance to eighty one percent of residents), nor remove responsibility for a garden or the responsibilities of running a house (sixty nine and sixty percent respectively). Neither, of course, does it offer a house manager (deemed important by eighty one percent of residents).

In an age where we have the capacity to offer older people meaningful choices about where they live, it is unfortunate if “Stay Put and Adapt” is promoted as a universally effective option. For many older people, (including the seventy one percent of prospective residents who think their current home is too big), “Stay Put and Adapt” offers little if anything to alleviate the worry and concerns that the responsibility for a larger house causes them.

The issues that influenced older people to move into private sheltered housing 15 years ago remain the major attractions today. In a study from 1989¹⁷, the availability of Careline (77%), the proximity to local shops (75%) and the supervision by a house manager (72%) were major attractions for those seeking this type of housing. **The importance of security remains highest, but as an issue of concern, it has doubled in importance over fifteen years.**

Residents were asked... Q. How important do you think the following characteristics are when considering the location of housing for older people?



Conclusion

Quality private sector sheltered housing is at a premium in the UK. Over the next two decades, demand will significantly increase as our population ages.

Unless this demand is satisfied by increased provision of this type of special needs housing, generations of older people will be denied the security, comfort and independence that they require and deserve.

¹⁷ Harris Research Centre, The Facts and the Future: A Survey on Sheltered Housing for the Elderly, (UK: Harris Research Centre, 1989), p.17



Chapter Two

Independent Living

"I think independence is important to old people and sheltered accommodation is good in this way as it doesn't take away independence. They still have their own front door they can close. But they are also secure and feel safe. They know that someone won't break in at night and so can sleep well." Ward Councillor, Bucks

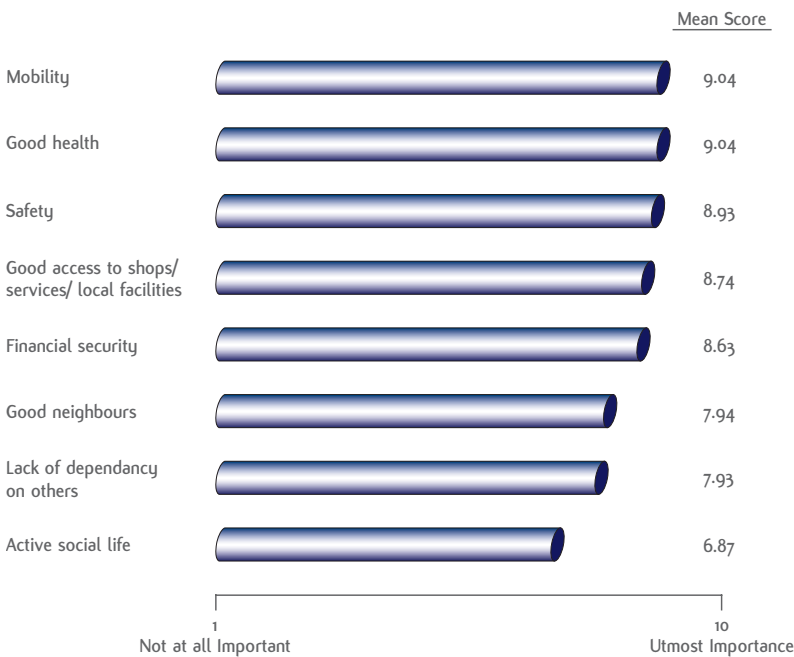
“The elderly fear that they are going to lose their independence if they lose their home, but they’re not. As they get older they aren’t going to be able to cope with their homes and in practicality their independence is going to mean very little, whereas in sheltered accommodation they can maintain their independence for a longer time.” Unit Manager, Meals at Home, North East

The Importance of Independent Living

For both government and for older people themselves, independent living is of vital importance. Why?

Independence is a necessary factor in the ability of older people to enjoy a good quality of life. The Government has argued that “effective housing, allied to the right care, support and wider services, such as good transport and community safety, can be the springboard that enables older people to remain involved and live their lives to the full”¹⁸.

Residents were asked... Q. There are many things that a person of your age says that they need to have in order to enjoy independent living. On a scale of 1 to 10 how important do you think the following are to maintain an independent lifestyle?



Defining Independent Living

Community care policy has tended to assume that remaining in ordinary housing is a prerequisite for independence. However, the complexities of independence are now being acknowledged more frequently. As Roger Clough argues, independent living “has different meanings for different people and demands precision and clarification”¹⁹.

Our research suggests that independent living primarily comprises mobility (including the ability to get to the shops and local amenities), good health, safety and financial security, good neighbours and a lack of dependency on others.

If private sheltered housing is to be given the status and importance that its many proponents believe it merits, it needs to demonstrate its ability to assist older people in achieving this level of independent living. Likewise, as discussed in chapter one, the case for “Stay Put and Adapt” has yet to prove itself as meeting the requirements of all older people, let alone assisting in delivering independent living.

Of course, as people get older, there is often a natural diminution of health and mobility in particular. The challenge for alternative forms of housing is to assist in delaying the onset of these and to assist those suffering from them in optimising their independence.

¹⁸ DETR, Quality and Choice for Older People’s Housing: a Strategic Framework. (London: DETR, 2001), Introduction

¹⁹ Roger Clough, ‘Commentary’ in Keith Summer, editor Our Holmes Lives, (UK: CPA, 2002), p.32

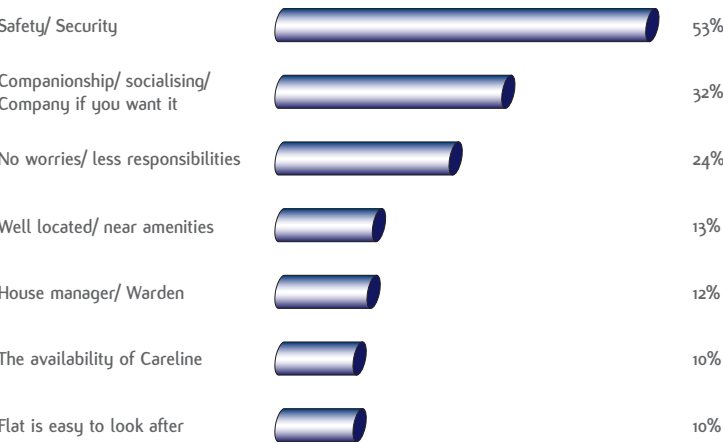
“I have real independence here. I can be on my own but I can also socialise if I want to.”
Female resident, 81, Epsom

Housing and Independent Living

Whilst there have been strides in the bespoke packages of care available to older people who remain in ordinary housing, it is limited in the choices it can offer with regard to social and practical help and, our study suggests, is often insufficient to maintain independent living or maintain a good quality of life.

Over half of all current residents place security as the greatest advantage of their chosen housing (and a key component of independent living). Other key advantages highlighted were the companionship offered in these schemes (32%) and the reduction of worries and responsibilities (24%).

Residents were asked... Q. What do you consider to be the main advantages of this type of housing?
(Spontaneous Responses of 10% Shown)



The real life experience of many older people shows that struggling on in ordinary housing does not necessarily equate to genuine independence. Whilst the personal care needs of older people can be partly catered for in ordinary housing, their need for social and practical support is often left unfulfilled. Any adherence to the assumption that older people need to remain in ordinary housing in order to be independent seems misguided. The views of prospective residents – seeking to escape the inadequacies of ordinary housing and improve their level of independent living – illustrate this.

For residents, these hopes are delivered through the quality of life improvements offered by private sheltered housing. The results of this study demonstrate that residents not only enjoy an easier life with less worries and responsibilities, but also an increase in freedom through time to spend on enjoyable activities, with greater companionship, happiness and security. The capital that is often freed up by the move to private sheltered housing can assist older people in increasing their spending power in their later life.

“We don’t have responsibilities here. We have more independence – more time to do what you want to do. You have a better type of life; you feel relaxed and sleep well at night.” Male resident, 80, Epsom

Achieving Independent Living

Elsewhere in the academic debate, commentators such as Andrew Nocon and Nicholas Pleace emphasise that sheltered housing needs to be looked upon as a resource that can complement community care by helping to cater for the social and practical needs of older people. They argue that sheltered housing is popular with many older people who “like accommodation that is warm, easy to keep clean, of convenient size, secure, and where they do not need to worry about repairs or maintenance. They also appreciate having support from a warden, the company of other people nearby, and being in a quiet location but one that is convenient for local amenities”²⁰.

As this study shows, residents not only agree with this but private sheltered housing also assists them in maintaining their independence, alleviating worry and promoting security. Over half of current residents believe that good health is promoted through their choice of housing and over sixty percent experience enhanced wellbeing.

The evidence indicates that private sheltered housing may go further than Nocon and Pleace suggest by actually mitigating the need for much low level community care. This has the potential to deliver substantial savings to government and the taxpayer whilst improving independent living for generations of older people. This is examined further in chapter five of this report.

To deliver this at a national level, government needs to provide a regulatory framework for building such homes to ensure that this opportunity is not passed by. At a local level, there is scant serious consideration of the need for private sheltered housing; only 6.5% of local authorities have a housing strategy for older people²¹. A further 6.5% intend to produce one in the foreseeable future. There was, however, no meaningful reference found in any existing strategy to the private sector and the role and benefits it can offer in providing choice and satisfying housing needs. The potential for savings in community care that private sheltered housing can offer local authorities will be missed unless this changes.

Conclusion

Independent living comprises mobility, health, security and the freedom from responsibility that allows older people to live the life they choose; not the life that is forced upon them by the restrictions, worries and practical restraints of ordinary housing (however well adapted) and intensive community care.

Private sheltered housing offers, for many older people, the best possible prospect for independent living. It delivers their vision of independent living and optimises their quality of life.



²⁰ Andrew Nocon and Nicholas Pleace, ‘Sheltered Housing and Community Care’ *Social Policy and Administration*, Vol. 35, No.2 (June 1999), p.166

²¹ McCarthy & Stone figures 2002



Chapter Three

The Personal Case for Private
Sheltered Housing

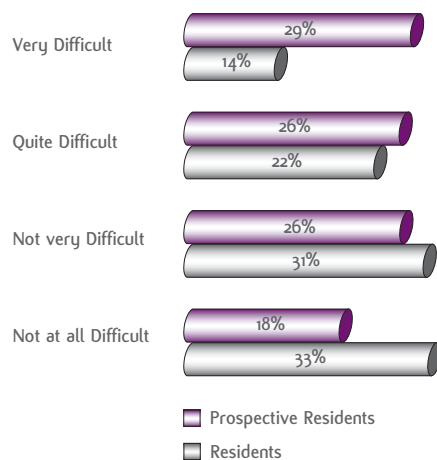
*“Life is so much easier and
happier – financially, emotionally
and physically”*

Male resident, 80, Essex

“The security is very good here. You don’t worry about who is going to knock on your door. I would be fearful living on my own like my sister does. I can go out here and leave my windows open. You lose a lot of worries.” Female resident, 81, Epsom

A Difficult Decision But One Worth Taking

Residents & Prospective Residents were asked... Q. How difficult a decision was it for you to finally decide to leave your previous home?



The decision to leave what has often been the family home and downsize is frequently difficult. Older people will do so, however, in order to improve their overall lives and, for just under half of prospective residents, the decision is straightforward. This rises to 64% amongst residents looking back on their decision.

Those prospective residents who are in poor health are significantly more likely to find the decision to move very difficult and, the longer one has lived in a house, the harder the decision.

Prospective residents have, on average, lived in their existing homes for 18.6 years whilst current residents had lived in their previous home for 21.8 years. For many, the move is their first for a generation – over one in four current residents had been living in their previous home for over thirty one years. It is not a decision taken lightly.

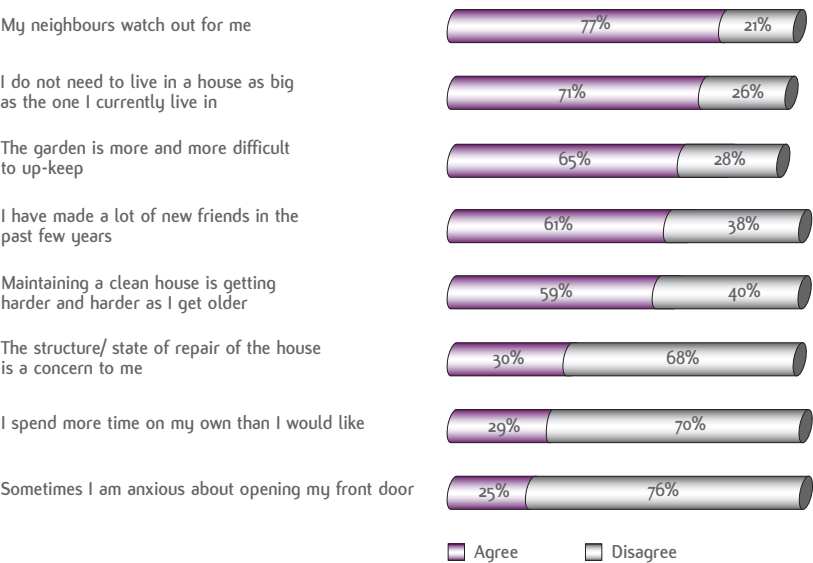
As we saw in chapter one, the decision to move to private sheltered housing becomes more straightforward as the frustrating aspects and worries of living in ordinary housing increase over time. Whilst an event such as the death of a spouse or the onset of disability can prove to be a catalyst for moving, for the vast majority of residents and prospective residents, the decision is caused by an amalgam of factors.



“I have secure and attractive accommodation with well kept public areas and gardens. I am also surrounded by nice people of whom you can see a lot or not very often” Male resident, 80, Hull

The Catalyst for Change

Prospective Residents were asked... Q. How far do you agree or disagree with the following statements about your current home and lifestyle?



Of particular note amongst these factors are the desire for safety and security, the effort needed to continue coping with and worrying about a garden or a large house and the wish to minimise their dependency on others.

These concerns are, evidently, not always resolved by employing a gardener, installing security systems or using fewer rooms in the house. The on-going worry and the continued responsibility needed to maintain ordinary living divert energy away from activities that can promote quality of life and wellbeing.

Over seventy percent of prospective residents believe that they do not need a house as large as they are currently living in and over sixty percent have difficulty with their garden. Nearly sixty percent (59%) assert that maintaining a clean house is harder as they get older. Whilst this is understandably far higher for those over eighty (77%), surprisingly nearly half of those under sixty five also agree (48%).

Sadly, one in four is anxious about opening their front door and almost thirty percent believe they spend more time alone than they would like.

The Attractions of Private Sheltered Housing

For those currently living in ordinary housing, the move to private sheltered housing addresses key concerns and problems with everyday life. The problems solved far outweigh any disadvantage of downsizing – for example only three percent of current residents miss their garden and only seven percent believe they have less privacy than in their previous accommodation.

Whatever the catalyst that leads an older person to decide to downsize, the location and design of private sheltered housing is of vital importance and those who choose to purchase it expect and deserve a genuine choice in what they receive for their investment. Their aspirations for their housing are high. Residents of private sheltered housing are discerning in what they require.

Whatever the reason for deciding to move, current residents of private sheltered housing perceive consistent and effective benefits of living this way.

“Help is at hand if needed, but one can still live an independent life” Female resident, 91, Beaford

The biggest attraction of private sheltered housing for residents is the security it offers. Indeed, it is almost twice as important as any other factor. In deciding to move in, the security offered was further aided by the availability of the Careline alarm system.

The second biggest attraction is the proximity to local shops. Proximity assists mobility and freedom. Moving to housing that is located close to local shops and local amenities allows older people to shop for themselves locally and maintain their lack of dependency on others.

The third key attraction is the size of garden (closely followed by the size of property) that residents are moving into compared to the one they are leaving behind. Typically, moving from a large house into private sheltered housing is a means of removing numerous responsibilities and enjoying a better lifestyle in a more manageable home. Mobility is optimised through purpose built accommodation that suits the needs of older people.

The three key attractions of private sheltered housing (security, proximity to shops and size of property) are vital components of independent living.

The impact on the life of the individual through the move to private sheltered housing cannot be understated.

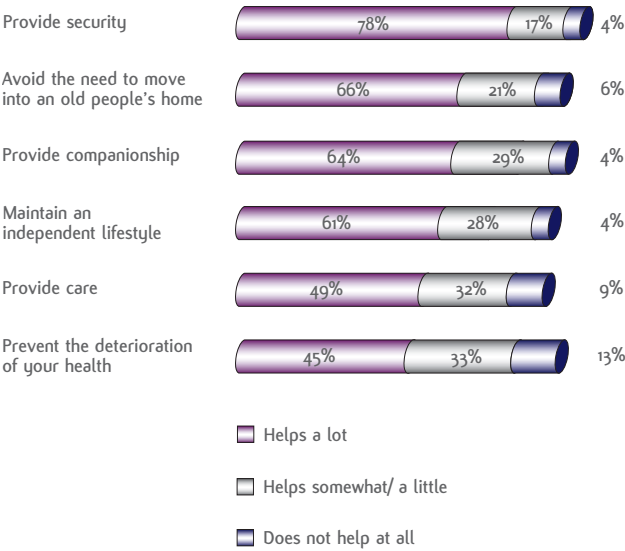
Not only do a large majority have greater freedom and less responsibility than previously and enjoy their lifestyle more than before, eighty eight percent of current residents also believe living there helps promote security. Furthermore, almost eighty percent believe it alleviates worries and anxieties and eighty three percent state that it helps maintain independence.

Over ninety percent of current residents have contact with friends or relatives on a regular basis. And, despite their age and their length of residency, nearly forty percent (39%) have a more active life since they moved into private sheltered housing. An impressive two out of three residents believe they enjoy their lifestyle more than in previous forms of housing.

It is unsurprising, therefore, that an overwhelming majority (92%) of current residents would recommend retirement flats to their friends.

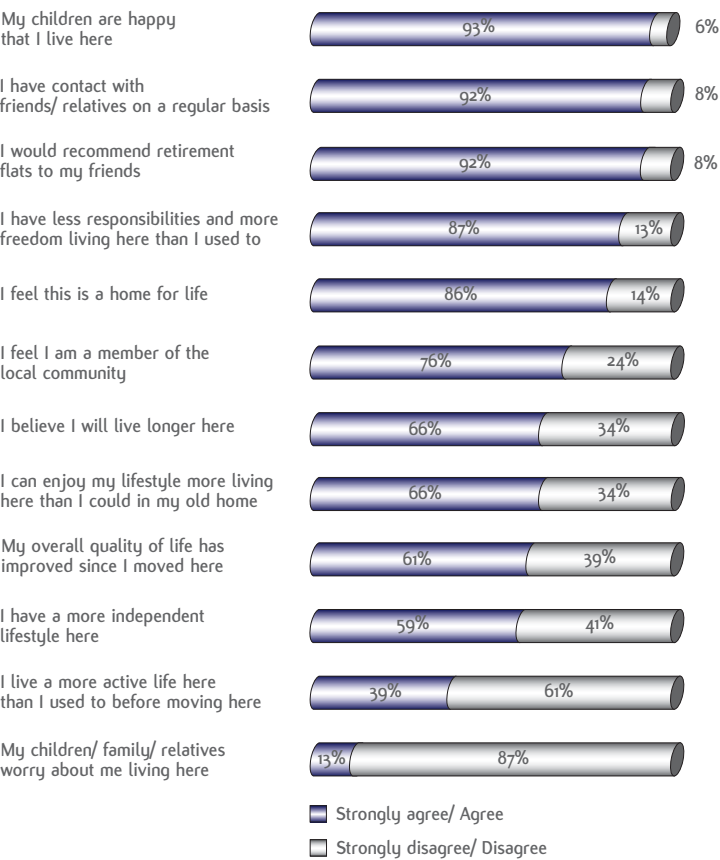
Transforming Your Life Through Private Sheltered Housing

Prospective Residents were asked... Q. How much do you think retirement housing will ...? Does it help a lot, help somewhat, help a little, or does it not help at all?



“There is a lot of companionship and entertainment but at any time you can go to your own flat and shut the door” Female resident, 84, Bucks

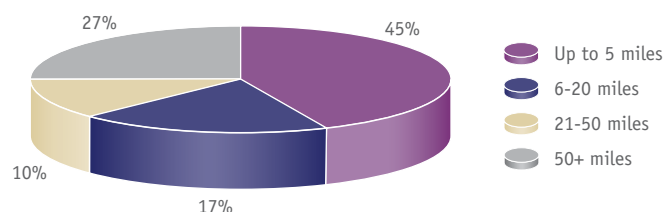
Residents were asked... Q. How strongly do you agree or disagree with the following statements?
(Percentaged On Those Giving A Response, Including Don't Knows)



“We want to move on and downsize from our current position. We want locality and easy access and a support network within the building” Female prospective resident, 66, Yorkshire

i. Family Proximity Not Dependency

Residents were asked... Q. What was the approximate distance you moved from your previous home to your current accomodation?



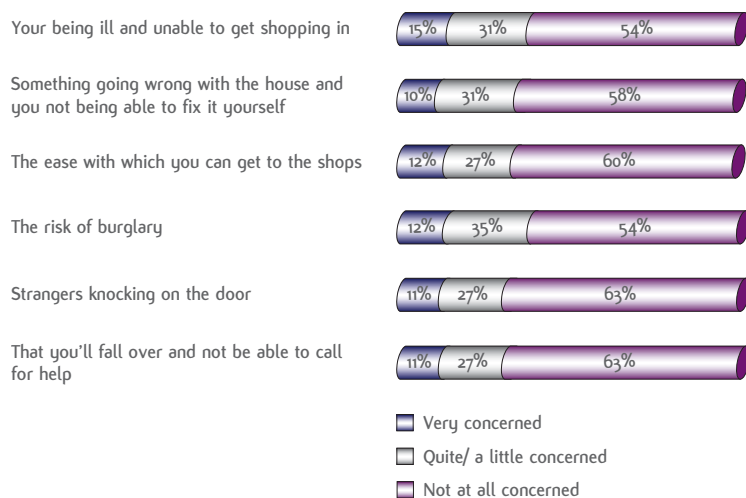
The concerns of family members about older relatives are also an important contributory factor to the decision to move. Nearly half of prospective residents (47%) acknowledge that their children are concerned about them becoming a victim of burglary whilst they remain in ordinary housing. Just under this number are concerned about their parents' ability to fix problems in the house and the ease with which they can get to the shops.

Over a third of prospective residents (38%) believe their children are concerned about them falling over and not being able to get help. The older the person, the greater the concern.

There is a desire on both sides – older people and family members – for older people to live nearer and in a safer environment.

But this does not mean that those moving into private sheltered housing are necessarily moving a long distance. Forty five percent of current residents had moved within a five mile radius of their former home – and almost two thirds within twenty miles.

Prospective Residents were asked... Q. How concerned about the following do you think your children/ younger family are about you and where you currently live? (Base: Those with children)



One in five prospective residents reports a growing dependency on their family members whilst they remain in ordinary housing. This contrasts with current residents, nearly sixty percent (59%) of whom have a more independent lifestyle since they moved into private sheltered housing, despite being, on average, older than prospective residents. Likewise, of those residents who have children, an overwhelming majority (93%) believe their offspring are happy about their parents' housing.

ii. Active Members of the Community

Some critics of private sheltered housing have suggested that residents are isolated from the local community. Our research reveals evidence to the contrary. Firstly, as set out in chapter four, residents are active economic participants in the local community. Secondly, only nineteen percent feel that they are more isolated from the local community than in their previous residence. Over three quarters of residents count themselves as being a member of the local community – only sixty five percent of prospective residents do so.

A key driver for residents in private sheltered housing is the option of the company of others and living in a community with others of a similar age and interest. Just over half of all residents (51%) were influenced in their decision to move by the prospect of regular communication with people of the same age. Ninety three percent of prospective residents believe that moving to private sheltered housing will provide companionship and our survey findings show that this is an issue of particular importance to women.

In considering the important characteristics of private sheltered housing, having like-minded neighbours was also awarded a mean score of 7.46 by current residents. Thirty

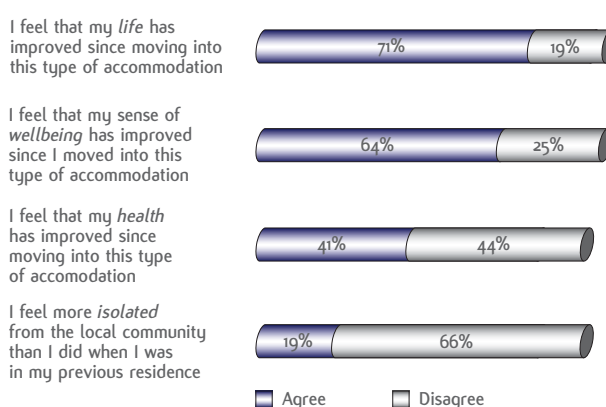
two percent of residents spontaneously identified this as the most important advantage of private sheltered housing. This rises to thirty five percent amongst widows.

Almost forty percent (39%) of residents live a more active life than they did in their previous home. That this figure is so high is both surprising and encouraging considering the fact that they have gotten older since moving into private sheltered housing.

iii. Companionship and an active life

Residents were asked...

Q. How strongly do you agree or disagree with the following statements that people like yourself have made about the way they currently feel?



Over fifty percent (51%) of current residents believe that private sheltered housing helps to promote good health. Amongst those residents who have moved into this housing over the last six months, this rises to sixty three percent. Despite the upheaval involved in moving and settling in to a new home, this clearly indicates the immediate benefit that residents gain from leaving the problems of their previous housing behind.

More than half of all residents (55%) consider their health to be good or very good. Bearing in mind the average age of residents (79.5 yrs), this compares very favourably to the general population of whom only forty one percent of 65-74 year-olds feel their health is good which falls to thirty-two percent of those aged 75+.²²

Amongst the general population aged 75+, thirty one percent describe their health as not good.²³ Only six percent of residents describe their health in this way.

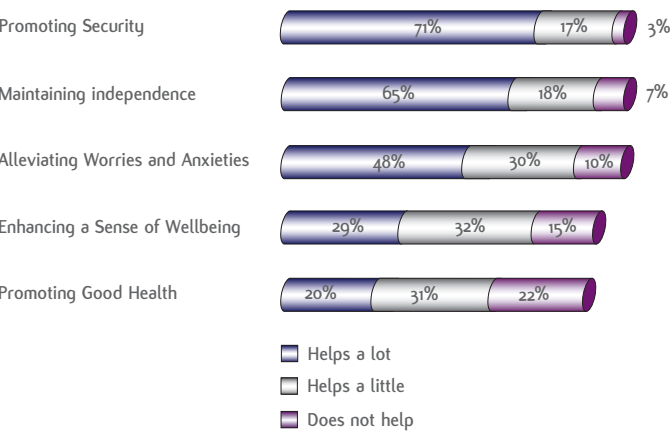
The good health of residents is clear from their use of the National Health Service: only twenty one percent of residents have received inpatient care over the last year. Interestingly, those who have children are significantly more likely than

²² Office for National Statistics, Living in Britain – General Household Survey, (London: The Stationary Office, 2001), table 20

²³ Ibid

“This is an ideal situation, it’s close to shops and we have security” Female resident, 70+, Oxford

Residents were asked... Q. How strongly do you agree or disagree with the following statements that people like yourself have made about the way they currently feel?



those without children to have spent nights in a hospital. Over half (54%) of residents have received no outpatient treatment (of those that did, the mean number of visits is 1.7 times per year); and thirteen percent have not needed to visit their GP in the last year.

Two thirds of residents believe that they will live longer in private sheltered housing than had they remained in their previous accommodation.

In chapter five, the cost savings to the NHS as a result of this good health is examined, demonstrating that it is not only the individual resident who benefits but the taxpayer at large.

iv. In Better Health

Maintaining one’s health is a core component of independent living. The advantages of private sheltered housing in maintaining health and helping residents to manage their health problems emerge through our study. There can be no disputing the positive impact that private sheltered housing has on those that live there. Seventy one percent of residents believe their life has improved as a result of the move.

As older people age, we would not expect their health to improve but forty one percent of residents believe that their health has done so since moving into this type of accommodation. And the average age of residents is 79.5 yrs!

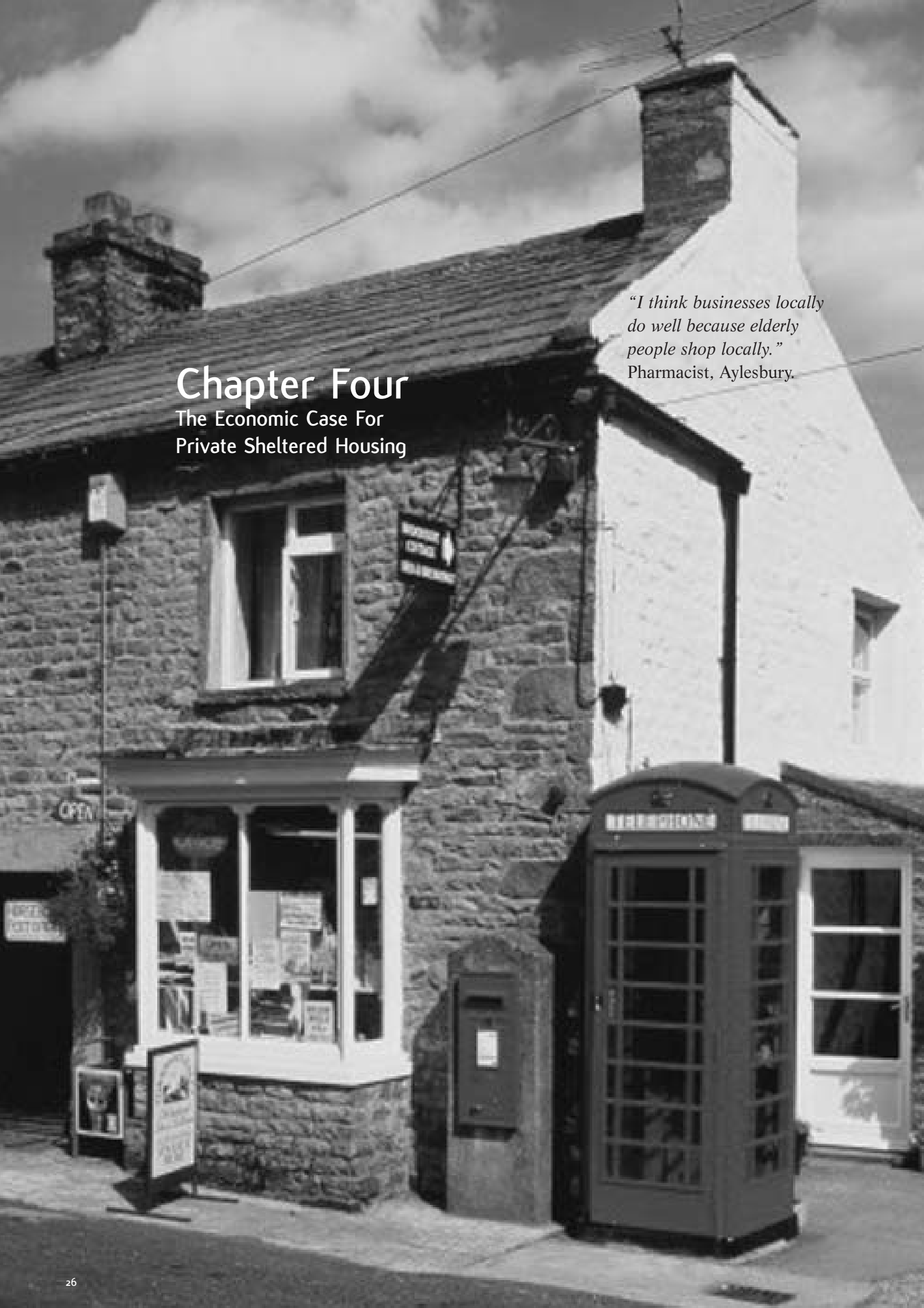
Why? Because residents say they benefit from improved wellbeing; less stress and worry through improved security and the reassurance of Careline; companionship which can reduce depression; and the benefits of living in accommodation that is built to suit their physical needs (e.g. lift access). As they have, typically, left behind the worries of a three bedroom house, this also has a positive impact on their health.

Conclusion

The move into private sheltered housing is primarily determined by a realisation that independence in ordinary housing is becoming more difficult to maintain. In particular, concern over security and the ability to cope with a house bigger than really needed and the demands of a garden lead to the decision to downsize.

Residents in private sheltered housing perceive themselves as benefiting from improved health, less responsibilities and greater freedom than had they remained in ordinary housing. Compared with others of their age, they are healthier.

By moving into private sheltered housing, older people are taking an active decision to secure their quality of life and independent living. Without more private sheltered housing, a generation of older people will be deprived of the opportunity to do likewise.



Chapter Four

The Economic Case For Private Sheltered Housing

*"I think businesses locally
do well because elderly
people shop locally."*
Pharmacist, Aylesbury.

“Older people tend to shop locally, they don’t go into town much, they just come to us for things like groceries.” Newsagent, Gosforth

Vital Contributors to the Local Economy

Private sheltered housing schemes play a vital part in the life of local communities. The propensity of older people to spend locally is high, assuming there is access to local shops which ordinary housing cannot guarantee.

Builders of private sheltered housing seek only to open schemes within walking distance of local amenities. As our study shows, by doing so they are generating substantial revenue for local businesses even when compared to alternative land uses.

By selling houses which, amongst residents, have been lived in for an average of 21.8 years, sixty four percent free up equity in addition to that used to purchase the private sheltered housing. In doing so, they meet the concern of the Royal Commission on Long Term Care which reported that ‘around forty percent of older homeowners are income poor but equity rich’²⁴. By freeing up equity, the ability of older people to spend more on their day to day living is improved.

Over sixty percent (62%) of residents prefer to shop locally – and just over a third (34%) do so on a daily basis. The benefit to local businesses of the arrival of a private sheltered housing scheme is therefore significant. Just under half (45%) of all residents buy the bulk of their shopping within one mile of their scheme. Just under two thirds (65%) travel no further than two miles to shop.

Full Economic Benefit to the Local Economy

Annex B sets out the economic benefits that a private housing scheme can deliver to a local economy. Each week a typical private sheltered housing scheme (of forty five apartments housing around 55 residents, together with a manager’s apartment) generates a weekly spend of £11,735 (£610,000 per year).

Such schemes generate an additional £1,750 per week (£92,000 over a year) in local spending after allowing for leakage, multiplier effects and deducting spending which would have been generated in a conventional housing scheme (deadweight). Over the lifetime of a scheme, this equates to around £2.3 million more in

local spending than would have been generated by a conventional scheme. A conventional housing scheme with the highest level of density was used for comparison to provide the most local economic benefit of the typical alternative uses on McCarthy & Stone sites.

The case studies below set out how local stakeholders believe private sheltered housing benefits their businesses.

Case Studies

(Case Studies contain verbatim comments from a selection of over twenty in-depth interviews)

The Local Pharmacy

“Since the retirement housing scheme opened three years ago, business has definitely increased by ten to twenty percent. Businesses locally do well because elderly people tend to shop locally”.

“It saves us time delivering to people in the retirement home and the customers appreciate it because it saves them walking backwards and forwards. It probably takes twice as long to deliver prescriptions if people aren’t all located in the same place.”

“If we are delivering to ten people it can take ages as we deliver over a very large area, but if we were delivering to ten residents in sheltered accommodation we can save up to three hours. We are quite stretched with our delivery service and so it does make a difference being able to deliver in this way. It saves in terms of time, driver costs and petrol costs. And these all add up.”

“Delivering to a number of people in one block certainly makes it a lot easier for us. It is also much better as they are warden controlled and so even if we can’t get access to the customer we can leave their prescription with the warden. It saves a lot of time.”

“I think the warden is a benefit. It also means that old people are less isolated. It’s better for the elderly people as they have a community and look out for each other whereas if they live a long distance from each other and aren’t very mobile this can be difficult.

It’s also good for local businesses as it brings them a regular stream of customers. Elderly people are always popping into local shops, within a five minute walk for bits and pieces.”

²⁴ Royal Commission on Long Term Care, With Respect to Old Age: Long Term Care – Rights and Responsibilities, (London: The Stationery Office, March 1999), 5.22

“We spend more money locally now whereas before we would have gone further afield”
Female resident, 65, Epsom

The Local Shop and Post Office

“It’s beneficial to us to have the retirement home here as the warden always introduces new customers to us. She always mentions to people when they move in that we do newspaper delivery so we get new customers.”

“It’s better for us having one block with a lot of people living there than people living separately in houses. We deliver fifteen newspapers in the morning and fifteen at night to the scheme – it’s quite a lot of business to bring to a small development. It would take at least twice as long if we were delivering to individual houses.”

“I would guess that twenty percent of our customers are retired. They’re in and out of here all day long; they don’t go into town much. Older people tend to shop more locally than younger people. They always come here first and if we don’t have what they want they then go into town.”

“I think because of this thing going on with government closing post offices down, older people are supporting us more. A few come in every day even if it’s to buy a bar of chocolate. It was a worrying point for us before the retirement housing opened but now it’s better. I started doing home deliveries and it picked up.”

“It saves us time. We have a boy who does the deliveries there and it takes about half an hour to do both. If we were delivering to that many people living in individual houses it would take an hour and a half.”



“Local businesses benefit as the scheme means there are more people in the local area during the daytime. Also, because older people will shop more locally rather than going into Oxford, it benefits the smaller local businesses.” Ward Councillor, Bucks

The Local Service Providers

The Taxi Company

“Lots of the elderly people use us. They go on all sorts of journeys from a short one to Sainsbury’s to longer journeys to the coast. Any housing development for the elderly is perfect for a taxi company as it provides us with more customers. They are less likely to have cars and they make lots of short journeys.”

The Hairdresser

“The Scheme has had a positive impact on my business; I have them all together there. I don’t need to travel; I try to do all their hair in one go. It’s about one afternoon’s work per week.”

Federation of Small Businesses

“Old people don’t really want to drive as much or don’t have cars and so they shop locally. They built the local Scheme close to the High Street so the old people can get there easily and use the shops. The effects of such a development depend on the type of business – a chiropodist, dentist etc would do well from it, as they are services that an elderly person will use. It’s good for business services that come to the customer’s home, as lots of elderly people can’t get out so much.

