

# APPENDICES

**APPENDIX A: Housing Markets and  
Independence on Old Age: Expanding the  
Opportunities by Professor Michael Ball**



# 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.

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## 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.

# APPENDICES

## APPENDIX B: The Top of the Ladder by Claudia Wood, DEMOS



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

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## THE TOP OF THE LADDER

Claudia Wood

DEMOS

Demos is Britain's leading cross-party think tank. We produce original research, publish innovative thinkers and host thought-provoking events. We have spent 20 years at the centre of the policy debate, with an overarching mission to bring politics closer to people.

Demos is now exploring some of the most persistent frictions within modern politics, especially in those areas where there is a significant gap between the intuitions of the ordinary voter and political leaders. Can a liberal politics also be a popular politics? How can policy address widespread anxieties over social issues such as welfare, diversity and family life? How can a dynamic and open economy also produce good jobs, empower consumers and connect companies to the communities in which they operate?

Our worldview is reflected in the methods we employ: we recognise that the public often have insights that the experts do not. We pride ourselves in working together with the people who are the focus of our research. Alongside quantitative research, Demos pioneers new forms of deliberative work, from citizens' juries and ethnography to social media analysis.

Demos is an independent, educational charity. In keeping with our mission, all our work is available to download for free under an open access licence and all our funders are listed in our yearly accounts. Find out more at [www.demos.co.uk](http://www.demos.co.uk)



## 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.<sup>1</sup>
- 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) property<sup>2</sup> – with nearly half being three-bedroom and 20 per cent being four-bedroom homes.<sup>3</sup>
- If those wanting to buy a retirement property were able to do so, this would release £307 billion worth of housing.<sup>4</sup>
- 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,<sup>5</sup> freeing up 3.29 million properties, including nearly 2 million three-bedroom homes.<sup>6</sup>

- If just half of those interested in downsizing more generally were able to do so, 4 million older people would be able to move,<sup>7</sup> 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.

# APPENDICES

## APPENDIX C: Creating Housing Choices for an Ageing Population by Shelter



Policy: report

# A better fit?

Creating housing choices for an ageing population



# Shelter

# 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:

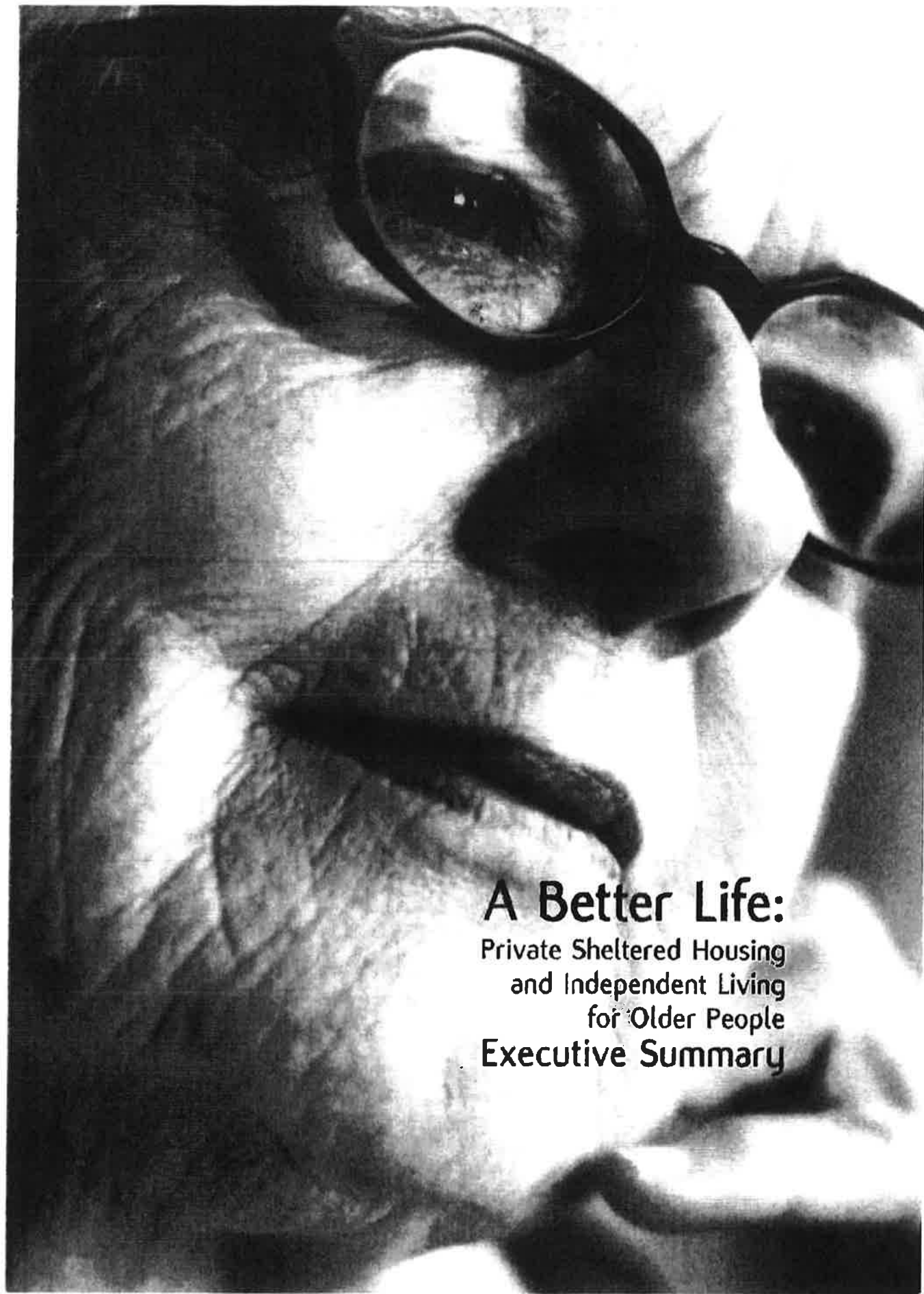
- A market assessment of housing options for older people carried out by the New Policy Institute (NPI) on behalf of Shelter and the Joseph Rowntree Foundation. The full analysis can be downloaded from NPI's website at [www.npi.org.uk](http://www.npi.org.uk)
- A survey of respondents aged 55 and over 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.



# APPENDICES

## APPENDIX D: A Better Life: Private Sheltered Housing and Independent Living for Older People Creating Housing Choices for an Ageing Population by The Opinion Research Business





## **A Better Life:**

Private Sheltered Housing  
and Independent Living  
for Older People  
**Executive Summary**

# 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.
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#### **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.
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# APPENDICES

## APPENDIX E: Identifying the Health Gain from Retirement Housing by The Institute of Public Care



## **Identifying the health gain from retirement housing**

**June 2012**

### **Executive Summary**

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## Key Points

### 1 The extent and impact of demographic change

- The 65+ population will increase by 51% and the 80+ population by 82%, over the next twenty years.
- Life expectancy is rapidly increasing. 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.
- Half of all housing equity is held by people aged 65 and over.
- In 2010 older people made a net contribution to economic wealth of around £40 billion across the UK. This is predicted to rise to £77 billion by 2030.
- Whilst life expectancy is increasing, the period of life lived disability-free is hardly changing.
- In 2011 an estimated 3.5 million people aged 65+ lived alone. This is projected to increase to just over 4.2 million by 2020 and to almost 5.3 million by 2030.

### 2 Housing tenure and preference

- Over three quarters of people aged 65-74 are living in property that they own.
- Twice as many people prefer to move to some form of sheltered housing as compared to residential care.
- Over six million older people are interested in the idea of retirement housing, or would be in the future.
- Despite 76% of older people being home owners 77% of specialist housing is for rent and only 23% for sale. Fewer than 40,000 specialist housing units are Extra Care housing. In comparison there are over 18,000 care homes with some 470,000 places.

### 3 The health of older people

- Nearly half of all disabled people are aged 65 and over.
- It is estimated that a third of people aged over 65 will develop dementia at some point in their older age.
- Older people are more likely to be vulnerable to cold weather.
- Proportionally, older people are most at risk of a fall.
- The combined cost of hospitalisation and social care for hip fractures (most of which are due to falls) is estimated at £2 billion a year.
- 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.
- Visual impairment leads to 90,000 falls per year in England and Wales at a cost of £130 million per year.
- One in four older people have symptoms of depression that require treatment.