Retail can do well from it too. Old people have to buy clothes and food – they also tend to shop for their grandchildren, buying toys and gifts. I think local shops selling food do well. Chemists also do well, as they tend to offer a delivery service.

Elderly people are also less likely to do decorating or repairs themselves, and so are going to need decorators etc. There are a whole range of service industries that can gain from them.”

Conclusion

Private sheltered housing schemes have a vital role to play in the success of the local economy. Older people living in such schemes contribute significantly to the revenue of local shops. Private sheltered housing schemes benefit local businesses more than other types of housing.

As chapter five illustrates, these benefits are by no means confined to the private sector.



Chapter Five

The Social Case for Private Sheltered Housing

“I think I’ll live longer living here. It’s the best thing I’ve done since my husband died.”

Female resident, 70, Epsom

“People are living longer so planners and councils need to be ready to adapt to different housing needs. A mixture of both council and private housing for the elderly is needed. Sheltered accommodation is necessary and needed.” Ward Councillor, Bucks

The Benefits to Society

Whilst this study has illustrated the immense benefits to the individual that accrue from living in private sheltered housing, it is not only the individual that benefits. The knock-on effects of the personal improvements in independent living that residents find are substantial in the provision of public services, the environment and in freeing up housing stock for sale to families and younger couples.

Significant Savings for the NHS

Our study shows the personal health benefits that private sheltered housing brings to its residents in terms of improved wellbeing and less need for health and care provision. But, in addition to the undoubted personal benefit that this brings to the individual, the benefit to the Exchequer is also significant.

Whilst less than a quarter (21%) of residents have received inpatient care over the past twelve months, (slightly higher than the seventeen percent of those aged 75+ amongst the general population²⁵), they have remained in care for an average of 7.4 nights, under half the average amongst the general population of 75+ of 17 nights.

This staggering result, made more so by the older average age of residents, illustrates the burden that private sheltered housing removes from the NHS by creating the circumstances and environment in which it is easier to allow patients home rather than keep them in hospital care. Patients recovering from hospital care are more able to look after themselves in private sheltered housing and can be released earlier by medical staff in the full knowledge that they will be able to manage at home because they have the suitable environment and accommodation necessary for recuperation.

Delayed discharges from hospital are estimated to cost the NHS around £170 million a year and account for 1.7 million lost bed days annually. Reducing delays is now a major Government priority, with a new cross-charging system in place to try to end widespread bed-blocking by 2004. However, a recent report by the Public Accounts Select Committee concluded that a long term solution to the problem would only be found if NHS Trusts and Primary Care Trusts “involve independent providers” and the public and private sectors worked together to achieve the right post-hospital living and care arrangements for older patients.²⁶

This research has shown that sheltered housing provided by the private sector has a significant role to play in shortening stays in hospital for older patients, a role that should be accounted for by local health authorities. At present, we calculate that private sector sheltered housing saves the NHS £2,598 per resident receiving inpatient care per year²⁷.

For Primary Care Trusts, the figures are likewise encouraging. On average over a year, residents visit their GP only 4.2 times and their practice nurse 2.5 times. This is far lower than amongst the general population in that age group. People aged 65-74 had an average of five NHS GP consultations a year in 2001 and six consultations per year for those aged over 75²⁸. In 2001, twelve percent of those aged over 65 had consulted a practice nurse. This was done on average four times that year²⁹. The average cost to the NHS of a visit to a GP is £18³⁰.

On average, each private sheltered housing resident is saving the NHS £14.40 per year (rising to £32.40 for those over 75) in costs to primary care practices in visits to GPs alone. For a typical forty five unit private sheltered housing scheme, this would produce savings of £1,782 per year.



²⁵ Office for National Statistics, Living in Britain – General Household Survey, (London: The Stationary Office, 2001) Table 7.32)

²⁶ House of Commons Public Accounts Select Committee, 33rd Report, Ensuring the effective discharge of older patients from NHS acute hospitals HC459

²⁷ Based on Annual Financial Returns of NHS Trusts Y/E 31/03/2002 which estimate a cost per night of inpatient care of £270.64

²⁸ Office for National Statistics, Living in Britain – General Household Survey, (London: The Stationary Office, 2001) Table 7.19

²⁹ Office for National Statistics, Living in Britain – General Household Survey, (London: The Stationary Office, 2001) Table 7.27

³⁰ R. E. Cooley et al, A Ready Reckoner of Staff Costs in the NHS, Volume 1, (UK: PSSRU, December 1998)

“You’ve got peace of mind. You’ve got an environment in which people are in the same situation as you. Everyone in that unit knows what you’re going through, whereas if you live independently your neighbours tend to be off at work all day and so don’t know your needs. It’s only if you work with old people or you are elderly that you understand – it’s difficult to explain how lonely it can be.”

Client Services Manager, Age Concern, Kent

Cost Savings For Home Visits, But Less Need

As our case studies show, significant savings in time and cost are available to care providers by visiting a number of residents at one time in a scheme. Three out of four residents, however, have not required a GP to visit them at home in the past twelve months; and less than a fifth (18%) have required a practice nurse to do so.

By living in safe, purpose-built accommodation and by the lifestyle advantages and wellbeing improvements that their independence gives them, residents have less need for the NHS than those living in ordinary housing.

Many of those in private sheltered housing look increasingly to the private sector to achieve their aspirations and, as set out in chapter four, the revenue for small local service providers are considerable. For public service providers, working with residents in private sheltered housing schemes makes their job easier and assists flexibility and choice.

This is echoed by the words of Chris Mullin MP when Parliamentary Under-Secretary of State for the Environment, Transport and the Regions, “older people’s aspirations are rising. Individuals increasingly expect services to respond to their specific needs and preferences. Quite rightly, they are no longer prepared to put up with ‘one size fits all’ services. Flexibility, choice, independence, information and involvement are the key issues raised by older people in relation to the accommodation and services that they receive.”³¹

The case studies below set out, in their own words, how care providers feel private sheltered housing benefits their work and society as a whole.

Case Studies

The Social Worker

“I work for Social Services and we deal with elderly people. Our aim is to provide them with services so they can stay in their own houses rather than go into care. People are generally happier if they can stay in their own house.

Deteriorating health is a problem for the elderly which, as a consequence, causes difficulties for people in caring for themselves and being mobile. Housing has a significant impact on health. This is especially true if they have deteriorating health such as Parkinson’s or a similar disease, when you have to look ahead to their needs a few years down the line.

Unfortunately, people often don’t want to move from their homes and their community as it may not improve their quality of life if they lose the social contacts that are important to them.

But retirement housing allows elderly people to continue living in their local area. It provides them with some sort of social support network there which means they might not need our help.

If you have a warden on site who can provide a meal in a dining area, or even just some sort of social interaction, it is really useful. And likewise if they can just keep an eye on people every morning or help with medication it is very helpful for us. They are also important in flagging up problems to the relevant professionals like GPs. They have an important monitoring role.

We can provide more effective care assistance to people in retirement housing and sheltered accommodation. Instead of having one Social Worker going to an individual’s house for half an hour regardless of whether they are ready to see us or not, with retirement housing we can have carers visiting more frequently. It means the services offered to these people are better and more flexible.

I hope you get an idea from this research about how the options for older people are changing. I hope that people like developers take into account all the new ideas and technologies that exist so that people can have choices about their housing.”

³¹ H. C Deb, Vol. 351, Col. 271WH

“Sheltered accommodation makes it easier to disseminate information to the elderly. I can think of future campaigns that we will be running – you go in and you’ve got a ready made audience there. It’s great for this sort of work. We don’t exclude people that don’t live in sheltered accommodation, but it certainly does make it more practical and easier in lots of ways.”

Support & Advice Services Manager, Age Concern

The Meals At Home Unit Manager

“We provide hot and cold chilled meals delivered to the door of the elderly. We can have real problems gaining access to a property due to people with hearing difficulties; they don’t hear the doorbell or the intercom system. Hearing difficulties are our biggest problem.

Obviously, delivering to retirement accommodation is easiest in situations when you can’t gain immediate access. They usually have a warden or you can ring on a neighbour’s door. There are people around to help you. It also certainly saves us time and money. If you were doing sheltered accommodation with ten people next to each other, you’re talking about half an hour there and back but, in individual houses, you could be talking four hours. So delivering to locations with multiple clients is a lot quicker and you save quite a lot of money. About 10% of the people we deliver to currently live this way.

From the experience I’ve had in dealing with them, I think the advantages for the elderly are tremendous, because they are with people of their own generation and have access to help if they need it. This is in direct contrast to the extreme of living alone.

These retirement homes are modern, with all mod cons, whereas in their own houses, people could be dealing with equipment that is years and years old. I think also these houses are second to none for social advantages – it stops people possibly becoming incarcerated in their own homes.

The elderly fear they are going to lose their independence if they lose their home, but they’re not. As they get older, they aren’t going to be able to cope with their homes and their independence is going to mean very little, whereas in retirement housing they can maintain their independence for a longer time.”

Combating Loneliness and Depression

Polling conducted by MORI on behalf of Help the Aged shows that more than a million people over the age of sixty five feel trapped in their own home. In the twelve months prior to that survey, seven percent of older people had felt like nobody knew they existed³². Older people need and deserve to be given independent living opportunities, so that they can avoid isolation and loneliness.

The presence of an in-built community offers residents of private sheltered housing the option of company and a social life should they choose it. Just as important, the reduction in household responsibilities (e.g. in managing a large house and garden) that comes with downsizing to private sheltered housing increases the independence and quality of life of residents.

In terms of mental health, the Audit Commission identified depression as the most prevalent mental health problem in older people, especially amongst women³³. Our research suggests that private sheltered housing can act to reduce this. The availability of companionship was the second most important advantage highlighted by residents of moving to private sheltered housing, emphasising the importance residents place on avoiding loneliness and depression. Amongst prospective widowed residents, nearly half (48%) say they spend more time on their own than they would like to.

³² Mori/ Help the Aged British Gas Partnership (Great Britain, October 2000)

³³ Audit Commission, Forget Me Not: Mental Health Services for Older People (Great Britain Audit Commission, 2000), p.12

“I would have thought it increases market choice and in terms of housing facilities you’d actually release housing. When elderly people move home they are probably releasing three bedroomed semi detached houses in fairly good areas of the city. People would presumably be trading down so it would release a stock of family accommodation.” Housing and Strategy Officer, North East

A Home for Life

The overwhelming majority of respondents to this report (ninety three percent of prospective residents and eighty six percent of residents) believe that private sheltered housing is a home for life. It is not a stepping-stone to long term care or assisted living.

Eighty seven percent of prospective residents believe that moving into private sheltered housing will alleviate the need to move later into a form of assisted living accommodation.

The average age of residents is 79.5 years. This compares with a current life expectancy amongst the general population of 75.3 years for men and 80.1 years for women³⁴. In the year 2000, a man reaching 75 years could expect to live for another 9.4 years. A female of the same age could expect to live for another 11.6 years³⁵.

Whilst some residents will of course end their lives in hospitals, the vast majority will see out their days in their homes. For two thirds of residents, the move to private sheltered housing is the last they will ever make.³⁶ Living and dying in private sheltered housing offers a more comfortable and dignified end to life for residents and places less pressure on health and social services.

Annex B sets out the full economic model for public sector cost savings in delivering care in private sheltered housing as opposed to public sector assisted living schemes. **It illustrates that, by building private sector housing to suit the needs of the older population, there are potential savings of £15,000 to £25,000 for every year that a resident is delayed in going into residential care.**



³⁴ Government Actuary's Department, Interim Life Tables 1999 – 2001

³⁵ Ibid.

³⁶ McCarthy & Stone figures

“When there’s only two of us in a five bedroom house, we need something smaller.”

Female prospective resident, 60, Cambridgeshire

Freeing Up Housing Stock for Others

By moving into private sheltered housing, older people are freeing up a substantial amount of housing stock which can then be used by families, young couples and first time buyers seeking to enter the housing market.

The majority (66%) of those seeking to move into private sheltered housing are looking to do so within their local community. In doing so, over half (56%) are freeing up family sized houses whilst a further thirty percent are making bungalows available to smaller families or others downsizing from larger houses. The twelve percent selling flats do likewise or bring housing onto the market for first time buyers.

These figures are similar for residents, forty five percent of whom sold their properties to families or young couples. Seventy one percent of widowed residents sold their properties directly to couples or families thereby at least doubling the occupancy of the housing stock. Of course, this doesn’t include those who sold their properties to developers or in part exchange.

When faced with planning applications for private sheltered housing, it is naïve and inaccurate of local authority planning committees to assume that this type of housing fails to benefit either the local economy or the supply of larger housing stock in a locality. There is a distinct and measurable benefit that private sheltered housing brings regardless of the huge benefits it brings to older people whose lives are transformed by it.

Conclusion

The residents of private sheltered housing are healthier, live longer and have less call on the state than those who remain in ordinary housing.

The decision to downsize frees up both family-sized housing, and flats and bungalows, creating a better use of housing space within a locality.



Chapter Six

The Case for Private Sheltered Housing

“I have less responsibilities regarding the maintenance of my old property and all the worries that are associated with that” Male resident, 82, Rye

“I have independence in my own flat yet I am surrounded with people” Female resident, 90, Oxford

In chapter two of this report, older people defined independent living as comprising mobility, good health, financial security, safety in the home, and a lack of dependency on others.

This study has shown the full extent to which each of these factors can be delivered through private sheltered housing and the importance that residents place in it to deliver independent living.

Mobility is assisted through the benefits of being able to shop locally and the provision of purpose built housing with lift access. Within the home, the design assists residents to maximise their mobility and fully utilise all rooms in the flat.

Good health is proven not only by residents’ confidence in their health and wellbeing but their propensity to seek less medical help in comparison with others their age. As a result, residents maintain an active life, frequently improving their health compared to in their previous accommodation.

Financial security is delivered through the freeing up of equity when downsizing and the removal of concerns and worries associated with the upkeep of a larger property.

More than any other characteristic, residents benefit from an improved perception of safety and security. The combination of the presence of a warden, communal entrances to schemes and being surrounded by like-minded individuals they trust, give residents an overwhelming sense of security. Having others nearby and a panic button in the home fully removes the fear of falling and being unable to summon help.

Finally, living in an environment in which they are able to manage themselves and which is built to their requirements removes the dependency on others that many in ordinary housing increasingly have as they get older.

These reasons combine to demonstrate why an overwhelming majority of prospective residents believe that moving to private sheltered housing will help maintain their independent living.

And why eighty three percent of residents believe that living in private sheltered housing maintains their independence.

The Solution

This report has set out the pressing demand for private sheltered housing and demonstrated the significant lifestyle benefits it delivers to the independent living of residents whilst delivering a proportionately higher revenue for local businesses and dramatic cost savings for public services.

The future for private sector housing is in the hands of politicians who face a myriad of conflicting demands – for example with key worker housing – and whose understanding of the scale of need and the benefits accrued has, until now, been limited.

The private sector (in the form of house builders, small service sector businesses and retailers) is primed to meet the urgent demand for this type of housing. Until, however, local planning authorities and central government act to encourage it, the potential it offers society and the dramatic difference it makes to the independent living of older people will not be realised. Moreover, the needs and aspirations of generations of older people will continue to go unmet.

“I have friendship, security, and I do not need to make another move” Female resident, 66, Surrey

Annex A – Demographics

Sample (1000 Residents)

Gender	%	Previous Tenure	%	Marital Status	%
Male	29	Still Mortgaged	9	Married/cohabiting	21
Female	68	Owned Outright	83	Divorced/Seperated	4
		Private Rented	2	Widowed	60
		Other	2	Single	9
Age	%	Region	%	Presence of Children	%
Up to 65 yrs	5	South West	19	Yes	74
66-70 yrs	8	South East	28	No	22
71-75 yrs	14	North West	5		
76-80 yrs	25	North East	4		
81-85 yrs	26	Midlands	13		
86-90 yrs	15	Western	7		
91+ yrs	5	Scotland	5		
Mean Age	79.5	Not specified	20		
				Type of Flat	%
				1 bedroom	63
				2 bedroom	33

Sample (512 Prospective Residents)

Gender	%	Current Tenure%		Marital Status	%
Male	36	Still Mortgaged	9	Married/cohabiting	57
Female	64	Owned Outright	85	Divorced/Seperated	5
		Private Rented	1	Widowed	30
		Other	2	Single	6
Age	%	Region	%	Presence of Children	%
Up to 60 yrs	10	South West	30	Yes	81
61-65 yrs	13	South East	27	No	18
66-70 yrs	21	North West	13		
71-75 yrs	23	North East	7		
76-80 yrs	18	Midlands	15		
81-85 yrs	11	Scotland	7		
86+ yrs	2				
Mean Age	71.57				

Annex B – Economic Assessment

A Report for ORB

Residential Economic Impact Assessment

By Roger Tym & Partners

Introduction

ORB employed the services of Roger Tym & Partners, a firm of development economists and planners, to estimate the economic impact of a typical McCarthy & Stone scheme on the local economy. Roger Tym & Partners have an established track record in estimating the economic impacts of commercial and housing schemes. The brief required a short study based on research acquired from an ORB survey of McCarthy & Stone residents, with reliance to a large extent on existing material and on the professional judgments of the consultants to estimate economic benefits.

The principal requirement was to consider economic benefits through:

- The *Local Income Effect* from additional expenditure generated in the local economy; and
- *Public Sector Cost Savings* from economies in the provision of health and social services by bringing people with similar needs (i.e. over 65 age group, into one location and providing suitable living accommodation).

Local Income Effect

The benefits of the typical McCarthy & Stone development scheme will be realised through additional expenditure generated in the local economy. This expenditure by residents will lead to increased income in the local area followed by the multiplier effects of successive rounds of expenditure. We assume that this expenditure will be a net increase spending in the locality because more than half (54 per cent) of the residents will have moved from 6 or more miles away; and in any event those dwellings vacated by McCarthy & Stone residents will typically be filled by larger and younger households whose expenditure is unlikely to be less than that of their predecessors.

Resident Spending in a McCarthy & Stone Scheme

To derive an estimate of Income Effect, we look at the additional income brought into an area through the spending profile of McCarthy & Stone residents. Average spend of the study group is based on household expenditure figures from ORB's survey of McCarthy & Stone residents, shown in Table 1.

Table 1: Average weekly McCarthy & Stone household expenditure

	(£), 2003 Prices
Sample No.	1,000
No. of Responses	724
Housing	60.37
Fuel and power	12.67
Food and non-alcoholic drinks	35.62
Alcoholic drink	4.72
Tobacco	1.23
Clothing and footwear	13.02
Household goods	31.62
Household services	14.05
Personal goods and services	9.60
Motoring	22.86
Fares and other travel costs	7.60
Leisure goods	5.33
Leisure services	16.47
Miscellaneous	14.87
Total household expenditure	250.00
Average weekly expenditure per person	203.40

Table 1 shows that the average McCarthy & Stone resident household will spend £250 per week.

We use the weekly spend figure per person to aggregate the spend generated by a typical McCarthy & Stone scheme. Such a scheme is usually located close to a town or local centre for ease of access by elderly residents. The land area coverage of a typical scheme is 0.4 hectares (1 acre), providing around 45 retirement apartments and housing around 55 residents; together with a house manager's apartment. On the basis of these calculations, the typical McCarthy & Stone scheme generates a weekly spend of £11,250 by the residents. In addition, the manager's household expenditure, assuming a two person household, is £485 per week,³⁷ bringing the weekly total to £11,735.

³⁷ Based on ONS Family Expenditure Survey figures for non-retired households with one man and one woman.

Resident Spending from a Conventional Housing Scheme

To assess the additionality of this spend (i.e. the difference from what would have happened in the absence of the McCarthy & Stone scheme), we compare it with the spending generated by a conventional housing scheme on a site of 0.4 hectares. We set out a conventional scheme based on Government guidance to form a benchmark against which the local income benefits of a McCarthy & Stone scheme can be identified.

In its Planning Policy Guidance for Housing (PPG3), 2000, the Government sets out that planning authorities should encourage no fewer than 30 dwellings per hectare for housing developments, and encourage densities of between 30 and 50 dwellings per hectare. Given that most McCarthy & Stone schemes are on the edge of town centres, it is likely that higher densities will be required by the planning authorities. For the counterfactual comparison we therefore take the Government's higher average figure of 50 dwellings per hectare (i.e. 20 dwellings on a site of 0.4 hectares). We assume that each dwelling houses one household of 2.4 people based on the average size of a household in England & Wales (Census 2001).

To estimate the average spending generated in a conventional scheme, we use the information from the Family Expenditure Survey (FES) for the financial year April 2000 to March 2001.³⁸ This estimates an average weekly household expenditure of £390. It ranged from £130 a week in the lowest of the ten income groups to £850 a week in the highest. The average size of household was 2.4 persons, which is consistent with the finding in the 2001 Census.

FES expenditure figures are based on the April 2000 to March 2001 period, while the McCarthy & Stone survey figures are in current prices (i.e. 2003). We therefore factor up the FES results by an annual growth of 2.2 per cent over two years, which is equivalent to the Retail Price Index (RPI) annual rate of change between July 2001 and July 2003. This gives an average household spend in 2003 of £403 (£168 per person).

With a conventional scheme of 20 houses on a typical McCarthy & Stone site, assuming 20 households, this provides a total weekly spend of £8,060, and £420,000 per year. The alternative McCarthy & Stone scheme of 45 apartments, housing around 55 residents and house manager (two person household), is estimated to produce a weekly spend of £11,735 (£610,000 per year).

McCarthy & Stone sites have a myriad of previous uses but we felt it was appropriate to use a conventional housing scheme with the highest level of density for comparison. This is likely to provide the highest local economic benefit of the typical alternative uses on McCarthy & Stone sites. Other typical uses include edge of town centre employment uses such as car showrooms, petrol stations, public houses and sometimes light industry. The benefits to the local economy of these former uses are largely derived through local jobs and these jobs result in some local spend. However, given the low employment density associated with these uses, they are only likely to generate around two to three jobs and very low aggregate spend. Also, the nature of their products (the supply of cars, petrol, etc.) is likely to result in very high to complete leakage of spending on suppliers.

McCarthy & Stone Resident Spending v. Counterfactual Spending

A typical lifetime of a new housing scheme is commonly estimated at 60 years for accounting purposes. To assess the total impact in terms of spending we multiply the spending over the lifetime of a housing scheme in Table 2, and then adjust this to present values. Present value measures the value of a future pound (i.e. the benefits) set by a discount rate. Without discounting, the assessment process is distorted. As we do not know the future value of a pound today we rely on the annual discount rate of 3.5 per cent set by the Government in its Green Book (the Government's set Guidance for Economic Appraisal of development projects).

³⁸ The FES is a survey of a random sample of private households in the United Kingdom carried out by the Office for National Statistics (ONS). It provides a wealth of information about household expenditure and household income. In 2000-01 6, 637 households took part in the FES. The response rate was 59% in Great Britain and 56% in Northern Ireland.

Table 2: Additionality of Spending over the Lifetime of a MS Scheme (£)

	MS Scheme (A)	Conventional Scheme (B)	Additionality (A-B)
Annual spending of residents	610,300	420,000	190,300
Spending over lifetime of scheme	36,616,600	25,200,000	11,416,600
Present value of spending over lifetime of scheme	15,757,000	10,844,00	4,913,000

As illustrated in Table 2, the total present value of additional spending over the lifetime of a McCarthy & Stone scheme is likely to be around £5 million above the counterfactual, conventional housing scheme.

Quantifying Local Economic Benefits

The local income impact derives from two sources:

- Resident spending – spending by residents to the benefit of the local economy.
- Induced effects – the multiplier effect of successive rounds of expenditure. This depends on assumptions about leakage from the local area, taxation rates and the propensity to consume.

Local benefit is secured through reducing the level of leakage associated with the goods and commodities on which residents spend their money. Leakage is the proportion of spending which benefits those outside of the study area. In other words, we want to know how much of a McCarthy & Stone resident's spending is spent in the local area and not outside.

To estimate the local benefit of a McCarthy & Stone scheme against a conventional scheme we firstly look at the breakdown of the weekly spend by commodity and service types to establish how much might be retained in the local economy. We disaggregate spending by the FES classification, shown in Table 3, and judge the level of local leakage associated with each commodity/ service. We base this on differing levels of leakage³⁹ in calculating economic impact of expenditure within a typical local authority area. We consider that defining the local economy in terms of the local authority area is appropriate in this case.

³⁸ English Partnerships, *Additionally: A Full Guide* (July 2002)

Leakage	Description	Leakage Factor
None	All of the spending goes to local business and people living in the local area	0%
Low	The majority of the spending goes to local businesses and people	25%
Medium	A reasonably high proportion of the spending will be retained within the area	50%
High	Many of the benefits will go to people living outside the area of benefit	75%
Very high	A significant proportion of those benefiting live outside of the area of benefit	90%
Total	All of the benefits go to businesses and people living outside of the area of benefit	100%

Table 3: Local Leakage of Spending by Commodities

Commodities/ Services	Leakage	Leakage Factor
Housing (e.g. mortgage, council tax)	Very High	90%
Fuel and power	Very High	90%
Food and non-alcoholic drinks	Low	25%
Alcoholic drinks	High	75%
Tobacco	High	75%
Clothing & footwear	Medium	50%
Household goods (e.g. toilet paper, furniture)	Medium	50%
Household services (e.g. Contents insurance, personal cleaner, home help)	Low	25%
Personal goods & services (e.g. jewellery, toiletries, medicines, hairdressing)	Low	25%
Motoring (e.g. car purchase, repairs, petrol, tax etc.)	Very High	90%
Fares and other travel costs (e.g. bus, rail, taxi, aeroplane, coach)	Medium	50%
Leisure goods (e.g. books, magazines, toys, newspapers etc.)	Medium	50%
Leisure services (e.g. cinema, shows, bingo, holiday etc.)	Medium	50%
Miscellaneous/ other expenditure	Medium	50%

On the basis of the assumed leakage associated with spending on different commodity/ services in Table 3, we estimate the direct impact in the local economy in Table 4. This shows an estimated 40 per cent of total spending by McCarthy & Stone residents to be injected into a local economy. A conventional scheme results in a marginally higher (41 per cent) proportion.

Table 4 shows no significant difference between the two schemes in terms of proportion of resident spending in the local economy based on assumptions given to spending type. However, McCarthy & Stone residents as a group are less likely to own a car and more likely to spend in the immediate local area.

The McCarthy & Stone residents' survey shows 62 per cent prefer to shop in a local centre compared with 19 per cent in a major town centre and just 10 per cent in an out of town retail park; 84 per cent consider the walking distance to shops and local facilities to be important in choosing their accommodation; and 65 per cent walk to the local shops at least every other day (34 per cent visit daily). These statistics indicate a high propensity to spend in the local centre closest to the scheme. While it is difficult to ascertain what the pattern would be for an average household in a conventional scheme, the likelihood is that more money is spent outside this area owing to higher probabilities of residents working elsewhere and having access to a car.

Table 4: Retained Weekly Resident Spending by Scheme

	Before Leakage		After Leakage	
	McCarthy & Stone Scheme	Conventional Scheme	McCarthy & Stone Scheme	Conventional Scheme
Total Weekly Expenditure (£)	11,600	8,100	4,600	3,300
% of Spend Retained			40%	41%

Table 5: Total Weekly Impact of Resident Spending by Scheme

	Factor	MS Scheme (£)	Conventional Scheme (£)
Total spend		11,700	8,100
Local Spend	40%/41%	4,700	3,300
Local spending multiplier	1.3	1,400	1,000
Total local spend		6,100	4,300

Having obtained a reasonable estimate of direct spending, we are able to look at the additional impact through the expenditure multiplier in the local economy. The multiplier effect measures further economic activity, or in the case of a residential development, further spending associated with additional local income and local supplier purchases. The additional spend is generated by local shops, suppliers, services, etc., further along the supply chain. For example, purchase of a haircut provides income to the barber, some of which he will then go on to spend in the locality.

In Government guidance on assessing regeneration projects,⁴⁰ local authority area multipliers are shown to range from 1.21 to 1.38 depending on the type of project intervention (no example is given for a residential scheme). Studies have been undertaken elsewhere which attempt to calculate multiplier levels in local areas, however, there remains a paucity of information on spending multipliers from residential schemes. The closest assessment is visitor spend as this will be spending brought into a local area albeit through a different conduit: that of tourism. Stephen Wanhill's⁴¹ study of different multiplier techniques found that income multipliers for UK cities and towns ranged between 1.19 to 1.40 in seven studies he looked at, with a mean multiplier value of 1.28. Research by RTP⁴² on the impact of visitor spending in Brighton & Hove district found an income multiplier of 1.38 in the local economy.

The multiplier will differ for each local authority, so while we are unable to provide a specific multiplier we assume a conservative figure of 1.3, based on the evidence set out above. So for every £1 spent locally there is an additional 30 pence injected into the local economy from further rounds of spending.

Applying this multiplier to the direct spending derived above, we are able to estimate the total impact on local economies from a McCarthy & Stone scheme compared with a conventional scheme in Table 5.

Local Benefits from McCarthy & Stone Resident Spending v. Counterfactual Spending

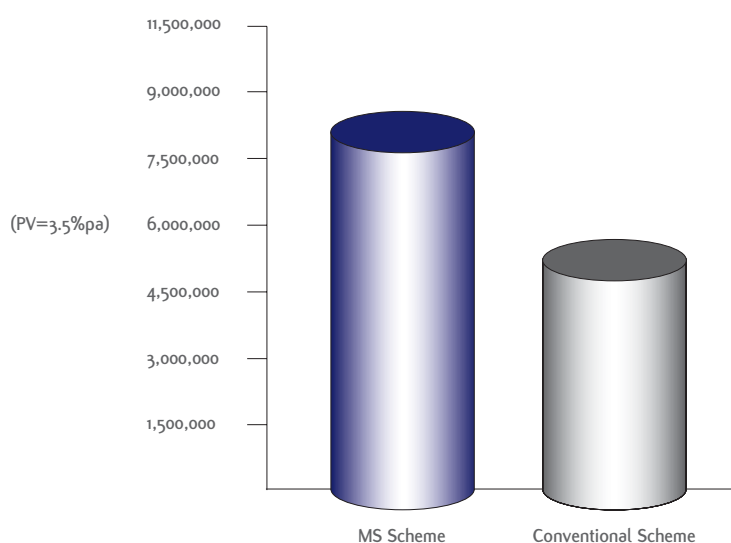
The annual income a McCarthy & Stone scheme will inject into a local economy additional to what might have happened, ie the counterfactual, is estimated to be around £1,750 per week (£92,000 per year). However, it is also appropriate to examine the total impact over the lifetime of a scheme. In Figure 1 we compare the local impact over a 60 year period, the average life of a standard built modern home, which is discounted to present value. This shows a McCarthy & Stone scheme impact to be £8 million, which is £2.3 million above what a conventional scheme is likely to deliver.

⁴⁰ The ODP, Draft 3R (Draft Final, April 2005) and EGRUP (1995) Documents

⁴¹ Stephen Wanhill, The Measurement of Tourist Income Multipliers, Tourism Management, 15(4), pp281-283

⁴² Roger Tym & Partners, Economic Impact Assessment of the Brighton Centre (2002)

Figure 1. Lifetime Local Spending Impacts of Schemes (£ Present Value)



Public Sector Cost Savings

Introduction

An additional impact of a McCarthy & Stone scheme is the savings in public sector service delivery costs to the residents. Generally, the need for health and social care services increases with age, as does the burden on public services to meet this need. There will be time and cost savings for doctors, health care assistants, etc., where needs are concentrated in a smaller geographical area. In addition, residents of McCarthy & Stone developments are likely to move into residential care later than residents of non-specialised dwellings. And if admitted to hospital they have a greater chance of earlier release from hospital or temporary care, thereby freeing up space and reducing delays for other patients.

The difficulty is in identifying what the likely savings are from a typical McCarthy & Stone scheme. We therefore refer to research that looks into the economic savings and benefits from developments of schemes like McCarthy & Stone's to illustrate potential economic benefits.

Research into Costs Savings

A Pidea (1997)⁴³ report found that if homes were adapted so more people would be able to cope with the tasks of daily living in their own home, then more people might not need to move into specialist housing, or would delay such a move. Specialist housing costs may well fall on the spending of local health authorities.

The study sought to quantify this based on annual cost savings that accrue from a delayed move into residential care. Figures used in the report are taken from the Personal Social Services Unit at the University of Kent for 1994/5; however, we have obtained updated figures for 2000/01, which are shown in Table 6.

Table 6: Average Care Costs for Elderly People, 2000/01

Provider	Costs per person per week (£)
Private	303
Voluntary	296
Local Authority	471

Source: PSSRU, Unit Costs of Health and Social Care, 2001

⁴³ Pidea PLC, A Cost Benefit Analysis of Lifetime Homes (1997)

Table 6 shows the costs of different forms of care. The costs of ordinary residential care range from £300 in private and voluntary residential homes to £470 in local authority homes. Therefore, the annual cost saving in delaying a move into residential care is in the range of £15,000 to £25,000 per person per year.

Pieda (1997) also refers to a report by the Department of Environment (1994)⁴⁴ which concluded that:

“At all levels of dependency and assessed need, staying at home options for elderly are considerably cheaper than a move to specialised accommodation. For low-dependency level elderly people, the specialised housing option available to them – specially designed accommodation without warden support – is approximately £1,100 more expensive per person per annum than staying at home.”

The NHS modernisation agenda is seeking to promote older people's independence and reduce the number of delayed discharges from hospital as a result of older people having inadequate living arrangements. An article by Property People (May 2003)⁴⁵, notes that following last year's Comprehensive Spending Review the Department of Health, as part of their Public Service Agreement, has to:

“Improve the quality of life and independence of older people so that they can live at home wherever possible, by increasing by March 2006 the number of those supported intensively to live at home to 30% of the total being supported by social services at home or in residential care.”

Housing providers such as McCarthy & Stone play an important role here by helping to deliver this increase in care closer to a home-based and non-institutional setting. While not all McCarthy & Stone residents would have entered residential care in the absence of the scheme, a proportion without adequate facilities in their own home are likely to have eventually done so. The quality of McCarthy & Stone homes, which are specifically adapted to the needs of the older population, will at least delay any such moves into residential care, and therefore bring a public sector cost saving and increase the provision for others in need.

Other Research into Economic Benefits of Retirement Schemes

Moor (1996) in an article in Planning Week reported findings from analyst Mintel, that the 50 to 75 year-old age group owns 80 per cent of Britain's private wealth. This is also a growing age group.

An article by Idle (2003) found evidence of property values rising in the vicinity of a retirement village scheme in Warrington, Cheshire. Local residents have seen the value of their properties rise steadily since the start of building work for the scheme. The article noted the role this scheme, and others like it, can play in regeneration programmes for areas in decline.

Retirement villages are common in the US, where according to a journal article in CUED Economic Developments (1996) the City of Hattiesburg, Mississippi has been proactively marketing its community to retirees, owing to retirees being identified as an economically attractive group. A study by the City of Hattiesburg found that the 230 retiree households relocating to Hattiesburg at the time of the study brought an economic impact of 851 jobs and investment capital of \$57 million (£37 million). In particular, the influx of retirees has had a beneficial impact on the City's retail and restaurant businesses.

In addition, retirees bring virtually no crime and a high rate of volunteerism. The Hattiesburg study considers one of the reasons for a \$75 million (£48 million) Advanced Manufacturing Distribution Center deciding to increase production at its Hattiesburg plant while reducing production in all its other plants by 50 per cent, was because of the liveability of the city, which has a crime rate 35 per cent lower than the national average. The high number of retirees were partly considered as the reason for improved liveability in the City.

Conclusion

In this section we have estimated the economic benefits of a McCarthy & Stone scheme. Firstly we show that such schemes generate resident spending of £11,735 per week (£610,000 per year). The additionality of this spending after allowing for leakage, multiplier effects and deducting spending which would have been generated in a conventional scheme (deadweight), is estimated to add £1,750 to the local economy per week (£92,000 over a year). Over the lifetime of a residential scheme, and applying an annual discount rate of 3.5 per cent, the additional local spending amounts to £8 million, which is £2.3 million more than the spending associated with a conventional scheme.

While benefits in public sector cost savings are not easily quantifiable in the scope of this study, we have illustrated potential savings in delivering care closer to a home-based and non-institutional setting. Owing to the design of McCarthy & Stone schemes to suit the needs of the older population, there are potential savings of £15,000 to £25,000 for every year an elderly resident is delayed in going into residential care. In addition there is the social benefit in freeing up hospital and residential care bed spaces.

Lastly, other studies show economic benefits from encouraging retirement communities to local areas. These studies refer to the benefits such as higher local spend, and the increasing liveability of areas owing to the lower crime and greater volunteerism associated with retiree communities.

⁴⁴ McCafferty, P., Living Independently: A Study of the Housing Needs of Elderly and Disabled People, Department of Environment (1994)

⁴⁵ Property People, Helping Housing Help the NHS, pp10-11, (29 May 2003)

⁴⁶ Moor, N., Preparing for the dawn of the 'Third Age', Planning Week, Vol. 4 No. 12, pp12-13 (21 Mar 1996)

⁴⁷ CUED Economic Developments, Retirement Attraction as an Economic Development Strategy, Vol .XXI No.22, pp3-4 (1 Dec 1996)

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Appendix E: *Identifying the Health Gain from Retirement Housing by the
Institute of Public Care*

Identifying the health gain from retirement housing

June 2012

Identifying the health gain from retirement housing¹

1 Introduction

In ‘the good old days’ it used to be that older people were regarded with a mildly patronising tolerance. White haired old ladies stood in rose-covered cottage doorways whilst genial gents rummaged in their sheds for potting compost. They were everybody’s vision of grandparents. Now older people, alongside terrorism and global warming, are increasingly being portrayed as a threat to society.

“Britain faces a bleak future of higher taxes and a rising deficit if ministers continue to increase spending on state pensions and the NHS, a hard-hitting report warns today” says the Daily Mail². *“The country is facing a demographic time bomb with the number of over-65s set to increase by 1.4 million over the next five years.... this ageing population threatens to overwhelm the Coalition’s attempts to bring down the UK’s biggest ever peace-time deficit”*.

Not to be outdone, the Telegraph thunders a similarly ‘explosive’ headline³ *“Healthcare time bomb as pensioner numbers rocket”* and continues with *“According to the ONS’s flagship report into population trends, the number of pensioners is expected to surge in the coming decades as post-war baby-boomers reach retirement age.”*

If it’s any comfort, Britain is not alone, as the Taipei Times illustrates with yet another ballistic reference⁴.

“Life expectancy has soared in China, while fertility has plummeted due to strict birth control policies. In 2009, there were 167 million over-60s, about an eighth of the population. By 2050, there will be 480 million, while the number of young people will have fallen. “It’s a time bomb,” said Wang Fen of the Brookings-Tsinghua Centre for Public Policy in Beijing.

¹ This is an independent review of the evidence compiled by the Institute of Public Care at Oxford Brookes University. It has been funded by McCarthy & Stone to whom we are grateful for their support.

² Walker K (29 June 2012). Britain’s age timebomb: Cost of 1.4m extra pensioners ‘means NHS cannot stay free’. Available at <http://www.dailymail.co.uk/news/article-2009269/Cost-1-4m-extra-pensioners-means-NHS-stay-free.html> [Accessed 01 May 2012]

³ Hall J (17 February 2012). Healthcare timebomb as pensioner numbers rocket. Available at <http://www.telegraph.co.uk/news/uknews/9087228/Healthcare-timebomb-as-pensioner-numbers-rocket.html> [Accessed 01 May 2012]

⁴ Branigan T (24 March 2012). China’s aging population timebomb. Available at <http://www.taipeitimes.com/News/editorials/archives/2012/03/24/2003528556> [Accessed 01 May 2012]

This paper attempts to ‘explode’ some of the myths about the impact of our ageing society, look at where concern should really be expressed, and how we can manage, without wrecking the economy, to support an ageing population through a more effective focus on housing based solutions.

2 The extent of demographic change

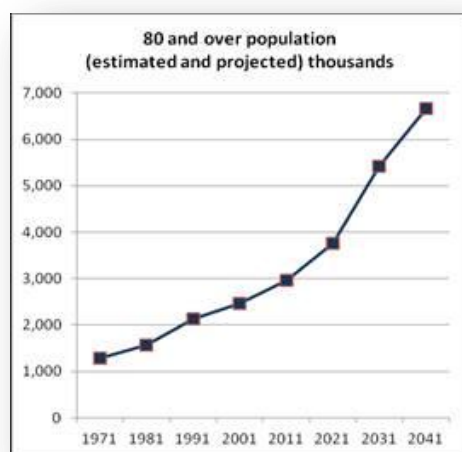
It is of course true that the population of older people is rising. For the UK as a whole, the 65 and over population has increased by 40% over the last forty years. This is expected to accelerate to an increase of 51% over the next twenty years. As the table below shows, this trend is even more marked amongst the oldest old population with those aged eighty and over having increased by 130% between 1971 and 2011 and predicted to rise by a further 82%, over the next twenty years.

Table 1: Population growth of 65+ and 80+ in the UK.

UK (England, Wales Scotland and Northern Ireland)	1971	2011	2031
Total population aged 65 and over	7,408,000	10,508,000	15,837,000
Total population aged 80 and over	1,287,000	2,970,000	5,415,000

2010-based National Population Projections. (2011) ONS

Chart 1: Growth of 80+ population



This accelerated growth in the oldest old population is illustrated by Graph 1 which also shows that the increase begins to accelerate from the current time onwards⁵.

However, the older people's population is not uniform in its distribution. For example in Tower Hamlets the population aged 80 and over is estimated to increase by as little as 4% whereas in Herefordshire the increase will be more than 100% (see Table 2.). This pattern is equally true for the

⁵ Office for National Statistics (2012). 2010-based National Population Projections.

other countries of the UK. For example, in Scotland the estimated population aged 65 and over ranges from 19% in Glasgow to 33.5% in Dumfries and Galloway⁶.

Generally the older population in the shires is set to increase by more than that in the boroughs and unitary authorities, although some of the southern unitaries such as Torbay and North Somerset will experience an increase more in line with the Shires.

Table 2: Anticipated population growth in Tower Hamlets compared to Herefordshire

	2011	2030	Projected percentage increase
Tower Hamlets total population aged 80 and over	4,500	4,700	4.4%
Herefordshire total population aged 80 and over	11,600	23,400	101.7%

Projecting Older People Population Information (POPPI) System – Population aged 65 and over projected to 2030

Finally, life expectancy is also rapidly increasing. In 198, men aged 65 could expect on average to live a further 14 years and women aged 65 a further 18 years. By 2010 this had risen to 18 years for men and 20 for women. By 2051, additional life expectancy for men aged 65 is projected to be 25 years; for women aged 65 it is projected to be nearly 28 years.⁷ Again there are differences across the UK with the current average life expectancy for men at 65 in Glasgow being fourteen more years, whilst in Kensington and Chelsea it is 24 more years⁸. The increase is perhaps most marked by the number of centenarians (people aged 100 years or more) living in the UK. This has increased from 2,500 in 1980 to 12,640 by 2010⁹.

Summary

In some respects the media have got it right. The older people's population will numerically increase and increase as a proportion of the total population although it is neither a uniform increase nor an explosion as the 'time bomb' analogy suggests. However, the numerical growth only tells part of the story. The next section explores some of the other crucial differentials in the population such as those concerning wealth and health.

⁶ *Scottish Government*, Demographic change in Scotland
<http://www.scotland.gov.uk/publications/2010/>

⁷ *Office for National Statistics (2010)*. Pension Trends, Chapter 2: Population change.

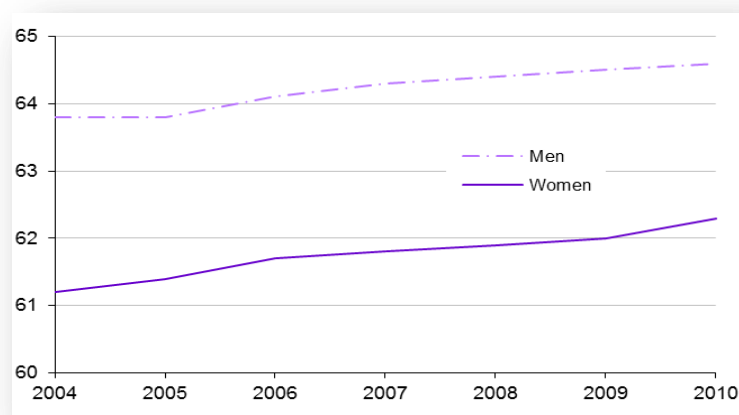
⁸ *Office for National Statistics (2010)*. Life expectancy at birth and at age 65 by local areas in the United Kingdom, 2004-06 to 2008-10

⁹ *Office for National Statistics (2010)*. Population Estimates of the Very Elderly,

3 The impact of demographic change

As illustrated by the Introduction the media tends to portray an increasingly ageing society only as a problem, particularly in terms of the costs of ill health and pensions and the diminution of an economically active labour force as compared to the population living in retirement. However, just as the demographic profile of the UK is changing so is the nature and complexity of older age. For example, notwithstanding the coming changes to the state pension age, as can be seen from the chart below¹⁰, people have already begun to retire later.

Chart 2. Average age of withdrawal from the labour market using the duration of working life indicator, by sex, 2004 to 2010



Perhaps the most significant change is in the comparative wealth that older people enjoy. This can be shown through two factors – income and housing.

- Average gross pensioner incomes have increased by 44% in real terms between 1994/95 and 2008/09, well ahead of the growth in average earnings¹¹. Currently, 59% of older people receive an occupational pension as compared to just 13% prior to 1945¹².
- Over three quarters of people aged 65-74 are living in property that they own¹³. Again this is in contrast to the post war period, when in 1945 fewer than 40% of all people were owner occupiers and many rented

¹⁰ Office for National Statistics. Analysis based on Annual Population Survey and single calendar year versions of Interim Life Tables.

¹¹ Office for National Statistics (2010). Pension Trends, Chapter 11 Pensioner Income and Expenditure.

¹² Data from the Pensions Policy Institute.

¹³ Projecting Older People Population Information (POPPI) System. Living Status; Tenure; Proportion of population aged 65 and over by age and tenure, year 2001.

<http://www.poppi.org.uk>

from the private sector¹⁴. The value of housing equity held by older people in the UK has been estimated as ranging from £751 billion¹⁵ to £1 trillion¹⁶ which, even at its lowest estimate, means around £83,000 for every person aged 65 and over. Half of all housing equity is held by people aged 65 and over¹⁷.

Far from being a financial liability the WRVS estimated in 2010 that older people made a net contribution to economic wealth of around £40 billion across the UK. They see this as rising to £77 billion by 2030¹⁸.

However, it is equally obvious that there are downsides to ageing. A number of health conditions are far more common in old age, such as strokes, falls, chronic obstructive pulmonary disease, etc. As Howse¹⁹ notes, we might be living longer but they are not all years of good health:

“It certainly looks as though total life expectancy in the UK is increasing faster than either the expectation of life in good health or the expectation of life without limiting longstanding illness”.

This suggestion is borne out by the Office for National Statistics (ONS) data²⁰. Whilst life expectancy is increasing, the period of life lived disability-free is hardly changing. Therefore, the period of healthy life expectancy for men at 65 is only ten of the seventeen likely years to be lived, whilst for women it is eleven years out of twenty.

Increasingly, the picture on offer as longevity increases is, for many people, a two-tier old age. On the one hand an early, immediate post-retirement, period of comparative health and prosperity, followed by an older old age where there is a greater risk of increased physical and mental infirmity, of owning a property that becomes increasingly hard to manage and sadly for many, either the death of a lifelong partner or one family member caring for another.

¹⁴ Roger Burrows (2003). Poverty and home ownership in contemporary Britain, Joseph Rowntree Foundation.

¹⁵ Data from Key Retirement Solutions Equity Release index which tracks the amount of equity held in property by people over 65 years of age in Great Britain. Figures are based on analysis of data from; the Office for National Statistics Family Spending Report (2009); the Land Registry House Price Index; Registers of Scotland House Price Statistics; and ICM (2010).

¹⁶ Michael Ball (2011) Housing markets and independence in old age: expanding the opportunities, Henley Business School

¹⁷ Care & Repair England (2006). Small things matter: the key role of handyperson services.

¹⁸ WRVS (2011). Gold age pensioners: Valuing the Economic Contribution of Older People in the UK.

¹⁹ Howse K (2006). Increasing Life Expectancy and the Compression of Morbidity: A Critical Review of the Debate. Oxford Institute of Ageing, July 2006. Working Paper Number 206.

²⁰ ONS (2011) Health Expectancies at birth and age 65 in the United Kingdom

In addition, the final years of life for many people may also be spent living alone, due to men dying earlier than women as well as the impact of divorce. The number of people in the UK aged 65 and over estimated to be living alone in 2011 was just over 3.5 million. These figures are projected to increase to just over 4.2 million in 2020 and to almost 5.3 million in 2030.

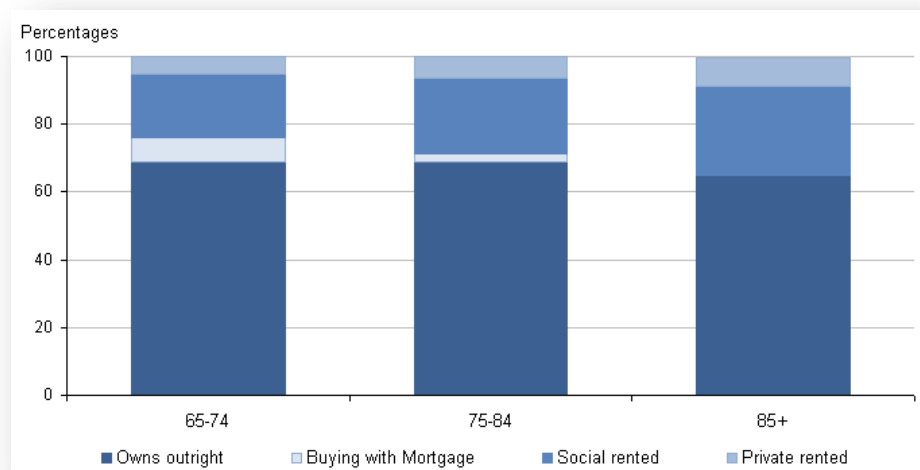
Summary

The numerical data shows an increasingly ageing population. However, within those figures is the distinction between years of healthy life as compared to life with some form of incapacity. If old age policy is to be seen as successful it not only needs to extend people's lifespan but also the number of years of healthy lifestyle. There is little indication that this is yet occurring. On the other hand many more older people have access to personal financial resources and housing equity than they did at the founding of the welfare state.

4 Housing tenure and preference

As has already been stated in the preceding section, the majority of older people live in homes which they have purchased. Chart 3 shows the distribution of different housing tenures for older people.

Chart 3. Housing tenure by age of Household Reference Person (HRP), Great Britain, 2009²¹



However, just as for the distribution of the older peoples population there is not a uniform picture across the UK. For example, in the South-East of

²¹ Office for National Statistics(2010) - General Lifestyle Survey

England, 81% of 65-74 year olds, are owner occupiers, whereas in the North-East of England, 67% of 65-74 year olds own their house. These differentials are then further exacerbated by house prices given that in the South East the current average house price is £268,000 whilst for the North it is £138,000²²

In terms of housing choice, The Wanless Review²³ offered an analysis of people's preferences for housing and care. It illustrated that whilst there is a clear preference by older people to remain in their family home, many older people do contemplate a move to alternative accommodation, with over twice as many people preferring a move to some form of sheltered housing as compared to residential care. Although such preferences are sometimes treated as absolute, ie, all older people want to remain in their traditional family home, in reality they are influenced by people's ability to manage in their current property, their capacity to move and their perception of the choices available.

This demand for housing suitable for older people has been more recently re-enforced by a YouGov poll for Shelter. This suggested that

*"over a third of older people are interested in the idea of retirement housing, or would be in the future. This equates to over six million older people and suggests that there is latent demand for retirement housing; an opportunity which the market is yet to fully exploit. It is possible that with better awareness and more targeted marketing, demand could grow further."*²⁴

For some people their home not only becomes a burden but a reminder of what they used to do but now can no longer manage, as Hills research reveals.

*"Being at home more and seeing things deteriorate around them not only was a source of frustration that they could do nothing about but also could serve as a constant reminder to participants of their lessening ability to do the everyday things they once did."*²⁵

When people do decide to move the decision can often come about through a variety of factors. Some of these are positive such as *"wanting a more convenient, nicer location, more manageable property or garden and to release capital"* or through negative factors such as divorce, death of a

²² BBC (2012). UK House prices: October – December 2011. (Based on figures provided by the Land Registry of England and Wales). Available at http://news.bbc.co.uk/1/shared/spl/hi/in_depth/uk_house_prices/regions/html/region1.stm [Accessed 1 May 2012]

²³ Wanless D (2006). Securing Good Care for Older People: Taking a long-term view. King's Fund.

²⁴ Shelter (2012) A better fit? Creating housing choices for an ageing population

²⁵ Hill K, Sutton L and Cox L (2009) Managing resources in later life: Older people's experience of change and continuity, Joseph Rowntree Foundation

partner or deteriorating health²⁶. Interestingly the Shelter report highlights that the motivation to move is more likely to come from cost and lifestyle factors such as saving on heating (59%) having space (50%) and privacy (35%) than from a fear of incapacity, (11%) being able to manage the property (11%) or accessibility (24%). Desire to move is one thing, as Hill's study shows, capacity to do so is another.

"Moving was seen as a stressful and daunting experience and emotional ties to a home, anxiety about the upheaval and uncertainty about the practicalities (especially for those living alone or in poor health) could mean that it was a decision people put off until 'it came to it'. Even if a decision was made, moving was not necessarily straightforward due to the availability of bungalows, waiting lists for warden accommodation and selling their own property²⁷".

Despite the value of the housing assets held by older people, the current market is dominated either by sheltered housing, mainly in the public sector, or care homes. Despite 76% of older people being home owners 77% of specialist housing is for rent and only 23% for sale²⁸. Less than 40,000 specialist housing units are extra care housing²⁹. In comparison there are over 18,000 care homes with some 470,000 places³⁰.

Summary

The simplistic view of older people's housing preferences is that all older people wish to remain in their traditional family home. However, the research suggests this is as much a reflection about what is available and the difficulty of moving, as about a genuine desire to stay put. All research of course, only reflects past and current perceptions. The coming generation of older home owners may well be much more used to seeing 'home' not as a permanent dwelling but a changing place purchased on the basis of family and personal circumstances.

5 The health of older people

Whilst old age is not automatically synonymous with poor health and many people live throughout their lives without disabling conditions, the risk of a

²⁶ Hill K, Sutton L and Cox L (2009) Managing resources in later life: Older people's experience of change and continuity, Joseph Rowntree Foundation

²⁷ Katherine Hill, Liz Sutton and Lynne Cox (2009) Managing resources in later life: Older people's experience of change and continuity, Joseph Rowntree Foundation

²⁸ Joseph Rowntree Foundation (2012) Older Peoples Housing Choice, Quality of Life and Under Occupation

²⁹ Homes and Communities Agency (2009). Housing our Ageing Population: Panel for Innovation (HAPPI) Report.

³⁰ Care Quality Commission (2011) The state of health care and adult social care in England: An overview of key themes in care in 2010/11.

physical and mental impairment dramatically increases with age. For example, nearly half of all disabled people are aged 65 and over.

Dementia

With regard to dementia, the number of people with diagnosed and undiagnosed dementia in the UK is estimated as 821,884³¹ representing 1.3% of the total UK population. However, its incidence amongst the population aged eighty and over is one in six. In total, it is estimated that a third of people aged over 65 will develop a dementia at some point in their older age³². Currently the likelihood of a care home admission for this population is high as compared to frail older people. For example, over a third of people with dementia who go into hospital from their own homes are discharged to a care home setting, a much higher proportion than for all older people having a hospital admission³³.

Cold weather

Older people are more likely to be vulnerable to cold weather. This is partly because they are more likely to have existing medical conditions³⁴. Britain has an increased number of deaths in winter, greater than in many other European countries. As Table 4 shows, the effects of cold weather can be directly measured.³⁵

Table 4: The impact of low temperature on health and well-being

Indoor temperature	Effect
21° Celsius	Recommended living room temperature
18° Celsius	Minimum temperature with no health risk, though may feel cold
Under 16° Celsius	Resistance to respiratory diseases may be diminished
9 – 12° Celsius	Increases blood pressure and risk of cardiovascular disease
5° Celsius	High risk of hypothermia

³¹ Luengo-Fernandez R, Leal J and Gray G (2010). Dementia 2010, Alzheimer's Research Trust.

³² Alzheimer's Society (2012). Dementia 2012 A National Challenge. Available at <http://www.alzheimers.org.uk/infographic> [accessed 01 May 2012]

³³ Alzheimer's Society (2009). Counting the Cost; Caring for people with dementia on hospital wards.

³⁴ Burholt V and Windle G (2006). Keeping warm? Self-reported housing and home energy efficiency factors impacting on older people heating homes in North Wales. *Energy Policy*, 34(10), pp 1198–1208.

³⁵ Department of Health (2009). Keep Warm Keep Well. Supporting Vulnerable People During Cold Weather.

Interestingly, there does not need to be protracted cold weather to have an impact on the deaths of older people. A sudden cold snap can be equally as dangerous. Cold weather deaths from heart disease increase almost immediately³⁶, reaching their highest just two days after the coldest weather. The steepest rise for stroke takes place five days into a cold spell. It takes another week for deaths from respiratory illnesses to peak. After a cold spell, it takes more than a month for death levels to return to normal.

In winter a 1° C decrease in temperature is associated with a 1.35% increase in the daily number of total natural deaths (1.72% increase in cardiovascular deaths, 3.30% increase in respiratory deaths and 1.25% increase in cerebro-vascular deaths). This increase is greater for older age groups³⁷.

Falls

Proportionally, older people; are most at risk of a fall, their falls result in worse injuries and they take longer to recover. Injurious falls, including over 70,000 hip fractures annually, are the leading cause of accident-related mortality in older people. Around two thirds of deaths and very serious injuries from falls on stairs or steps in the home are to people aged 65 years and over³⁸. As the Royal College of Physicians states³⁹:

“Falls often lead to reduced functional ability and thus increased dependency on families, carers and services. An ageing population means that the rate of falls and fractures are increasing and will continue to do so unless action is taken to address serious inadequacies in services”.

In the NHS Hospital Episode Statistics for 2010-11⁴⁰, there were more than 108,000 consultant episodes for fracture of the femur. Of these, more than 84,000 (78%) were for patients aged 75 years or over

The combined cost of hospitalisation and social care for hip fractures (most of which are due to falls) is estimated at £2 billion a year⁴¹. A study of the

³⁶ Donaldson G C and Keatinge W R (1997). Early increases in ischaemic heart disease mortality dissociated from and later changes associated with respiratory mortality after cold weather in south east England. *Journal of Epidemiology and Community Health* 1997; 51 pp 643-648.

³⁷ Analitis et al (2008). Effects of Cold Weather on Mortality: Results from 15 European Cities within the PHEWE Project. *American Journal of Epidemiology* 168: 12; pp 1397–140.

³⁸ Office of the Deputy Prime Minister (2003). Statistical Evidence to Support the Housing Health and Safety Rating System Volume II – Summary of Results.

³⁹ Royal College of Physicians (2011). Falling Standards, Broken Promises, Report of the National Audit of falls and bone health in older people 2010.

⁴⁰ The NHS Information Centre, *Hospital Episode Statistics for England*. Inpatient statistics, 2010-11. Primary diagnosis: 3 character tables 2010-11.

<http://www.hesonline.nhs.uk/Ease/servlet/ContentServer?siteID=1937&categoryID=192>

⁴¹ British Orthopaedic Association (2011). The National Hip Fracture Database National Report 2011.

cost of hip fracture in the UK in 2000 looked at hospital costs, as well as ambulance costs, social care-costs, GP costs and outpatient costs⁴². The total estimated cost calculated was £726 million, of which £236 million was health-care related and £490 million social care. The average cost of a single hip-fracture was almost £25,500 a year at 2000 prices. Using Retail Price Index figures, this would equate to approximately £28,600 in 2005 and £35,000 in 2011. The study concludes:

“The treatment of hip fractures places a heavy burden on the NHS and social care services. As the UK population ages, the cost of falls is expected to escalate. Therefore measures to reduce the incidence of falls will generate significant savings to the NHS and society as a whole.”

Despite this, some eleven years later, the Royal College is acerbic in its condemnation of NHS falls performance:⁴³

“The audit shows that there is unacceptable variation in the quality of NHS services for care and prevention of falls and fractures. In many areas, there is a major gap between what NHS organisations state they provide, in terms of commissioning, protocols or structure; and what clinical audit reveals in terms of actual care provided. The audit shows that older patients with fractures do not routinely receive key aspects of care for falls prevention or bone health, needlessly exposing them to a greater risk of further falls and fractures”.

Stroke

Whilst stroke is not solely confined to older people, its incidence is much greater in older age. Three quarters of all strokes occur in people aged 65 and over and those aged 75 and over are nine times more likely to have a first ever stroke and a 14-fold higher risk of suffering a recurrent stroke than people aged 45 to 64 years.⁴⁴ Given its greater incidence amongst older people this is then compounded by the poor quality of health service response to stroke.

For example, the National Sentinel Stroke Audit identified twelve basic interventions that should be common to all stroke treatment⁴⁵. It noted that only 16% of patients received all twelve interventions and commented.

“What these figures show is that although great progress has been made in improving the delivery of individual standards the chances of a patient

⁴² S Parrott (June 2000). The Economic Cost of Hip Fracture in the UK. University of York

⁴³ Royal College of Physicians (2011). Falling Standards, Broken Promises, Report of the National Audit of falls and bone health in older people 2010.

⁴⁴ Carroll K et al (2001). Stroke Incidence and Risk Factors in a Population-based Cohort Study. Office for National Statistics. Health Statistics Quarterly; 12. Winter 2001.

⁴⁵ Royal College of Physicians (2010). National Sentinel Stroke Audit; Organisational Audit 2010.

receiving high quality care across the whole pathway is low. None of these key indicators should be regarded as optional.”

An example of poor interventions surrounds the use of anti-coagulants (basically blood thinners). The audit states:

“Patients are dying and having disabling strokes because of our failure to anticoagulate people appropriately. Predictably the prevalence of risk factors is much higher in the older patients (75+ years)”.

Vision

Visual impairment leads to 90,000 falls per year in England and Wales at a cost of £130 million⁴⁶. The chances of hip-fracture for those with “poor depth perception” are six times the norm⁴⁷.

“Sensory impairments become increasingly common as people age: around 80% of people over 60 have a visual impairment, 75% of people over 60 have a hearing impairment, and 22% have both a visual and hearing impairment.”⁴⁸

Mental Health

It is not just physical health and dementia that causes concern in older age but also mental health as the National Mental Health Development Unit reports⁴⁹. One in four older people have symptoms of depression that require treatment although fewer than one in six older people with depression discuss their symptoms with their GP and only half of these receive adequate treatment. However, interventions to increase social participation, physical activity, continued learning and volunteering, and reduction of fuel poverty can prevent depression, particularly in older people.

Summary

The above material has been presented as a series of separate conditions or issues. In reality many older people have a range of conditions which interact with each other. For example dementia and delirium are strong risk

⁴⁶ Heyword F and Turner L (2007). Better outcomes, lower costs. School for Policy Studies, University of Bristol on behalf of the Office for Disability Issues, Department for Work and Pensions.

⁴⁷ Ivers R et al (2000). Visual Impairment and Risk of Hip Fracture. American Journal of Epidemiology 2000; 152, No 7.

⁴⁸ Department of Health (2001). National Service Framework for Older People.

⁴⁹ Carolyn Chew Graham et al (2011). Management of depression in older people: why this is important in primary care. National Mental Health Development Unit.

factors for falls and fractures.⁵⁰ Urinary incontinence is a common feature of older people who have had strokes although as the Royal College audit notes⁵¹:

“Management of urinary continence remains an area where major improvements are needed. This is one of the most common and distressing symptoms caused by stroke and yet less than two thirds of incontinent patients have any plan documented to show how the issue is being managed”.

The overarching message here is that even if the NHS considerably improves its performance with regard to old age conditions the health service will be under considerable pressure over the next thirty years. Therefore, any interventions that can help to lessen either the impact of those conditions or the likelihood of them occurring, are clearly well worth exploring.

6 What impact can housing have on health and well-being?

If older people are far more prone to certain health conditions, then their housing circumstances may be both a contributory factor as well as a solution to these problems. Poor housing circumstances may of course not just be a feature of limited economic wealth. Many older home owners may be asset rich but still have a property that is a danger to them through its poor state of repair, through inadequate heating and insulation or through the presence of a number of home hazards such as dangerous flooring or steps. Some older people may simply not recognise that their property has become a hazard or that its physical state has deteriorated.

Warmth and fuel

As stated above much of the winter increase in mortality is attributable to the effects of cold, and there are strong reasons to think that inadequate home heating may be an important risk factor.

In 2007, 2.8 million households in England experienced fuel poverty⁵² (defined as having to spend 10% or more of household income on heating the home). Half of all fuel poor households include at least one person aged over 60 years and a quarter of fuel poor households include an occupant over 75 years old. Older people are more likely to be fuel poor, as

⁵⁰ Royal College of Physicians (2011). Falling Standards, Broken Promises, Report of the National Audit of falls and bone health in older people 2010

⁵¹ Royal College of Physicians (2010). National Sentinel Stroke Audit; Organisational Audit 2010.

⁵² Department of Health (2009). Annual Report of the Chief Medical Officer.

they are likely to spend longer periods of time in their homes than other people and therefore require their houses to be heated for longer periods⁵³.

Healy carried out an analysis of excess winter deaths,⁵⁴ describing variations in excess mortality in different European countries, and found that rates of death do not necessarily match different climatic conditions. Often higher rates of excess winter mortality are found in countries with less severe, milder winter climates (such as Greece, the UK, Spain, Ireland and Portugal), than countries with more severe winters (Finland, Germany and the Netherlands), who appear to suffer far less from excess winter mortality. These findings highlight that colder countries, which have had higher building standards than the UK, have much lower rates of excess winter deaths.

Wilkinson⁵⁵ provides strong evidence that winter mortality is linked to poorly heated homes. He analysed more than 80,000 deaths from cardiovascular disease in England and data from the 1991 English House Condition Survey. Deaths from cardiovascular disease were almost 23% higher in winter than the average for the rest of the year. There was more winter mortality the older the property and there was a strong link between excess winter mortality and lower indoor temperatures. Residents of the 25% coldest homes had around 20% greater risk of death than the warmest homes.

The Marmot Review team⁵⁶ affirmed that the main health conditions associated with cold housing are circulatory diseases, respiratory problems and mental ill-health. The Review team summarises its study on excess winter deaths, as follows⁵⁷:

- Countries which have more energy efficient housing have lower excess winter deaths.
- There is a relationship between excess winter deaths and low SAP⁵⁸ rating/low indoor temperature.

⁵³ *Burholt V and Windle G (2006). Keeping warm? Self-reported housing and home energy efficiency factors impacting on older people heating homes in North Wales. Energy Policy 34; 10, July 2006, pp 1198–1208.*

⁵⁴ *Healy J D (2003). Excess winter mortality in Europe: a cross country analysis identifying key risk factors. Journal of Epidemiology and Community Health 2003;57: pp 784–789*

⁵⁵ *Paul Wilkinson et al (2001). Cold comfort; the social and environmental determinants of excess winter deaths in England 1986-96.*

⁵⁶ *Marmot Review Team (2011). The Health Impacts of Cold Homes and Fuel Poverty. Friends of the Earth.*

⁵⁷ *Marmot Review Team (2011). The Health Impacts of Cold Homes and Fuel Poverty. Friends of the Earth.*

⁵⁸ The Standard Assessment Procedure (SAP) is the Government's approved mechanism for measuring home energy efficiency: it calculates a home's typical annual energy costs for space and water heating as well as lighting. The SAP scale runs from 1 (low) to 100 (high).

- Excess winter deaths are almost three times higher in the coldest quarter of housing than in the warmest.
- 21.5% of all excess winter deaths are attributable to the coldest quarter of housing, because of it being colder than other housing.
- Around 40% of excess winter deaths are attributable to cardio-vascular diseases.
- Around 33% of excess winter deaths are attributable to respiratory diseases.

Vision

There is a clear link between older age poorer vision and falls. Good housing design can do much to help lessen the danger of falls for people with poor vision as the RNIB and The Thomas Pocklington Trust report⁵⁹. Improvements to design and lighting can have a considerable impact. For example providing:

- *“Good tonal contrast between surfaces contrast between floor and cupboards can help orientation*
- *Contrast between the worktop and the wall behind it helps when placing objects on the top*
- *Contrast between the wall and the electrical switches and sockets can make them easier to locate*
- *Contrasting handles on cupboards and drawers are also helpful”.*

Falls

It is generally acknowledged that removing or lessening home hazards on its own will not automatically produce a reduction in falls. People fall for a variety of reasons; poor vision, wrong medication, poor balance and gait, the consequences of dementia and stroke. However, it is equally recognised that housing and housing adaptations can still help in reducing falls.

“There is not conclusive evidence that addressing home hazards alone...will reduce falls and fractures. But these hazards should be addressed, using professionally prescribed environmental assessment and modification, because problems with vision, balance, chronic conditions and side effects of medication that increase with age will hinder people’s ability to negotiate these home hazards and increase the risk of falls and fractures.”⁶⁰

⁵⁹ Thomas Pocklington Trust and RNIB (2010) Making the most of your sight.

⁶⁰ Department of Health (2009) Falls and fractures: effective interventions in health and social care.

Obviously, where people remain in their traditional family home, in some, although not all instances, it may be possible to introduce modifications to property to lessen the likelihood of falls. Equally these features can also be designed into retirement housing schemes. As a Demos think-tank report stated:

“To reduce the numbers of older people with physical limitations who are living in inappropriate accommodation, putting them at risk of falls and social isolation, we need to take a more proactive approach to meeting older people’s housing needs.”⁶¹

Mental health

The Warm Front evaluation team⁶² assessed the mental health impact of cold homes on adults and found that the temperature of the home has an effect on mental health, in particular anxiety and depression. The study showed that as average bedroom temperatures rose, the chances of occupants avoiding depression increased. Residents with bedroom temperatures at 21°C are 50% less likely to suffer depression and anxiety than those with temperatures of 15°C.

Social isolation among older people is exacerbated by living in a cold home. Costly fuel bills prevent older people from going out, they fear returning, already feeling cold, to a cold home, or they are reluctant to invite friends into a cold house.

One research report⁶³ found the most consistent health outcome of housing interventions in small studies and in systematic reviews is improved mental health. Depression is a significant risk factor for fracture in older women⁶⁴; there is a 30% increased risk of hip fracture in older women if they are suffering from depression.

There has been little research conducted into the role of supported housing and dementia care, although an increasing number of housing schemes for people with dementia have been developed. Nevertheless, those studies which have been conducted demonstrate that, on the whole, people with dementia can benefit from the support offered in sheltered and extra care

⁶¹ Bazalgette L et al (2011). Coming of Age. Demos

⁶² Green G and Gilbertson J (2008). Warm Front Better Health: Health impact evaluation of the Warm Front Scheme. Centre for Regional, Economic and Social Research, Sheffield Hallam University.

⁶³ Heyword F and Turner L (2007). Better outcomes, lower costs. School for Policy Studies, University of Bristol on behalf of the Office for Disability Issues, Department for Work and Pensions.

⁶⁴ Whooley M A et al (1999). Depression, Falls, and Risk of Fracture in Older Women. *Archives of Internal Medicine* 1999; 159: pp 484-490.

housing. For example, Kitwood et al⁶⁵, found that sheltered housing can offer a positive environment to people with dementia, provided that appropriate opportunities for social interaction are available. The role of housing staff was identified as critical in the integration of tenants with dementia.

Arthritis

As part of the Warm Front health impact evaluation⁶⁶, interviews were conducted with 49 households which received home energy improvements in five urban areas. They found that almost a quarter of respondents reported easing of chronic conditions such as arthritis.

Cold, damp homes increase the risk of arthritic symptoms which impacts on strength and dexterity, both of which decrease as temperatures drop, increasing the risk of injuries. This can result in periods of prolonged immobility, making it even more difficult to keep warm⁶⁷. A cold house increases the risk of falls in the elderly. Domestic accidents, including fatalities, are more common in cold homes.

Neighbourhood

The wider neighbourhood can also affect the health of older people⁶⁸. Physical housing conditions may be a determining factor of health, but the wider neighbourhood – unemployment, educational attainment, the level of antisocial behaviour, fear of crime – are also important. Housing and health professionals interviewed in this DTI study recognised more indirect links to health through feelings of safety both within the home and the neighbourhood. It is likely that improvements to housing will also be accompanied by improvements to the mental health of the inhabitants.

Loneliness and exclusion is a reality for millions of older people according to a report from Age UK⁶⁹ which states that 11 per cent of people aged 65 or over are often or always lonely and that neighbourhoods that exclude older people can exacerbate isolation and feelings of loneliness.

⁶⁵ Kitwood T, Buckland S and Petre T (1995). Brighter Futures: a report on research into provision for persons with dementia in residential homes, nursing homes and sheltered housing. Anchor Housing Association.

⁶⁶ Gilbertson J et al (2006). Home is where the hearth is: grant recipients' views of England's home energy efficiency scheme (Warm Front). *Social science and medicine*, 63; 4, pp 946-956.

⁶⁷ Department of Trade and Industry (2001). The UK Fuel Poverty Strategy.

⁶⁸ Housing Corporation (2006). Good Housing and Good Health? A review and recommendations for housing and health practitioners.

⁶⁹ Harrop A and Jopling K (2009). One Voice - Shaping our ageing society. Age UK.

Summary

From this and the preceding section it can clearly be seen that poor health and NHS performance has, and will have, a significant impact on the potentiality to depress the period of ill health or morbidity that older people suffer and hence on costs to the public purse. It is equally clear that warm, well designed housing can play a significant part in changing that outcome and reducing costs. Some of this can be achieved by people making modifications to their own home, but for many a move into a wider range of age-suitable housing would appear beneficial to them and financially advantageous to the public purse through reducing health care expenditure.

7 The retirement housing choice

The provision of specialised housing for older people is not a new concept. From medieval times almshouses for the poor, elderly and sick as well as for travellers became commonplace with the first recorded almshouse being founded by King Athelstan in York in the 10th Century⁷⁰. Enshrined in legislation in The Act for the Relief of the Poor 1601 they were eventually superseded by the 19th century poor law and its development of the workhouse.

It was then not until the post war period and the founding of the modern welfare state that the development of the concept of sheltered housing for older people began to take off⁷¹. Sheltered housing was seen as part of a continuum between general needs housing and the higher care provided in residential care homes.

Such housing has always taken many different forms although as the population ages, increasingly many people within sheltered housing schemes seek some form of care and support. The diagram below offers a simple typology of such housing.

Designated housing	Specialist housing/ sheltered housing	Very sheltered / extra care / assisted living / retirement communities
Housing designed to be purchased by or allocated to older people but with no additional services other than those widely available within the community	Housing schemes with some elements of support built in. This maybe through having access to a warden or scheme manager and alarm systems.	Schemes which have 24 hour care and support available either on site or close by. Some larger schemes may have a care home on site.

⁷⁰ *The Almshouse Association (2012)*. What are Almshouses? Available at http://www.almshouses.org/index.php?option=com_content&view=article&id=87&Itemid=55 [Accessed 01 May 2012]

⁷¹ *Housing LIN and ADASS (2011)*. Strategic Housing for Older People (SHOP) A Resource Pack.

Although there are a number of differences between different types of schemes, the motivation for people entering some form of age segregated property, whether for rent, lease or purchase, often centres around a set of common themes such as downsizing and having manageable property, security, and access to support, whether from neighbours, voluntary or professional care.