#### 4 What impact can housing have on health and well-being?

- Good housing design and housing adaptations can help reduce falls through removing or reducing home hazards
- 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.
- Excess winter deaths are almost three times higher in the coldest quarter of housing than in the warmest.
- Residents with bedroom temperatures at 21°C are 50% less likely to suffer depression and anxiety than those with temperatures of 15°C
- There is a 30% increased risk of hip fracture in older women if they are suffering from depression.
- In homes that have received home energy improvements, almost a quarter of respondents report an easing of chronic conditions such as arthritis.
- Social isolation among older people is exacerbated by living in a cold home. 11% of people aged 65 or over are often or always lonely.

#### 5 The retirement housing choice

Designated housing	Specialist housing/ sheltered housing	Very sheltered / extra care / assisted living / retirement communities
<ul style="list-style-type: none"> <li>• Housing designed to be purchased by or allocated to older people but with no additional services other than those widely available within the community</li> </ul>	<ul style="list-style-type: none"> <li>• Housing schemes with some elements of support built in. This maybe through having access to a warden or scheme manager and alarm systems.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

#### Key features

- Designated land and accommodation
- Warm accessible accommodation
- Companionship and security
- Access to care and support
- Emphasis on offering quality of life



## **6 What is the impact of retirement housing on the health of older people?**

### **Health gain**

Residents in specialist housing for older people can have a significant positive impact on health.

- Extra Care housing produces considerably lower rates of mortality than a matched sample in care homes. Over 40% of people have a better level of physical functioning after moving.
- Specialist housing is associated with a reduced level of expected nights spent in hospital. This is estimated as producing an annual cost saving to the NHS of £2,598 per resident per annum.
- A significant proportion of those who enter Extra Care housing with care needs will go on to experience an improvement in their health corresponding to a reduction in the care package received.
- Residents of Extra Care housing are less likely to enter institutional accommodation.
- Over 50% of residents believe that private sheltered housing helps to promote good health. More than half of all residents (55%) consider their health to be good or very good.
- On average residents of retirement living schemes experience a 35% improvement in mobility and 20% in functions of daily living. There is also a 25% reduction in the use of medication by residents.
- The fall rate in the Extra Care housing population is 18% lower than in a similar advantaged population in receipt of care in the community.

### **Better use of health resources**

- Health benefits for residents in specialist housing 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 studied 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,<sup>1</sup> found that the better health enjoyed by those living in the scheme led to a 50% reduction in health care costs through a reduction in the intensity of nurse consultations and hospital visits.

<sup>1</sup> *Bäumker et al (2008). Costs and outcomes of an Extra Care housing scheme in Bradford. Joseph Rowntree Foundation.*

### Quality of life and well-being

- In a study conducted with McCarthy and Stone residents in specialist housing, 92% reported themselves as very happy or mainly contented with their new accommodation 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.
- The Bradford study found that *"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"*<sup>2</sup>.
- Biggs' study found that *"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 Smith<sup>3</sup> 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

In a series of interviews conducted by the Institute of Public Care (IPC) for the Housing Corporation<sup>4</sup>, managers were asked to assess the impact on health and well-being of a move to Extra Care housing. The responses were as follows:

<b>Table 5: Managers views of the gains from Extra Care Housing</b>			
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

<sup>2</sup> Croucher K et al (2006). Housing with care in later life. Joseph Rowntree Foundation

<sup>3</sup> Greenwood C and Smith J (1999). Sharing in Extra Care. Hanover Housing Group.

<sup>4</sup> Housing Corporation (2007). Raising the stakes: Promoting Extra Care housing.

**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
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	

### Economic Benefits

Frontier Economics, for the Homes and Community Agency, estimated that the net impact of capital funding for specialist housing on the cost of wider public services is a saving of £444 per person per annum. *N.B. Their estimates were mainly directed at housing for rent, the gain would be greater where owner occupiers purchased housing using their own assets.*

When combined with the economic benefit of freeing up family housing then an estimate of minimum net gain from a moderate increase in the supply of retirement housing suggests that by 2033 the saving could be at least £307 million per annum<sup>5</sup>.

Retirement  
housing offers...



<sup>5</sup> 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.

## **7 Conclusions**

For local communities more owner occupied retirement housing offers:

- A reduction in expenditure on health provision through people purchasing into retirement housing schemes using their existing equity.
- A release of family housing through older people moving.
- A stimulus to local economies through increased housing development.

For older people more retirement housing offers:

- An improved lifestyle and health gain.
- A lessening of anxiety about their existing accommodation that people find increasingly hard to maintain.
- The potential to hold onto a substantial amount of their existing housing equity.
- Reduced heating and maintenance bills

# APPENDICES

## Appendix F Homes for Later living Reports





# 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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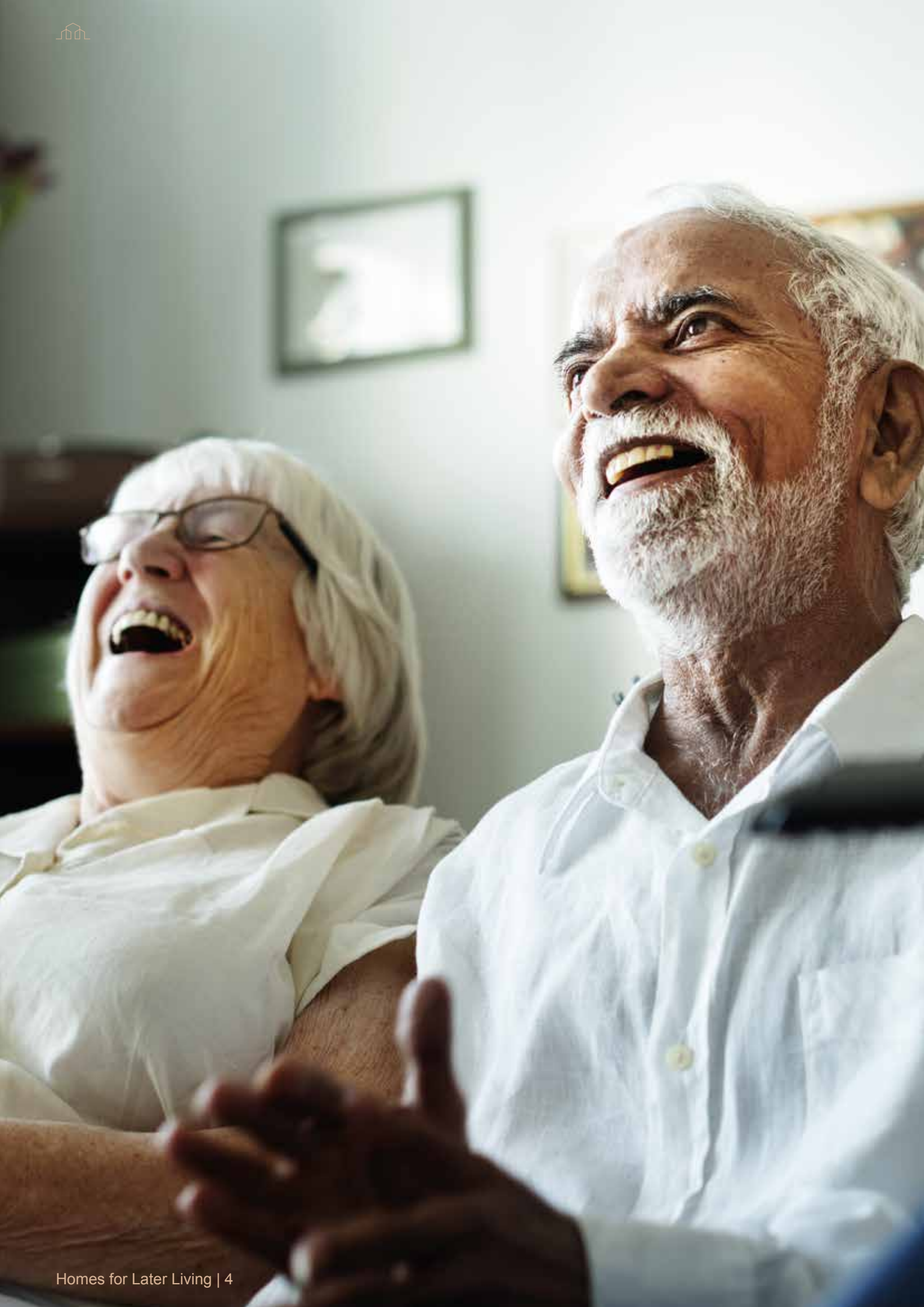
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# Foreword

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

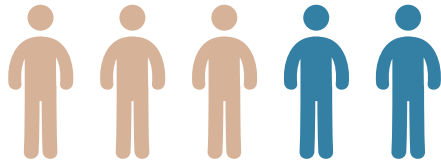
This report is the first of three explorations of the case for building more homes for later living. In future studies, we will investigate the positive impact that more homes for later living would have on the wider housing market and we will assess the significant benefits that local communities receive 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.

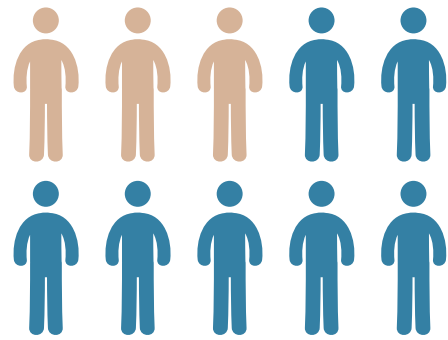
However, it is the significant potential fiscal savings that should make all politicians sit up and take note. Any policy-maker looking to mitigate increasing costs to the state associated with an ageing population cannot afford to ignore these findings.

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

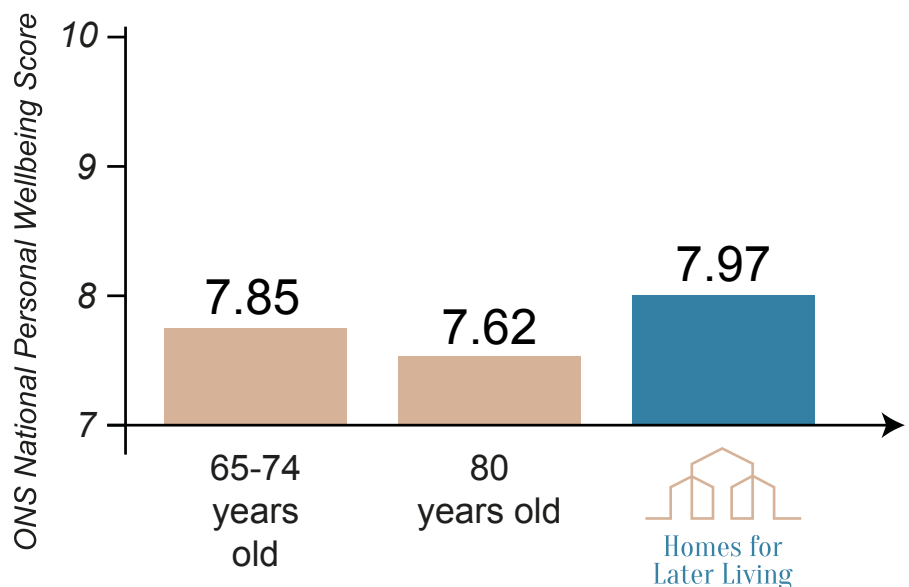
Building more homes for later living could

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.<sup>1</sup>

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.<sup>2</sup> 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'.<sup>3</sup> According to the last available figures, 39% of first-time buyers had help from family or friends, while 10% used an inheritance.<sup>4</sup> 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.<sup>5</sup> 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.<sup>6</sup> 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,<sup>7</sup> 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.<sup>8</sup>

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.<sup>9</sup>

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.<sup>10</sup> 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.<sup>11</sup>

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.<sup>13</sup> 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,<sup>14</sup> and around half of people aged 80 and over fall at least once a year.<sup>15</sup>

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.”<sup>16</sup>

## 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.”<sup>17</sup>

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.<sup>18</sup>

## 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.<sup>19</sup> Projections from Age UK suggest that this could rise to two million people within the next 10 years.<sup>20</sup> 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.<sup>21</sup> 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,<sup>22</sup> and 1.9 times more likely to develop dementia in the following 15 years.<sup>23</sup>

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.<sup>24</sup> 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.<sup>25</sup> 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.”

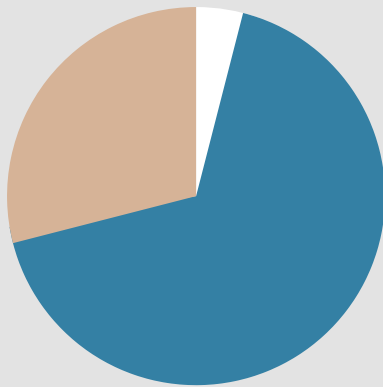


# A survey of Homes for Later Living residents

Residents of schemes run by Churchill Retirement Living, McCarthy & Stone and Pegasus Life Group were surveyed in 2019.

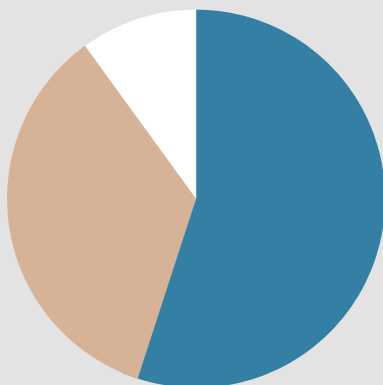
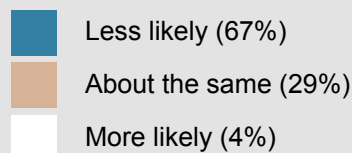
**Questions were answered by more than 1,400 residents and the survey results showed that:**

- 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.

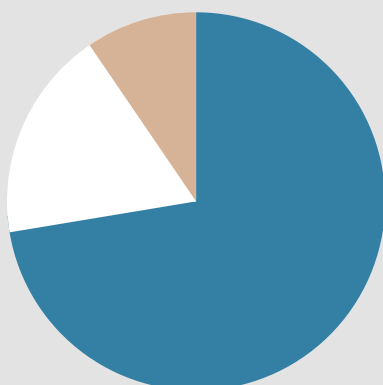
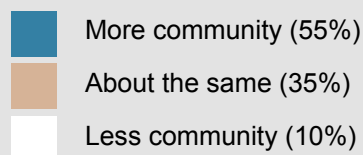


## Breakdown of questions and responses:

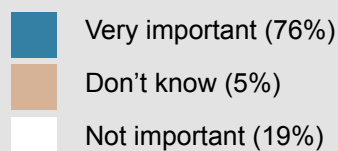
Do you feel your new home means you're more likely, or less likely, to move into a residential care home?



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.<sup>26</sup> 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.<sup>27</sup> 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.<sup>28</sup>



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.”<sup>29</sup>

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.<sup>30</sup>

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.”<sup>31</sup>





## 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.<sup>32</sup>

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 2019. 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,<sup>33</sup> and the average age of first purchase is around 79.<sup>34</sup> 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.<sup>35</sup> 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.<sup>36</sup> 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.<sup>37</sup> 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).<sup>38</sup> 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.<sup>39</sup> Yet those in homes for later living could be around half as likely to have falls,<sup>40</sup> 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,<sup>41</sup> making them significantly less likely to develop dementia.<sup>42</sup> 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.<sup>43</sup> 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)
<b>Total</b>	<b>7,022</b>	<b>3,512</b>	<b>(3,490)</b>

*\*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.*

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.<sup>44</sup> Dementia costs the NHS £4.3bn a year and social services over £4.5bn.<sup>45</sup> For strokes it is £3bn and £2.5bn respectively.<sup>46</sup> 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.

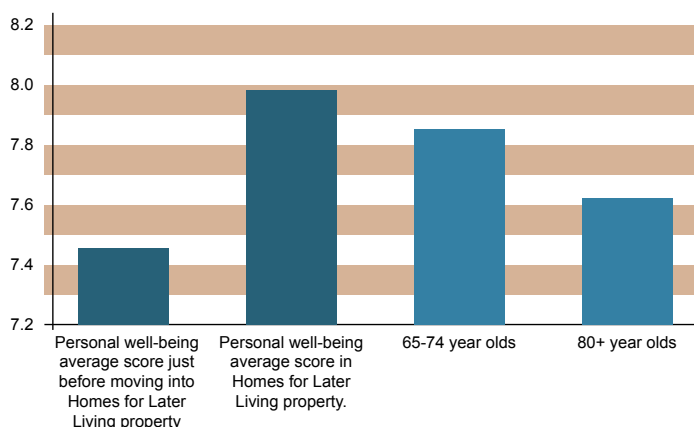
# Well-being impact: key findings

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.<sup>47</sup> 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
<b>Blended average</b>	<b>7.46</b>	<b>7.97</b>