Sheltered housing / general retirement housing

Sheltered housing generally consists of a group of independent accommodation units, some with a scheme manager (or warden) who may live onsite. Schemes generally provide 24-hour emergency help through an alarm system. Accommodation is usually self-contained, but there are often communal areas, such as a lounge, laundry room and garden. Some schemes also run social events for residents and have guest rooms that can be rented out if friends and family wish to stay. Historically, such housing was initially supplied for rent by local authorities and more recently housing associations. However, over the last thirty years there has been an increase in the number of private schemes.

Very sheltered / extra care / assisted living

New forms of sheltered housing and retirement housing have developed in recent years, designed for, although not exclusively occupied by, older people who are less able to complete tasks of-day-to-day living for themselves, and have, or anticipate that they might have, higher care needs. Known by a variety of names (although extra care has been used here), it has received impetus in recent years from the Department of Health, both in term of policy and in a grant funding programme for local authorities.

Primarily this is housing which has been designed, built or adapted to facilitate the care and support needs that its owners/tenants may have now or in the future, with access to care and support twenty four hours a day either on site or by call⁷². Most extra care schemes have as their objective that they should be capable of providing a home for life for their tenants / owners, if they so desire⁷³.

In addition to the communal facilities often found in sheltered housing (residents' lounge, guest suite, laundry), extra care housing may include a restaurant or dining room, health and fitness facilities, hobby rooms and computer facilities. Domestic support and personal care are available, usually provided by on-site staff. Properties can be rented, owned or part-owned and part-rented. There is a limited amount of extra care housing in

⁷² *Housing LIN and ADASS (2011)*. Strategic Housing for Older People (SHOP) A Resource Pack.

⁷³ *Department of Health*. Extra Care Housing Bidding Guidance 2008 – 2010.

most areas and most providers set eligibility criteria which prospective residents have to meet.

Retirement villages / retirement communities

Further variations on the extra care theme are retirement villages. Frequently these will be, although by no means exclusively, provided by the private sector or specialist developers. The tendency is to be considerably larger than extra care schemes, eg, Denham Garden Village owned by the Anchor Trust has 327 housing units.

Villages will usually contain all the facilities and services provided by sheltered and extra care schemes. In addition, they may provide, a wider range of dining facilities, hairdressers, shops, on-site health services, some have swimming pools and others have leisure or recreational facilities. The emphasis is often on lifestyle choice. Some schemes also have residential care services available on site if tenants / owners become unable to manage in their own property.

Summary

Regardless of the type of scheme there is a considerable uniformity about the key features of most specialist housing, eg, designated land and accommodation, warm accessible accommodation, companionship and security, access to care and support and an emphasis on offering a quality of life. The variables are normally in the degree to which the above are offered, the form of tenure and in owner occupation or lease, the price to be paid.

8 What is the impact of retirement housing on the health of older people?

In terms of this paper the critical question is whether there is sufficient evidence to suggest that retirement housing offers significant gains to people's health. To do this relies on reviewing what is a fairly limited research literature. Some conclusions are fairly obvious and scarcely require academic research, eg, housing schemes that have good heating systems are better for older people than housing that does not, although that does not obviate the outcome.

However, there are some recent studies, notably Bäumker's review of extra care housing in Bradford⁷⁴, research by the International Longevity Centre⁷⁵

⁷⁴ Bäumker T et al (2008). Costs and outcomes of an extra care housing scheme in Bradford. Joseph Rowntree Foundation

⁷⁵ Kneale D (2011). Establishing the extra in Extra Care: Perspectives from three Extra Care Housing Providers. International Longevity Centre.

and the Personal Social Services Research Unit (PSSRU) review⁷⁶ of the government's extra care housing initiative, which all throw light on the impact on health of retirement housing.

Overall, any potential gain from all the different types of retirement housing can probably be measured in one of three ways as the diagram below illustrates.

Does
retirement
housing
offer...



Health gain

The PSSRU study covered over 800 people in 19 schemes and had a thirty month follow up period. It identified that although not as frail as care home populations, the average resident in extra care schemes was considerably frailer than a matched sample of all older people (over 50% were unable to go out of doors, use stairs or able to wash all over without assistance. This is as compared to 11% within the whole community). The study came to some clear conclusions:

- For residents with care needs, the most important factors for moving were related to health and managing their long-term condition.
- Extra care produced considerably lower rates of mortality than a matched sample in care homes. For example the expectation was that 50% per cent of the residents aged 65 or over would have died by 32 months. In fact, among the residents aged 65 or over who were followed up over the full period of 30 months, only 34% had died.
- Using the Bartel Index (which measures people's capacity to take part in normal activities of daily living) over 40% of people followed up were

⁷⁶ Netton et al (2011). Improving housing with care choices for older people: an evaluation of extra care housing. PSSRU / Housing LIN.

at a better level of physical functioning at six months and at 18 months after moving in.

- People expect and receive higher levels of social interaction than in the community.

The International Longevity Centre (ILC) study reviewed extensive records from three private sector providers of extra care housing. Their conclusions can be summarised as follows:

- Extra care housing is associated with a reduced level of expected nights spent in hospital.
- Those in extra care housing are more likely to stay longer in hospital but this looks to be due to the fact that those in extra care housing as compared to those in the community are not admitted for minor conditions.
- A significant proportion of those who enter extra care housing with care needs, or those who enter with no care needs but subsequently experience a decline in health, will go on to experience an improvement in their health corresponding to a reduction in the care package received.
- About 8% of residents in extra care housing in this study enter institutional accommodation from extra care housing after five years of residence. Compared to those living in the community in receipt of domiciliary care, those in extra care housing are less likely to enter institutional accommodation.

Such findings are broadly matched by a number of other studies.

Kingston et al's study of a retirement community⁷⁷ found that, although many people had moved because of poor health, they assessed their own health as better than a matched sample of older people living in the locality where many of the retirement community's residents used to live. The self-reported health status of the locality sample declined over time, whereas there were few changes in the health status of the residents. The conclusion reached was that security, peer support, a general sense of optimism and the knowledge that care and support needs would be met by scheme staff rather than by relatives, all contributed to the residents' physical and mental well-being.

In a large survey, which reported in 2004, 345 residents at forty four McCarthy and Stone developments were⁷⁸, interviewed. Over 50% of residents believed that private sheltered housing helped to promote good

⁷⁷ Kingston P et al (2001). Assessing the health impact of age-specific housing. *Health and Social Care in the Community*, 9; 4, pp 228–34.

⁷⁸ ORB (2004). *A Better Life: Private Sheltered Housing and Independent Living for Older People*.

health. More than half of all residents (55%) considered their health to be good or very good. Bearing in mind the average age of residents (79.5yrs), this compares favourably to the general population of whom only 41% of 65-74 year-olds feel their health is good falling to 32% for those aged 75+. The study, like the later ILC work also looked at hospital admission. It found that whilst a higher percentage might receive an inpatient episode, they remained in hospital for only half the time of those not living in retirement housing. This was estimated as producing an annual cost saving to the NHS of £2,598 per resident per annum.

It could of course be argued that those who moved into such schemes were in better health beforehand or were from generally healthier backgrounds although the hospital admission figures would tend not to bear this out. They may of course indicate better and earlier detection of certain conditions. Nonetheless, the results still seem to be borne out by other studies which have differing samples.

A paper by Biggs et al⁷⁹ suggested that on average there was an improvement by residents of more than 35% in mobility and 20% in functions of daily living in the retirement living scheme they studied. They also found a 25% reduction in the use of medication by residents after admission. These findings were echoed in research undertaken by the Extra Care Charitable Trust⁸⁰. They reported for residents moving into ECH:

“The superficial physical assessment score jumped more than 50 per cent on average; there was a mobility improvement of more than 35 per cent; a 20 per cent improvement in daily living functions; a 10 per cent increase in sensory ability; and a 25 per cent reduction in medication use. The majority of residents had transferred from hospital or nursing homes, and the greatest improvements were seen in the first 10 weeks in extra care”.

Croucher et al, claim from their research that purpose built accommodation removes many of the difficulties and dangers of living in inappropriate accommodation⁸¹, in particular the risk of falls. It also enables the effective targeting of occupant groups for health promotion initiatives such as immunisation, exercise programmes and health checks. Furthermore, it may be that by the targeting particular medical conditions associated with hospital and care home admission (eg, continence, dehydration and falls) it is possible to reduce this trend.

⁷⁹ Biggs S et al (2000). Lifestyles of belief: narrative and culture in a retirement community. *Ageing and Society* 20; 6, pp 649–72.

⁸⁰ Extra Care Charitable Trust (2006) cited in Securing Good Care for Older people (The Wanless Review), Kings Fund

⁸¹ Croucher, Pleace and Bevan (2003). Residents' views of a Continuing Care Retirement Community. Joseph Rowntree Foundation.

Croucher's view is again re-enforced by the ILC research⁸². Although they recognise that there are some flaws in their methodology (although these may well under-value the benefits of extra care housing) the gains from retirement housing over people living within the community in terms of falls was clear. The fall rate in the extra care housing population stood at 31%, as compared to a similar advantaged population in receipt of care in the community at 49%. This distinction may not only be down to better care and more level access but also to exercise classes which are more prevalent and accessible for older people in retirement housing.

Better use of health resources

The ORB study suggested that the good health of residents was underlined by their use of the NHS. Only 21% of residents had received inpatient care over the last year. Health benefits for residents included fewer overnight stays in hospital and residents felt it easier to return home since moving to extra care housing (this finding is important because of the high costs of in-patient care). Over half (54%) of residents had received no outpatient treatment (of those that did, the mean number of visits was 1.7 times per year); and 13% had not needed to visit their GP in the last year.

The Bradford study of an extra care housing scheme, Rowanberries,⁸³ sought to understand both the costs and the outcomes delivered by the scheme. It found that the better health enjoyed by those living in the scheme meant that health care costs were lower (more than a 50% reduction), mainly through a reduction in the intensity of nurse consultations and hospital visits. More people accessed community services but less often than before moving into the scheme. In addition, the proportion of residents using acute services such as accident and emergency, outpatient appointments and inpatient stays, was slightly lower in all instances after the move into the scheme.

Quality of life and well-being

In the study conducted with McCarthy and Stone residents 'satisfaction level' was seen to be high amongst the older people interviewed:

"92% reported themselves as very happy or mainly contented with their new accommodation. Most look forward to living there for some time to come and, when asked if they would recommend where they lived to others in similar circumstances, 57% gave a 10 out of 10 positive score and only 5% gave a score of less than five."

⁸² Kneale D (2011). Establishing the extra in Extra Care: Perspectives from three Extra Care Housing Providers. International Longevity Centre.

⁸³ Baumker et al (2008). Costs and outcomes of an extra care housing scheme in Bradford. Joseph Rowntree Foundation.

In the Bradford study residents were interviewed at admission and asked to reflect on their quality of life *prior to* moving in. Most people selected 'alright', although three residents stated their previous quality of life was so bad that it could not be worse. Six months later there was a noticeable shift in how people described their current quality of life in Rowanberries, with the largest proportion reporting a 'good' and no one reporting very poor quality of life. As Croucher states:

*"A purpose built environment, along with increased opportunities for social interaction with a peer group as well as the care and support on offer, will generate a greater sense of well-being and improved health status or maintenance of health status"*⁸⁴

Biggs' study also found that with regard to quality of life:

"Residents not only lived longer than expected but achieved a quality of life far exceeding that experienced by residents in traditional homes, becoming ill at a lower rate than is usual."

In a study undertaken by Greenwood and Smith⁸⁵ the positive contribution that extra care housing made to the health and well-being of occupants was attributed to:

- Being in a safer, warmer, more accessible environment in comparison to where people had lived before,
- A reduction in social isolation due to increased social contact and companionship,
- The recognition by staff of previously unrecognised health and care needs.

An evaluation of Reeve Court Retirement Village⁸⁶ concluded that it appeared to maximise health and emotional wellbeing for many of the people who lived there, providing a wide range of opportunities to achieve and enjoy life, while supporting vulnerable residents to do so. Improved health and wellbeing are likely to have the effect of prolonging independent living. Similarly, a study of housing for people in later life in Australia⁸⁷ showed that many residents of retirement communities reported improved quality of life, particularly linked to the social environment, the support provided for house and garden maintenance, the health support received and the quality of the physical environment.

The generally beneficial effects of extra care housing on their residents were also identified as being significant by managers of schemes. In a

⁸⁴ Croucher K et al (2006). Housing with care in later life. Joseph Rowntree Foundation

⁸⁵ Greenwood C and Smith J (1999). Sharing in Extra Care. Hanover Housing Group.

⁸⁶ Housing LIN (2008). Case Study No 43: Reeve Court Retirement Village.

⁸⁷ Jones et al (January 2010). Service integrated housing for Australians in later life. Australian Housing and Urban Research Institute, Queensland Research Centre.

series of interviews conducted by the Institute of Public Care (IPC) for the Housing Corporation⁸⁸ managers were asked to assess the impact on health and well-being of a move to extra care housing. The responses were as follows:

Table 5: Managers views of the gains from Extra Care Housing

Area of Improvement	Number of schemes		
	In all cases	In some cases	In no cases
Greater interaction & involvement	15	14	
Improved self-care	6	26	
Sense of improved health & wellbeing by the individual	14	21	
Improved mobility function	3	27	1
Increase in sensory ability	3	23	6
Improvement in being able to undertake daily living function	9	26	
Improved sense of independence	20	15	
Improved mental health	4	25	5
Increased feelings of happiness & enjoyment	16	19	

Finally, although incorporating data that goes beyond just health benefits, Frontier Economics for the Homes and Community Agency identified the overall net impact of capital funding for specialist housing on the cost of wider public services.⁸⁹ They showed that the overall benefit per older person per annum is £444 per year. However, their estimates were mainly directed at housing for rent with funding from the Homes and Communities Agency. The gain would be greater where owner occupiers purchased housing using their own assets.

If that information is put together with the proposition from Professor Michael Ball at the Henley Research Institute⁹⁰ about the need to increase the supply of owner occupied retirement housing, together with the economic benefit of freeing up family housing then a crude figure could be estimated of minimum net gain from an increase in the supply of retirement

⁸⁸ *Housing Corporation (2007)*. Raising the stakes: Promoting extra care housing.

⁸⁹ *Frontier Economics (2010)* Financial benefits of investment in specialist housing for vulnerable and older people

⁹⁰ *Ball M (2011)*. Housing markets and independence in old age: expanding the opportunities, Henley Business School.

housing. Based on the above propositions the annual saving by 2033 could be at least £307 million per annum⁹¹.

Although the above figures are conservative and would not all be based on health gain, this is an area that could benefit from further economic modelling.

Summary

Although the number of research studies with a control group, ie, comparing a range of sample populations in the community with those in retirement housing is limited, the weight of evidence through case studies, audits and research, shows that there is an unequivocal health gain to be made through the provision of all forms of retirement housing.

None of the studies showed there was either a health deterioration or even a standstill in people's health and well-being when they moved to this form of provision. Instead the evidence is that for many people there was a substantial improvement in health, a diminution in the volume of care and support required and a greater sense of security and well-being.

Moving forward

The general evidence of health gain from new build retirement housing is clearly strong. When combined with the demographic growth of the older people's population, the prevalence of home ownership amongst that population, the potential health profile of the oldest old group and poor health sector performance, the case for a significant stimulus of this sector is considerable.

It would be hoped that the forthcoming Social Care White Paper might provide such a stimulus. There are a variety of relatively low cost measures that could help in this respect:

- To ensure that in any role local authorities play in offering older people better information, that buying and selling housing and moving into retirement housing, heavily features.
- To encourage the delivery of new retirement housing across all tenures through the planning system.
- To establish with the sector a national kite mark for housing that identifies it as offering accessibility and the capacity to have a range of health and care services delivered into it. This does not have to be just

⁹¹ Calculated on the basis of; an annual saving of £629 per person per annum in owner occupied housing suitable for older people, 320,000 housing units developed over the 20 years, plus the 105,000 units that already exist and a saving of £40 million per annum through 'trickle down' in freeing up family housing.

for designated retirement housing but could be for any housing that applies and meets the standard.

- Older people are clear that the prospect of moving in older age is not easy, either in terms of selling their property or in terms of physically packing up and moving. There are already a number of schemes around the country to help with this but these need a considerable extension and much greater publicity. This could include financial assistance with pack and move schemes for older people aged over 75 where they are moving into purpose built retirement housing.
- A stamp duty holiday / reduction for older people moving into new accommodation and for those buying their property.
- A reduction in council tax for older people living in retirement housing, to encourage take-up.
- Financial support for legal and conveyance fees for older people moving into retirement housing.
- Support to developers in sharing financial risk either through the development of interest free loan schemes to be repaid as properties are sold.
- Incentives to local authorities to release land for the development of older people's housing schemes.
- Many of the current public and indeed private schemes still convey a sense of 'less eligibility', of ageism and institutionalisation. An annual design competition which focuses on properties and schemes that can evidence; good design, reduced maintenance costs for owners and show reduced health care expenditure may help to challenge the sector to stop producing older people's housing and to produce housing suitable for older people. The aim should be to develop properties that people want to live in and want to buy rather than properties which they feel obliged to occupy.
- Commission a longitudinal study comparing health performance of different forms of retirement housing.

From housing providers it would be good to see a wider range of concepts and prices alongside slightly more adventurous design. Participation in further research in terms of looking at the average savings per scheme and at the differentials between different types of scheme could also be of benefit. However it needs to be remembered that this is housing first not the reconstruction of care homes in flats and apartments.

In the end this is fundamentally about creating a diversity of choice of property for purchase that is suitable for all of us as we advance towards old age. Older people using their equity to deliver a health and care gain to society, at little to no cost to the public purse, whilst at the same time freeing up family housing, can only be of considerable benefit and worth pursuing and encouraging on a wider scale than currently occurs.

Appendix F: *'Local area economic impact assessment Report', March 2014
(Unpublished) by Institute of Public Care*

McCarthy and Stone

**Local area economic impact
assessment**

Report

March 2014

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McCarthy and Stone

Local area economic impact assessment

Report

1 Introduction

McCarthy & Stone commissioned the Institute of Public Care at Oxford Brookes University to update and develop the work by Roger Tym and Partners' *A Better Life: Private Sheltered Housing and Independent Living for Older People* (2003) with a local area economic impact assessment of their Retirement Living and Assisted Living Extra Care developments across England, Wales and Scotland. This project aimed to provide independent, objective and robust evidence about the extent to which there is a strong case for Retirement Living and Assisted Living Extra Care schemes in terms of the local economic and wider social impact of these schemes.

1.1 Policy context

1.1.1 Health and social care policy

Specialist housing for older people has a key role to play in an integrated health and social care system, where the system prioritises preventative care and speeds recovery to independence. The White Paper [Caring for our future: reforming care and support](#) published in July 2012 argued that there is a particular need for housing for older people who are home owners; and the Care and Support Specialised Housing Fund aims to support and accelerate the development of the specialised housing market, particularly at a time when wider economic factors may place limitations on the growth of this market.

The government has stated that "*Housing plays a critical role in helping older people and disabled adults to live as independently as possible, and in helping carers and the wider health and social care system offer support more effectively. However, evidence suggests that there are currently not enough specialised housing options available for these groups, especially for those who wish to own their own home*"¹.

¹ <http://www.homesandcommunities.co.uk/ourwork/care-support-specialised-housing-fund>

1.1.2 Planning and retirement housing

The National Planning Policy Framework (DCLG, 2012) sets out the Government's planning policies for England and how these are expected to be applied. It aims to provide a framework within which local authorities can produce their own distinctive local and neighbourhood plans, which reflect the needs and priorities of communities, and improve the economic, social and environmental conditions of the area. The framework defines the role of the local planning system:

- ***“An economic role – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure,***
- ***A social role – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being; and***
- ***An environmental role – contributing to protecting and enhancing our natural, built and historic environment; and, as part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.”***

Although there is wide recognition of the role of specialist housing for older people in contributing to their health and well-being (and in freeing up general needs housing) among those concerned with housing, care and support, the planning community appears to be somewhat less advanced in developing its thinking and understanding of the issue.

Professor Michael Ball and colleagues in 2011² found that build rates of owner occupied retirement housing were low, and needed to grow four times from that achieved even before the 2007/8 downturn, in order to cope with just a moderate increase in demand. Forecasts in the research showed a potential increase in the use of this accommodation from 2% currently to 5% of housing for those aged 65 and over the next decade or so.

Ball concluded that public policy constraints stand in the way of developing more private housing for older people, but that these obstacles can be easily removed. The report expressed optimism that the National Planning Policy Framework, combined with the “Localism” agenda, would provide an

² Ball, M (2011), *Housing markets and independence in old age: expanding the opportunities*, University of Reading.

opportunity to equip communities to become more responsive to the local housing needs of older people.

Similarly, in 2011 the Centre for Social Justice³ was critical of how the current UK housing market does not reflect the types of choices older people aspire to. Their report noted a serious shortage of new housing specially designed for older people and called for a shift of culture amongst local planning authorities which recognises the value of new housing for older people and makes decisions accordingly: *“Without any kind of overall strategy for older people’s housing, too many planning authorities treat each application on an isolated, case-by-case basis, with no real understanding of what provision is needed in their locality”*.

1.2 Method

McCarthy and Stone provide a range of housing for older people including: Retirement Living and Assisted Living schemes. Retirement Living (RL) schemes offer purpose-built apartments with a comprehensive security system, a 24-hour monitored emergency call system and a dedicated House Manager or Estates Manager. Assisted Living (AL) schemes are fully wheelchair accessible and designed to Lifetime Homes standards. AL schemes offer a 24 hour management presence, a qualified team to provide flexible personal care and support packages to suit individual needs, as well as a lunch-time restaurant, and one hour’s domestic help per week as standard.

To obtain evidence about the local economic and other impacts of Retirement Living and Assisted Living schemes, IPC used a range of methods which aimed to capture both quantitative and qualitative data about the direct and indirect impact of schemes. IPC explored the economic impact on local areas from two perspectives: (a) a view of the impact of a sample of schemes and (b) a look at the impact in a different way through following the pathway of a number of residents into and through a scheme.

A sample of ten schemes was drawn from across England, Scotland and Wales, including the five English regions and a range of area types: city, town and rural locations, to ensure that a good cross-section of schemes was included.

The study involved obtaining data on the construction and operational (including staffing) phases of the schemes from headquarters and scheme managers. In eight of these schemes (and an additional pilot scheme), interviews were conducted with a sample of owners residing in the schemes to obtain quantitative and qualitative data about their current spending and perceived changes in their circumstances following their move to the

³ Centre for Social Justice (2011) *Old Age Review: Age of Opportunity*.

scheme. Efforts were made to ensure a mixture of households in terms of age and composition (single people and couples).

McCarthy & Stone have a standing independent advisory group of residents (InFoRM - the Independent Forum of Residents of McCarthy & Stone) and members of the group provided valuable feedback on the proposed questionnaire. A revised version of the owners' questionnaire was then piloted in a Retirement Living scheme to ensure that questions were clear, unambiguous and reasonably easy to complete.

Scheme managers provided assistance with arranging interviews, and a letter and copy of the questionnaire was sent to each participant detailing the material to be covered, and the purposes to which it would be put in advance of the interview. Face to face interviews were then conducted with 100 owners. Owners' responses were provided on an anonymous basis and informed consent was sought before any interview took place. A profile of those who were interviewed is provided in Appendix 1. Although in some cases the data were based on people's recollections, others were able to refer to their own records. Circulating the template in advance gave respondents time to reflect (and if necessary prepare) before the interviews took place. Information was recorded and analysed on SPSS - a statistical analysis software package.

Comparisons of economic impact were made between the McCarthy and Stone schemes with general housing where possible and relevant. For example, comparative data from the Office of National Statistics' annual Living Costs and Food Survey provided comparative data on household expenditure.

1.3 Structure of the report

The report addresses the following questions about the impact of Retirement Living and Assisted Living schemes:

- What is likely to be the benefit in terms of health and social care?
- What is likely to be gained in terms of social capital?
- What is likely to be gained from the capital investment in the area, including planning gain and employment?
- What additional expenditure is likely to be generated in the local area?

Each chapter reviews the existing published research evidence where appropriate, and presents the data obtained from the surveys and interviews in the McCarthy and Stone schemes.

2 Health and social care

2.1 Health and well-being

An independent review of the evidence on the health gains from retirement housing⁴ by the Institute of Public Care identified a wide range of evidence about the health and well-being benefits of Retirement Housing and Assisted Living extra care housing. It concluded that *'for many people there was a substantial improvement in health, a diminution in the volume of care and support required and a greater sense of security and well-being'*.

A number of studies have found that residents report higher levels of well-being in specialist forms of housing, including an improved ability to look after themselves. For example, Ball reported that the overall balance of residents' perceptions of being able to manage their health was that it was better since their moves.⁵ The PSSRU evaluation of Assisted Living Extra Care housing found that *"for most of those who were followed up, their ability to look after themselves either stayed the same or improved after they moved in."*⁶ Clearly, this is important as a potential indicator of reduced demand on formal health and social care services.

Several studies have highlighted the impact on hospital discharge for older people living in specialist housing. Ball⁷ identified a number of health benefits of living in owner occupied retirement housing, including that the accommodation is designed to cope with the needs of those with impaired mobility and other health-related problems, while more assistance is at hand than in non-specialist housing. He found that 28% of residents said that they could now manage their health better, and 60% of the residents who had had a stay in hospital said that they had found it easier to return home since moving into retirement housing. There were also indications that residents spent fewer nights in hospital than was the case for that age-cohort in the population as a whole.

Kingston et al's study of a retirement community⁸ found that, although many people had moved because of poor health, they assessed their own health as better than a matched sample of older people living in the locality where many of the retirement community's residents used to live. The self-reported health status of the locality sample declined over time, whereas there were few changes in the health status of the residents. The authors conclude that security, peer support, a general sense of optimism and the knowledge that care and support needs would be met by scheme staff

⁴ IPC (2012) *Identifying the health gain from retirement housing*, IPC

⁵ Ball, M et al (2011) *Housing Markets in Old Age*. Henley Business School, University of Reading

⁶ Netten et al (2012), *Improving housing with care choices for older people: the PSSRU evaluation of extra care housing*, PSSRU.

⁷ Ball, M et al (2011) *Housing Markets in Old Age*. Henley Business School, University of Reading.

⁸ Kingston P et al (2001) *Assessing the health impact of age-specific housing*, Health and Social Care in the Community, 9; 4, pp 228–34.

rather than by relatives, all contributed to the residents' physical and mental well-being.

Croucher⁹ identified a range of benefits with a particular emphasis on community health services for older people living in a retirement community, which may be equally relevant to Retirement Living and Assisted Living extra care developments:

- Ease of access in terms of the numbers of people in one geographical location.
- Ability of on-site care staff to work with other service providers to ensure resources are used efficiently.
- Ability of on-site care staff to act as a triage point, and also to notice something is wrong before it reaches a crisis point: *'Potential cost savings are not insignificant; for example, costs for a home visit from a general practitioner are estimated to be £3.49 per minute'*.

In terms of Assisted Living Extra Care housing, Netten and colleagues¹⁰ found considerably lower mortality rates than a matched sample of people in care homes, and an evaluation of an Assisted Living Extra Care housing scheme in East Sussex¹¹ noted the importance of the provision of meals in scheme restaurants for a number of reasons, including improved nutrition: *'the central location of a restaurant and the pivotal role it played in providing a scheme with its heart, resulting in many additional benefits including increased socialisation, improved nutrition (issues frequently highlighted in assessments) and facilitating community involvement in a scheme'*.

When people were asked about whether their McCarthy and Stone apartments had a range of benefits related to their general well-being compared with their previous home, their answers highlighted a range of important benefits (Table 1).

Table 1: Do you think your current home has any of the following benefits compared with your previous home?

Benefit	Percentage
The present home is easier to maintain	91
I feel more secure	80
The present home is more accessible for people with disabilities	78

⁹ Croucher K (2006) *Making the case for retirement villages*, York: Joseph Rowntree Foundation.

¹⁰ Netten et al (2012), *Improving housing with care choices for older people: the PSSRU evaluation of extra care housing*, PSSRU.

¹¹ Weis W & Tuck J (2013) *Case Study 78 The business case for extra care housing in adult social care: an evaluation of extra care housing schemes in East Sussex*, Housing LIN.

Benefit	Percentage
The present home is more convenient for local services	73
I feel warmer	71
I feel less socially isolated	65
I have a better quality of life	65
I feel less lonely	58

Other benefits mentioned included better transport links and the reassurance of a house manager at the scheme.

From the responses to this question, it is clear that both Retirement Living and Assisted Living developments play an important part in meeting a range of needs which contribute to improved well-being and quality of life: 80% felt more secure, 71% felt warmer, 65% said that they have a better quality of life and felt less socially isolated. A number remained neutral, possibly because they felt it was too early to say as recent arrivals.

2.2 Use of health and care services

A survey by ORB in 2004¹² of 345 residents at forty-four McCarthy and Stone developments found that whilst a slightly higher percentage might receive an in-patient episode, they remained in hospital for less than half the time of those not living in retirement housing. This was estimated as producing a significant annual cost saving to the NHS of £2,598 per resident per annum. The International Longevity Centre concluded that extra care housing is associated with a reduced level of nights spent in hospital, and residents are less likely to enter residential care than people living elsewhere receiving home care¹³.

Admissions to hospital as an in-patient

Although the data are not like-for-like comparisons given the different age groupings, the table below indicates that the rate of hospital in-patient admissions among owners of McCarthy and Stone accommodation is lower than the rate in the general population of older people (Table 2).

¹² ORB (2004) *A Better Life: Private Sheltered Housing and Independent Living for Older People*.

¹³ Kneale D (2011) *Establishing the extra in Extra Care: perspective from three Extra Care Housing Providers*, International Longevity Centre.

Table 2: Rate of in-patient hospital admissions per year per person receiving no social care in England by age¹⁴, compared with residents of McCarthy and Stone schemes

Age group	M&S rate of admission %	Age group	Average rate of admission in England %
65-74	6	N/A	N/A
75-84	32	75-79	39
		80-84	41
85-94	35	85-89	42
		90-94	39
95+	N/A	95+	34

People were also asked about the number of times they had been admitted as an in-patient in the 12 months before moving, and the last 12 months in their new McCarthy and Stone home. Across the schemes covered by the study, there were a total of 13 fewer admissions in previous year, or 0.13 fewer admissions per resident per year in their new McCarthy and Stone home than before.

According to the PSSRU's analysis of the costs of health and social care¹⁵, the average cost of a short non-elective in-patient admission was £523 (the lower end of the spectrum). This would mean for a typical scheme of 50 residents, a reduction in costs to the NHS of £3,400 per annum for hospital in-patient admissions.

Visits to the GP

On average, residents reported that they had made 4.0 visits to their GP in the last 12 months. By comparison, a paper by Polissson (2011)¹⁶ found the average number of annual visits to a GP in England was 7.4 for women aged 65 and over, and 6.7 for older men. This indicates that owners of McCarthy and Stone apartments make lower demands on general practitioners than the typical older person.

Across the nine schemes where interviews were carried out, owners had made 67 fewer visits to their GP in the previous 12 months compared with the 12 months before they moved into the McCarthy and Stone scheme; or 0.66 fewer visits per resident. Although, some were a little uncertain about

¹⁴ Bardsley M et al (2012) [Overlap of hospital use and social care in older people in England](#), Nuffield Trust.

¹⁵ Curtis L (2012) *Unit Costs of Health & Social Care 2012*, PSSRU.

¹⁶ Polissson M (2011) *Do waiting times matter in primary care? GP visits and list sizes in England*, University of Oxford Department of Economics Discussion Paper.

how many visits they had made in the year before moving into their new home, this does indicate an improvement in overall health, and in addition a reduction in costs to the NHS.

According to the PSSRU's most recent analysis of the costs of health and social care, a brief (11.7 minutes) consultation with a GP costs £43. This would mean for a typical scheme of 50 residents, a reduction in costs to the NHS £1,419 per annum for GP visits.

According to Pulse magazine, people aged 85-89 years old visit their GP on average about 13 times a year. In contrast, the residents of the schemes aged 85-94 had visited their GP on average three times in the last 12 months, which indicates that they are healthier than the general population of similar age.

Visit from District Nurse

People were also asked about the number of visits from a District Nurse in the 12 months before moving and the last 12 months in their new McCarthy and Stone home. Across the schemes covered by the study, there was a slight increase of 0.28 more visits per resident in the last 12 months in their new McCarthy and Stone home than before.

2.3 Assisted Living as an alternative to residential care

There is a growing range of evidence about potential cost savings of Assisted Living Extra Care housing. The International Longevity Centre (ILC) report mentioned earlier found that while about 8% of residents in extra care housing in the study entered institutional accommodation from extra care housing after five years of residence; compared to those living in the community in receipt of domiciliary care, those in extra care housing were less likely to enter institutional accommodation.

Research undertaken by the Extra Care Charitable Trust¹⁷ also indicates the potential savings that may result from a move into Extra Care (or Assisted Living) housing:

“The superficial physical assessment score jumped more than 50 per cent on average; there was a mobility improvement of more than 35 per cent; a 20 per cent improvement in daily living functions; a 10 per cent increase in sensory ability; and a 25 per cent reduction in medication use. The majority of residents had transferred from hospital or nursing homes, and the greatest improvements were seen in the first 10 weeks in extra care”.

¹⁷ Extra Care Charitable Trust (2006) cited in *Securing Good Care for Older People* (The Wanless Review), Kings Fund.

Weis & Tuck¹⁸ found that 63% of residents in Extra Care (or Assisted Living) housing would otherwise need to be in residential/EMI/nursing care with the costs associated with these forms of institutional care. Their study concluded that Extra Care Assisted Living housing presented significant savings for adult social care in terms of both gross and net costs.

If it is assumed that a similar proportion (63%) of residents of a typical 55 apartment Assisted Living scheme would otherwise have needed residential or nursing care (where annual cost of residential care is assumed to be £30,000), this would cost just over £1 million per annum ($55 \times 0.63 \times 30k$).

2.4 Independence through design

The design of housing can have a real impact on the level of risk from falls, and on quality of life more generally. In a study for the Joseph Rowntree Foundation, Croucher et al reported that purpose-built accommodation removes many of the difficulties and dangers of living in inappropriate accommodation, in particular the risk of falls¹⁹. It also enables the effective targeting of occupant groups for health promotion initiatives such as immunisation, exercise programmes and health checks. The recent evaluation of Assisted Living Extra Care housing in East Sussex found that *“the accessible environment, not the care, was a significant factor in enabling independence”*.²⁰

A study seeking to evaluate the impact of building to Lifetime Homes Standards calculated that building-related hazards cost approximately £2.48bn per annum in direct health costs, or £40bn as a potential cost to society.²¹ The study suggested that building to current building regulations may provide direct NHS health cost savings per dwelling of more than £4,000 during a 60-year expected lifespan; whilst building to Lifetime Homes Standard could provide an extra £194 of savings over 60 years. It went on to suggest higher savings when considering the potential cost to society, with meeting current building regulations saving £83,000 during a 60 year lifespan, and a further £1,600 of savings if building to Lifetime Homes Standard.

Pannell²² noted that older people are less likely to live in the oldest and the newest properties (50% older households live in properties built between

¹⁸ Weis & Tuck (2013), *Housing LIN Case Study 78 The business case for extra care housing in adult social care: an evaluation of extra care housing schemes in East Sussex*, Housing LIN.

¹⁹ Croucher K, Pleace N and Bevan N (2003) *Residents' views of a Continuing Care Retirement Community*, Joseph Rowntree Foundation.

²⁰ Weis W & Tuck J, (2013) *Case Study 78: The business case for extra care housing in adult social care: an evaluation of extra care housing schemes in East Sussex*, Housing LIN.

²¹ Roys, M (2012), *Assessing the health benefits of lifetime home standards*, DCLG.

²² Pannell, J et al (2012), *Market Assessment of Housing Options for Older People*, New Policy Institute.

1945 and 1980) and about one-third are living in non-decent homes. The ability to move to warmer and more fuel efficient homes presents an opportunity to reduce risks to both physical and mental health. The Marmot Team²³ highlighted the link between cold homes, fuel poverty and health problems, ranging from exacerbating arthritis, causing respiratory problems, and threatening mental health, to excess winter mortality.

There is also a relationship between approaches to design and quality of life. A study²⁴ looking at aspects of design in Assisted Living Extra Care Housing and the relationship with residents' quality of life, found that security-related design features were linked positively to quality of life for residents. However, the authors noted a negative relationship between quality of life and design features relating to accessibility and safety, which they suggest could reflect the institutional look of those features directed to safeguard the frailest residents.

Those owners taking part in the case study interviews were asked about their health before and after moving into their McCarthy and Stone apartment, and whether they needed any help with the activities of daily living, such as walking, climbing stairs, getting dressed, eating or drinking, personal care or taking medicine. The great majority (98%) of respondents appeared to have needed no help with these activities before moving. Two people had needed help climbing stairs and others had used a stair-lift. Since moving, they no longer needed help with this, although three need help with dressing. This indicates the potential of retirement housing and assisted living to contribute to greater independence through design features.

In addition, as Table 1 (above) indicated, more than 70% perceived important design-related benefits in their current home compared with their previous one: specifically, feeling more secure, being more accessible, and feeling warmer.

Nine per cent of owners had a mobility scooter. The ownership of mobility scooters when compared with the very low numbers reporting that they received help with moving around indicates that the design of the schemes enables people to live without additional help in their own homes, even when they require a mobility aid for moving around outside the scheme.

²³ Marmot Review Team (2011), *The Health Impacts of Cold Homes and Fuel Poverty*, Friends of the Earth & the Marmot Review Team.

²⁴ Orrell et al (2013), The relationship between building design and residents' quality of life in extra care housing schemes, *Health and Place*, 21 (2013) 52-64.

3 Social capital

3.1 Contribution as volunteers

Research carried out for WRVS²⁵ suggested that older people currently provide formal and informal volunteering services worth over £10 billion to the national economy. This is expected to rise to just under £15 billion by 2020. The research estimated the annual average contribution of the over 65 year old as:

- 104.6 hours of informal volunteering effort per person aged over 65
- 54.5 hours of formal volunteering effort per person aged over 65

If the minimum wage rate of £6.31 is applied to these average figures, this suggests a potential annual contribution from informal volunteering of £660, and from formal volunteering of £344.