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 with her right hand. 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 needed 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
<b>Retirement housebuilding by Homes for Later Living providers in their latest reporting year</b>	3,304	1.33	£4,642	$3,304 \times £4,642 = £15,337,168$
<b>Building 300,000 new homes</b>	300,000	1.33	£4,642	$300,000 \times £4,642 = £1,392,600,000$
<b>Existing 162,000 homes</b>	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
<b>Miscellaneous o/w</b>			
GP visits	-£46	-£92	-£55
A&E visits	-£16	-£16	-£16
<b>Subtotal (A)</b>	<b>-£1077</b>	<b>-£1521</b>	<b>-£1166</b>
Efficiencies:	RL	EC	Combined
Residential care	-£1178	-£1348	-£1212
Nursing care	0	-£2998	-£600
<b>Subtotal (B)</b>	<b>-£1178</b>	<b>-£4346</b>	<b>-£1812</b>
Disabled Facilities Grant	-£308	-£513	-£349
Home care (LA funded)	0	-£820	-£164
<b>Subtotal (C)</b>	<b>-£308</b>	<b>-£1333</b>	<b>-£513</b>
<b>TOTAL (A+B+C) 2019/20 prices</b>	<b>-£2563</b>	<b>-£7200</b>	<b>-£3490</b>



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# Chain Reaction

The positive impact of specialist retirement housing on the generational divide and first-time buyers

A report by



STRATEGY for

## Homes for Later Living



August 2020





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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 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



## By Damian Green MP

Throughout the coronavirus pandemic, there has been suffering and hardship on both sides of the generational divide. Early on, we learned that older people faced an increased risk of becoming seriously ill and dying from COVID-19. Within a few weeks of lockdown, charities were reporting increased cases of confusion and loneliness among older people.

At the same time, young adults have been most likely to lose work or see their incomes drop because of lockdown. Those yet to enter the jobs market have seen their education disrupted on an unprecedented

scale. Today's young people have been dubbed the "coronavirus generation", with experts predicting that the pandemic will have a long-lasting effect on their lives.

As we try to rebuild the economy, there has been an understandable focus on policies which work for the coronavirus generation. The challenge that we face is how to provide for help for young people without taking anything away from older people who have worked hard all of their lives and also suffered in the pandemic. In previous years, it was too easy to pit baby boomers and millennials against each other. Now, more than ever, we need policies that work across the intergenerational divide.

Housing is an obvious area for policy-makers to start and in his summer statement the Chancellor raised the threshold for stamp duty to £500,000. The intervention will make it easier for first-time buyers struggling to save up the deposit for their first home. At the other end of the market, it could incentivise the many older people who are desperate to downsize into more suitable retirement accommodation.

**"Now, more than ever, we need policies that work across the intergenerational divide."**

However, cutting stamp duty is not the only policy that can work across the generational divide to drive housing market transactions. To get results here, the Chancellor and the Secretary of State should also consider measures to encourage the building of more private retirement housing.

This approach could help older and younger buyers, with the research in this report showing that building more specialist retirement housing can stimulate both ends of the market. We can see that if all of those people 65 or over who want to move were able to do so, in time this would free up nearly two million spare bedrooms, predominantly in three bedroomed homes with gardens, which are ideally suited for young families with children. The chain impact would then help first time buyers, with the research suggesting that for every three new retirement homes sold, two first time buyer homes would become available.

For older people, specialist developments can be the key to a happy and healthy retirement. During the pandemic, specialist retirement housing kept many older people safe, with residents better protected against COVID-19 than in wider society. And with residents less likely to be admitted to hospital and require further care than people in mainstream housing, we have seen how this type of accommodation can generate fiscal savings to the NHS and social care services.

But many older people are now living in care homes that were badly hit during the pandemic. Many more are in family-sized homes that are not suitable for their needs. Often those in later life find themselves stuck in properties that are remote from shops and services, hard to maintain and away from friends and family.

A significant number of people over the age of 65 would like to downsize into more suitable accommodation, yet they are unable to do so. This causes a bottleneck in the housing market that ripples down to first time buyers who are prevented from becoming part of the property-owning democracy. Without action now, with an ageing society, the problem is only set to get more acute across the UK.

In his excellent book *The Pinch*, my colleague Lord Willetts sets out the provocative argument that baby boomers have broken the intergenerational contract. While the first edition was published a decade ago, the argument resonates with extra potency as we emerge from lockdown and many young people are still struggling to get onto the housing ladder.

By incentivising the building of more new retirement properties, we can take a step towards unblocking the housing market and ultimately help first-time buyers onto the ladder. At the same time, we would make progress towards ensuring that more vulnerable older people are happier, healthier and better protected against future pandemics. As we emerge from the shadow of coronavirus, that would be a much-needed win-win for both baby boomers and millennials.

**The Rt Hon Damian Green is Conservative MP for Ashford and Chair of the All-Party Parliamentary Group for Longevity. In 2017, he served as First Secretary of State.**





# Executive summary

For many people under the age of 40, the idea of owning a home has become a pipedream with prices and deposits across much of the country becoming increasingly unaffordable. For people entering retirement, concerns often revolve around health and how they will keep on being as independent as possible in their later years.

The current coronavirus pandemic may well have entrenched the concerns of both groups. Many older people have suffered from elevated health concerns and social isolation, while the economic prospects of the young are the main concern of that generation.

A knee-jerk reaction to the seemingly divergent needs of the two generations and the political fall-out, would be to suggest that politicians must pick a side. Do they shape policy in the interest of young people or do they focus on keeping the older generation happy? Yet such a reaction is of course deeply unhelpful. The fact is that housing policy can work for both the old and young. The two outcomes should not be seen as mutually exclusive, but as being mutually supportive.

Our previous report demonstrated that building more specialist retirement properties would have significant health and wellbeing benefits for those moving into them, generating significant fiscal savings to the NHS and social care services of approximately £2.1bn every year. Even over the last few testing months, residents of Homes for Later Living have also typically remained happy and healthy during the coronavirus pandemic, with infection rates lower than those seen among older people in mainstream housing.

In this report, we demonstrate that helping more people who wish to downsize would not just benefit the older generation and the NHS, it would also help young families looking for a family-sized home with a garden, perhaps near a school or a park. And, through the chain effect running through the housing market, it would address the prime concern of the younger generation by paving the way for the release of more first-time buyer homes back onto the market.

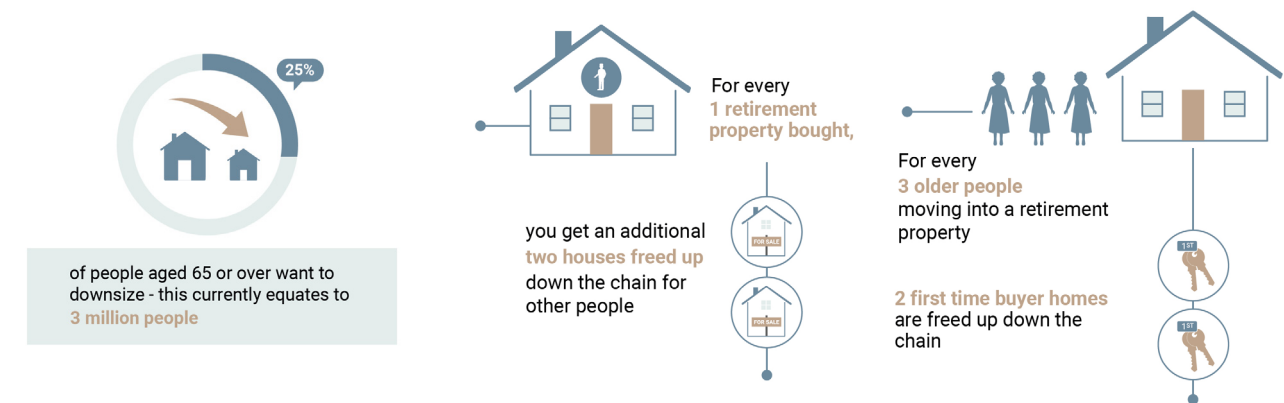
Government targets are set at delivering 300,000 homes a year by the middle of the current decade. Our analysis shows that building 30,000 retirement properties a year over the next decade - i.e. one tenth of the overall target, and a conservative estimate for what demand is for this type of property - could be a major driver in building bridges between generations. Our analysis finds that:

- 1. Approximately 3 million people in the UK over the age of 65 (or 25 per cent) want to downsize.**
- 2. 90 per cent of projected household growth<sup>1</sup> 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.**
- 3. 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.**
- 4. Our estimate is 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 per cent of the Government's overall housing target) this would mean 60,000 or more additional house moves are facilitated each year.**
- 5. 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 (10 per cent of the Government's overall housing target) this would be at least 20,000 first time buyer properties being released each year.**

It is becoming increasingly clear that, with an ageing population, we must think very differently about the type of housing we want to build in this country. Over the next decade we can expect homes occupied by people over 65 to account for 90 per cent of all household growth. As it currently stands, many of their homes have two spare bedrooms or more.