Over one-third of residents (37%) in the McCarthy and Stone schemes contributed to their local area through their involvement in community activities. These ranged from faith groups and womens' groups to volunteering at a local hospice and a stroke club. From the nine schemes in which interviews were conducted, owners provided an overall total of 140 hours of voluntary activity a week, equivalent to £883 a week (at minimum wage rates). Per scheme this would be equivalent to an annual contribution of just over £5,000. A number of others were planning to get involved in some voluntary activity, but had not had time since moving in to their apartment.

About one in ten (11%) of those interviewed said that they received some voluntary support from friends or local groups, compared with 14% who had received voluntary support in their previous home. This suggests either a reduced need for support, or fewer links to friends and voluntary groups. Overall, residents appeared to be net contributors to their communities in terms of voluntary activity.

3.2 Contribution as carers

A number of studies have explored the economic impact of informal carers. Carers UK estimated the contribution of older people as carers to have been in the order of £30 billion in 2007²⁶; WRVS suggested £34 billion in 2010 and estimate that this will increase to nearly £52 billion by 2030.²⁷

²⁵ WRVS (2011) *Gold Age Pensioners: valuing the socio-economic contribution of older people in the UK*

²⁶ Carers UK (2007) *Valuing carers – calculating the value of unpaid care*.

²⁷ WRVS (2011) *Gold Age Pensioners: valuing the socio-economic contribution of older people in the UK*.

The 2011 census highlighted a 35% increase over the last ten years in the number of older carers²⁸ so these figures may be under-estimates.

The WRVS research found that 65% of older people regularly help out elderly neighbours, and in addition 21% of over 65s help older family members. It also found that almost half of older people who informally volunteer look after younger children or grandchildren, and a further 30% help younger (under 65) neighbours.

In the McCarthy and Stone schemes, 6% of those interviewed provided significant amounts of informal care (spouses). It is likely that by moving to more age-suitable housing, some informal carers are able to provide care for longer to their partners, thereby delaying or preventing them needing to move into residential or nursing care. This is likely to reduce expenditure on health and social care.

3.3 More appropriate housing

A number of studies have already been mentioned that demonstrate the role of Retirement and Assisted Living schemes in providing more appropriate housing and a wider choice to older people. Interviewees were asked about their reasons for moving to the schemes (see Table 3). The responses indicate the importance of a range of design and social considerations as motives for people to move into specialist housing. More appropriate housing was a factor for nearly two-thirds (65%) of those interviewed, followed by a wish to feel more secure (44%) and be closer to family members (31%). More than one-fifth (22%) of owners mentioned issues around the garden in their previous home as factor in wishing to move.

In providing housing better suited to the needs and requirements of some older people which provides opportunities for peer support and social activities, Retirement and Assisted Living plays a role in building social capital. A number of interviewees valued these aspects of the schemes they were living in.

Table 3: Reasons for deciding to move

Reason	Percentage
Previous housing was no longer appropriate	65
To feel more secure	44
To be closer to family	31
To avoid feeling lonely	22

²⁸ <http://www.carersuk.org/newsroom/item/3111-census-35-surge-in-the-number-of-older-carers?highlight=YTozOntpOjA7czo1OiJvbGRlcil7aToxO3M6NjoiY2FyZXJzljtpOjl7czoxMjoiOib2xkZXIqY2FyZXJzljt9>

Reason	Percentage
Garden too much to manage	22
To receive care and support	13
To release some of the asset value of the previous home	9
To be closer to friends	4

Respondents also mentioned bereavement, health reasons and the cost of necessary repairs as factors that led to the decision to move.

3.4 Social isolation

Kneale describes socially excluded older people as often being “*those who are regarded as having lost their independence*”, with risk factors being:²⁹

- “Age-related characteristics that are more likely to occur in later life, such as disability, low income and widowhood;
- Cumulative disadvantage, where cohorts become more unequal over time due to, for instance, the impact of labour market experiences on pension outcomes;
- Community characteristics (and the interaction with age and cohort Characteristics) which make older people more vulnerable to changing conditions like population turnover, economic decline and crime, in their local areas;
- Experience of age-based discrimination.”

Social isolation is associated with poor quality of life, with a less healthy lifestyle (including physical inactivity and smoking) as well as increased blood pressure and levels of inflammatory markers (indicating presence of underlying health conditions).³⁰

Ball (2011)³¹ observes that owner occupied retirement housing reduces social isolation in two ways: firstly, ‘the dwelling effect’ of moving into accommodation where it is easier to make friends with other people living in the same building; and secondly, ‘the locational effect’ where the accommodation is close to family and friends.

The PSSRU evaluation³² of Assisted Living Extra Care housing found that: ‘A year after moving in most residents enjoyed a good social life, valued the

²⁹ Kneale, D. (2012), *Is social exclusion still important for older people?* Age UK/ILC-UK.

³⁰ Shankar, A., McMunn, A., Banks, J., Steptoe, A.(2011) Loneliness, social isolation, and behavioural and biological health in older adults, *Health Psychology*, 30(4) pp377-385.

³¹ Ball, M et al (2011) *Housing Markets in Old Age*, Henley Business School, University of Reading.

³² Netten A et al (2011) *Improving Housing with Care Choices for Older People: An Evaluation of Extra Care Housing*, PSSRU.

social activities and events on offer, and had made new friends'. For older people who move to specialist types of retirement housing, there is emerging evidence that social lives and relationships strengthen, consequently lowering the risk of loneliness.³³ However, this evidence is not yet able to make the causal link between social inclusion and financial benefits, for examples through less reliance on public services.

The interviews with owners indicated that around two-thirds (see Table 1 above) felt less social isolated in their McCarthy and Stone apartment compared with their previous home – as one commented: *The communal relationship is second to none* and another: *The people are very nice*. It is likely that the proportions will rise over time, as a number of those interviewed were relatively recent arrivals.

4 Capital investment and community benefits

4.1 Development

Based on work by LEK Consulting, the CBI³⁴ describe the multiplier effect construction projects can have on the wider economy through the impact on the supply chain (for example, manufacturing, real estate, transport, planning and survey services), and suggest that every £1 investment in construction can expect to generate £2.84 of total economic activity. While Shelter cite a report by FTI Consulting that an additional £1 of demand for construction activity generates £2.09 of economic output through the direct and indirect multiplier effects associated with construction firms purchasing goods and services from other sectors, and construction sector wages and profits being spent across the whole economy³⁵.

An analysis of the total cost of the case study schemes' development by McCarthy and Stone indicates that on average, each Retirement Living scheme generated £3.60 million of expenditure (including labour, materials, fixtures and fittings); and the Assisted Living Extra Care schemes generated £4.55 million of expenditure each through the development and construction stage.

The construction phase lasted 13.8 months on average. From responses to the questionnaires, it is clear that during this period, construction and other staff contributed to the local economy through their use of local cafes,

³³ Callaghan, L., Netten, A. and Darton, R. (2009) *The Development of Social Well-being in New Extra Care Housing Schemes*. York: Joseph Rowntree Foundation; Weis W & Tuck J, (2013) *Case Study 78: The business case for extra care housing in adult social care: an evaluation of extra care housing schemes in East Sussex*, Housing LIN.

³⁴ CBI (2012). *Bridging the gap: backing the construction industry to generate jobs*.

³⁵ Shelter (2010) *Research: briefing: Housing Investment: Part 1*. Available at: http://england.shelter.org.uk/data/assets/pdf_file/0008/276668/Briefing_Housing_Investment_Part_1.pdf

bakers, other retail outlets, petrol stations, bed and breakfasts, and in one case an adjacent council car park.

Assuming a conservative multiplier effect of 2.4 (just below the mid-point of the LEK and FTI figures), this indicates the overall impact of the construction stage of Retirement Living developments of £8.64 million; and an overall impact of the construction stage of Assisted Living developments of £10.92 million. Much of this will be spent locally benefiting the local economy, as well as the wider national economy.

4.2 Section 106 payments and New Homes Bonus

In seven out of the eleven case studies, the scheme brought a significant contribution through Section 106 payments to the local area, ranging from: £60,000 and six affordable homes to £864,000 (Table 4).

Table 4: Section 106 payments

Case Study	£	Other gains/details
Assisted Living	360,550	3 affordable housing units
Retirement Living	864,000	Paid to LA in lieu of on-site provision
Retirement Living	741,000	For affordable housing, open space, libraries
Retirement Living	574,180	For affordable housing, open space, libraries
Retirement Living	326,000	For affordable housing
Retirement Living	225,000	For affordable housing
Retirement Living	60,000	6 affordable homes

In addition, five schemes attracted New Homes Bonus funding to the local authorities. New Home Bonus sums to local authorities ranged from £292k to £396k over six years, an average of £343,000 per development.

4.3 Regeneration

Although 10 out of the 11 schemes were not part of an area regeneration or redevelopment programme; all sites were brownfield and involved a degree of site clearance and preparation. All bar two of the case study schemes were constructed on former retail or industrial sites, helping to revive and improve empty sites. Works were carried out on a couple of sites which

required removal of fuel tanks from former petrol stations, and asbestos was removed from another site.

4.4 Employment

There are clearly employment opportunities associated with the development, construction and management of retirement housing which may be reflected in the construction industry, care and support services, catering or maintenance and gardening services: *'They provide employment opportunities to local communities and enhance the viability of local services'*³⁶. A HACT study³⁷ exploring the social impact of housing providers suggested that the creation of 2,000 new homes could result in 100 additional jobs: *'employment has a value of £18,700 per year to each individual. This is a total value of £3.7m for the two years.'*

An American study³⁸ compared the economic impact of a generally increasing older population against a specific development of retirement housing. Whilst acknowledging the range of factors in play, and the need for further research, it concluded: *'the results suggest that general retirement population growth does create job growth, but results in lower average wage growth. However, when large planned retirement communities are developed, localities have experienced above-average job growth and above-average wage growth. These results are encouraging for those communities seeking to generate economic development opportunities by attracting retirees.'* The author concluded that attracting retirees to an area is a means to generate economic growth.

The "Housing in Later Life" toolkit³⁹ reports that an average scheme of 40 apartments brought investment of around £5 million into older people's housing and other services, providing 50 jobs for the duration of construction and employment of 17 full and part time staff in a typical Assisted Living Extra Care scheme.

4.4.1 Employment during development and construction

All schemes in the study used McCarthy and Stone Retirement Lifestyles as the main contractors, with some employment of local labour and up to eight local sub-contractors. Local suppliers of materials were also mentioned in a couple of cases. Employment of construction workers (including sub-contractors) cost on average: £2.23 million for Retirement Living schemes and £2.44 million for Assisted Living schemes. In four out of the 11 case

³⁶ Croucher, K (2006), *Making the case for retirement villages*, Joseph Rowntree Foundation.

³⁷ Fujiwara, D (2013), *The social impact of housing providers*, HACT.

³⁸ Hamilton, K. (2008), Effects of Retirement Communities on Local Job and Wage Growth, *Research in Business and Economics Journal* 2008 1 10-26.

³⁹ Housing LIN (2013), *Housing in later life: planning ahead for specialist housing for older people*.

studies, members of the site team lived locally, and local bed and breakfasts were used in four cases by staff involved in the construction phase. In a couple of cases, local structural engineers worked on the scheme.

4.4.2 Ongoing employment

McCarthy and Stone Retirement Living schemes typically employ a dedicated house manager while Assisted Living schemes employ an average of 17 staff including a qualified estates manager, care, catering, cleaning and gardening staff, providing a range of employment opportunities.

Average annual staffing expenditure in Retirement Living schemes was £18,900, and was just under £180,000 in Assisted Living schemes where care staff are employed in addition to a house or estate manager.

Half of estate/house managers in the case studies live in the local area meaning that much of their spending will contribute to the local economy. Of other staff employed (mainly in the Assisted Living schemes), more than three-quarters (79%) live locally.

In addition, a substantial amount of other running costs are likely to be spent locally. Average annual running costs of the case study Retirement Living schemes were just below £96,700 and just over £390,000 in the Assisted Living schemes. This covered spending on services such as window cleaning, grounds maintenance, (and catering in Assisted Living schemes) as well as the staffing costs mentioned above.

In six of the schemes, staff members have been employed who were previously unemployed.

These data demonstrate the role that schemes play in contributing to local economies through providing a source of employment and through hiring local staff.

4.5 Releasing equity

Ball and colleagues found that that for *'every 5,000 new OORH (owner occupied retirement housing) sold, property to the average value of £1.1billion is released into local housing markets through the sale of previous homes'*⁴⁰. House moves help to boost local housing markets.

With one exception, all of those interviewed for the present study were owner occupiers; 96 per cent owned their home outright. Assuming their

⁴⁰ Ball, M et al (2011), *Housing Markets in Old Age*, Henley Business School, University of Reading.

homes were conservatively valued at the current average house price of £167,000⁴¹, residents moving into a typical Retirement Living scheme of 45 apartments will release £7.53 million from the sale of their homes; and residents moving into a typical Assisted Living scheme of 55 apartments will release £9.20 million from the sale of their homes. Some or all of the proceeds will be used in the purchase of their new apartment. However, nearly one in ten (9%) of those interviewed said that releasing some of the asset value of their former home was one of their reasons for moving to a McCarthy and Stone apartment.

4.6 Releasing family housing

There has been much recent debate about the potential impact of better designed housing for older people which enables people to move, thus potentially releasing family housing as well as stimulating spending on the improvement of homes by new occupiers: *'high levels of home ownership amongst older people (75% nationally, up to 84% amongst "younger" older people, particularly in rural and semi-rural areas) has significant market potential'*⁴². ORB found that 85% of those who bought private sheltered housing were downsizing from their previous home⁴³.

Pannell *et al* found limited choice for older people who want to move to both specialist and alternative mainstream housing⁴⁴, and that 68% of older owner occupiers under-occupy their homes. They argue for greater housing choice for older people, including specialist housing for sale, as a means of freeing up more homes for other households. According to Griffith, the households which are suffering most from over-crowding are growing families in smaller properties; and in addition, areas with high levels of under-occupation also coincide with areas of high housing demand⁴⁵.

On moving, most residents interviewed had freed up a family home, with 60% moving from homes with three or more bedrooms. Two-thirds (66%) of the residents interviewed had previously been living alone in accommodation larger than their needs (see Table 5). Where the buyer was known, 65 per cent of their homes had been sold to a couple or a family.

⁴¹ Land Registry House Price Index, December 2013.

⁴² Housing and Ageing Alliance (2013), *Policy Paper: Economic implications of housing and ageing society*.

⁴³ ORB (2004) *A Better Life: Private Sheltered Housing and Independent Living for Older People*.

⁴⁴ Pannell, J *et al* (2012), *Older People's Housing: Choice, Quality of Life and Under-occupation*, York: JRF.

⁴⁵ Griffith M (2011) *Hoarding of Housing: The intergenerational crisis in the housing*, IF.

Table 5: Size of previous accommodation

Size of previous accommodation	Living alone %
1 bed	3
2 bed	36
3 bed	42
4 bed	18

N=66. Figures subject to rounding

Where respondents knew what had happened to their previous home, 42% said that it had been repaired or improved since they moved out.

Thus residents' moves into McCarthy and Stone apartments contributed to the release of equity, freeing of under-occupied homes for larger households, and renovation of the existing housing stock.

4.7 Retaining and attracting older people

Ball found that most people only move a relatively short distance when they move into owner occupied retirement housing. Sales data from McCarthy and Stone on over 5,000 moves across Great Britain between 2007 and 2010 showed a high proportion of short distance moves, measured as straight line distances between the centres of the previous and the new postcode areas:

- 25% in same postcode area
- 40% within 5km
- 50% within 10km
- 60% within 20km
- 71% within 50km.

For the current study, it is assumed that most of the 55 per cent of owners who were interviewed who had moved from a different local authority area had also moved from neighbouring areas, bringing additional expenditure to the local economy, both directly and through the multiplier effect of successive rounds of expenditure which is discussed later. In the case of those who moved to be nearer family (31%), it seems likely that some will be contributing valuable child care support to their adult children.

Equally, the schemes contributed to the aim of retaining older owner occupiers in their local area by providing them with a wider choice of appropriate accommodation.

4.8 Environmental

The environmental benefits of retirement housing reported by Ball (2011) included lower energy use (through improved thermal efficiency) and less travel as residents were often closer to friends and relatives, and to shops and other facilities⁴⁶. Many of those interviewed for this study said that they felt warmer in their McCarthy and Stone apartment, while also finding it cheaper to run – indicating the dual benefits of improved energy efficiency.

In the interviews, a slight majority of owners had a car (51%). This is about half the rate of car ownership within the general population where the average household has 1.2 cars (according to the 2011 Census). More than 70% of residents said that their McCarthy and Stone home was more convenient for local services and more than three quarters (78%) used local shops more than once a week, from which we may infer a reduced need for car ownership.

4.9 Council tax

Residents of schemes contributed sizeable sums to local authorities through their council tax payments. The total sum of council tax payments received for the one bedroom apartments in a case study scheme averaged £42,601 per annum, and the total sum for two bedroom apartments in a case study scheme averaged £26,307 per annum. Clearly the council tax income generated will depend on the size of the scheme and whether or not all apartments have been sold.

5 Additional expenditure in the local economy

5.1 Use of local shops, services and facilities

Research by ILC-UK for Age UK, on the size and growth of the older consumer market, reports that it is large and growing. So, for example, one study found that the 65 and over age group now accounts for 20% of the UK consumer population, and this is expected to rise to 25% by 2030.⁴⁷ This suggests that the presence of older people within a local community is likely to have a beneficial economic impact in terms of their local spending.

Ball found that people in a McCarthy & Stone development regularly use shops and local facilities: 80% of those in his study use the shops almost daily or often; over 40% used the library or post office almost daily or

⁴⁶ Ball, M et al (2011), *Housing Markets in Old Age*, Henley Business School, University of Reading.

⁴⁷ Age UK (2010), *The Golden Economy – the consumer marketplace in an ageing society*, London.

often.⁴⁸ This analysis is further supported by research showing that amongst the oldest old (aged 85 and over) 24% had visited a library, 16% had gone to the theatre, 13% had visited a museum or gallery, and 10% had been to the cinema in the previous 12 months.⁴⁹

In the McCarthy and Stone schemes, owners were asked about the extent to which they used local services and facilities in their current home (see Table 6). More than three-quarters (78%) said that they used local shops at least once a week; and around 90 percent used local shops and/or supermarkets more than once a month. Other local services were also used regularly by residents, with around a quarter using services such as local taxis, hairdressers, pubs, cafes and restaurants more than once a week.

Table 6: What services and facilities in the local area do you currently use?

Service	More than once a week %	More than once a month %	Less than once a month %
Local shops	78	16	6
Local supermarket	62	17	11
Local services, eg, taxi, hairdresser	26	43	31
Local pubs/cafes/restaurants	24	42	34
Library	12	19	69
Local sports/exercise facilities	8	3	89
Other	5	6	89

The spending of owners in McCarthy and Stone schemes is analysed in more detail in the next section.

5.2 Local Income Effect

To derive an estimate of the Local Income Effect, we looked at the additional income brought into an area through the spending profile of McCarthy and Stone residents, compared with a typical household in the UK. Following the methodology developed and applied by Roger Tym and

⁴⁸ Ball, M et al (2011), *Housing Markets in Old Age*, Henley Business School, University of Reading.

⁴⁹ ILC-UK (2013), *Understand the Oldest Old*, London.

Partners in the ORB report⁵⁰, IPC collected data from residents about their weekly spend and other behaviour. This made it possible to estimate the economic benefits of Retirement Living and Assisted Living Extra Care schemes in terms of the Local Income Effect from additional expenditure generated in the local economy.

Average spend of the study group is set out below based on the categories used in the Office of National Statistics Living Costs and Food Survey, to allow comparison with a counterfactual or hypothetical conventional housing scheme occupying a similar sized site (Table 7).

Table 7: Average weekly McCarthy and Stone household expenditure – Retirement Living and Assisted Living

	Retirement Living <i>N=79</i>	Assisted Living <i>N=18</i>
	£ (2013) prices	
Food and non-alcoholic drinks	53.92	52.56
Alcohol and tobacco	3.82	8.39
Clothing and footwear	11.44	7.83
Housing (council tax, service charge* and ground rent)	72.84	170.94
Fuel and power	15.49	23.19
Household goods and appliances	18.96	36.18
Household services (eg cleaner)	3.56	17.03
Personal goods and services	15.00	19.79
Health (eg, medicines and treatment)	2.55	3.07
Motoring (eg, petrol, repairs, road tax, car purchase)	18.17	9.06
Fares and other travel costs	4.02	15.91
Communication (eg, phone and internet)	11.46	12.31
Recreation and culture	7.88	4.88
Leisure services (eg, holidays, cinema, theatre)	19.45	18.02
Restaurants and hotels	13.37	22.39
Education	1.31	0.00
Other	1.62	0.00

⁵⁰ ORB (2004) *A Better Life: Private Sheltered Housing and Independent Living for Older People*.

Total	274.86	421.55
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** Retirement Living service charge includes costs of: House Manager, external maintenance, gardening and landscaping, window cleaning, buildings insurance, water rates (except in Scotland), heating, lighting, security, Homeowners' Lounge, laundry room and other communal areas.*

** Assisted Living service charge includes costs of: Estates Manager and staff team, 24 hour emergency call service, external maintenance, gardening and landscaping, window cleaning, buildings insurance, water rates (except in Scotland), heating, lighting, security, Homeowners' Lounge, laundry room and other communal areas, a daily catering service, one hour of domestic assistance per week, and a redecoration fund.*

Using the weekly spend per household for Retirement Living schemes (£274.86) which house on average 45 older households and a housing manager, the typical McCarthy and Stone Retirement Living scheme generates a weekly spend of £12,368.70 per week. The scheme manager's household expenditure, assuming a two person household, is likely to be £549.60⁵¹, bringing the weekly total to £12,918.30.

Using the weekly spend per household for Assisted Living schemes (£421.55) which house on average 55 older households and a housing manager, the typical McCarthy and Stone Assisted Living scheme generates a weekly spend of £23,185.25 per week. The scheme manager's household expenditure, assuming a two person household, is likely to be £549.60⁵², bringing the weekly total to £23,734.85.

To assess the additionality of the spend, using the same approach as the ORB report, the spending generated is compared with a hypothetical conventional housing scheme on a site of a similar size. The average size of the case study Retirement Living sites was 0.3 hectares. The average size of the case study Assisted Living sites was 0.487 hectares. Hypothetical conventional schemes based on Government guidance were considered in order to form a benchmark against which the local income benefits of a McCarthy and Stone Retirement Living scheme and an Assisted Living scheme can be identified.

The National Planning Policy Framework (2012) says that local authorities should “set out their own approach to housing density to reflect local circumstances”. However the previous Planning Policy Guidance (PPG3) in 2000 encouraged densities of between 30 and 50 dwellings per acre. As most schemes are near town centres, it is assumed that local authorities will aim for a high density of 50 dwellings per hectare, or 15 dwellings on a 0.3 hectare site for a typical Retirement Living scheme, or 24 dwellings on a 0.487 hectare site for a typical Assisted Living scheme.

⁵¹ ONS Family Spending, 2011

⁵² ONS Family Spending, 2011

Assuming that each dwelling houses one household and taking the most recent data from the Office of National Statistics' Family Spending survey, average weekly household spend in 2011 was £483.60. To obtain current prices for average household spending, the Retail Price Index is multiplied by a rate of 4.5% for 2011 and 2.8% for 2012. This gives an average weekly household spend in 2013 of £519.51.

With a conventional scheme of 15 homes on a typical McCarthy and Stone Retirement Living site, assuming 15 households, this provides a total weekly spend of £7,792.65 or £405,217 per annum. In comparison, a Retirement Living scheme of 45 households and a scheme manager is calculated to produce a weekly spend of £12,918.30 or £671,751 per annum.

With a conventional scheme of 24 homes on a typical McCarthy and Stone Assisted Living site, assuming 24 households, this provides a total weekly spend of £12,468.24 or £648,348 per annum. In comparison, an Assisted Living scheme of 55 households and a scheme manager is calculated to produce a weekly spend of £23,734.85 or £1,234,212 per annum.

In addition, as discussed elsewhere in this report, the demand for local services from residents supports the local economy. Car ownership is lower than that in the average population (58% of those interviewed in Retirement Living owned a car and 25% of those interviewed in Assisted Living owned a car). Therefore, it can be assumed that residents will be spending more in local shops than typical households who will be more likely to make car journeys to shops in other areas.

Spending in comparison with conventional scheme

Housing schemes are commonly estimated to have a typical lifetime of 60 years for accounting purposes. To assess the total impact in terms of spending, the spending over the lifetime of a Retirement Living and an Assisted Living scheme was multiplied and then adjusted to present values. Present value measures the value of a future pound at today's prices set by a discount rate. The Government Green Book which sets out guidance on cost benefit analysis applies an annual discount rate of 3.5 per cent.

Table 8: Additionality of spending over the Lifetime of MS Retirement Living scheme compared with a conventional scheme

	Retirement Living A	Conventional** B	Additionality (A-B)	A-B/B x 100
Annual spending of residents	671,751	405,217	266,534	65.8%

	Retirement Living A	Conventional** B	Additionality (A-B)	A-B/B x 100
Spending over 60 year life of scheme	40,305,060	24,313,020	15,992,040	65.8%
Present value of spending over 60 year life*	16,929,393	10,212,233	6,717,160	65.8%

* Annual discount rate of 3.5% applied

** Conventional scheme of 15 households based on high density in PPG 3

Table 8 indicates that the total present value of additional spending over the lifetime of a McCarthy and Stone Retirement Living scheme is likely to be around £6.7 million above a counterfactual housing scheme. In other words, the estimated additional spending over the lifetime of a Retirement Living scheme is almost two-thirds (66%) more than that of a conventional housing scheme built within PPG3 densities on the same site.

Table 9: Additionality of spending over the Lifetime of MS Assisted Living scheme compared with a conventional scheme

	Assisted Living A	Conventional B**	Additionality (A-B)	A-B/B x 100
Annual spending of residents	1,234,212	648,348	585,864	90.4%
Spending over 60 year life of scheme	74,052,720	38,900,880	35,151,840	90.4%
Present value of spending over 60 year life*	31,104,472	16,339,593	14,764,879	90.4%

* Annual discount rate of 3.5% applied

** Conventional scheme of 24 households based on high density in PPG 3

Table 9 indicates that the total present value of additional spending over the lifetime of a McCarthy and Stone Retirement Living scheme is likely to be around £14.8 million above a counterfactual housing scheme. In other words, the estimated additional spending over the lifetime of an Assisted

Living scheme is more than 90 per cent more than that of a conventional housing scheme built within PPG3 densities on the same site.

5.3 Quantifying local economic benefits

The local income impact derives from two sources:

- Residents' spending – in the local economy
- Induced effects – the multiplier effect of successive rounds of expenditure. This depends on assumptions about leakage from the local area, taxation rates and the propensity to consume. Leakage is the proportion of spending which is not retained in the local area⁵³. Local benefit is secured through reducing the level of leakage associated with goods and commodities bought by residents.

This section aims to estimate the spending of McCarthy and Stone residents which is retained in the local area, and compare it with that likely by residents of a conventional housing scheme. Details of the formula are available in Appendix 2.

To estimate the local economic benefit of a McCarthy and Stone scheme against a conventional scheme, a judgement is made about the proportion of spending retained locally (or the leakage factor) for each category of spending (Table 11). This is based on the different leakage factors proposed by English Partnerships⁵⁴ to help calculate the economic impact of expenditure in a local authority area (Table 10). Local economy and local authority area are treated as the same thing.

Table 10: Leakage and leakage factors

Leakage	Description	Leakage Factor
None	All of the spending goes to local business and people living in the local area	0%
Low	The majority of the spending goes to local businesses and people	25%
Medium	A reasonably high proportion of the spending will be retained within the area	50%
High	Many of the benefits will go to people living outside the	75%

⁵³ For example, money spent on a tin of tomatoes will leak to the grower, the packager, the transporter, the government in taxes etc.

⁵⁴ English Partnerships, *Additionality: A Full Guide*, 3rd Edition, 2008.

Leakage	Description	Leakage Factor
	area of benefit	
Very high	A significant proportion of those benefiting live outside the area of benefit	90%
Total	All of the benefits go to businesses and people living outside the area of benefit	100%

Table 11: Local leakage of spending by commodities

Commodity/Services	Leakage	Leakage factor
Housing (council tax, service charge and ground rent)	Very high	90%
Fuel and power	Very high	90%
Food and non-alcoholic drinks	Low	25%
Alcohol and tobacco	High	75%
Clothing and footwear	Medium	50%
Household goods and appliances	Medium	50%
Household services (eg cleaner)	Low	25%
Personal goods and services	Low	25%
Health (eg, medicines and treatment)	Medium	50%
Motoring (eg, petrol, repairs, road tax, car purchase)	Very high	90%
Fares and other travel costs	Medium	50%
Communication (eg, phone and internet)	Very high	90%
Recreation and culture	Medium	50%
Leisure services (eg, holidays, cinema, theatre)	Medium	50%
Restaurants and hotels	Medium	50%
Education	Medium	50%
Other	Medium	50%

It should be noted that in McCarthy and Stone schemes, especially Assisted Living, the leakage factor for housing is likely to be much lower than that of

a conventional scheme, as much of McCarthy and Stone housing spending will be service charge which includes salaries of staff, many of whom live locally. In conventional schemes, housing spending is much less likely to be retained locally as it will be mainly on mortgages and rents.

On the basis of the assumed leakage costs associated with spending on different types of household spending in Table 11, the direct impact on the local economy is estimated in the Table 12.

This results in an estimated 39% of total spending by McCarthy and Stone Retirement Living residents and staff being retained and injected into the local economy; 38% of total spending by Assisted Living residents and staff⁵⁵. A conventional development results in a slightly higher proportion (41%).

Table 12: Weekly spending retained in local area by Scheme

	Before leakage		After leakage	
	Retirement Living (£)	Conventional (£)	Retirement Living (£)	Conventional (£)
Total weekly expenditure (£)	12,918	7,793	5,047	3,195
% of spend retained locally			39%	41%
	Before leakage		After leakage	
	Assisted living (£)	Conventional (£)	Assisted living (£)	Conventional (£)
Total weekly expenditure (£)	23,735	12,468	8,978	5,112
% of spend retained locally			38%	41%

NB Figures subject to rounding

With an estimate of direct spending, it is possible to then look at the additional impact through the expenditure multiplier in the local economy.

⁵⁵ Spending on staff in Assisted Living schemes is on average £180,000 a year and three-quarters live locally. Assuming 0.39 of spend is retained in the area by those living locally, generates a weekly spend of £1,012 by staff.

The multiplier measures the further spending in the local area on supplies and services generated by resident and staff spending, for example, the purchase of a meal in a local cafe by a taxi driver who gets a fare from a resident.

English Partnerships guidance on additionality⁵⁶ does not provide a local economic multiplier for housing developments. However, other studies have suggested a range of 1.3 to 1.6 for housing schemes (US National Association of Realtors). A study by Oxford Economics⁵⁷ reported a multiplier effect of 1.33 on the operation of a university and other studies examined in the previous reports 1.19 to 1.40. For this current study, a multiplier of 1.3 is used, based on the available evidence. Thus for every £1 spend locally there is an additional 30 pence injected into the local economy from further rounds of spending.

Applying this multiplier to the direct spending derived in Table 13, it is estimated that total weekly impact on local economies of a McCarthy and Stone Retirement Living scheme will be £6,561; and for an Assisted Living scheme it will be £11,671; compared with a conventional scheme on a Retirement Living site which will be £4,153; and a conventional scheme on an Assisted Living site which will be £6,646 (Table 13).

Table: 13 Total weekly impact of resident spending by scheme

	Factor	Retirem-ent Living (£)	Conventional scheme on RL sized site (£)	Assisted Living (£)	Conventional scheme on AL sized site (£)
Total spend		12,918	7,793	23,735	12,468
Local spend	39% RL 38% AL 41% Conventional	5,047	3,195	8,978	5,112
Total local spend, applying local spending multiplier	1.3	6,561	4,153	11,671	6,646

Over a year the amounts injected into the local economy for a Retirement Living scheme additional to a conventional scheme on a similar site is estimated to be £2,408 per week or £125,216 per annum⁵⁸.

⁵⁶ English Partnerships (2008) *Additionality Guide*, 3rd edition.

⁵⁷ Oxford Economics (2013) *The economic impact of the University of West London*

⁵⁸ £6,561-£4,153=£2,408

Over a year the amounts injected into the local economy for an Assisted Living scheme additional to a conventional scheme on a similar site is estimated to be £5,025 per week or £261,300 per annum⁵⁹.

Assuming a 60 year life and discounting at 3.5% for net present value, the lifetime local spending impact of a Retirement Living scheme is estimated to be £8.598 million, which is £3.156 million more than that of a conventional scheme on a similar sized site.

Assuming a 60 year life and discounting at 3.5% for net present value, the lifetime local spending impact of an Assisted Living scheme is estimated to be £15.294 million, which is £6.585 million more than that of a conventional scheme on a similar sized site.

6 Limitations of the study

There are some limitations to the study:

- It is not possible to estimate how many residents may at some point require local authority funded long-term care. A longitudinal study with a matched group of older people in the general population would be required to measure the comparative effectiveness of the schemes in preventing or delaying the need for long-term care.
- Assumptions about the amount of housing spending retained in the local economy are likely to be very different for conventional housing where most of the spending will be on mortgages and rent, compared with McCarthy and Stone developments (especially Assisted Living schemes) where much of the housing spending is on service charges which include a significant amount of spending on staff, many of whom live locally. This means the additional spending of a McCarthy and Stone development compared with a conventional housing scheme is likely to be higher than in the estimates presented here.

⁵⁹ £11,671-£6,646=£5,025

7 Conclusion

This review of the literature and analysis of quantitative and qualitative data from a sample of McCarthy and Stone Retirement Living and Assisted Living Extra Care schemes has considered the evidence of their impact on health, social care and wider aspects of local communities, along with an assessment of the local economic impacts of Retirement Living and Assisted Living Extra Care developments compared with a conventional housing scheme on a similar sized plot.

To summarise, the key findings from the report are:

Health and social care

Total estimated saving in health and social care costs per development (Retirement Living): £1,419 per year directly attributed. £30,000 / person / year when entry to residential care is prevented or delayed

Total estimated saving in health and social care costs per development (Assisted Living): £1.04 million per year

Both Retirement Living and Assisted Living Extra Care schemes facilitate the health and well-being of owners in a variety of ways:

- 80% of owners of Retirement Living and Assisted Living apartments felt more secure in their current home compared with their previous one.
- 71% felt warmer.
- 65% said that they have a better quality of life and felt less socially isolated.
- Visits to the GP and hospital in-patient admissions were lower for owners in the last 12 months compared with the previous 12 months in their old homes, with a slight increase in district nurse visits.
- For a typical scheme of 50 residents, it is estimated that the lower number of GP visits results in a reduction in costs to the NHS £1,419 per annum.
- Assuming 63% of residents of a typical 55 apartment Assisted Living Extra Care scheme would otherwise have needed residential or nursing care⁶⁰, this would cost just over £1 million per annum in residential care costs, assuming annual cost of residential care is £30,000 per annum.
- Design-related benefits of Retirement Living and Assisted Living Extra Care schemes enabled people to live without additional help in their own homes, even when they require a mobility aid for moving around outside the scheme.

⁶⁰ Annual cost of residential care assumed to be £30,000.

Capital investment

Total capital investment per development (Retirement Living): £3.6 million

Total capital investment per development (Assisted Living): £4.5 million

For the wider community, Retirement Living and Assisted Living Extra Care schemes make significant contributions to the local economy both during the construction stage and the operational stage, providing capital investment and employment in local communities.

- An average Retirement Living scheme generates £3.60 million of expenditure (including labour, materials, fixtures and fittings) through its development and construction stage.
- An average Assisted Living Extra Care schemes generates £4.55 million of expenditure through its development and construction stage.
- The overall impact of the construction stage of Retirement Living developments is estimated to be £8.64 million.
- The overall impact of the construction stage of Assisted Living Extra Care developments is estimated to be £10.92 million.
- Many schemes brought a significant contribution through Section 106 payments to the local area.
- Five schemes brought an average of £343,000 per development in New Homes Bonus monies.
- Schemes frequently involved a degree of site clearance and preparation, often constructed on former retail or industrial sites which help to revive and improve empty sites.
- Assuming homes are valued at current average house prices⁶¹, residents moving into a typical Retirement Living scheme of 45 apartments will release £7.53 million from the sale of their homes; and residents moving into a typical Assisted Living Extra Care scheme of 55 apartments will release £9.20 million from the sale of their homes.
- Two-thirds (66%) of the owners freed up an under-occupied home. Most owners freed up a family home, with 60% moving from homes with three or more bedrooms. Where the buyer was known, 65 per cent of their homes had been sold to a couple or a family.
- Where known, 42% of previous homes had been repaired or improved since the owners moved to a McCarthy and Stone apartment.

⁶¹ Land Registry House Price Index, December 2013.

Community benefits

Total value of community benefits per development (Retirement Living): £2.23 million one-off, £87,900 per year including Council Tax

Total value of community benefits per development (Assisted Living): £2.44 million one-off, £249,000 per year including Council Tax

- Much of this investment is spent locally. Construction and other staff contributed to the local economy through their use of local cafes, bakers, other retail outlets, petrol stations, bed and breakfasts, etc.
- Employment of construction workers (including sub-contractors) cost on average: £2.23 million for Retirement Living schemes and £2.44 million for Assisted Living schemes.
- Retirement Living schemes typically employ a dedicated house manager, while Assisted Living Extra Care schemes employ an average of 17 staff including a qualified estates manager, care, catering, cleaning and gardening staff, providing a wide range of local employment opportunities.
- Average annual staffing expenditure in Retirement Living schemes was £18,900; and just under £180,000 in Assisted Living Extra Care schemes, much of which will be spent by staff locally.
- Schemes contributed to the aim of retaining older owner occupiers in their local area by providing them with a wider choice of appropriate accommodation.
- Many owners felt warmer in their McCarthy and Stone apartment, while also finding it cheaper to run – indicating the dual benefits of improved energy efficiency.
- Lower rates of car ownership contributed positively to the environment.
- Living at high densities, owners contributed sizeable sums to local authorities through their council tax payments. The total sum of council tax payments received per scheme averaged nearly £69,000 per annum.