While plenty of people are happy to stay in the family home as they grow older, we know that many other people would appreciate the option to move into suitable retirement accommodation. In 2016, McCarthy & Stone found that 33 per cent of homeowners aged 55+ were considering or expected to consider downsizing.



Our new polling suggests that one in four people over 65 - or approximately 3 million in the UK - actively want to downsize. In terms of households, there would appear to be close to one million owner-occupier households in England that want to downsize. However, by our calculations, people over the age of 65 are two and a half times less likely to move than people under the age of 65. The average under-65 person moves every 12.5 years, but the equivalent figure for over 65s is 33 years because such a large number simply never move because of the barriers to doing so. Quite simply we need to give older people more opportunity to downsize should they wish to. At the moment we simply aren't seeing this happen.

Our new polling highlights a number of barriers that are currently stopping older people from moving home. And our analysis shows that encouraging the building of more retirement properties will not only give our ageing population more flexibility to move when they wish, but that the knock-on impact of freeing up family sized homes will also help younger generations, whether they are looking to upsize or to purchase their first property.

In tangible terms, building 30,000 specialist retirement units a year (up from 8,000 properties that are currently built annually) would not just hit a tenth of the Government's housing supply target. Over 10 years it would mean 300,000+ new specialist retirement homes and 600,000+ additional purchases in the secondary market as well as 180,000+ first-time buyer homes freed up. Building first-time buyer homes is a desirable goal and necessary to the market, however, it does not have the same desirable knock-on impact down the housing ladder.

Armed with these new figures, we can see that diversifying the housing market for buyers is the best way to tackle the housing crisis, with the upcoming Autumn Budget presenting opportunities for action. It is our contention that the Government should commit to making 10 per cent of its housebuilding target specialist retirement housing. And to encourage downsizing, we would like to see a permanent stamp duty holiday for older people who are selling up and moving into specialist retirement housing. In this report, we can see why these actions would be a win-win for policymakers who are genuinely interested in bridging the growing generational divide and the wider health and liquidity of the housing market.



# Introduction

- **Intergenerational progress in the UK has stalled. Both baby boomers and millennials have different pressing concerns. The coronavirus pandemic has only compounded the problems on both sides on the divide.**
- **As both parties look to bridge the disconnect, housing looks set to be the policy area with the most potential. The stamp duty holiday announced in Chancellor's July 2020 statement is a welcome move. But with people in the UK living longer than they used to, more still needs to be done to help older people who want to downsize.**
- **During the coronavirus pandemic, most residents of Homes for Later Living properties remained happy and healthy. Our previous research has also highlighted huge potential savings for the NHS from more Homes for Later Living properties.**

Evidence on the experience of different generations in modern Britain has been mounting and it is clear that generational progress has stalled. For young people, the most prominent worry relates to declining levels of home ownership. Millennials, classed as those born between 1981 and 2000, are now half as likely to own a home at the age of 30 as baby boomers had been at the same age. To make matters worse, millennials are now spending an average of nearly a quarter of their net income on housing, three times more than the pre-war generation. In areas such as housing there are now real questions about whether today's young people will do as well as their parents.

For the older generation, healthcare is the big concern. The increasingly uncertain state of adult social care services has left many baby boomers feeling that they are at risk of not getting the health and care they need. The Intergenerational Commission convened by the Resolution Foundation has stated that "the biggest concern for older generations is likely to be the challenges facing the welfare state in delivering on its commitment to meet their health and care needs in the coming decades".

The coronavirus pandemic has only compounded the problems on both sides of the divide. Older people have faced an increased risk of becoming seriously ill and dying from COVID-19 alongside numerous cases of severe social isolation. Meanwhile, there is a body of evidence to suggest that economic consequences of the COVID-19 pandemic have been particularly negative for young people. On the eve of the coronavirus outbreak, workers aged below 25 were more likely than other workers to be employed in sectors that have been effectively shut down as part of the UK lockdown and they are more likely to have lost their jobs since then, according to the Institute for Fiscal Studies.

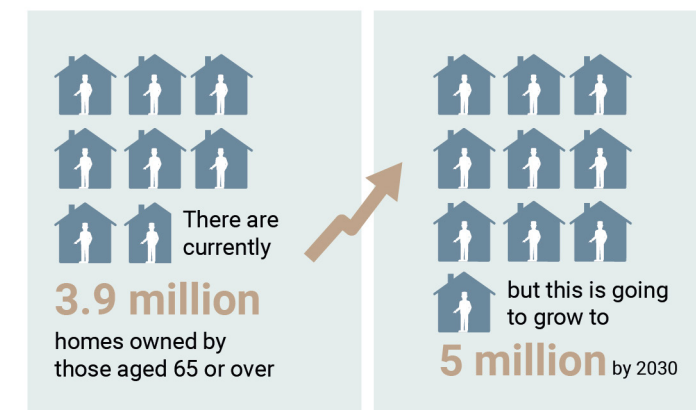
As both parties look to bridge the intergenerational disconnect and appeal to voters of all ages, housing looks set to be the policy area with the most potential. Currently housing can be seen as a divisive issue between generations.



Of course, there is no reason why housing policy should pit the generations against each other. But to get results that resonate with both younger and older voters, our politicians must be prepared to think differently about the problems they are presented with.

Previous attempts to fix the housing crisis have focused on getting more young people onto the housing ladder. The most publicly prominent of the recent government policies has been 'Help To Buy', which lets first-time buyers access a loan of up to 20 per cent of the purchase price (40 per cent in London). The Government has also introduced stamp duty relief for first-time buyers spending under £500,000 on a property.

Against this policy backdrop, the stamp duty holiday announced in Chancellor's July 2020 statement is a welcome move that both older and younger generations can benefit from. But with people in the UK living longer than they used to and with increasing numbers of older households, much more could be done. Why are we not talking about the increasing numbers of older people who would like to move to retirement accommodation but feel they don't have enough choice? Housing policy rightly encourages the building of homes for first-time buyers but we need more homes for people in later life as well.



It is clear that the demand is there for this type of housing. Previous research into this area has indicated that many older people would like to downsize, but they have reported it would be difficult or not possible to move.

In 2018, the Commons Communities and Local Government Committee concluded that "although a sizeable minority of older people wish to move, the evidence suggested that a combination of practical, financial and emotional barriers prevented or, at least, delayed the process". Other Parliamentarians have also pointed to the lack of suitable housing, with the House of Lords Committee on Intergenerational Fairness stating in 2019 that "the generation born between 1946 and 1965 is substantially larger than subsequent or preceding ones. 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".

In 2019, a report by the Cass Business School concluded that housing policy is too concentrated on first-time buyers and should be refocused towards 'last-time buyers' to encourage those aged 55+ to downsize. Professor Les Mayhew found that too many older people are stuck in houses that no longer suit them with a lack of affordable alternatives of suitable quality and size. His evidence suggested that the government should refocus policy on 'last-time buyers' to encourage downsizing, including via the planning system and tax incentives.

In this report, we build upon these studies and our own previous research making the case for Homes for Later Living properties, which offer private apartments with 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.



Thankfully, residents of specialist retirement developments remained healthy during the coronavirus pandemic. The average age of a resident in a Homes for Later Living property is 83. As such our residents have been firmly in the highest risk category and yet between the Homes for Later Living developers, the case rate has been between 3.5 and 4 cases per 1,000 residents. This is approximately half the level seen in the over 65 population generally and very different to the scale of coronavirus deaths in care homes which has been shocking and tragic.

This comes after our first report for this series showed that by maximising independence and increasing social interaction, specialist retirement developments can significantly improve the wellbeing of older people. On a selection of national well-being criteria such as happiness and 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 previous research also found that because each person living in a Homes For Later Living property enjoys a reduced risk of health challenges, they contribute fiscal savings to the NHS and social care services of approximately £3,500 per year. This means that, in addition to those existing, 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.

Our analysis should therefore be seen in the context of health and care being the biggest concern for many older people. Building more retirement housing every year would therefore not just be good for the wellbeing of many older people but also the NHS balance sheet.

On top of this, our new analysis explores how building these homes will be beneficial to the wider housing market, freeing up thousands of family-sized homes as well as those for first-time buyers. In this way, we can see more clearly than ever how building more Homes for Later Living properties can simultaneously help people at the top and bottom of the housing ladder.



## The rise of the older household

- **Across the UK, older households are becoming increasingly common. The fastest growing household demographic is amongst those over 80.**
- **In this report we will focus on homes owned by people over the age of 65 as a whole - the group which represents the most significant future projected household growth.**
- **Throughout the report, we maintain that a healthy housing market should depart from an automatic assumption that older homeowners ‘don’t need to move’.**

We currently have a housing supply policy geared towards encouraging the building of first-time buyer homes. Given the issues that young people face around the high cost of housing, this focus is entirely understandable. But an expected dramatic increase in the number of older households should give politicians pause for thought.

Across the UK, older households are becoming increasingly common. The population growth among over 65s continues to outpace younger population growth and thus make up a bigger share of households.

Table 1: Projected household growth by age band, to 2030 and 2045, England

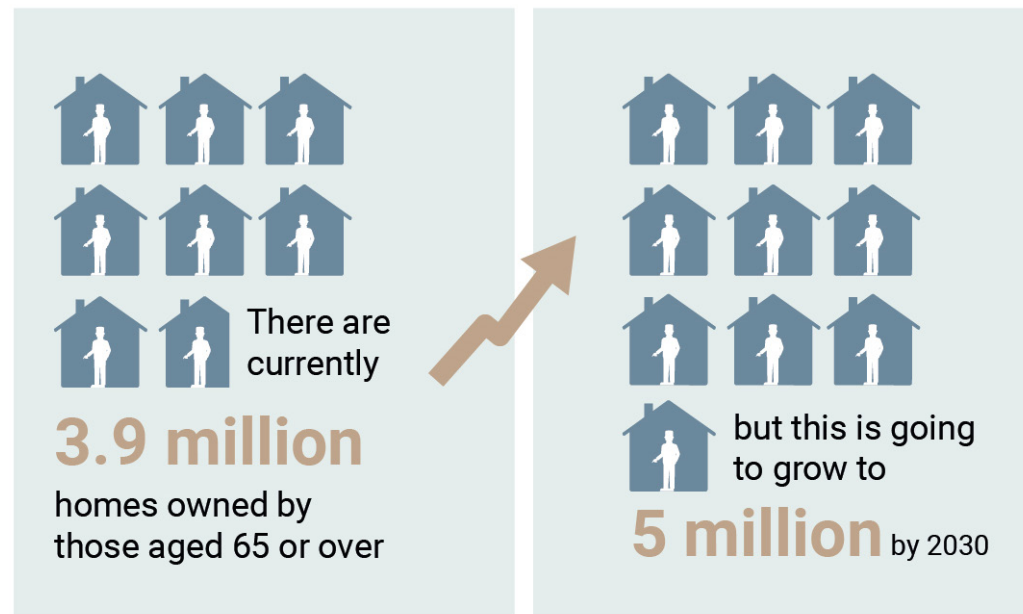
	Increase in total number of households by 2030		Increase in total number of households by 2045	
	New households	% of all new households	New households	% of all new households
80+	+989,057	50%	+1,777,746	49%
65 to 79	+808,095	41%	+1,527,220	42%
Under 65	+173,254	9%	+327,467	9%
All	1,970,406	100%	3,632,433	100%

Source: ONS Household Projections (2016-based)<sup>1</sup>

Looking over the available data, it is immediately evident that the fastest growing household demographic is amongst those over 80, closely followed by the 65-79 group. Meanwhile, the younger household demographic is growing the most slowly. The ONS population estimates - both historic and projected - show that the under-65s population is broadly static, with very modest household growth coming through increasingly small household sizes.



Looking ahead, the trend of households getting older is only set to become more pronounced. According to the latest ONS household projections, more than 90 per cent of projected household growth is among households aged 65 or over.<sup>2</sup> 50 per cent of all projected household growth is among households aged 80 or over, in which people are far more likely to have a long-term health condition or disability for which they require long term care. This is also the average age of people choosing to move to retirement accommodation. By looking at the projected increase in the number of homes owned by those over 80 alongside younger households, ONS data shows us that this is where household growth is being fuelled.



In this report we will focus on homes owned by people over the age of 65 as a whole, to explore and understand the challenges faced by the group which represents the most significant future projected household growth. Throughout the report, we maintain that a healthy housing market should depart from an automatic assumption that older homeowners 'don't need to move'. As time goes on, this gets increasingly important. Indeed, the lack of older household transactions becomes ever more conspicuous as over 65 population growth continues to outpace younger population growth and thus consume an increasing share of households.

According to Savills, the UK housing market currently has a value of £7.4 trillion and 46 per cent, or £3.4 trillion of this, is owned by older people.<sup>3</sup> Allowing those older people who want to downsize to do so would give them additional liquidity as concerns about care and cost burdens related to health increase as well as freeing up that equity for younger people to access.



## CHAPTER 3

# Under-occupancy and empty bedrooms

- In many cases, older people are living in larger family houses with plenty of spare rooms. Most commonly they are in three-bedroom homes.
- We can reliably estimate that 2.5 million homes owned by people aged 65 or over are under-occupied using the standard definition.
- Larger under-occupied homes belonging to older homeowners tend to be more common in the south of England.

Many older people are happy living in the family home and have no wish to move. Others are actively looking to find more suitable accommodation for their retirement years, where they can be happier and healthier and not have to worry about maintaining an under-occupied property, which potentially becomes hazardous for them.

Under the standard definition of under-occupancy, having just one spare bedroom does not count as under-occupied, but having two spare bedrooms or more (e.g. just one bedroom in constant use as a bedroom in a three-bed house) does. Under-occupied properties in particular often come with health warnings attached. They can be difficult and costly to keep warm and maintain. They may also be some distance from friends, relatives and even immediate neighbours, leading to an increased risk of social isolation.

With these factors in mind, it should be seen as a public policy good to make it easier for people to downsize as their accommodation needs change in later life. Furthermore, if under-occupancy is reduced among the older generations, these same bedrooms are freed up for growing families who need the additional bedrooms, and who themselves may be moving out of homes suitable for first-time buyers. This chain thus addresses problems in all parts of the housing market.

In fact, in many cases, older people are living in larger family houses with plenty of spare rooms. According to the 2011 census, there were 22.1 million households in England at that time and there are 23.2 million today according to the official household projections.<sup>4</sup> Of these households, most (41 per cent) occupied three-bed homes. A further 40 per cent occupied one or two-bed homes, while 19 per cent occupied four-bed (or more) homes.<sup>5</sup>

In 2011, 20.7 per cent of all homes were occupied by people aged 65 or over. Amongst these older households, the distribution was relatively *more* skewed towards one and two bed homes (48 per cent of households) compared to younger households (39 per cent). But the distribution to three-bed homes is roughly the same at circa 40 per cent.





Further, the average home occupied by those aged 65 or over in England has 2.5 bedrooms, whereas the average home occupied by those under the age of 65 in England has a similar 2.8 bedrooms. So, these older households which typically use only one bedroom have nearly as many bedrooms as younger households which typically use more bedrooms. There is little regional variation of average bedroom numbers apart from London, where the average home owned by someone over 65 has 2.3 bedrooms and the average home owned by someone under 65 has 2.5 bedrooms.

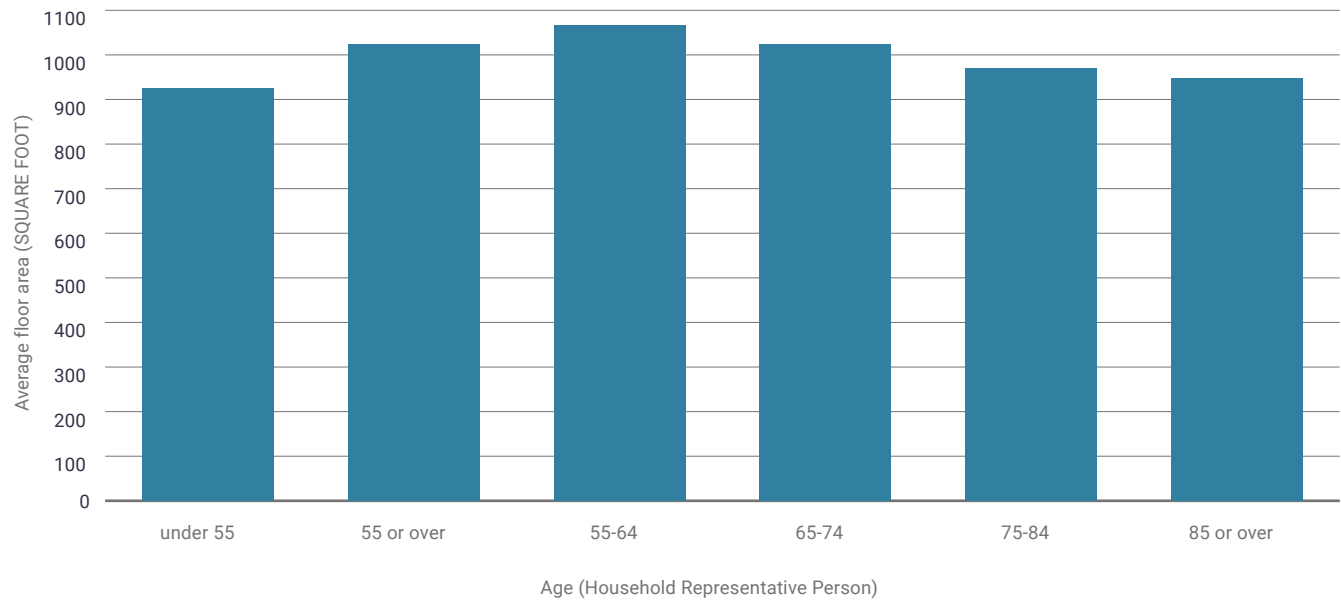
From a recently conducted survey of Homes for Later Living residents who have moved in the last two years, most residents had moved from a house they occupied alone with two bedrooms or more, and around half had three bedrooms or more.<sup>6</sup> Of these, almost all had a garden and lived within walking distance of a school.<sup>7</sup>