Additional expenditure in the local economy

Total expenditure in the local economy per development (Retirement Living): £670,000 per year, £125,000 more than a general needs housing scheme

Total expenditure in the local economy per development (Assisted Living): £1,234,000 per year, £261,000 more than a general needs housing scheme

In terms of the local economic impact of Retirement Living and Assisted Living Extra Care schemes, the study found strong evidence of significant additional expenditure, compared to a hypothetical conventional housing

development on a similar site. This contributes to the viability and sustainability of local shops and services.

- More than three-quarters (78%) of owners used local shops at least once a week; and around 90 percent used local shops and/or supermarkets more than once a month.
- Other local services were also used regularly by owners, with around a quarter using services such as local taxis, hairdressers, pubs, cafes and restaurants more than once a week.
- In a typical Retirement Living scheme, residents generate annual local spending of over £670k.
- The additionality of residents' spending in a Retirement Living scheme compared with a conventional housing development after allowing for leakage, multiplier effects and (deadweight) is estimated to add over £125,200 a year to the local economy.
- Over the 60 year lifetime of a Retirement Living scheme, the additional local spending is calculated to amount to over £8.598 million which is £3.155 million more than a conventional housing development on a similar sized site.
- In a typical Assisted Living Extra Care scheme, residents generate annual spending of over £1.234 million.
- The additionality of residents' spending in an Assisted Living Extra Care scheme compared with a conventional housing development after allowing for leakage, multiplier effects and deadweight is estimated to add over £261,300 a year to the local economy.
- Over the 60 year lifetime of an Assisted Living Extra Care scheme, the additional local spending is calculated to amount to over £15.294 million which is £6.585 million more than a conventional housing development on a similar sized site.
- In conventional housing developments, a substantial flow of housing expenditure will leave a community through mortgage payments. In comparison, much of the housing spending in a McCarthy and Stone scheme will be on service charges which include salaries of staff, many of whom live locally.

Social capital

Total estimated social capital value per development (Retirement Living): £5,000 per year

Total estimated social capital value per development (Assisted Living): £5,000 per year

Retirement Living and Assisted Living Extra Care schemes provided additional social capital in local communities:

- Over one-third of residents (37%) in the McCarthy and Stone schemes contributed to their local area through their involvement in community activities. Based on hours contributed and valued at minimum wage rates, per scheme this would be equivalent to an annual contribution of just over £5,000.
- 6% of those interviewed provided significant amounts of informal care to their spouses. It is likely that by moving to more age-suitable housing, some informal carers were able to provide care for longer to their partners, thereby delaying or preventing a move into residential care.
- By providing greater housing choice to owners, specialist housing for older people meets important societal needs as indicated by people's reasons for moving: nearly two-thirds (65%) sought more appropriate housing; 44% wished to feel more secure and 31% to be closer to family members.
- Around two-thirds of owners felt less socially isolated in their McCarthy and Stone apartment compared with their previous home. It is likely that the proportions who feel socially isolated will decrease, as a number of those interviewed were relatively recent arrivals.

Overall, this analysis indicates that both Retirement Living and Assisted Living Extra Care schemes bring substantial benefits to local economies where they are established, while increasing the range of housing choices for older people. For individual owners, there are health and social benefits – some of which are related to the design of housing tailored to the needs of older people. For the wider community, schemes can attract investment, provide employment and social capital, environmental improvements, and free up family housing which can contribute to the health of local housing markets, while generating substantial Council Tax revenues. They provide a valuable means to increase the available housing stock, using sites effectively through their high densities.

The additional expenditure in the local economy generated by both Retirement Living and Assisted Living Extra Care schemes is significant. The figures presented here are conservative estimates, actual spending in local economic areas is likely to be even higher, given the level of use of local shops by owners in the two types of scheme.

Appendix 1: Profile of respondents

Age

One-third of those interviewed were under 75, with the largest group in the 75 to 84 age bracket (42%). No residents in the sample were 95 or older. Women outnumbered men in the sample by about two to one (68% to 32%) which is higher than the general population (until age 90 and above).

Age group		
	Frequency	Percent
Below 65	2	2.0
65-74	31	31.0
75-84	42	42.0
85-94	25	25.0
Total	100	100.0

Gender

Gender		
	Frequency	Valid Percent
Male	32	32.0
Female	68	68.0
Total	100	100.0

Living circumstances

Most of those interviewed (65%) lived alone, of whom the great majority were women (85%).

Living circumstances		
	Frequency	Valid Percent
Live alone	65	65.0
Live with spouse/partner	35	35.0
Total	100	100.0

There was only one interviewee who did not describe their ethnic origin as White.

Appendix 2: Formula for local income effect

A	B
Average weekly resident household spend in RL/AL scheme of average size	Average weekly household spend in conventional scheme built on site of average RL/AL scheme (at 50 dwellings per acre)

$A \times 52 = \text{Annual spend}$

$B \times 52 = \text{Annual spend}$

Calculate present value of 60 year life scheme – by applying 3.5% discount rate and summing.

Additionality = (Present value total A) – (Present value total B).

= Value of additional spending over lifetime of scheme (A) compared with counterfactual conventional scheme (B).

To calculate local income impact

Assume leakage factor for different types of spending – ie % of expenditure which is not retained in area.

C	D
Average annual household spend	Leakage factor

$C \times (100-D) = E$ (amount of annual spend retained in local area).

Multiply **E** by **multiplier (1.3)** to establish how much additional spending is generated by £1 spent locally.

Calculate present value over 60 year life of scheme – by applying 3.5% discount rate and summing.

= Value of additional spending in local economy over lifetime of scheme.

Appendix G: *'Healthier and Happier: An analysis of the fiscal and wellbeing benefits of building more homes for later living' by WPI Strategy and Homes for Later Living*

Healthier and Happier

An analysis of the fiscal and
wellbeing benefits of building
more homes for later living

A report by



STRATEGY for

Homes for Later Living 

September 2019





What are homes for later living?

Homes for later living means specially designed housing suitable for older people who want to maintain the independence and privacy that comes with having a home of their own but may want access to varying degrees of support and care, plus an in-built social community.

Typically built for people who no longer want or need a family-sized house, and often taking the form of apartments or bungalows, homes for later living are designed to help people remain independent, safe, secure and sociable for as long as possible.

One of the key differences between new-build housing for older people and new-build mainstream housing is the provision of extensive communal areas where neighbours can socialise, host visitors and be part of a friendly, like-minded community.

Another key difference is the presence of an on-site manager or team, someone whose role is to look out for people's welfare, be a point of call if help is needed, make sure the communal areas are well-maintained and to be a reassuring, friendly presence.

Homes for later living typically come in two types:

- Housing with support, or Retirement Living – age restricted housing, typically for those aged 60 and above, with communal lounges and other facilities such as a shared laundry and a guest room. Importantly, support is provided by an on-site manager who is dedicated to the running of the development. Schemes are typically between 30 to 60 units in size.
- Housing with care, or Extra Care housing – age restricted accommodation, typically for those aged 70 and above. As above but with an increased range of on-site services including care in a style that can respond flexibly to increasing need whilst fostering independence as far as is possible in older age. Developments are typically between 40 to 70 units in size.

Facilities common to both types can include a communal lounge, restaurant with on-site kitchen, function room, laundry, guest suite, well-being centres, hairdressers, and staff rooms.



About the author

Chris Walker is an associate at WPI Strategy and a former government economist, who spent over 12 years as a civil servant in the Treasury, Department for Work and Pensions, and the Department for Communities and Local Government where he was a senior economic adviser. He now works as a research and economic consultant on housing, planning and local economic growth.

Homes for Later Living

Homes for Later Living has been set up to promote greater choice, availability and quality of housing specifically for older people. It is comprised of Churchill Retirement Living, McCarthy & Stone and PegasusLife Group (made up of PegasusLife and Renaissance Retirement) and operates alongside the Retirement Home Builders Group within the Home Builders Federation (HBF).

Homes for Later Living exists to promote all types of housing which are specifically designed, built or adapted for people over the age of 60. These properties are operated in the long-term interest of residents, so that as people grow older and their needs change they can choose to live in a property that works for them.



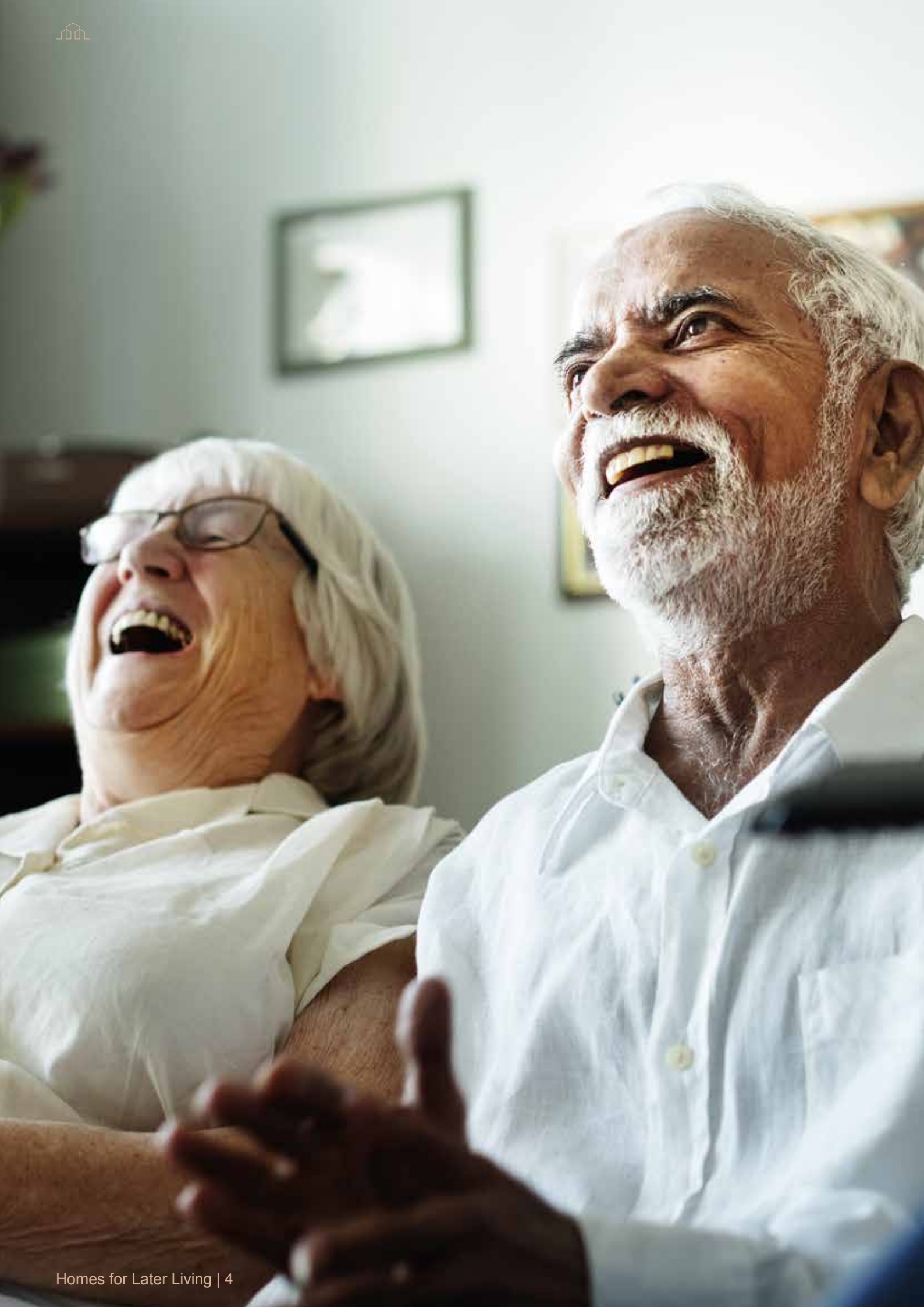
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Foreword

One hundred years ago, the average life expectancy for men and women was 55 and 59 respectively. Thanks to advances in medicine, technology, diet and lifestyle, things look very different today. As a result, the number of older people in England is growing significantly and this rate of growth is projected to speed up over the next 20 years.

This is good news for all of us but it creates a challenge for the NHS and local authorities – long term conditions can kick in as we get older, meaning that we need more health and social care support. According to latest government forecasts, the number of people aged over 80 is set to rise from around 3.2 million today to 5 million in 2032. Meanwhile, the number of people aged 100 or over has increased by 85% over the last 15 years, with 14,430 centenarians living in the UK at the last count.

As the population increases and ages, it is vital that the link between housing and health and social care is recognised. The right kind of housing can help people stay healthy and support them to live independently. As this important report from Homes for Later Living highlights, there is currently a severe shortage of suitable housing for the growing numbers of people entering retirement. The result is that many older people are often living alone in unsafe, unsuitable and unhealthy accommodation, where they are most likely to suffer from falls, loneliness and dementia.

This report shows that moving into specialist retirement housing is proven to reduce incidence of falls and reduce delays in discharge from hospital. Building more homes across all tenures for later living every year would give people more choice and flexibility on how they live their lives. Encouraging this shift in accommodation could save the NHS and local authorities huge sums every year.

And while these fiscal savings are important, what this research shows is that the kind of services and amenities available to people living in specialist retirement living can give older people a new lease of life. When it comes to wellbeing, retirement housing can help people turning 60, 70 or 80 to feel considerably more positive about life. Residents benefit from a safer, more secure place to live, which allows support at varying levels to maximise independence. Communal areas hosting social events and exercise classes help tackle social isolation which often manifests amongst those in later life.

The other benefit of building more homes for later living is the positive impact on younger generations looking to buy a property of their own or to upsize. By giving an ageing population a real choice over where to downsize to, more family homes could be freed up for younger families looking for suitable housing to raise their children.

People shouldn't fear getting older. Turning 80 should be seen as just the next stage in life. Downsizing is not simply the end of an era but an opportunity to shed the cumbersome upkeep of a large property and explore a new way of living in later life.



Rachael Maskell MP

Chair of the All-Party Parliamentary Group for Ageing and Older People

September 2019



Executive summary

As a result of ongoing advances in technology, better healthcare and improved lifestyles, we are living longer and are often healthier. By 2032 there will be five million people over eighty living in the UK.

But as the number of older people in the UK goes up, we are experiencing a shortage of homes specifically designed for later living. This does not just mean that millions of older people are stuck in housing that may no longer suit their needs, but that the shortage of specifically designed housing for older people is unnecessarily drawing resources from elsewhere in the NHS and local authorities.

The answer to this escalating problem is a radical increase in the supply and mix of specialist housing schemes for later living, funded by using existing equity in housing stock.

In this report, we have explored the significant savings that Government and individuals could expect to make if more older people in the UK could access this type of housing. Our research also looks at how - by maximising independence and increasing social interaction - homes for later living can significantly improve the wellbeing of older people. The analysis shows that:

- **Each person living in a home for later living enjoys a reduced risk of health challenges, contributing to fiscal savings to the NHS and social care services of approximately £3,500 per year.**
- **Building 30,000 more retirement housing dwellings every year for the next 10 years would generate fiscal savings across the NHS and social services of £2.1bn per year.**
- **On a selection of national well-being criteria such as happiness and life satisfaction, an average person aged 80 feels as good as someone 10 years younger after moving from mainstream housing to housing specially designed for later living.**

Our analysis comes amid mounting evidence that poor housing is closely linked to poor health, increasing the strain on the social care system and the NHS.

As things stand, many older people find themselves with little option but to stay put in properties that are remote from shops and services, ill- equipped for changing mobility needs, hard to maintain and potentially hazardous to grow old in. The lack of opportunities to access suitable housing in retirement means that, when it finally comes, their next move is to a care or residential home.

In contrast, Homes for Later Living offers varying levels of support and social interaction for those who want to remain independent for as long as possible by living in a safe and sociable environment in later life. All schemes offer residents the opportunity to live independently in their own apartment or bungalow while 'extra care housing' includes many shared services and 24 hour on-site care.

Various social activities combined with the abundance of communal spaces means that, compared to older people in other housing types, Homes for Later Living residents are around half as likely to feel lonely.

“Many older people are living in unsafe, unsuitable and unhealthy accommodation, with little hope of being able to move somewhere better or improve their homes.”

APPG on Ageing and Older People. 2019 inquiry into decent and accessible homes for older people

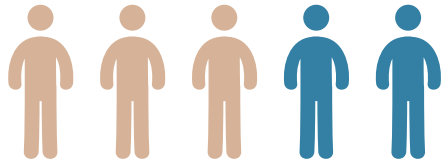
This report is the first of three explorations of the case for building more homes for later living. In future studies, we will investigate the positive impact that more homes for later living would have on the wider housing market and we will assess the significant benefits that local communities receive from building more homes for later living.

We will also be exploring a number of mechanisms to encourage more homes of this nature to be built, and to ensure that those in later life are aware of the options available to them.

It is our contention that all older people should have better access to homes for later living, which offer varying levels of support and social interaction for those who want to stay safe and keep their independence in later life. The personal well-being improvements associated with moving to a home for later living should not be understated – and on a human level are by far the most important.

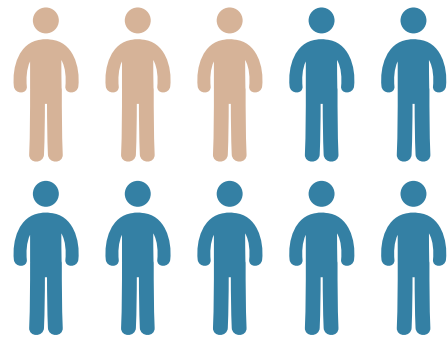
However, it is the significant potential fiscal savings that should make all politicians sit up and take note. Any policy-maker looking to mitigate increasing costs to the state associated with an ageing population cannot afford to ignore these findings.

By 2032, there will be almost 2m more over 80s in the UK



Key: = 1 million over 80s

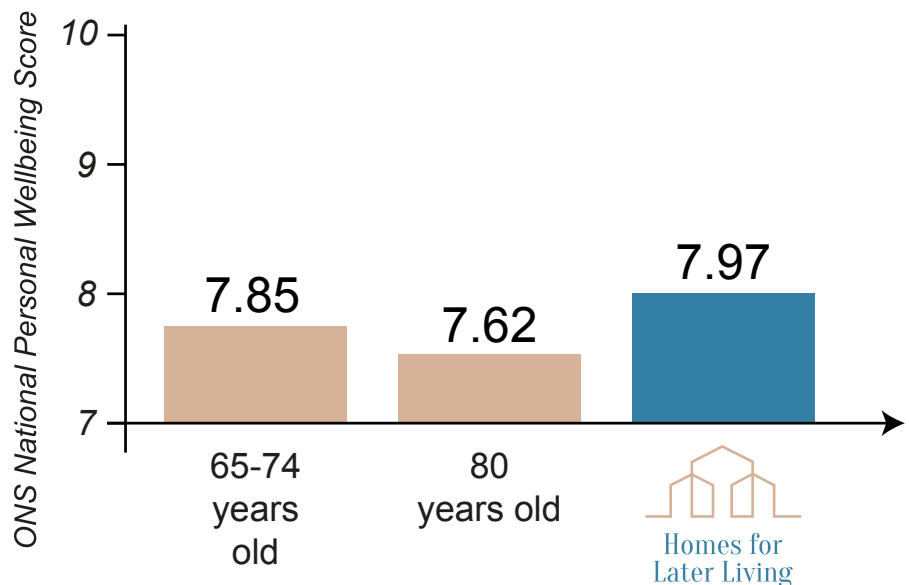
This will increase to 10m by the end of the century



Each person in a home for later living saves c. **£3,500** to the NHS and social services per year

Building more homes for later living could save up to **£2.1bn** to the NHS and social services per year

The average 80-year-old living in a homes for later living property can feel as good as someone 10 years younger





Introduction

A perfect storm has created the conditions whereby many older people have little choice but to remain in a house that may no longer meet their changing needs as they get older. For these people, their housing may be denying them considerably better health and social outcomes later in life.

Not only do more people live in the UK than ever before, it is a well-known fact that we also have an ageing population. Although improvements in life expectancy have recently stalled, people are generally still living longer than they used to and, by 2032, the number of people in the UK aged over 80 is set to rise to five million from 3.2 million today.¹

As the population has been growing and ageing, a housing crisis has been brewing. Politicians have repeatedly insisted that housing is rising to the top of the political agenda and promised to take bold action, but this has mainly targeted helping people onto the housing ladder rather than making sure people are able to move back down the ladder as they get older.

Politicians widely accept there is a significant problem. Time and again we have heard about the 'broken housing market' which can only be fixed by building more homes. Government targets are set at delivering 300,000 homes a year by the middle of the next decade. Yet while house building has risen since the lows reached during the financial crisis of a decade ago, a further significant increase is still needed to achieve this goal.

The toll that the ongoing housing crisis has taken on young people has been well-documented. Nearly a million more 20-34 year olds live at home with mum and dad than 20 years ago, despite no rise in their population.² Homes have become unaffordable for millennials and rents have continued to rise steeply. Over the last ten years, the average age of first-time buyers has risen from 31 to 33 with many people now relying on help from the 'Bank of Mum and Dad'.³ According to the last available figures, 39% of first-time buyers had help from family or friends, while 10% used an inheritance.⁴ As things stand, the plight of many young people struggling to get on the property ladder is only exacerbated by the lack of family-sized homes coming back onto the market.

But it is not just the under 30s affected by the housing crisis. While much of the media focus has been on first time buyers and the plight of young renters, a housing shortfall has been steadily developing at the older end of the housing market. As people in the UK get older, there is a severe shortage of housing being built specifically for people in later life. The result is that many older people are living in accommodation that becomes potentially unsafe, unsuitable and unhealthy for them given their changing needs, with limited options as to how they can either adapt their homes or move somewhere specially designed for their needs.





A housing headache – old homes versus care homes

Just like any other age group, older people are highly diverse. They may be rich, poor, or somewhere in between. Their health needs and their housing situations vary, greatly dependent upon their tenure, geographical location, income and equity. Their personal situations — links with family, friends and neighbours, their interests, lifestyles and aspirations — are also diverse.

For those who do not have pressing care needs and are keen to remain independent, it may not seem necessary or frankly appealing to leave the family home. But the result of this is that many older people remain in a house which is not able to sustain their changing needs as they get older.

The UK has the oldest housing stock in the EU with 38% of our homes dating from before 1946 and 21% from before 1919.⁵ Older homes are often in a poorer state of repair and have more dangers, including cold, damp, fire risk and general fall hazards. They also tend to be lacking basic adaptations such as handrails in the shower and on the stairs, as well as more substantial elements such as wider internal doors, stair lifts and walk-in showers. For less mobile older people, these adaptations mean that everyday essential tasks like getting out of bed, going to the bathroom or getting dressed are safer and more manageable, helping to support their independence.

Even for those not struggling with day-to-day tasks, a downside to staying at home in old age is the lack of companionship and increased risk of loneliness. Some 3.8 million individuals over the age of 65 live alone in the UK, 58% of whom are over 75.⁶ Half of the over-80s live alone. While their physical health may be holding up, older people who remain in the family home may suffer from having no close friends or relatives nearby. Their house might also have poor public transport links and not be within easy reach of local services and amenities. If this is the case then even the most active and outgoing older people can find themselves at risk of social isolation, with an increasing sense of loneliness and vulnerability.

For many people, the eventual move often occurs at a situation very late in life when options are limited and the change in residential needs can be drastic. When older people require high levels of care, a care home is often seen as the natural next step in their housing journey. Around 421,000 older people in the UK are thought to be in this type of accommodation,⁷ where a number of older people live, usually in single rooms with access to on-site care services. But there is a high level of reluctance

around taking this step. Previous polling commissioned by the Alzheimer's Society found that seven in ten Britons are scared of going into a care home.⁸

Despite the variable quality, care homes can eat up public and private funds at an alarming rate. For the 41% of care home residents who pay privately, costs can range from £27,000 to £39,000 per year. If nursing is required, the cost can be as high as £55,000 per year.⁹

Within local authorities, over a third of budgets are now spent on adult social care, which also includes the huge sums spent on council-funded home care.¹⁰ The cost is such that almost half of councils have seen the closure of domestic home care providers in their area in the past year and a third have seen residential care homes close, collectively affecting more than 8,000 clients and residents.¹¹

The former deputy prime minister Damian Green MP is one of a number of politicians to have raised the alarm over the social care crisis and the impact on care homes. In July 2019, Green suggested that local authorities are increasingly reluctant to allow care homes and retirement homes to be built in their areas because they can't afford the social care costs associated with that demographic. "We need to face up to these unpalatable truths," he said. "The current system isn't sustainable financially or politically... Local authorities don't want to become attractive places for retired people."

Caroline Caunter MBE

Current Homes for Later Living resident

After being diagnosed with a brain tumour, Caroline was forced to move out of her three-bedroom house and into a nursing home for six months. Whilst she needed a higher level of care, Caroline explained how she came to find a happy balance between independence and care:

“I’m very independent and lived on my own for 30 years since my husband died, so I felt too well to be spending my time sitting in a care home, but wanted the security of being somewhere surrounded by people and with an emergency care system.”



Since moving to her homes for later living property, Caroline now has a 24-hour Careline system in case of emergency which ensures a quicker response to limit any medical difficulties which can impact on elderly people living alone. She has support with daily tasks such as maintaining her garden, and an apartment built with frailer residents in mind to prevent the majority of accidents which could occur.



Health problems in old age

While many column inches have been dedicated to the problems faced by young people struggling to get on the housing ladder, the plight of the many older people stuck in unsuitable housing has received significantly less media attention. And yet the evidence that poor housing can lead to health problems in old age is already well-established, with enormous resultant costs to the NHS and social care.

A lack of suitable accommodation amongst elderly patients is often the cause of delayed discharge from NHS hospitals at an enormous cost of £500 a minute and furthermore risks comprising a full recovery.¹³ It stands to reason that if more elderly people lived in homes which were properly designed and equipped for their needs the rate of delayed discharge would be considerably reduced.

Falls

While anyone can have a fall, older people are especially vulnerable. Public Health England statistics show that in 2017/18 falls accounted for 335,000 hospital admissions in England of people aged 65 and over. Around one in three adults over 65 who live at home will have at least one fall a year,¹⁴ and around half of people aged 80 and over fall at least once a year.¹⁵

A fall can be caused by poor vision, balance problems, muscle weakness or other long-term health conditions. It is most likely to happen as a result of poor housing conditions. These could include dim lighting, rugs or carpets not properly secured and storage areas that are difficult to access.

Falls can result in a range of injuries including head injuries and hip fractures. The human cost of a fall can include distress, pain, injury, loss of confidence, loss of independence and mortality. For health services, they are both high volume and costly. The NHS itself has described falls and fractures in older people as “a costly and often preventable health issue.”¹⁶

Cold and keeping warm

Millions of older people in the UK are living in homes that are too cold. According to one expert, by remaining in a larger house which is difficult and costly to keep consistently warm over a long period of time, some “asset-rich but cash-poor” older people face a choice of “heat or eat.”¹⁷

A cold home can cause chronic and acute illnesses and lead to reduced mobility, falls and depression. In 2018, the House of Commons Housing, Communities and

Local Government Committee heard that there was a well-evidenced link between cold homes and chronic diseases, such as respiratory and cardiovascular diseases and rheumatoid arthritis, and poor mental health. The committee also heard that cold homes were connected to acute cases, namely heart attacks, strokes and falls.¹⁸

Social isolation

Many older people live far away from relatives in homes that are not within easy reach of local services, amenities and public transport links. These factors all contribute towards social isolation, which can lead to loneliness and depression.



Around 1.5 million people aged 50 and over are always or often lonely, researchers have calculated.¹⁹ Projections from Age UK suggest that this could rise to two million people within the next 10 years.²⁰ Loneliness makes it harder for people to regulate behaviours such as drinking, smoking, and over-eating, which in turn have their own significant negative outcomes.

Research has suggested that the impact of loneliness and isolation on mortality is equivalent to smoking 15 cigarettes a day.²¹ There are also much wider negative results to note, including that older people who are lonely are more than three times more likely to suffer depression,²² and 1.9 times more likely to develop dementia in the following 15 years.²³

Studies have also shown that social isolation increases the risk of being diagnosed with chronic illnesses. Indeed, there is a vast amount of research on social isolation and health suggesting that people who participate in social activities have been found to have a lower risk of suffering from multiple chronic diseases.



Benefits of homes for later living

These days, many people in later life are as active as ever.²⁴ Indeed, amongst the over 80s there are some 53,000 people who are still in employment. Others are increasingly enjoying action-packed retirements.

For the increasing number of active older people, care provision is not the only consideration in play when it comes to choosing where to live in their later years. Companionship and a sense of control are also important, as is access to a variety of support services.

In short, retirees of today expect far more choice and greater quality. Specialist housing schemes for later living respond to this by offering varying levels of support and social interaction for those who want to stay safe and keep their independence in later life. All schemes offer residents the opportunity to live independently in their own space, usually a one or two-bedroomed apartment or bungalow.

Schemes often classified as 'retirement living' provide a dedicated manager and communal spaces for regular social events, which can range from bridge nights to wine tasting events. While all accommodation will be equipped with emergency alarm systems, 'extra care housing' means domestic and personal care tailored to the level of support needed by the residents - from maintaining their apartment to daily care visits.

Significant shared services will also be provided, such as a residents' lounge, restaurant with on-site kitchen, function room, laundry, guest suite, well-being centres, hairdressers and staff rooms.

By maximising independence and increasing social interaction, all of these housing environments can improve the well-being and health of older people and so enhance their overall quality of life.

Given the majority of developments for later living are located on or close to a high street, there are also significant community benefits. Businesses situated nearby can expect to feel the effects of the 'grey pound' as residents of homes for later living regularly use shops and local facilities. At the same time, organisations which rely on volunteers such as libraries, charity shops and community centres also benefit from having more people with free time to get involved living close to the high street.

Indeed, research by McCarthy & Stone in 2014 found that more than three-quarters (78%) of their residents used local shops at least once a week; and around 90% used local shops and/or supermarkets more than once a month.²⁵ Other local services were also used regularly by owners, with around a quarter using services such as local taxis, hairdressers, pubs, cafes and restaurants more than once a week.

Geoff Oxlee in Seaford

Current Homes for Later Living resident

“Many of the owners have lost their partners, and the friendship and care shown by the hosts plus the companionship shared both in the lounge and the gardens helps alleviate loneliness. This is of course fundamental to the concept of a caring and comfortable retirement living. I feel we are part of a good community and living here is indeed a pleasure. We are seen as and quite properly called “owners” not just residents.”

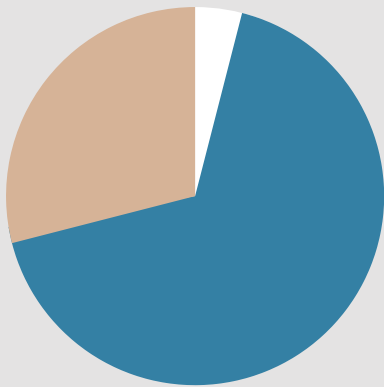


A survey of Homes for Later Living residents

Residents of schemes run by Churchill Retirement Living, McCarthy & Stone and Pegasus Life Group were surveyed in 2019.

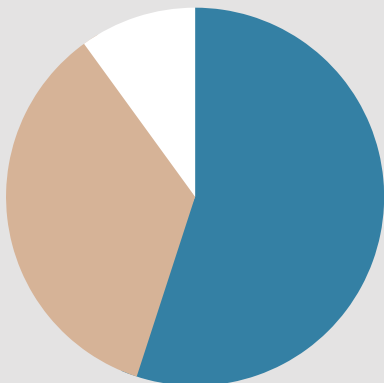
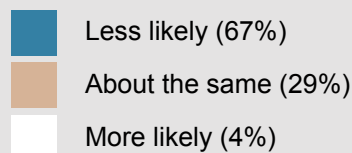
Questions were answered by more than 1,400 residents and the survey results showed that:

- Two thirds (67%) of residents feel they are less likely to move into a residential care home since moving into their current home.
- Over half (55%) of residents have a greater sense of community since moving into a Homes for Later Living property.
- Three quarters (76%) of residents feel communal areas are important for well-being and ability to socialise.

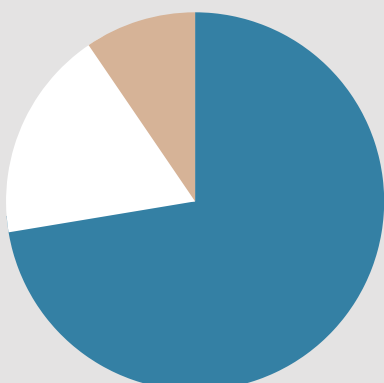
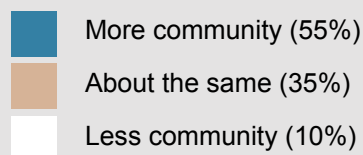


Breakdown of questions and responses:

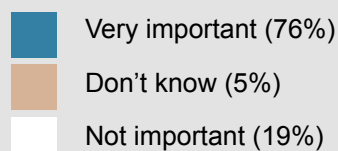
Do you feel your new home means you're more likely, or less likely, to move into a residential care home?



Since you moved into your retirement property do you feel more, or less, of a sense of community where you live?



How important are the communal areas in your development to your general well-being and ability to socialise?





Oomph! exercise classes

Oomph! is partly funded by Sport England and is the UK's leading wellbeing business for older adults. It partnered with McCarthy & Stone earlier this year, training staff members to deliver specifically tailored exercise classes for Homes for Later Living residents. The regular classes provide the opportunity to exercise for all levels of physical ability and are a fun way of socialising with other homeowners.

Residents have said Oomph! makes them happy, makes them laugh and creates stronger muscles. "It's the best thing I have ever done coming to this class each week. I am 92 and it keeps me going," says Joyce, who attends classes in Plymouth.



Dedicated on-site help and support

A dedicated on-site manager is the point of call for all residents, responsible for the effective and smooth running of developments. Also known as hosts or concierges, they oversee all communal areas and activities, offering support for residents where necessary and providing a sense of stability and security.

Ann Clare, lodge manager at De Clare Lodge in Cowbridge, Wales, says that getting to know a range of people is the most gratifying part of the role.

"I'm a real people person so that's the aspect of the job I love," she says. "I've enjoyed getting to know all my new owners, supporting them with their move and helping to sort out any little problems that they might have. Looking out for the health and wellbeing of my owners will be a key part of making sure they enjoy their new lifestyle here and make the most of it."

The lack of good quality homes for later living

As previously suggested by the think tank Demos, over half of over-60s – around eight million people currently living in seven million homes – are interested in moving and one third specifically wanting to down-size.²⁶ More recently, Legal & General found that of all the households with homeowners aged 55 and over with at least two unoccupied rooms, more than half would consider downsizing.²⁷ The 2017/18 English Housing Survey found that 67% of home owners aged 65 or over live in an under-occupied property, equivalent to 3.6 million households in England.²⁸



Freeing up this stock could make a huge contribution to easing the housing crisis, releasing many more family homes close to schools onto the market. But in the absence of enough local choice and incentive to consider moving home, many older people stay put in properties that are unsuitable and even unsafe to grow old in.

“Quite simply, older people who would like to move will be deterred from doing so if they cannot find a property that they would like to live in.”

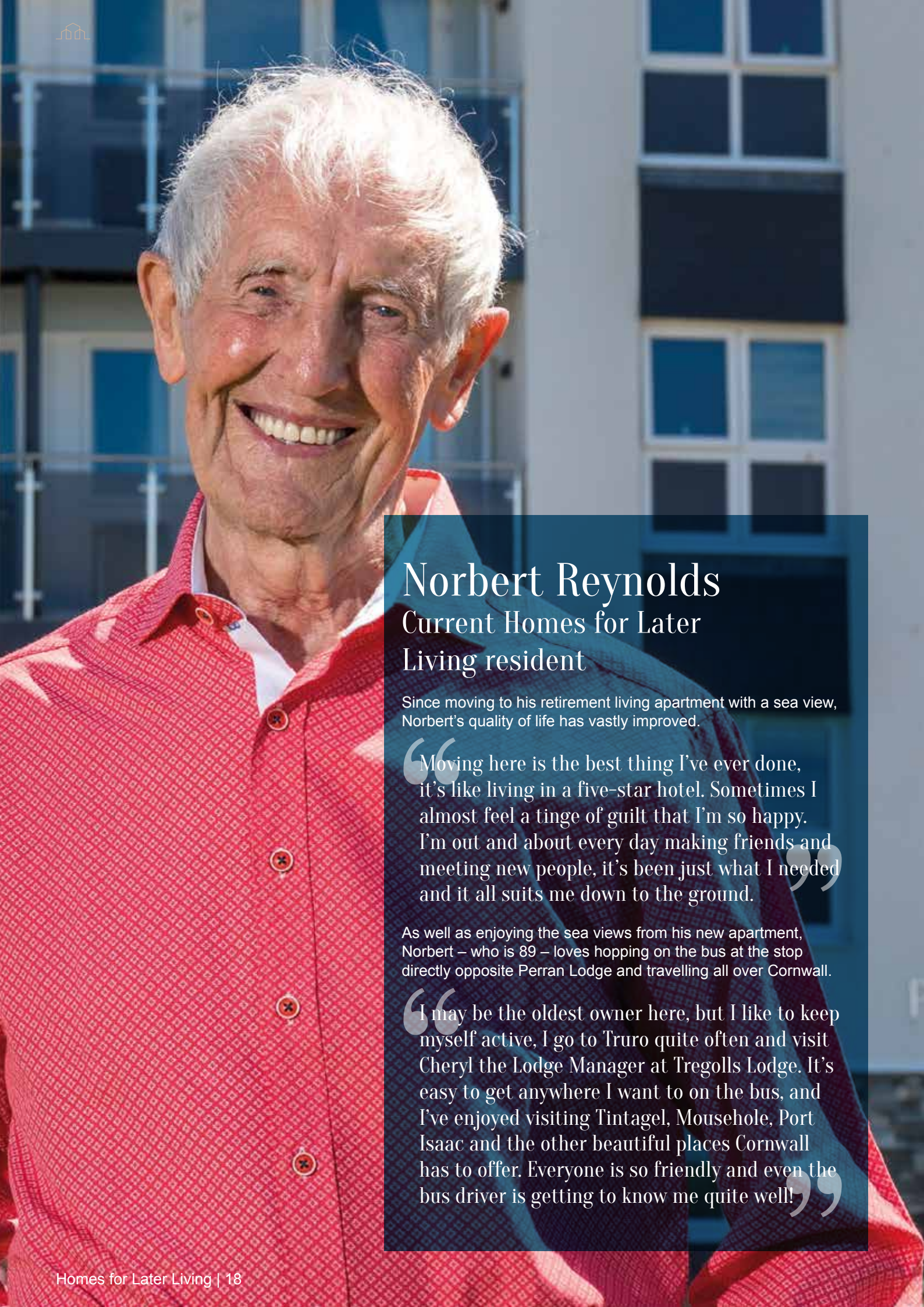
Housing, Communities and Local Government Committee, 2018

Of course, the practical and emotional upheaval of moving from the family home cannot be overlooked, but it is only part of the picture. Rather, most experts point to the massive shortage of housing that can keep older people healthy and support them to live independently.