We can also clearly see that older households tend to have more space. The English Housing Survey's special report *Housing for Older People* in 2014/15 observed that older households have *larger* homes than younger households, by floor area. It reported a 'younger household' (defined as having a head of household under 55) home has an average 926 square foot floor area. This is smaller than the homes of houses where the head of household is aged 80 or over where the average floor area is 947 square foot.

Figure 1: Average floor area of household homes, by age band, England

Source: English Housing Survey's special report on Housing for Older People, 2014/15

Regardless of age, the owner-occupied sector is the most under-occupied sector of the housing market. Drilling



down further to look just at owner-occupation as opposed to all tenures, there are 3.9 million *owner-occupied* households today where *all* occupants are aged 65 or over.<sup>8</sup> Most three-bed and four-bed homes owned by such households are under-occupied because they typically have only one bedroom in use. Allowing for one spare bedroom, for example, implies most three-bed homes are under-occupied by one bedroom and most four-bed homes are under-occupied by two bedrooms.



Using a combination of census 2011 and the latest ONS household projections we can reliably estimate that 2.5 million of 3.9 million homes owned by people aged 65 or over, or 64 per cent, are under-occupied under the standard definition. This compares to just 41 per cent under-occupancy for under 65s who are homeowners.<sup>9</sup>

There appears little regional variation in under-occupancy among over 65s who are homeowners on this measure – the unexpected slight outlier is the West Midlands where 69 per cent are under-occupied. For London it is 62 per cent, close to the national average of 64 per cent.

Of the 2.5 million under-occupied homes belonging to homeowners aged 65 and over, 1.9 million - or 77 per cent - are three-bedroomed. In the North East, the corresponding figure is 83 per cent but in the South East it is only 70 per cent. Larger under-occupied homes belonging to homeowners aged 65 and over tend to be more in the south of the England. In the South East, 30 per cent of under-occupied homes belonging to 65+ homeowners are four and five bedroomed.

In the North East, only 17 per cent of homes belonging to 65+ homeowners are of this size. This suggests that suitable specialist retirement housing is at a premium in the South East in particular. But across the country there will be homeowners who are missing out on the benefits of specialist retirement accommodation with varying degrees of support and care. Wherever they are in the UK, homeowners should have a choice about whether they stay in the family home or downsize to specialist retirement accommodation.

Table 2: Share of homes owned by people aged 65 or over that are under-occupied, by number of bedrooms (%), by region

	Share of 65+ homeowner homes that are 3-bedroomed	Share of 65+ homeowner homes that are 4-bedroomed	Share of 65+ homeowner homes that are 5-bedroomed
North East	83%	14%	3%
North West	81%	15%	3%
Yorkshire and The Humber	82%	15%	3%
East Midlands	79%	17%	4%
West Midlands Region	80%	16%	3%
East of England	74%	22%	5%
London	77%	18%	5%
South East	70%	24%	6%
South West	73%	22%	5%
ENGLAND	77%	19%	4%

Source: Census 2011<sup>10</sup>



## Who wants to move?

- New polling suggests that around 25 per cent of older people actively want to downsize. This percentage rises with the number of rooms in the house.
- As many as 3.1 million people may therefore feel they have no choice but to stay put rather than downsize.
- If all the households that wanted to move did so, it would free up 1 million under-occupied bedrooms and 2 million spare bedrooms.

All the evidence suggests that a significant proportion of older people are interested in leaving the family home and moving into suitable retirement accommodation. In 2016, McCarthy & Stone found that one in three homeowners aged 55+ (32.6 per cent) were considering or expected to consider downsizing.<sup>11</sup>

When Demos has done polling on this subject over recent years, the figures have tended to be consistent. According to Claudia Wood of Demos: "The estimate is that between a quarter and a third of older people are interested... It is just under 3 million people in all."<sup>12</sup>

Our latest polling was conducted in July 2020, with slightly different questioning to previous studies. Crucially, we asked whether people actively wanted to downsize, rather than exploring whether they would be likely to move in the future if they were able to, and if suitable properties were available.

The new polling shows that 23 per cent of older people want to downsize, rising to 25 per cent when you exclude those who say they don't know. This percentage rises with the number of rooms in the house. According to ONS data, there are currently 12.3 million people over the age of 65 in the UK. This suggests that there are approximately 3 million people who want to downsize. Meanwhile only six per cent of respondents, aged 65 and over want to *move and upsize*, versus the 27 per cent of 35-64 households that want to do this.

On a more granular level, our analysis shows that there are four million owner-occupier households in England alone where all the occupants are 65 and over. With around 3.9 million homes owned by people aged 65 and over in England in 2018, applying the same polling suggests at least one million - or a quarter - of them want to downsize in the future.

Table 3: Would you like to upsize or downsize your home in the future?<sup>13</sup>

Age bracket	Yes - upsize	Yes - downsize	No - neither
35-64	27%	18%	40%
65+	6%	23%	62%

Using the representative under-occupancy rate amongst these homeowners over the age of 65 from our earlier census 2011 analysis, this would free up as many as 480,000 three bed homes, 125,000 four bed homes and 30,000 5+ bed homes, with an estimated 820,000 under-occupied bedrooms freed up across these released homes.

Recent studies have found an overwhelming preference amongst older people for two bedroom homes.<sup>14</sup> If all these people moved it would of course free up an equivalent number of homes – these would be larger homes often in areas attractive for young families being released onto the market – the average home having nearly three bedrooms according to the same survey. Again, three bedrooms usually implies one under-occupied bedroom. A three-bedroomed home would be comfortable for a young couple with two children. This suggests, as a crude estimate, that nearly one million under-occupied bedrooms - and indeed two million spare bedrooms all told - could be freed up by one million homeowners over 65 moving and downsizing, were an equivalent number of suitable homes built for them.



of people aged 65 or over want to downsize - this currently equates to 3 million people





## Who's actually moving?

- According to the official figures, there were around one million residential property transactions in England in 2018/19.
- By combining data sources we can see that almost a third of these were first-time buyers and more than one in five were buy-to-let or holiday home buyers.
- We also calculate that the average under-65 person moves every 12.5 years, but the equivalent figure for over 65s is 33 years because such a large number simply never move because of the barriers to doing so.

There are reasons why newspapers regularly devote column inches to the plight of the many young people who cannot afford to get on the housing ladder. One is that becoming a homeowner is one of the pivotal moments in life for many Britons. Leaving behind the rental sector is often posited as a fundamental good. This also helps to explain why housing policies have traditionally been geared towards getting younger people into the housing market, rather than helping older people to find suitable accommodation for their retirement years.

In an idealised housing market, we would see people of all ages moving, roughly according to their desire to do so. From our polling above we can see that roughly a quarter of older people would like to move and roughly a third of people between 35-64 would like to move. As a result, we would hope that the difference between outcomes would be relatively minor.

According to the official figures, there were around one million residential property transactions in England in 2018/19 and 1.2 million in the UK.<sup>15</sup> The 1,006,540 residential transactions in England break down as below:

- 213,900 claimed first-time buyer's relief from stamp duty
- 223,220 were buy to let and holiday home buyers, as captured by residential properties attracting the higher rate of stamp duty for 'additional dwellings'
- 569,420 were other residential transactions but will include a small number of first-time buyers, including those below the £125,000 where stamp duty isn't payable

The Regulated Mortgage Survey (RMS) also shows 299,410 first-time buyer mortgages advanced in England in 2018/19 (circa 360,000 in the UK). There may also have been a small number of cash-only first-time buyers, but these are quite rare. Combining the HMRC and RMS data for England only we have:



Table 4: Composition of housing market by category of buyer, England, 2018/19

Category of buyer	Number of buyers in 2018/19
First-time buyers	299,410 (29.7%)
Buy to let & holiday home buyers	223,220 (22.2%)
Home-movers	483,910 (48.1%)
Total	1,006,540 (100.0%)

Sources: HM Revenue & Customs<sup>16</sup> and Residential Mortgages Survey<sup>17</sup>

The HMRC transactions (stamp duty) data also breaks down regionally. As a share of the English total, most transactions occur in the South East (17 per cent). The least occur in the North East (4.5 per cent). This is largely reflective of the national distribution of households across the regions i.e. the South East has the most households and the North East has the least. But the North East also has fewer transactions per household at 3.9 per cent than the national average of 4.3 per cent alongside London (3.4 per cent).

The 2015 'Housing for Older People' special edition of the English Housing Survey reported that, across all tenures, only nine per cent of older homeowners had moved within the last three years versus 36 per cent of younger homeowners.<sup>18</sup> The 'annual move' equivalents would be roughly three per cent and 12 per cent respectively, though for younger households much of this will be 'high churn' amongst renters.

According to the latest English Housing Survey (EHS) there were 617,000 purchases for homeownership, between 2017/18.<sup>19</sup> Of these, 100,000 were amongst homeowners aged 65 and over with an average of 95,000 from 2012/13 to 2017/18. Given the ONS's estimated current 4,984,812 65 and over homes, that means nearly two per cent of these homeowners moved in the latest year.<sup>20</sup> For homes owned by under 65s the figure was 5.3 per cent, or two-and-a-half times as high.<sup>21</sup> The English Housing survey does not capture all owner-occupier transactions – the Land Registry figures are around 50 per cent higher – implying that around three per cent of homeowners aged 65 and over move each year and eight per cent of homeowners under 65 do.<sup>22</sup>

The implication of the three per cent figure is that the average homeowner aged 65 and over moves every 33 years (12.5 years for the average homeowner under the age of 65). In other words, most people do not move house after they reach the age of 65. Rather, the majority of homeowners over 65 are opting to 'stay put' for the rest of their lives. If these older households were moving as much as other age groups, there would be at least twice as many older owner-occupier household transactions each year.



## How normal is the recent housing market?

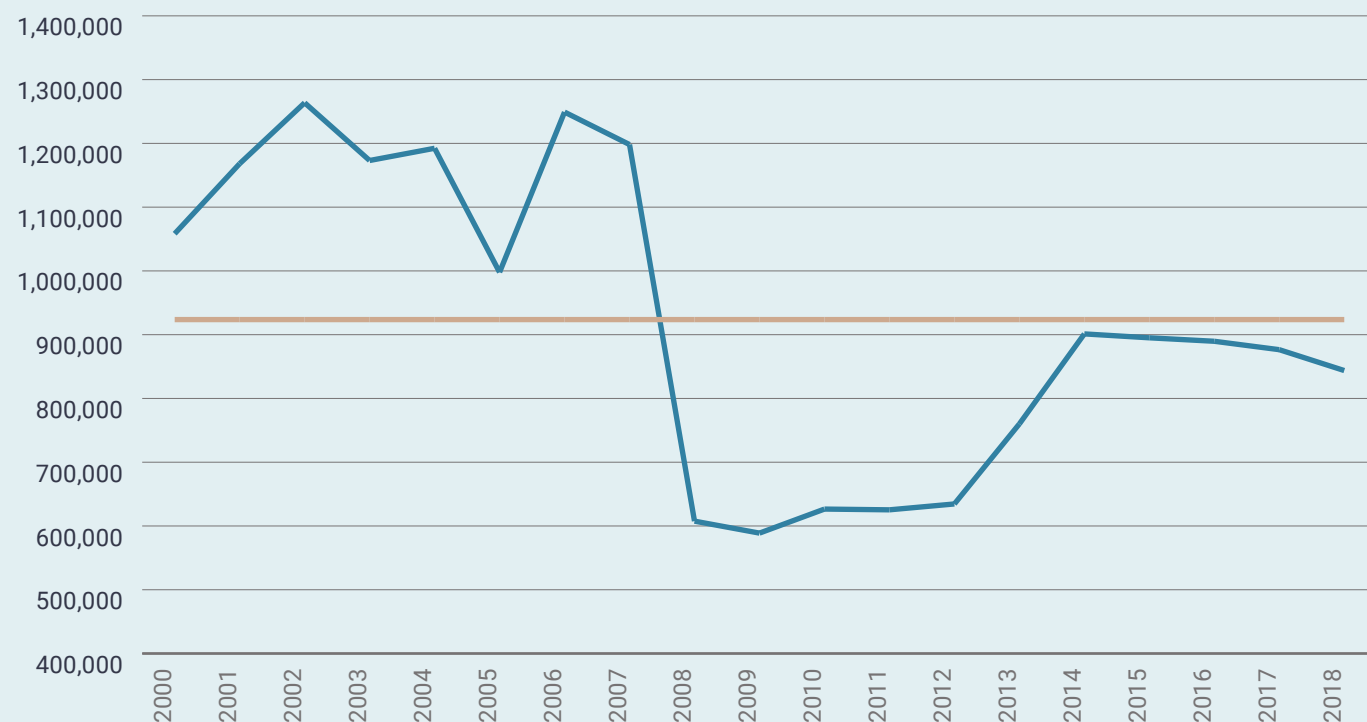
It is also interesting that the current housing market is slightly 'below par', in terms of transactions volume.

The Land Registry (LR) transactions data provides the closest coverage to owner-occupier transactions. Again, there were 843,757 transactions in England in 2018, the latest full year for which there are data. The peaks were in 2002 and 2006 with 1,263,657 and 1,249,080 transactions respectively, the latter just prior to the financial crash. The trough following the financial crash was in 2009 with 588,813 transactions and less than half the peak. According to MHCLG and HMRC data as well as the Land Registry, the number of housing transactions has continued to decline since 2014.

The 'healthy' number of transactions in the housing market is subjective. Arguably neither the peak nor the trough is a healthy number because these both represent the extremes of a volatile housing market. Abstracting from the housing market cycle, the average in England since 2000 has been around 925,000 transactions a year (green line below) which, incidentally, is half-way between the financial crash peak and trough figures.

### Number of housing transactions in England, 2000 to 2018

Source: Land Registry



## CHAPTER 6

# Helping those who want to move

- Perhaps one of the most significant factors holding the older generation back from downsizing is what we call “the perception problem”.
- When the concept of Homes For Later Living was explained to people, 68 per cent said its appeal increased and 25 per cent said it increased greatly.
- Among those looking to downsize, almost a third cited a lack of suitable properties to move to as a top concern, others cited practical concerns which Homes For Later Living companies help to mitigate through their help to move packages.

While many older people would like to downsize into suitable retirement accommodation, they frequently encounter difficulty when it comes to actually making the move. When MPs investigated the issue in 2018 they found that “although a sizeable minority of older people wish to move, the evidence suggested that a combination of practical, financial and emotional barriers prevented or, at least, delayed the process”. Meanwhile, polling conducted by boomer + beyond in 2018 identified an unsurprising trend that, given health problems in later life for example, willingness to move home decreases with age.<sup>23</sup>

With a projected household increase of 27 per cent coming down the line for over 65s by 2030 and further growth beyond, it is more important than ever to understand what is putting these older people off moving.

Firstly, there is perhaps one of the most significant factors holding the older generation back from downsizing and one that is difficult to quantify in polling: we'll call it the perception problem.

**“I thought I was the least sociable person in the world, but moving here has made me much more outgoing.” – Lorraine, Homes for Later Living resident**

Essentially, the reality of retirement living is rather different to how it is sometimes perceived. A current Homes for Later Living resident, Lorraine Shakespeare, explains what it's really like to live there: “Before I first came to see Godwin Lodge in Deal I was determined not to like it. However, when I saw the retirement apartment I had to admit that I really did like it, and now I'm here I think it's absolutely brilliant! I thought I was the least sociable person in the world, but moving here has made me much more outgoing. It's a nice environment and you're not forced to socialise, but there are people to chat to if you want to. It's made me more confident.”

Yet those who are not au fait with the reality of retirement living may have formed other options about what to expect. For example, in boomer + beyond's in-depth survey one person explains their reluctance: “I just don't want to be lumped with other people of my own age. Bingo and tea dances every Wednesday afternoon do not appeal. I also don't want to listen to other people's ailments all the time and moaning and whinging”.