In its report on the issue, Legal & General found that only 13% of all homeowners aged 55 and over had gone ahead with downsizing, adding that “the lack of good quality later living housing is the fundamental barrier to Last Time Buyers making the decision to move.”²⁹

Parliamentarians have reached the same conclusion, with the House of Commons Housing, Communities and Local Government Committee highlighting a lack of suitable accommodation for older people to move to. “Quite simply, older people who would like to move will be deterred from doing so if they cannot find a property that they would like to live in. This is particularly so given the practical, financial and emotional implications of moving,” stated the Committee’s 2018 report.³⁰

In 2019, the House of Lords Committee on Intergenerational Fairness and Provision also heard a similar story. “The generation born between 1946 and 1965 is substantially larger than subsequent or preceding ones,” they stated. “We have heard that there is an inadequate supply of housing that is adaptable or specialised to meet the needs of this larger cohort as their care needs increase.”³¹



Norbert Reynolds

Current Homes for Later Living resident

Since moving to his retirement living apartment with a sea view, Norbert's quality of life has vastly improved.

“Moving here is the best thing I've ever done, it's like living in a five-star hotel. Sometimes I almost feel a tinge of guilt that I'm so happy. I'm out and about every day making friends and meeting new people, it's been just what I needed and it all suits me down to the ground.”

As well as enjoying the sea views from his new apartment, Norbert – who is 89 – loves hopping on the bus at the stop directly opposite Perran Lodge and travelling all over Cornwall.

“I may be the oldest owner here, but I like to keep myself active, I go to Truro quite often and visit Cheryl the Lodge Manager at Tregolls Lodge. It's easy to get anywhere I want to on the bus, and I've enjoyed visiting Tintagel, Mousehole, Port Isaac and the other beautiful places Cornwall has to offer. Everyone is so friendly and even the bus driver is getting to know me quite well!”

Fiscal impact: key findings

A programme of private investment in specialist housing, funded by existing equity, would do more than remove the biggest barrier stopping thousands of people from downsizing. We have calculated that the average person living in specialist housing for older people saves the NHS and social services £3,490 per year. Assuming average household sizes of around 1.33 in homes for later living, building 30,000 homes for later living every year could therefore generate fiscal savings to central government and local authorities of at least £1.4bn a year within a decade.³²

This comes on top of the fiscal savings already being delivered by the existing homes for later living market, thought to be at least £750 million a year. In total, £2.1bn a year in fiscal savings could be delivered if we had these additional properties built over the coming decade.

Each person living in a Homes for Later Living property enjoys a reduced risk of health challenges, contributing to fiscal savings to the NHS and social care services of almost £3,500 per year.

To put it in context, the three leading retirement living developers and operators built a combined 3,300 dwellings - around 20% of which were extra care housing - in 2018. Their ambition for the sector as a whole is to deliver the extra 30,000 properties per year by 2032.

The average resident in a homes for later living property is in their early 80s,³³ and the average age of first purchase is around 79.³⁴ There are currently 3.2 million over 80s in the UK with this figure set to rise to five million by 2032 and ten million by the end of the century.³⁵ Assuming there are 1.33 people per homes for later living household, building the extra accommodation would mean around 400,000 people housed more appropriately, rather than struggling to get by in the family home or going into long-term residential care. It would amount to 600,000 out of five million over 80s – one in eight - living in specialist housing by 2032.

This would generate the additional fiscal savings across the NHS and social services of £2.1bn a year. But these are only the fiscal savings we have been able to quantify and apply in our modelling, with others unaccounted for. For example it is unlikely to capture the full scale of NHS savings and does not capture savings beyond health and social care services, for example, those linked to reduced crime as a result of living in a more secure environment.

Furthermore, this kind of intervention in the housing market would prevent thousands of over 80s going into expensive long-term residential care. A number of studies have estimated that around 10 to 12% of those currently living in retirement living (or 'sheltered housing') would be in expensive residential care were these specialist homes not available.³⁶ It is also believed that around a third of the 421,000 elderly people currently in residential care today could be housed and cared for more effectively in specialist housing.³⁷ This would improve the quality of life of tens of thousands of people and save money both for private individuals and their families as well as for local authorities picking up the tab for social care. The over-use of institutional care for the over 80s manifests a vast fiscal inefficiency and we estimate around £1,800 saved per person to the public purse for every homes for later living resident through reduced use of institutionalisation alone.

Homes for later living properties are designed to keep residents safe and secure and to minimise risk. Building homes for retirement living requires the best available design and accessibility standards. For example, communal spaces are shared to avoid the potentially isolating effects of retirement and loneliness - which has been linked to an increased risk of dementia. This explains why specialist homes are proven to prevent or reduce an array of adverse health outcomes that cost the NHS and social care services billions of pounds a year.

By 2032 there will be five million people over eighty living in the UK - if one in eight were housed in a homes for later living this could generate total fiscal savings across the NHS and social services of £2.1bn per year.

Health spending on the average 80-year-old is £6,200 a year and long-term care at £1,000 a year, rising almost exponentially with age (it is 'just' £2,700 and £300 for the average 65 years old).³⁸ The most costly hospital admissions for older people tend to result from falls and fractures, dementia, and strokes.

What are the improved outcomes?

Most of those living in a homes for later living property are in their 80s. Half of over 80s in the general population live alone.³⁹ Yet those in homes for later living could be around half as likely to have falls,⁴⁰ with resulting fractures, injuries and costly inpatient bed stays. Considering that the number of over 80s will rise from around 3.2m today to around 5m in 2032, and around a half of the 80s will fall in any given year - the implied number of over 80s falling will rise from 1.6m today to around 2.5m in 2032, a rise of 900,000 should fall rates remain the same. If we built 30,000 specialist homes per year, housing roughly 400,000 over 80s, it could mean 100,000 fewer fallers. In addition, residents of homes for later living are around half as likely to



be lonely,⁴¹ making them significantly less likely to develop dementia.⁴² Reduced isolation also means that stroke sufferers get the urgent medical attention that is so crucial to surviving a stroke and making a full or near-full recovery, the key message of the award-winning Act FAST TV campaign.⁴³ What follows is a reduced dependency on long term care and the toll that takes on local authority social care budgets.

Table below: The fiscal impacts of mainstream vs homes for later living housing, by outcome and efficiency

	Mainstream housing, pp >80yrs	Homes for Later Living housing, pp >80yrs	Difference
Adverse health outcomes / cause:	Cost (£)	Cost (£)	Saving (£)
Fracture or serious injury / falls	811	300	(510)
Dementia / loneliness	2,119	1,874	(244)
Stroke incapacitation / delayed action	477	343	(134)
Pneumonia, heart attacks, arthritis / cold homes*	205	nil	(205)
Visits to GP and A&E attendance / (various)	267	195	(72)
Subtotal (prevention)	3,878	2712	(1,166)
Efficiencies:			
Utilisation of public-funded institutional care**	1812	nil	(1,812)
Use of public-funded home care services	984	820	(164)
Use of disabled facilities grant money***	349	nil	(349)
Subtotal (efficiencies)	3,144	820	(2,324)
Total	7,022	3,512	(3,490)

*assumes no HFLL homes are cold. **includes only those in HFLL homes that would otherwise be in institutional care, if HFLL didn't exist. ***assumes zero use of disabled facilities grant in HFLL homes as these ones are already adapted. A more detailed methodology can be found in the annex. ****may not sum due to rounding.

The numbers for the three fiscal big hitters are stark. Falls and fragility fractures cost the NHS at least £2bn a year and social services £1.1bn.⁴⁴ Dementia costs the NHS £4.3bn a year and social services over £4.5bn.⁴⁵ For strokes it is £3bn and £2.5bn respectively.⁴⁶ That is £17.5bn a year just for the big three, even without capturing everything across health and social services.

All in all, we identify fiscal savings across NHS and social care services of almost £3,500 a year for the average person living in a home for later living.

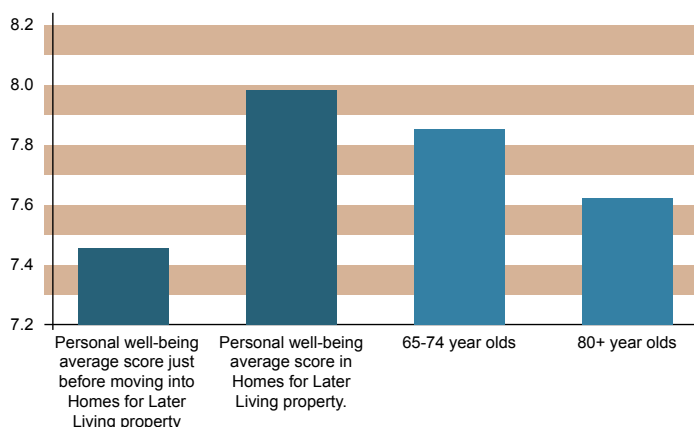
Well-being impact: key findings

Of course, huge savings for local authorities and the NHS are only part of the picture. Our evidence also points to dramatic improvements in the personal well-being of a typical person aged 80 moving from mainstream housing to Homes for Later Living properties. We have found that Homes for Later Living residents score as highly as someone 10 years younger on the nationally recognised general well-being criteria. In particular, those over 80 living in specialist housing are much less likely to have feelings of anxiety compared to the over 80s living in mainstream housing.

We estimate that the monetary value of this improved feeling of personal wellbeing could be as high as £1,530 per person per year, or around £10,000 (discounted) over the average eight-year period a resident lives in a Homes for Later Living property. This is when valued on the same basis as the Quality Adjusted Life year (QALY), the means of evaluating whether to conduct a medical intervention which values one year of quality life as high as between £20,000 and £30,000 per year. If the ambition to build 30,00 homes for later living properties per year was met, the value of personal well-being improvements could be as high as £600m a year.

To assess how moving into specialist housing from mainstream housing is associated with significant improvements in personal wellbeing, we surveyed over 1,400 Homes for Later Living residents. Our research found that moving to the current property was associated with a marked improvement in residents' average personal well-being scores. Overall, the average scores went up from 7.46 out of 10 to 7.97 out of 10. This is an improvement of 0.51 percentage points or, equivalently, 7%. Much of this improvement came through a greater sense of life satisfaction and reduced levels of anxiety.

Chart below: Average personal well-being scores for Homes for Later Living residents compared with national population



Amongst the general population, feelings of personal wellbeing over a person's lifetime (as reported by the ONS' National personal well-being data) appear to peak

with the onset of retirement at the age of 65. But then they decline from about the age of 75. Average national personal wellbeing scores plateau for those aged 65-74 at 7.85 out of 10, then fall to 7.72 for those aged 75-79. For those aged between 85 and 89 average scores fall even further to 7.59.⁴⁷ These declines may be the result of life event factors which adversely affect personal well-being, including the loss of a partner, and increased loneliness, or failing health, impaired mobility and reduced independence.

The average age of those in Homes for Later Living properties is a little over 80. The average personal well-being score for those surveyed who currently live in these properties was 7.97. The survey results show that the well-being scores of those over 80s who have moved into a Homes for Later Living property actually increases and is higher than personal well-being reported by the over-80s nationally.

Lifetime events occurring just before or at the time of moving can of course impact on wellbeing scores in either direction. For example, just over a quarter of respondents cited the loss of a partner as a reason that best describes why they moved into their retirement property. Across all the providers, 14% of survey respondents reported feeling lonely often or some of the time in their current retirement property. 18% of respondents reported they felt lonely often or some of the time just before they moved to their current retirement property.

The increased personal well-being scores from moving into a Homes for Later Living property restore to over-80s living in these properties a sense of personal well-being that would otherwise have peaked when they were 65-74 years old (the mid-point being 70). In other words, matching personal well-being levels of those at least ten years younger.

Table below: Survey of personal well-being indicators for Homes for Later Living residents

	Personal well-being average score just before moving into their current home	Personal well-being average score in current home
Life satisfaction	7.31	7.95
Life worthwhile	7.72	8.06
Happy yesterday	7.32	7.75
Not anxious yesterday	7.51	8.12
Blended average	7.46	7.97

A photograph of an elderly woman, Marjorie Carter, with short white hair and glasses, wearing a blue and white patterned top. She is smiling and reaching out towards the camera. The background is a blurred indoor setting with colorful fabric.

Marjorie Carter

Current Homes for Later Living resident

Former Olympian Marjorie Carter, who lives in a Homes for Later Living property, defies gravity – and conventional wisdom – by continuing to perform gymnastics routines at the age of 84.

Marjorie started gymnastics at the age of 10, going on to compete in both the 1952 Olympic Games in Finland and the 1960 Games in Rome. 74 years later, she can still stand on her head, perform the splits and cartwheel.

“You need to keep moving. It’s so important when you get older to maintain that independence and mobility. As they say, ‘use it or you lose it.’

Living at Jowett Court with a range of people of a similar age is a good lift for the mind, as well as making friends and spending quality time with people, which is as important as regular exercise for maintaining a healthy lifestyle.”

Conclusion

Retirees of today expect far more choice and greater quality than previous generations. A few housing providers are responding to this, and in many cases older people are benefiting from residing in homes for later living that are tailored to meet their evolving needs. But much more can be done.

This report has examined the significant benefits of homes for later living, which encompasses retirement living properties with and without care services. Our research has shown that people living in all forms of housing for older people have significantly greater well-being than those living in other types of accommodation. The potential fiscal savings to the NHS and local authorities are significant. However, savings of over £2bn a year will only become apparent if we can build 30,000 homes for later living properties per year over ten years, ideally by 2032 to keep pace with demand.

The huge savings are possible because the design of homes for later living is specially tailored to older people, meaning that residents are around half as likely to have falls with resulting fractures, injuries and costly inpatient bed stays. As well as having their own living space, typically an apartment, abundance of communal spaces also means they are around half as likely to feel lonely. The quality of these homes has to be unparalleled across the market to meet high quality requirements, ensuring the safety of residents in later life.

In order to deliver savings of £2.1bn to the NHS and social services, we need to keep pace with demand by building 30,000 homes for later living properties per year.

Despite the benefits, it is widely accepted that currently there is inadequate provision of homes for later living. While the range of choice for those in later life has considerably increased over the last 20 years, the current planning system makes it difficult for existing retirement house builders to meet growing demand. At the same time, the system works against other mainstream house builders looking to enter this part of the market.



The need for homes for later living to be treated differently from conventional, mainstream housing has been accepted by the likes of the Law Commission and the Housing, Communities and Local Government Committee. This was seen in the distinction the Law Commission made with regard to the case for exit or event fees, the distinction the Government made with regard to the need for an economically sustainable ground rent and the distinction the Housing, Communities and Local Government Committee made with regard to planning obstacles and the case for a new use class. Going further, local planning authorities proactively planning for the provision of more homes for later living and adopting a presumption in favour of proposals for this type of housing (including special considerations around planning applications) should help meet the increasing demand for homes for later living.

In addition to the fiscal savings and personal improvement in quality of life for older people, building more suitable homes for a rapidly ageing population will also have knock-on benefits for the wider housing market. We will be exploring these wider benefits and further mechanisms to encourage more homes for later living to be built in subsequent reports.

This report comes as policy makers continue to search for an answer to the housing crisis and the multiple challenges associated with an ageing population and provision of long term social care. It sets out the benefits the Government can expect to see on both fronts if it invests in homes for later living. Now the onus is on policy makers to take action.



Annex

Fiscal Savings

There are two streams of fiscal savings:

1. Adverse health outcomes reduced by being in specialist housing as opposed to mainstream housing, including: falls and fractures, dementia onset through loneliness, and stroke inaction.
2. Efficiencies through residential and nursing care avoided by people moving from mainstream to specialist homes rather than directly into institutional care, as well as reduced need for home adaptations (i.e. homes for later living properties are already adapted) and better collective home care provision (i.e. those needing care all in one place).

Adverse health outcomes

With at least 162,000 market specialist homes currently existent, and an ambition for the sector to build 300,000 more, and assumed average household sizes of around 1.33, the implied annual fiscal savings would be:
 $(162,000 + 300,000) \times 1.33 \times £3,490 = £2.1\text{bn p.a.}$

Falls & fractures

Outcomes

- We assume fallers are halved in specialist housing vs living in mainstream (MS) housing, from 50% to 25% in Retirement Living (RL), and 60% to 30% for those in Extra Care (EC).
- 14.5% of RL falls (and 17.4% of EC falls) lead to a hospital admission.
- This implies that out of an over 80s population of 3.2m, 1.6m fall each year and 224,000 are admitted to hospital - typically with a fracture.
- Hospital bed days per person are reduced from 12.5 to 6.25 in RL (and 12.5 to 1.5 EC).

Costs to public

- Falls cost the NHS £2bn a year o/w £0.9bn treatment and £1.1bn hospital bed.
- With 335,000 fallers overall that implies £5,970 per patient and around £2,420 for the hospital treatment and £3,550 cost of hospital bed.
- We assume bed stays are longer for the over 80s – £4,325 bed (also 12.5 days at £346 per day), plus the £2,420 treatment cost, or £6,745 per over-80 patient
- In addition, falls cost state-funded social care £1.1bn, or an implied £3,284 per person, though we

don't assume it is any higher for the over 80s.

For the average over-80 person in each accommodation type then the costs of falls are as follows:

RL: 25% fall x 14.5% hosp admission x {£2,420 treat + (6 day x £346 bed) + £3,284 sc} = £285
MS(vRL): 50% fall x 14.5% hosp admission x {£2,420 treat + (12 day x £346 bed) + £3,284 sc} = £727
EC: 30% fall x 0.168 hosp admission x {£2,420 treat + (1.5 day x £346 bed) + £3,612 sc} = £325
MS(vEC): 60% fall x 0.168 hosp admission x {£2,420 treat + (12.5 day x £346 bed) + £3,612 sc} = £1,047
RL therefore produces a £442 saving against its counterfactual (£727 – £285) and EC £722. £442 and £722 are uprated by inflation over one year to bring them to 2019 money, £453 RL and £740 EC.

Loneliness & dementia

Outcomes

- We assume loneliness is halved in specialist housing vs mainstream housing (particularly given that a large proportion of the over 80s also live alone), from 30% to 15% in all specialist housing types.
- 1 in 6 of the over 80s (17%) have dementia. We assume those who are lonely are twice as likely to develop it.
- These assumptions imply dementia amongst the over 80s who are lonely is 26%, dementia amongst those not lonely is 13% i.e.
 $(30\% \text{ lonely} \times 26\% \text{ dementia}) + (70\% \text{ not lonely} \times 13\% \text{ dementia}) = 17\% \text{ average dementia}$
- We further assume the rates of dementia in EC are 50% higher – 39% for the 'lonely' and 19.5% for the 'not lonely'.

Costs to public

- Dementia costs the NHS £4.3bn a year across 850,000 sufferers, an implied average cost of £5,060 per person, though we don't assume it is any higher for the over 80s.
- In addition, dementia costs state-funded social care £5.2bn a year, an implied average cost of £6,060 per person, though, again, we don't assume it is any higher for the over 80s.

For the average person over 80 in each accommodation type then the cost of dementia is:

RL: (15% x 26%) x (£5,060 treat + £6,060 sc) + (85% x 13%) x (£5,060 treat + £6,060 sc) = £1,662
MS: (30% x 26%) x (£5,060 treat + £6,060 sc) + (70% x 13%) x (£5,060 treat + £6,060 sc) = £1,879
EC: (15% x 39%) x (£5,060 treat + £6,060 sc) + (85% x 0.195) x (£5,060 treat + £6,060 sc) = £2,494
MS: (30% x 39%) x (£5,060 treat + £6,060 sc) + (70% x 0.195) x (£5,060 treat + £6,060 sc) = £2,819
RL therefore produces a £217 saving against its counterfactual and EC £325. £217 and £325 are uprated by inflation over one year to bring them to 2019 money, £222 RL and £333 EC.

Stroke inaction

Outcomes

- Stroke victims are found and treated quicker in specialist housing, particularly because many otherwise live alone or have irregular interaction with others.
- We assume this quicker reaction delivers reduced treatment costs, better outcomes amongst survivors and thus reduced long term social care costs, of 25%
- Around 1.5% of the 80s have a stroke each year.

Costs to public

- Strokes cost the NHS £3bn a year across 115,000 sufferers, an implied average of £26,500 per sufferer, though we do not assume it is higher for the over 80s.
- In addition, strokes cost state-funded social care £2bn a year across 1 million stroke sufferers, or £2,000 per stroke survivor. Over 3 years this is £6,000.

For the average over 80 person in each accommodation type then the cost of strokes occurring each year is:

*RL or EC: 1.5% x (£26,100 treat + £6,000 sc) x 75%
FAST = £334*

*MS (vRL or vEC): 1.5% x (£26,100 treat £6,000 sc) =
£465*

RL or EC therefore produce a £131 saving against their counterfactuals, uprating by inflation over one year brings it to **£134 RL or EC**.

Miscellaneous

Outcomes

- Annual GP visits per person are reduced from 6 to 4.5 in RL and from 6 to 3 in EC
- Annual A&E visits per person are reduced from 0.5 to 0.4 in RL and EC

Costs to public

- The cost of a GP visit is £30 and of an A&E visit is £160.

For the average over 80 person in each accommodation type then the cost of GPs & A&E is:

RL: 4.5 x £30 GP + 0.4 x £160 A&E = £199

MS: 6 x £30 GP + 0.5 x £160 A&E = £260

EC: 3 x £30 GP + 0.4 x £160 A&E = £154

MS: 6 x £30 GP + 0.5 x £160 A&E = £260

RL produces a £61 saving against its counterfactual and EC £106 combining GP and A&E elements. £61 and £106 are uprated by inflation over one year to bring them to 2019 money, £62 and £108.

Furthermore, cold homes inflict health costs on the NHS of £200 per annum for the average over 80 in mainstream housing. It is believed that cold homes cost the NHS £1.36bn a year, or around £100 for every over 65-year old in the UK. We assume it is double for the average 80-year old, uprating by inflation over one year brings it to **£205 RL or EC**.

Residential & nursing care

Outcomes

- We assume 12% of the over 80s living in RL would otherwise be in long term residential care if RL wasn't available, i.e. in the counterfactual.
- We assume 20% of the over 80s living in EC would otherwise be in long term residential care and 30% would otherwise be in long term nursing care if EC wasn't available, i.e. in the counterfactual.
- However, unlike the vast majority in RL, those in EC receive significant home care which - despite initially higher personal savings - local authorities are eventually likely to contribute to because of the higher level of care needed. We assume LAs save £3,000 a year on average in home care where the EC counterfactual is residential care and £6,000 where it is nursing care.
- 80 % of market RL / EC is owner-occupied and 20% is private rented.
- We assume residential / nursing care lasting 5 years if RL and EC were not available.

Costs

- Residential care is assumed to cost £36,000 p.a. (including 'hotel' costs) and Nursing care £45,000 p.a.
- 50% of owner occupiers in RL/EC live alone, and would therefore have been required to sell their previous home to pay for residential care in the counterfactual.
- 50% of owner occupiers in RL/EC live with a partner and would not therefore have been required to sell their previous home to pay for residential care in the counterfactual.
- This produces an average household size of 1.33 (50 adults occupy 25 homes and 50 adults occupy 50 homes or, combined, 100 adults occupy 75 homes. $100 / 75 = 1.33$).
- 100% of renters regardless of status have no home to sell.
- The average specialist owner occupied home can be sold for £250,000.
- Average savings per person are £35,000, £11,750 above the £23,250 capital threshold for local authority support (ignoring the taper to the lower threshold for simplicity).
- The average pension and attendance allowance income is that self-funders would pay towards residential / nursing care (costing £36,000 or £45,000 p.a.) out of their income is £17,750 p.a:

State pension +£8,500

Private pension +£6,000



Attendance allowance +£4,500

Disregarded -£1,250

Total £17,750

In the counterfactual of being in residential /nursing care, single owner occupiers are likely to foot the whole bill and government none, as they are forced to use savings and sell their home to cover any shortfall in residential or nursing care cost against their income.

Couple owner occupiers are not required to sell their home while one partner remains living there. So only the individual's savings can be used to plug any shortfall, government (LA) picking up the rest. The same is true for single and couple renters:

Cost of residential care over 5 years = £36,000 x 5 = -£180,000

Private contribution (income) = £17,750 x 5 = +£88,750

Private contribution (savings) = £40,000 - £23,250 = +£11,750

Shortfall = government (LA) contribution = +£79,500 (44% of total)

Residential (Res) and nursing care (Nur) savings for the average over 80 in RL and EC are therefore:

RL v Res: {50% owner couple x 80% owner occ + 20% renter} x £36,000 cost x 44% public x 12% in res counterfactual = £1,149

EC v Res: {50% owner couple x 80% owner occ + 20% rented} x £36,000 cost x 44% public x 20% in res counterfactual = £1,915*...

EC v Nur: (50% owner couple x 80% owner occ + 20% rented} x £48,000 cost x 58% public x 30% in nur counterfactual = £4,725**...

Home care adjustments are needed for EC v Res and EC v Nur. For the average person in EC, local authorities are assumed to contribute £3,000 x 20% = £600 in home care where the counterfactual is residential care and contribute £6,000 x 30% £1,800 in home care where the counterfactual is nursing care. The LA will no longer have to pay these if the person goes into residential / nursing care and have to sell their homes. The burden on the state is therefore adjusted down to:

EC v Residential care = £1,915* - £600 = £1,315

EC v Nursing care = £4,725** - £1,800 = £2,925

£1,149, £1,315 and £2,925 are uprated by inflation over one year to bring them to 2019 money: **£1,178 RL, £1,348 EC and £2,998 EC.**

Home support efficiencies

Government and local authorities support independent living at home through various channels including home care and the disabled facilities grant (DFG).

Outcomes

- Those in specialist housing already have adaptations

do not need new disabled facilities.

- We assume homecare needs are reduced in specialist housing compared to mainstream housing by around 20%.

Costs

- DFG is means-tested, apart from the first £1,000. Over an 8-year average period spent in specialist housing this implies a fiscal saving of £125 a year.
- However, a means-tested DFG of up to £30,000 is available for those eligible and in need. Taking this into account, we assume that the average person in RL would otherwise get DFG of £300 a year if in mainstream housing and the average person in EC would otherwise get DFG of £500 a year. Particularly, if they are also self-funding some or all of their home care, their savings will deplete quicker and so they would become eligible for local authority support.
- Public-funded home care is assumed at £4,000 per person, (paying for 5 hours of care a week) in EC regardless of whether they receive it or not. This is versus £4,800 (paying for 6 hours of care a week) in the mainstream housing counterfactual, an average saving of £800 for those in EC.

Thus being in a homes for later living property would save the government and local authorities £300 and £500 in disabled facilities grant a year, as well as £800 in home care. These figures are uprated by inflation over one year to bring them to 2019 money: **£308, £513 and £820.**

Overall fiscal savings

- Each year of current output generates fiscal savings of £15.3 million
- Building 300,000 new homes plus the 162,000 existing would deliver fiscal savings of £2.1 billion (£1,390 million plus £750 million)

Table below: Fiscal savings at a national level.

	Retirement housebuilding by Homes for Later Living providers in their latest reporting year	People per home	Fiscal saving Per home	Fiscal saving on aggregate
Retirement housebuilding by Homes for Later Living providers in their latest reporting year	3,304	1.33	£4,642	$3,304 \times £4,642 = £15,337,168$
Building 300,000 new homes	300,000	1.33	£4,642	$300,000 \times £4,642 = £1,392,600,000$
Existing 162,000 homes	162,000	1.33	£4,642	$162,000 \times £4,642 = £725,004,000$

Table below: Overall fiscal savings 'scorecard' per person over 80 in specialist housing, p.a.

Adverse health outcomes:	Retirement Living (RL)	Extra Care (EC)	Combined 80:20
Falls & fractures	-£453	-£740	-£510
Loneliness & dementia	-£222	-£333	-£244
Strokes	-£134	-£134	-£134
Conditions related to cold homes	-£205	-£205	-£205
Miscellaneous o/w			
GP visits	-£46	-£92	-£55
A&E visits	-£16	-£16	-£16
Subtotal (A)	-£1077	-£1521	-£1166
Efficiencies:	RL	EC	Combined
Residential care	-£1178	-£1348	-£1212
Nursing care	0	-£2998	-£600
Subtotal (B)	-£1178	-£4346	-£1812
Disabled Facilities Grant	-£308	-£513	-£349
Home care (LA funded)	0	-£820	-£164
Subtotal (C)	-£308	-£1333	-£513
TOTAL (A+B+C) 2019/20 prices	-£2563	-£7200	-£3490



Endnotes

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Appendix H: *'Silver saviours for the high street: How new retirement properties create more local economic value and more local jobs than any other type of residential housing, by WPI Strategy and Homes for Later Living*



Silver saviours for the high street

How new retirement properties create more local economic value
and more local jobs than any other type of residential housing

A report by  STRATEGY for

Homes for Later Living

February 2021



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About Homes for Later Living

Homes for Later Living has been set up to promote greater choice, availability and quality of housing specifically for older people. It comprises Churchill Retirement Living, McCarthy Stone and Lifestory Group (made up of Pegasus and Renaissance) and operates alongside the Retirement Home Builders Group within the Home Builders Federation (HBF).

Homes for Later Living exists to promote all types of housing which are specifically designed, built or adapted for people over the age of 60. These properties are operated in the long-term interest of residents, so that as people grow older and their needs change, they can choose to live in a property that works for them.

Homes for Later Living or retirement properties mean specially designed housing suitable for older people who want to maintain the independence and privacy that comes with having a home of their own, but may want access to varying degrees of support and care, plus an in-built social community.

Typically built for people who no longer want or need a family-sized house, and often taking the form of apartments or bungalows, our developments are designed to help people remain independent, safe, secure and sociable for as long as possible.

One of the key differences between new-build housing for older people and new-build mainstream housing is the provision of extensive communal areas where neighbours can socialise, host visitors and be part of a friendly, like-minded community.

Another key difference is the presence of an on-site manager or team, someone whose role is to look out for people’s welfare, be a point of call if help is needed, make sure the communal areas are well-maintained and to be a reassuring, friendly presence.



About the author

Chris Walker

Chris Walker is an associate at WPI Strategy and a former government economist, who spent over 12 years as a civil servant in the Treasury, Department for Work and Pensions, and the Department for Communities and Local Government where he was a senior economic adviser. He now works as a research and economic consultant on housing, planning and local economic growth.



Foreword

As we begin to emerge from the shadow of Covid-19, breathing new life into our high streets will be critical to the future economic prospects and the social fabric of local villages, towns and cities right across the UK.

The pandemic has had a devastating impact on the high street, with local businesses unable to open at various points in time. Yet faced with such unimaginable challenges, Britain's entrepreneurs have innovated like never before, moving to different ways of offering their services and products to customers.

There is little doubt that as we return to some semblance of normality this year, that the look and feel of our town centres will need to continue to evolve. Part of this evolution will involve striking the right balance between commercial and residential properties on or near the high street.

In 2018, retail expert Bill Grimsey recommended that high streets and town centres "need to be repopulated and re-fashioned as community hubs, including housing, health and leisure, entertainment, education, arts, business/office space and some shops". Three years later, that argument looks stronger than ever. Getting that mix right will be critical to local economic recovery efforts and fostering a renewed sense of community.

This report seeks to contribute to the debate over the look and feel of our high streets and town centres. Our findings focus specifically on the role that specialist retirement housing can play in driving local economic growth.

The analysis is stark. Specialist retirement properties create more local economic value and more local jobs than any other type of residential housing. People living in these properties are happier, healthier and more likely to spend money locally than people of the same age living elsewhere. And just as importantly, polling commissioned as part of this report indicates that the vast majority of local people would approve of retirement housing being built near them.

Specialist retirement housing does not have to come at the expense of housing for families and young professionals. Rather our previous research has shown that building more specialist retirement housing can stimulate transactions throughout the entire housing market, for families looking to move into bigger homes and for first time buyers looking to take their first step on the property ladder.

We know there are 3 million people across the UK over the age of 65 who would like to move home but don't feel they can. Quite simply we should be building tens of thousands of good quality specialist retirement properties to help meet this demand.

With retirement developments of this sort located in or near to our struggling high streets, the benefits of building these properties are clear. Doing so will help stimulate local economic activity and help communities recover as quickly as possible from the devastating effects of the pandemic.



Executive summary

Local authorities across the UK face pressing challenges in the coming years. Most urgently, councils need to rescue their finances from the ravages of the pandemic which has eroded high streets and cost many jobs. Alongside this, local authorities must manage the escalating costs of social care at the same time as keeping an ageing society healthy, happy and safe, and they need to find the best way of meeting local housing targets.

With the Prime Minister having promised to 'build back better', retirement properties can help local authorities to meet such challenges by creating the conditions for local and sustainable economic growth in communities across the country, without eroding the green belt or urban green spaces.

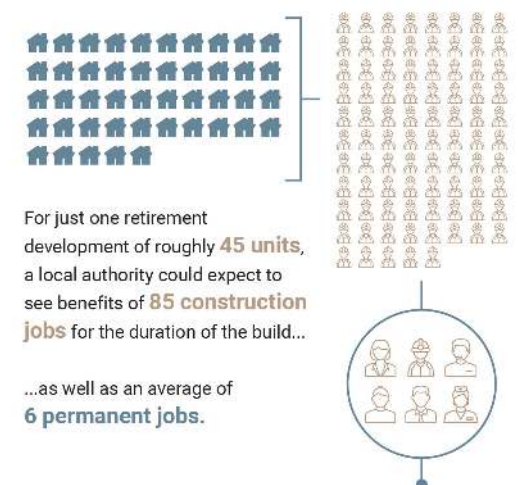
Our previous reports have set out firstly the extent to which retirement housing creates fiscal savings through reduced health and social care costs, and secondly the impact on the wider housing market of releasing second-hand properties back onto the market.

Here, in our third report, we look at the final challenge – that of restoring and creating jobs, supporting shops and services in the local economy, and making new housing environmentally sustainable. Crucially, we show how retirement properties create more local economic value and more local jobs than any other type of residential development.

“Retirement properties create more local economic value and more local jobs than any other type of residential development.”

The benefits for local authorities can be seen both in terms of jobs created and in terms of Gross Value Added (GVA) - in other words the sector-specific economic value it adds. Further benefits are derived from the location of retirement properties amongst existing shops, services and transport connections which focuses the spending power of the 'grey pound' to revitalise local high streets.

- For just one retirement development of roughly 45 units, a local authority could expect to see benefits of 85 construction jobs for the duration of the build, as well as six permanent jobs and £13m in GVA over the lifetime of the development, as opposed to not developing a site.¹
- These benefits mean that retirement properties create more local economic value and more local jobs than any other type of residential development.
- People living in each retirement development generate £550,000 of spending per year, £347,000 of which is spent on the local high street. Some £225,000 of this is new spending in the local authority, directly contributing to keeping local shops open.
- From these figures, we estimate that a typical retirement housing development has the potential to support more than three local retail jobs. Over the lifetime of the development, a typical development would contribute £2.25m of GVA to the high street.



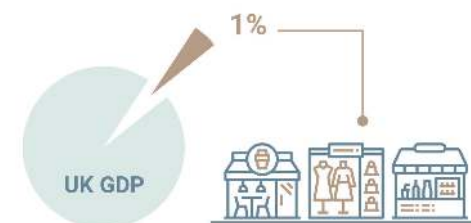


Our findings come as UK-wide polling for this paper shows that retirement housing is among the most popular type of housing. We can see that 68% of people would approve of such housing being built near them, compared to the 45% approval rating given to a conventional block of flats. Meanwhile the generation of local jobs is the most important factor in people's support for new developments.

Despite this public sentiment and the clear benefits that retirement developments bring to local communities, we are still not building enough suitable properties to cater for our ageing population. Currently in the UK, we build around 8,000 retirement properties a year. This is distinctly below the level of demand and need.

Looking at the national picture, our analysis shows what would happen were the UK to build 30,000 retirement properties every year, consistent with the level of supply that is needed.² Building 30,000 retirement properties a year would be just 10% of the national house building target and the estimated level of demand, and, compared to not developing the sites involved, would mean:

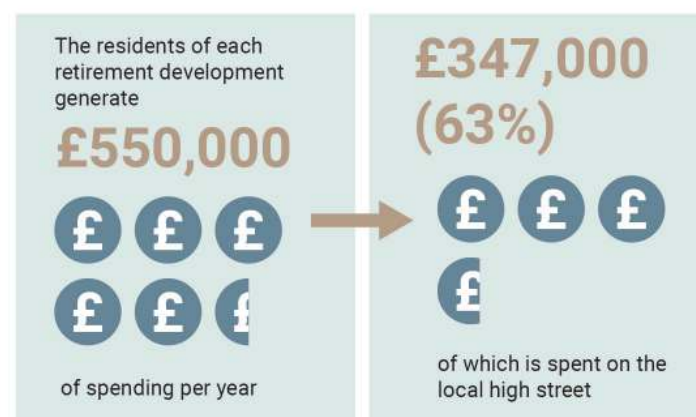
- £2bn of additional economic activity every year would be created across the country. This is £20bn over 10 years, roughly equivalent to 1% of current UK GDP over 10 years, focussed where it is most needed, on our high streets.
- 15,000 additional construction jobs would be created nationally and sustained over the period of construction. A further 700 jobs a year would come from management and renovation of properties freed up.
- Greenfield land across the UK could be preserved as the vast majority of these developments are on brownfield sites, effectively and sustainably regenerating previously developed land.



A single retirement development of 45 units, would add £13m in additional local economic value (GVA) to its area. A 10-year building programme of 30,000 retirement properties per year could be worth roughly the equivalent of an additional 1% of GDP to the economy.

In this report, we therefore provide the evidence that creating the right policy conditions to encourage the construction of more retirement properties is not only in the interests of those people in later life. It will also have a major impact on the wider housing market while stimulating local economic growth in every community across the country.

With all of this in mind, **our key national policy recommendation is for a 10 year programme of building 30,000 retirement properties every year.** If such a programme was introduced then we could have much-needed new housing for older people supplementing new housing for families and young professionals to ensure that we finally have the diverse housing stock we need in the UK.



Introduction

People and businesses across the UK have faced unprecedented personal and economic disruption since the Covid-19 pandemic took hold in March 2020. For local communities, the public health and economic effects have created a perfect financial storm.

Of course, local council finances being squeezed is not a new development. Back in 2012, Barnet Council encapsulated the problem in the Barnet Graph of Doom - a PowerPoint slide showing that within 20 years, unless things were to change dramatically, the north London council would be unable to provide any services except adult social care and children's services.

But since the outbreak of the pandemic, the situation has become even more critical. Councils have been increasing spending while incomes have been falling. There have been new responsibilities to help with the testing, tracing and control of Covid-19 while social distancing requirements and personal protective equipment (PPE) have meant increased expenditure on adult social care and other services. At the same time, a number of long-established routes of income, such as through car parking, have been significantly reduced. On top of all of this, many households and businesses have found themselves struggling to pay their bills.

It is against this backdrop that local authorities throughout the UK will face three very pressing and difficult challenges in the coming years.

First, councils will need to salvage their financial position and that of the local economies on which they rely. This means generating income from a strong local economy populated with businesses, employees and customers all of whom can play their part in generating the revenue needed to pay town hall bills.

Second, councils will need to find ways of mitigating health and social care costs but at the same time keeping an ageing society healthier, happier and safer for as long as possible. Before the pandemic children's and adult social care costs already accounted for a rising proportion of the annual budget. Covid-19 has only exacerbated this situation and with financial restrictions likely to be tighter than ever in 2021, local authorities must reconcile the escalating costs of social care with perilous finances.

Third, councils will need to identify where and how they can meet the housing targets required of them without erasing the green belt, over-burdening the road infrastructure or burning up local support. For the vast majority of local authorities, brownfield sites can be the best way to achieve this. Such sites offer new ways of absorbing local targets without fundamentally changing the character of an area or redrawing its perceived boundaries. Furthermore it is urban brownfield sites where retirement housing is best placed to access existing public transport connections and can accommodate a new resident population willing and able to support struggling shops and services.

In this report we show that all three of these crucial local authority challenges can be met more effectively through the delivery of much-needed retirement housing, alongside existing conventional housing developments.

With the economic benefits it brings, retirement housing can also be a key driver of the Government's post-pandemic agenda in local authorities across the UK. Setting out his vision for an economic recovery, the Prime Minister promised to "build back better". In his speech on the economy in June 2020, Boris Johnson lamented the failure of the state over many years to build enough new homes and asserted that "we will build fantastic new homes on brownfield sites". Furthermore, the Government has recommitted to its target of delivering an average of 300,000 new build homes a year by the mid-2020s.



The role of brownfield in this has been emphasised in the change to the housing formula put forward in the Government's Planning for the Future White Paper. To this end, it is critical to get the most value possible out of developments on these sites.

Retirement housing is likely to be welcomed by the majority of residents. Our UK-wide polling found that it was among the three developments with the highest net approval ratings, alongside care homes and developments of family homes. The polling also found that local job creation is the number one most important aspect for a new development in the eyes of local people.

In the following chapters, we set out the unique social and economic contribution that retirement properties can play in boosting local economic output and creating local jobs, revitalising the high street and greening local communities. These are economic benefits that stem from factors unique in these developments including their specific building designs, central location and residents' spending habits. And they are benefits that are unlikely to come from other types of properties, as can be seen in the annex.

In our modelling, we have shown the "absolute benefits" of retirement properties, in other words those benefits compared to allowing brownfield sites to lay undeveloped. We have also compared those benefits to those yielded by other types of residential developments, namely housing and blocks of flats. In these tables, all the benefits are stated in full time equivalent jobs and in Gross Value Added for easy comparison. In the report itself, however, where it makes more intuitive sense, other metrics are used.

Through our modelling we can therefore see how building specialist retirement properties makes sense for all types of local authorities who need to accommodate new housing and want to see brownfield sites prioritised to achieve this in a way that delivers maximum economic benefit locally and benefits the local community most effectively.

This report is the third in a series of reports looking at the socio-economic benefits of retirement housing, with previous reports having shown how helping more people to access specialist retirement housing would improve older peoples' wellbeing, save money for the NHS and stimulate both ends of the housing market.

Our first report revealed how moving from existing mainstream housing to specialist retirement properties can improve the mental and physical health of our ageing population, with an average Homes for Later Living resident aged 80 feeling as good as someone 10 years younger, when measured on a selection of national wellbeing criteria. The resulting reduced health challenges could bring about significant savings for the NHS and social care budgets. Most notably, we found that each Homes for Later Living resident contributes to fiscal savings to the NHS and social care services of approximately £3,500 per year.

Our second report looked at how building more Homes for Later Living developments would help to unblock the housing market. It revealed that a quarter of people over 65 want to downsize and it showed how helping to make this happen would be beneficial to younger generations. For example, in this report we also showed that, through the chain effect, roughly two in every three retirement properties built releases a home suitable for a first-time buyer further down the chain.

In the third and final report of this series, we build on our previous findings to show that Homes for Later Living developments can be key to building back better in local communities. On top of the benefits outlined in previous reports, we can see that building more specialist retirement properties would do more than any other type of residential development to drive up the numbers of local jobs, boost local economic activity, and bring vibrancy to our local high streets.



Previous research

This report is the last in a series of three pieces of research, each highlighting different benefits brought about by Homes for Later Living developments.

Our first report, Happier and Healthier, explored how specialist retirement housing can improve residents' wellbeing and generate savings for Government. It showed that:

- On a selection of national well-being criteria such as happiness and life satisfaction, an average person aged 80 feels as good as someone 10 years younger after moving from mainstream housing to housing specially designed for later living.
- Each person living in a Homes for Later Living property enjoys fewer health risks, contributing to fiscal savings to the NHS and social care services of approximately £3,500 per year.

Our second report, Chain Reaction, demonstrated how helping more people who wish to downsize would be beneficial to the wider housing market, freeing up thousands of family-sized homes as well as those for first-time buyers. It showed that:

- Approximately 3 million people in the UK over the age of 65 (or 25%) want to downsize.
- Every Homes for Later Living property sold is estimated to generate at least two moves further down the housing chain, freeing up homes at differing stages of the housing ladder for different demographics.
- Roughly two in every three retirement properties built releases a home suitable for a first-time buyer down the housing chain. A typical Homes for Later Living development therefore results in at least 27 first time buyer properties being released onto the market.

Sarum Lodge, Salisbury





Public attitudes towards retirement housing

Homes for Later Living developments may bring numerous economic benefits to local areas but how welcome are they in the eyes of local residents?

Our UK-wide polling indicates that the vast majority of people would approve of retirement housing being built near them. Indeed, when people were asked whether they would approve or disapprove of certain developments being built within a mile of their home, retirement housing was among the three developments with the highest net approval ratings. The other two highest scorers were care homes and developments of family homes.

Across the UK, retirement housing scored a net 68% approval rating - rising to 70% in London and south west. This was slightly higher than the rating given to a development of first time buyer homes (67%) and significantly higher than the rating given to a conventional block of flats (45%) and a development of student accommodation (42%).

The approval rating given to retirement housing was also significantly higher than was given to commercial developments of all kinds. For example, a commercial development (retail) got a 47% net approval score and a commercial development (offices) scored 41%.

More generally, our polling established that more people than not want to see some kind of new housing built near where they live. A third of people think it is important that homes are built in their local area, compared to a quarter who do not.

Finally, our polling asked people what, if anything, they thought was particularly important in any new building development in their local area. The highest scoring answer here was “creating jobs” with 50% of respondents opting for this. Also scoring highly on 42% was “leads to more money being spent in local shops and businesses”.

Savanta ComRes polled 2178 adults across the UK from 27-29 November 2020.



Summary of benefits

The figures presented in this report are net additional figures, which show the benefits of retirement developments versus a counterfactual. The below table highlights the benefits of Homes for Later Living developments versus letting a site remain undeveloped. This is in line with best economic practice. N.B. these figures are not the same as direct employment figures. Averages for direct employment can be found in the annex.

	45 apartments – i.e. the benefits of a typical Homes for Later Living development	30,000 apartments – i.e. one year of national building, 10% of the new homes target and the current level of demand	300,000 apartments – i.e. 10 years of national building
Construction	• 85 construction jobs for the duration of the build • £7.6m in gross value added in the local area	• 14,820 construction jobs for the duration of the build • £1.4bn in gross value added nationally	• 14,820 jobs sustained for 10 years • £14bn in gross value added nationally
Repairs and Renovations	• 1 permanent jobs • £1.6m in gross value added in the local area	• 174 permanent jobs • £285m in gross value added nationally	• 1,740 permanent jobs • £2.85bn in gross value added nationally
Management and Care	• 2.3 permanent jobs • £1.6m in gross value added in the local area	• 523 permanent jobs • £366m in gross value added nationally	• 5,230 permanent jobs • £3.66bn in gross value added nationally
High Street Spend ³	• 3.2 permanent jobs on the high street • £2.25m of gross value added to the high street	Displacement would mean benefits would net off nationally.	Displacement would mean benefits would net off nationally.
Total	• 85 construction jobs for the duration of the build • 6.4 permanent jobs • £13m in gross value added in the local area	• 14,820 construction jobs for the duration of the build • 700 permanent jobs • Nearly £2bn in gross value added nationally	• 14,820 construction jobs sustained for 10 years • 7,000 permanent jobs • Nearly £20bn in gross value added nationally, equivalent to 1% of GDP



Boosting local economies through jobs and growth

- A typical retirement development of 45 units could generate over £13m of additional economic activity in a local area, compared to letting a brownfield site lay undeveloped.
- Building 30,000 retirement properties could generate £2bn of economic activity across the country every year, compared to leaving sites undeveloped.
- A typical retirement housing development could also generate 85 additional construction jobs.
- There would also be permanent jobs created in management and maintenance of retirement developments as well as the renovation works and investment that follow moves further down the housing chain.

There has never been a more urgent time for stimulating local economic growth and revitalising our communities. Construction is central to this mission and the Prime Minister has called for an “infrastructure revolution” to “repair and refurbish the fabric of our country”.

The Planning White Paper is intended to help deliver this revolution through modernisation of the planning system and will help to drive up the number of new homes being delivered. The great hope is that a burst of construction will generate the kind of economic growth that this country needs to get back on track from the pandemic. The changes made to the planning algorithm have further evidenced the need to make the most of our brownfield sites.

For local authorities who need to accommodate challenging housebuilding targets but are seeking to protect greenfield sites there is a strong case for factoring specialist retirement properties into these plans.

We already know that this type of housing is largely focused on brownfield land. In fact, for one operator of retirement housing 97% of sites are on brownfield land. We know that it meets a critical need to enable older people to stay in their own homes for longer, thereby reducing health risks and generating significant health and social care savings. And we know that it stimulates both ends of the local housing market, ultimately releasing more for first time buyers.

Now we can also see how retirement housing can boost local economic growth and create jobs. These benefits stem from construction activity, repairs, renovations and onsite management and care jobs including property managers, gardeners, window cleaners among others.

That said, there is no suggestion that specialist retirement housing should come at the expense of new conventional housing in any area. Rather, specialist retirement housing should be built in addition to conventional housing to ensure that we have the diverse housing stock we need, offering choice to potential purchasers and tenants. This will mean that the many benefits brought by specialist retirement housing do not come at the expense of existing housing aimed at families and young people.

The importance of building

Construction of any kind is critically important to economic growth. A site laying undeveloped carries a major opportunity cost. In order to grasp the full extent of this cost, we have modelled out the economic comparison of building Homes for Later Living developments on brownfield sites versus allowing those sites to lay undeveloped.

Our estimates show how construction activity and other factors combine to bring substantial economic benefits. We found that building 30,000 retirement properties a year would add £2bn a year to the UK economy through additional economic activity, partly owing to the specific construction requirements of our properties. It would add 15,000 total construction jobs for the duration of the construction, as well as 700 permanent jobs in the management, renovation, and care work associated with retirement properties and the downstream renovation of properties in the existing housing stock.

Research undertaken on behalf of the CBI as well as research done by FTI Consulting, cited by Shelter, shows that for every pound of capital spent in construction, between £2.09 and £2.80 was returned to the local economy.⁴

If the Government undertook a 10 year programme of building 30,000 retirement properties each year, we could therefore expect to see nearly £20bn added to the UK economy. On top of this would be 15,000 construction jobs sustained over 10 years and 7,000 jobs in the management, renovation and care jobs associated with retirement properties. These include managers, carers, gardeners and others who help to ensure that Homes for Later Living developments are vibrant and happy communities.

Over the lifetime of the 300,000 developments, this would be equivalent to adding nearly 1% to UK GDP, just by building one type of housing at the level of demand that exists for that kind of property.

The benefit of Homes for Later Living versus other developments

Having established the economic benefits of Homes for Later Living developments, the question is: how do these economic benefits compare to those that other residential units can provide to our local communities?

The answer is that Homes for Later Living developments compare favourably to both conventional houses and apartments, with additional economic benefits and additional jobs created, which are derived from multiple factors.

Firstly, the majority of retirement living developments are on brownfield sites near town centres and local transport links, this being a key driver of reduced car use and increased local spend.

Secondly, retirement properties employ additional staff, in management, care and service roles which have been included in the model, as well as bringing in local residents for part-time work like hairdressing for the residents, which has not. The manager is a net additional job compared to conventional houses, as will be the services of a gardener, cleaner and maintenance staff. In some cases, and in all Extra Care developments, there will also be a team of newly appointed on-site carers, as well as caterers and hospitality staff. These benefits are enumerated in the annex.



Thirdly, building retirement properties will free up more second-hand homes than building conventional apartments or houses for open market sale. The effect of this is to increase the number of moves occurring in the existing housing stock. When this happens, the numbers of renovation and repairs are increased. Our previous report, Chain Reaction, showed that older households tend to 'stay put' in their family home beyond the age of 65, partly due to the lack of availability of attractive downsizing options. Of course, building high quality retirement properties is one way to ensure that those looking to downsize have more options to choose from.

The construction benefits themselves are also large and derive from the particular specifications and requirements of building retirement properties.

Our modelling shows how retirement properties free up considerably more local homes in the chain of transactions than conventional flats and houses for open market sale. These additional freed up homes will create additional renovation and repair activity. Some of this work will be DIY efforts, but otherwise the use of tradesmen such as decorators, bathroom and kitchen fitters, central heating or window installers will support jobs and generate economic benefits nationally and locally. There may also be additional economic benefits through the local purchase of materials.

DIY efforts, but otherwise the use of tradesmen such as decorators, bathroom and kitchen fitters, central heating or window installers will support jobs and generate economic benefits nationally and locally. There may also be additional economic benefits through the local purchase of materials.

Pegasus Jesmond Assembly - from school site to specialist retirement housing

One current example of a site development is the Pegasus Jesmond Assembly in Newcastle-Upon-Tyne. In July 2016 Central High School for Girls merged with Church High School to become Newcastle High School for Girls. The former school site became vacant in December of that year. A planning application to redevelop the site was submitted and approved by Newcastle City Council in 2018 for 63 much needed homes exclusively for the over 60s in Jesmond. The development is over five floors, with shared communal facilities including a shared landscape deck to the rear, communal lounge and social kitchen. Construction is due to be completed in early 2021, with owners and tenants moving in Spring 2021.

The development was designed by local award winning architects Faulkner Browns, with Tolent appointed as main contractor. Tolent is a local business established in 1983, that has since grown into one of the North East's largest construction companies. With 20 people employed directly by Tolent on site and a further 26 subcontracts. At any point in time, there are between 100-125 subcontractors on site. 95% of the contractors are local to the Newcastle City Region, employing local labour and providing apprenticeships on site to help train and develop skills for the next generation of construction workers.



Some of the jobs at Homes for Later Living developments

Alongside the construction jobs brought about by the development of specialist retirement properties, there are a host of management, renovation and care jobs associated with Homes for Later Living schemes. For example:

A **House Manager** oversees front of house management, facilities, event coordination and customer service in a typical Homes for Later Living property of 45 units. They help homeowners settle into their new homes and remain on hand to offer help, support and advice as necessary. The House Manager also provides a professional front of house service, welcoming visitors, and helps to maintain a safe, secure, well maintained and pleasant environment.

An **Estate Manager** is a pivotal point in an Extra Care retirement community, leading the care and support and duty management teams and working with colleagues across the wider business to deliver operational requirements. An Estate Manager will have full accountability for the successful day-to-day running of a development and its budget requirements. They will also coordinate and facilitate activities in communal lounges to improve social and physical opportunities for residents.

A **care and support assistant** plays a vital role in empowering our residents to live life to the full through domestic support and housekeeping and personal care, including bathing, dressing, toileting and help with mobility. They may also provide lifestyle services such as chaperoning homeowners to medical appointments, and/or other community related services, or simply offering social support.





A day in the life of an Estate Manager during the pandemic

Rhona Hill is Estate Manager at the Dairy in Tunbridge Wells, a community of people over 70 who live independently in their own apartments, whether privately owned or rented. She is responsible for the smooth day-to-day running of the community and is the first port of call for the retirees who have made the development their home.

When Covid-19 arrived in the UK last year and the country went into lockdown, life took an unexpected turn for Rhona, her colleagues and residents.

She says: “In my role as an Estates Manager, no two days are ever really the same, especially since the world was turned upside-down in the wake of the Covid-19 outbreak. Since March last year, my day-to-day role has been governed by the needs of the homeowners, whether it is helping them FaceTime loved ones, picking up essentials or just being a friendly face to chat to.

“The biggest challenge here at The Dairy has been fitting everything into one day, it’s been a huge team effort and we are lucky enough that we haven’t had any Covid-19 cases, a testament to everyone’s hard work.”

Rhona and the team have dedicated their time to helping homeowners by posting letters and fetching all of their groceries, and they continue to do everything that is needed to minimise the number of trips homeowners feel they need to make outside of the development to help keep them safe.

“We were lucky enough to be able to host a range of socially distanced outdoor activities over the summer months, with homeowners enjoying live performances from local musicians, sweet treats and coffee in the gardens as well as themed quizzes delivered through their doors,” she says.

Speaking of her enjoyment for her role, Rhona says it is especially rewarding to be able to take the hard work away from the homeowners and support them to lead their independent lives. “Usually within six months of moving-in to The Dairy, the homeowners blossom into what I can only describe as what they would have been like ten years prior - relaxed, happy and full of life. It’s a joy to witness,” she says.

Rhona adds: “The support that both the team and the homeowners have received from McCarthy Stone has been second to none. McCarthy Stone have sent magazines to the development for the homeowners to enjoy, hosted virtual talks, a chess club and created quiz and puzzle sheets to keep everyone entertained. As employers, they have been phenomenal. The team and I have been constantly informed and kept up-to-date and they have ensured that all of the staff feel appreciated and supported through this difficult time.”



CHAPTER

2

Reviving the high street

- **Homes for Later Living Developments are typically located on or close to high streets, ensuring the residents have easy access to local shops and services.**
- **On average, 63% of residents' annual expenditure is in local shops. This is much higher than the average local spend by 80+ year olds in the general population.**
- **The residents of a typical 45-unit retirement development generate £550,000 of spending per year, £347,000 of which goes to local shops, supporting retail jobs and keeping shops open.**
- **Assuming a shop has an owner and two full time equivalent employees, one Homes for Later Living development would support one shop on the high street.**

Retirement properties can have a further positive impact on the local economy through the purchasing power of Homes for Later Living residents, also known as the ‘grey pound’ effect. This spending by older people can help maintain outlets from the newsagents and the butchers to the flower shop and the local cafe - in other words the shops and community spaces which make up the heart of local communities.

In this section of the report we look specifically at the high street benefits. Other reports have included other local spending benefits like those on local contractors like window cleaners and gardeners. We include those benefits as part of our management and care figures.

We know that there is an increased likelihood of older residents spending their money locally, as opposed to nationally or online. And this is especially the case with residents of Homes for Later Living developments which tend to be brownfield sites in urban locations close to town centres or high streets where there are clusters of local shops and services, which will most likely also be already familiar to older residents but will benefit from the new-found immediate proximity.

Previous research found that people in a McCarthy Stone development regularly use shops and local facilities. The study for Henley Business School found that 80% of the residents used the shops almost daily or often; over 40% used the library or post office almost daily or often. In the schemes, owners were asked about the extent to which they used local services and facilities in their current home. More than three-quarters (78%) said that they used local shops at least once a week; and around 90% used local shops and/or supermarkets more than once a month. Other local services were also used regularly by residents, with around a quarter using services such as local taxis, hairdressers, pubs, cafes and restaurants more than once a week.⁵



In order to get an idea of how much residents of specialist retirement properties spend on retail items compared to residents of other housing developments, we started by looking at ONS figures for average annual spending by households by household age band. These show that people aged 75 and over spend an annual average of £13,354 – whilst this is not surprisingly a little less than other age brackets how it is spent is of greater significance. Our polling evidence suggests that over 80 year olds in the general population spend 45% of their money in local shops - similar to 35-64 year olds. But we should not assume the residents of retirement properties fall into line with all older people when it comes to spending habits. Indeed, our survey of residents tells a very different story.

Through our polling, we found that Homes for Later Living residents actually spend on average 63% of their money in local shops. This is much higher than the average local spend by 80+ year olds in the general population. This can be explained by residents’ close proximity to local shops, meaning that car journeys out of town often become unnecessary.

Using ‘propensities to spend locally’ we can apportion spending figures to households in alternative housing developments to get the aggregate spending in local shops and cafes. Were there to be other homes in the place of a Homes for Later Living development, it is difficult to ascertain whether this ‘proximity’ effect would have quite the same influence on the local spending propensity of younger households that would be living there. Therefore we have assumed two possibilities. The first is that younger household local spending propensities remain the same as the general population of the same age. The second is that they rise proportionately to the increase seen for Homes for Later Living residents.

Through our modelling, we can see that building retirement properties can be hugely beneficial to local high streets when co-located amongst shops, services and transport connections. The residents of a typical retirement development generate over £553,250 of spending per year. By our residents' survey, and based on where the residents were spending before moving into retirement properties, our modelling shows that just under 63% - or £347,441 - of this will be spent on the local high street every year. This amounts to £224,176 that previously was not spent on the local high street.

Our modelling estimates that for every one retirement housing development created in a local authority it has the potential to support more than 3 local retail jobs. Assuming that a small shop has 3 full time equivalent workers (possibly the owner and two employees) this is equivalent to each retirement property keeping one shop open on the high street. Over the lifespan of each development this is more than £2m of gross value added to each local high street versus building nothing. It is an additional £600,000 over using the same land to build conventional houses.

Finally, it is worth highlighting that unlike the construction impacts considered previously, these are ‘ongoing effects’ occurring through regular spending in shops in cafes each week over a 60-year period, which is how this report measures the lifespan of a development.



CHAPTER

3

Greening communities

- **With c. 97% of developments on brownfield sites, building Homes for Later Living properties helps to safeguard green field land.**
- **Many retirement developments are on the cutting edge of energy-efficiency and green generation.**
- **Younger families moving into vacated properties likely induce energy efficient renovations down the chain creating better energy efficiency across the market.**
- **We estimate that building one retirement development of 45 units takes up to 15 cars off the roads.**

Homes for Later Living properties do not just bring economic benefits to communities. Both the developments and the residents that live in them can bring a number of environmental benefits.

We have already noted that the vast majority of sites used for Homes for Later Living are previously developed brownfield land. Whether that is a former garage, an old police station or surplus municipal building, this means that retirement developments often contribute to saving green fields and reducing green belt encroachment across the UK.

Land near retirement properties can also benefit as developers take steps to create habitats that will benefit local wildlife and enhance an area’s appearance for local people to enjoy. This is the case in Thame, Oxfordshire, where Churchill Retirement Living has teamed up with a local environmental group on plans to create a new bio-diverse area of land opposite a new development. Prompted by support for principles embraced in the ‘Thame Green Living plan’, there are plans to sensitively landscape and plant the area with a variety of native trees, shrubs and flowers.

Inside Homes for Later Living developments, apartments typically include electric hobs and electric heating, pre-empting the Government’s forthcoming move away from gas boilers. Many properties, including 50% of McCarthy Stone developments, now have smart meters installed, encouraging more efficient energy consumption. This both reduces carbon in the environment and also saves money for our residents.

Homes for Later Living EPC ratings are largely in line with the new build average (EPC band B), making them more energy-efficient than the UK-wide average (EPC band D). We also know that long time residents are less likely to upgrade their homes, and so residents moving into Homes for Later Living are likely to induce higher energy efficiency in properties down the chain.



As the Government aims to reach net zero carbon emissions by 2050, all Homes for Later Living developers are committed to playing their part by exploring new, efficient and sustainable systems. For example, Churchill Retirement Living properties are pioneering use of air and ground source renewable heat pump technology, which reduces energy bills and cuts CO₂ emissions by as much as 75%.

Alongside measures to promote low energy usage, a number of developments have car club partnerships with rental firms to reduce car usage. Some developments now have electric car charging points and this is something we fully expect to see more with sales of new petrol and diesel cars to end in the UK by 2030.

Already, Homes for Later Living residents are helping to reduce levels of pollution and carbon output in the local community by driving less. Instead of getting in the car, the location of most developments means that shops and high streets can be reached on foot. For when desired destinations are not in easy walking distance, many schemes are also on bus routes.

Going by our resident polling, we can see that half of those still driving say that they drive less than they did before moving. Nearly half of those who don't drive have given up because of moving to a retirement property.

Broadly, Homes for Later Living residents are a third less likely to drive - 51% vs 77%. This reduced likelihood of driving can almost wholly be attributed to those saying that moving to a Homes for Later Living property meant that they chose to give up driving.

Looking at self-reported driving among our residents, our analysis suggests that building 45 Homes for Later Living properties could take up to 15 cars off the roads who would otherwise drive a collective roughly 1,800 miles a week.

It is critical to note that these benefits do not come at the expense of residents' independence. Rather, residents are likely more mobile because of the proximity of our properties to local high streets and shops. Our residents also show wellbeing scores consistent with people 10 years younger than them in the general population.

Car Clubs - helping residents to rent electric and hybrid vehicles

People living in selected McCarthy Stone developments have been taking to the road following the introduction of an innovative 'pay as you go' Car Club initiative.

In partnership with Enterprise, McCarthy Stone has provided residents with access to a dedicated all-electric vehicle, which is available to rent for anything from 30 minutes to a couple of days – meaning residents can make short journeys to the shops and enjoy days out or even weekends away.

The scheme is aimed at retirees who don't want to give-up driving for good but are looking for an alternative to the responsibility and hassle of having to maintain their own vehicle. But the use of electric and hybrid vehicles across McCarthy Stone's fleet of Enterprise cars does not just benefit residents who want to get behind the wheel.

With electric vehicles having 43 percent less carbon emissions compared to the average UK car, as the programme expands it is set to have environmental benefits for many local areas. Furthermore, Car Clubs have been shown to lead to a reduction in car ownership among members, as well as a reduction in car usage in the 12 months after becoming a member.



Ground source renewable heat pump technology

At Churchill Retirement Living's Lewis Carroll Lodge in Cheltenham, residents have been making the most of the developer's pioneering use of ground source renewable heat pump technology.

Each apartment and all the communal areas at the Lodge have heating and hot water provided via the communal ground source heat pump. Designed and installed by sustainable energy company 'The Renewable Design Company', the pump system extracts heat directly from the earth to provide heating and hot water to residents.

The heat extracted from the earth is four times greater than the energy used by the process making it the most efficient heating solution for both cost and carbon emissions. At Lewis Carroll Lodge, the ground source heat pumps produce 33 tonnes of CO₂ per year to heat residents' apartments and to supply hot water compared to 134 tonnes of CO₂ per year generated by an electric heating system - a 75% reduction in CO₂ emissions.

On a recent visit, Cheltenham MP Alex Chalk (pictured) praised what he had seen as a "great example of sustainable, low carbon, development".

John and Doreen Pitt moved to Lewis Carroll Lodge last year and have been enjoying the benefits of a warm and cosy environment since then. "We think it's absolutely marvellous," says John. "The whole building is so nice and warm all the time that we've hardly had to use the heating inside our apartment."

"When we do turn it up a notch or two it's nice to know we don't have to worry about the cost or the environmental impact, as it's all so energy efficient and covered within our annual service."



Conclusion and recommendations

There is no doubt we need more housing of all types.

There is no doubt we need more housing for older people - we have an ageing population with increasing housing needs. It is estimated that 90% of the household growth until 2050 will be among our over 65 population. As a result, we have to build more suitable housing to cater for their specific needs.

Homes for Later Living has lacked priority in new housebuilding over many years. However this report shows that building more housing for older people will not only address the existing shortfall, it will do more than any other type of residential development to support local jobs, businesses and High Streets. It will also help improve the environmental footprint of a local area.

This is in addition to the clear socio-economic benefits identified in earlier reports which found that:

- On a selection of national well-being criteria such as happiness and life satisfaction, an average person aged 80 feels as good as someone 10 years younger after moving from mainstream housing to housing specially designed for later living.
- Each person living in a Homes for Later Living property enjoys a reduced risk of health challenges, contributing to fiscal savings to the NHS and social care services of approximately £3,500 per year.
- Roughly two in every three retirement properties built releases a home suitable for a first-time buyer. A typical Homes for Later Living development which consists of 40 apartments therefore results in at least 27 first time buyer properties being released onto the market.

Given that 1 in 4 over 65s want to downsize and in so doing will play their part in unlocking these benefits to society it only remains for Government, councils and house builders to play their part in making it possible. For this to happen we are calling for:

1. A commitment to building 10% of the Government's national house building target as retirement properties.

Having committed to building 300,000 new homes a year by the middle of this decade, ministers must now ensure that the right homes get built. With an ageing population, it no longer makes sense to focus almost exclusively on first-time buyers. We will need homes of different tenures to meet different demands.

We are therefore urging ministers to commit to building 30,000 retirement properties a year in England. This would be a tenth of the existing national target and would cater for the increased demand for quality homes among our ageing population. It would also be additional, and not in place of, existing supply. This is a target which is undeniably necessary – over the next decade 50% of the growth in the number of households will be amongst the over 80s.⁶ It is also a target which is realistic and acceptable to existing local communities.

2. All local plans have to include specific targets for approving Homes for Later Living.

Over 65 households will make up 90% of the household growth of the UK. We also know that 25% of this group want to downsize but many do not end up moving, causing a bottleneck at the top of the housing market.

All local authorities should be responding to the growing need for more suitable housing for older people in their local plans. To ensure that this is the case, the Government should require that local plans include an objectively assessed look at the need for types of housing by demographic, and that local authorities commit to building for this level of need.

Of course, no government can afford to ignore the many problems faced by the younger generation when it comes to housing. But as the UK gets older, action is urgently needed to ensure that all older people can live in suitable accommodation where they will experience healthy and happy retirements. Looking at the latest ONS household projections, we expect that the 3.9 million homes owned by those aged 65 and over today will grow to at least five million by 2030.

In this report, we have mapped a route for achieving both of these outcomes simultaneously. In doing so, we have demonstrated that helping more people to move into homes for later living would be a win-win for those politicians who are genuinely interested in bridging the growing generational divide.



Annex

The additional benefits of building specialist retirement properties versus building a conventional housing development on the same site:

Conventional housing developments are developments of family sized homes. There would be approximately 13 family sized homes on the same size development as 45 retirement properties.

	45 apartments – i.e. the benefits of 1 Homes for Later Living Development	30,000 apartments – i.e. one year of national building, 10% of the new homes target and the current level of demand	300,000 apartments – i.e. 10 years of national building
Construction	• 46 jobs for the duration of the build • £4.2m of gross value added in the local area	• 8163 jobs for the duration of the build • £737m in additional economic activity	• 8163 jobs sustained for 10 years • £7.4bn in additional economic activity
Repairs and Renovations	• 1 permanent job • £1.6m of gross value added in the local area	• 174 permanent jobs • £285m in additional economic activity	• 1740 permanent jobs • £2.9bn in additional economic activity
Management and Care	• 2.3 permanent jobs • 1.6m of gross value added in the local area	• 523 permanent jobs • £366m of gross value added in the local area	• 5230 permanent jobs • £3.7bn of gross value added in the local area
High Street Spend	• 2.3 permanent jobs on the high street • £1.6m of additional spend on the high street	Displacement would mean benefits would net off nationally.	Displacement would mean benefits would net off nationally.
Total	• 46 construction jobs for the duration of the build • 5.4 permanent jobs • £9m of gross value added in the local area	• 8163 construction jobs for the duration of the build • 700 permanent jobs • £1.4bn in additional economic activity	• 8163 construction jobs sustained for 10 years • 7000 permanent jobs • £14bn in additional economic activity

The additional benefits of building retirement properties versus building a conventional block of flats on the same site:

Conventional apartments are suitable for first time buyers and there would be 31 first time buyer flats on the same size site as a retirement development.

	45 apartments – i.e. the benefits of 1 typical Homes for Later Living development	30,000 apartments – i.e. one year of national building, 10% of the new homes target and the current level of demand	300,000 apartments – i.e. 10 years of national building
Construction	• 30 jobs for the duration of the build • £2.7m of gross value added in the local area	• 5231 jobs for the duration of the build • £476m of additional gross value added nationally	• 5231 jobs sustained for 10 years • £4.8bn of additional gross value added nationally
Repairs and Renovations	• 1 permanent job • £1.6m of gross value added in the local area	• 166 permanent jobs • £277.4 of additional gross value added nationally	• 1,660 permanent jobs • £2.8bn of additional gross value added nationally
Management and Care	• 2.25 permanent jobs • 1.6m of gross value added in the local area	• 523 permanent jobs • £366m of gross value added nationally	• 5230 permanent jobs • £3.6bn of additional gross value added nationally
High Street Spend	Negligible	Displacement would mean benefits would net off nationally	Displacement would mean benefits would net off nationally
Total	• 30 construction jobs sustained over the duration of the build • 3 permanent jobs • £5.8m of additional gross value added in the local area	• 5231 construction jobs for the duration of the build • 689 permanent jobs • £1.1bn of additional gross value added nationally	• 5231 construction jobs sustained for 10 years • 6890 permanent jobs • £11.2bn of gross value added nationally

Retirement Living and Extra Care developments:

Some developments are Retirement Living only properties and some our Extra Care properties which have additional care associated with them. The models for the benefits of a single one of these developments are below as well as the comparison, where appropriate, to the general model. An Extra Care development directly employs c. 17 people. A single Retirement Living development directly employs c. 1 person. The below numbers are net additional jobs in the local community resulting from the development of either a standard Retirement Living development and an Extra Care development versus a series of counterfactuals.



Construction activity local GVA & jobs, per 45 RL or RL+ homes developed

Additional local GVA				Additional local jobs			Duration of jobs
	v std flats	v std houses	v fallow	v std flats	v std houses	v fallow	
RL	+£2.4m	+£3.87m	+£7.29m	+27	+43	+81	1 year
RL+	+£3.9m	+£5.4m	+£8.8m	+43	+60	+98	
RL:RL+ 80:20 (General model)	+£2.7m	+£4.2m	+£7.6m	+39	+46	+85	

Renovation & repair activity GVA & jobs, per 45 RL or RL+ homes developed

	Additional local GVA			Additional local jobs			Duration of jobs
	v std flats	v std houses	v fallow	v std flats	v std houses	v fallow	
All	+£1.6m	+£1.6m	+£1.6m	+1	+1	+1	Permanent

Retail spending activity local GVA & jobs, per 45 RL or RL+ homes developed

	Additional local GVA			Additional local jobs			Duration of jobs
	v std flats	v std houses	v fallow	v std flats	v std houses	v fallow	
All	0	+£1.6m	+£2.25m	0	+2.3	+3.2	Permanent

Management / social care activity local GVA & jobs, per 100 RL or RL+ homes developed

Additional local GVA				Additional local jobs			Duration of jobs
	v std flats	v std houses	v fallow	v std flats	v std houses	v fallow	
RL	+£1m	+£1m	+£1m	+1	+1	+1	Permanent
RL+	+£3.7m	+£3.7m	+£3.7m	+8	+8	+8	
RL:RL+ 80:20 (General model)	+£1.6m	+£1.6m	+£1.6m	+2.3	+2.3	+2.3	

Endnotes

- 1

This is for an 80:20 Retirement Living / Extra Care development. Extra Care developments (also known as Retirement Living Plus developments) typically "net add" around 12 permanent jobs to the local community. Extra care developments employ c 17 people directly. The lifetime of a development is cited as 60 years in line with best practice.
- 2

Knight Frank, ‘Retirement housing 2016’ https://www.housinglin.org.uk/_assets/Resources/Housing/OtherOrganisation/KF_Retirement_Housing_2016.pdf
- 3

Some spending benefits could fit across multiple buckets. For example, a study by the Institute of Pubic Care in 2014 for McCarthy Stone includes different benefits in its retail spend that we have included in our Management and Care numbers which makes up the vast majority of the difference between these two figures
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