

Viewpoint on Downsizing for older people into Specialist Accommodation

This is second of two Viewpoints on 'downsizing' commissioned by the Housing LIN. The first was released in December 2010 and looked at downsizing into general accommodation.

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1. Introduction

In this Viewpoint, I will make the case for encouraging more providers to create attractive specialist schemes, and for encouraging more people to move into them, to "stay younger longer". I will consider the challenges and the opportunities we face currently in delivering a programme of specialist accommodation, providing a wider range of new schemes to meet current and future needs, and of funding improvements to existing schemes.

This Viewpoint is a follow on to 'Downsizing into General Needs Accommodation'¹, where I outlined the advantages both to individuals and society if more people were to downsize, and considered how we could encourage and help more people do so, whilst recognising that many people will wish to remain in their home and that this should be respected. Amongst other recommendations, I suggested that:

- We make powerful arguments for the "invest to save" case to show that housing support reduces health and care budgets (and this is now being recognised by Government²).
- We introduce a "Home for Life" toolkit and encourage people in their 50's and 60's to assess their home's suitability to support their independence as they age, and make a housing plan for their future.
- We now have evidence of the health and quality of life benefits that come from moving whilst still active to good retirement housing schemes, and we need to publicise more widely to people that if they move earlier they may live better lives for longer.
- There is significant market opportunity for more developers and housebuilders to provide retirement housing to meet the needs of the projected 50% household growth in older people. We need to engage with them and create the planning and other policies to support this provision.

¹ Housing LIN Viewpoint 17 (December 2010)," Downsizing for older people".

² Grant Shapps "Help for older people wanting to move" DCLG Jan 2011

Our ageing society poses huge challenges. The number of people over 65 is expected to double over the next 15 years, as is public spending on health and social care for older people. At the same time, there are growing pressures on the affordability of our existing homes as fuel costs soar, and the increasing cost of providing care in family homes and in residential care, particularly where they are poorly designed to support independence as we age. This cost is likely to continue to rise, and to become a real problem in some areas due to a lack of a care workforce.³

Furthermore, people of retirement age occupy nearly a third of the housing stock, and it is estimated that soon, older people will account for nearly half of household growth⁴. Indeed, one in five children born today can expect to live to 100, and the number of older disabled people is expected to double from 2.3 million in 2002 to 4.6 million by 2041, with an increase of 184% of people over 85 years to 2.3 million, and an estimated increase of late onset dementia of 185%, from 700,000 to 1.3 million.

At present, about 90% of people remain in general accommodation (some of whom will downsize) and about 10% move to the range of specialist accommodation. However, evidence shows that appropriate housing prolongs independence and reduces the need for care homes, and that more people would downsize:

- if there was better information and advice about the options and support with the move, *and*
- if we had more attractive and affordable options in general and specialist housing for people to move to.

The shortage of suitable options for specialist housing can lead to people having to move unnecessarily to residential care.⁵ Back in 2005, Age Concern Research Services asked people over 50 who planned to move in the future, and found that of owner occupiers, 25% did plan to move and 20% didn't know, whilst 55% had no plans to move. Similarly, a survey by MORI⁶ found that 30% of over 65's would choose to move to different accommodation, of whom 12% would seek accommodation with care.

At present, 1% of the UK's population of over 60 year olds live in dedicated retirement communities, in comparison to 17% in the USA and 13% in Australia and New Zealand – there is clearly scope to increase the number here with appropriate schemes and very effective communications strategies and marketing. The HCA's recent study⁷ investigating the financial benefits of investment in specialist housing for vulnerable and older people found a net benefit to care and health budgets of around £940 per person per year, which they estimated equates to a total benefit of around £640m per year.

Persuasion, not coercion

Many people will continue wanting to remain in the family home, and for many, this is the right choice and should be respected. However, this Viewpoint addresses how we can encourage people to consider the benefits, and better meet the needs of those who wish to make a planned move to specialist housing. In social housing, some providers with serious problems of overcrowding would like to be able to do more to encourage under occupiers to downsize, so that a family could have their chance of a right sized home.

³ Johan Hari, The Independent (15th January 2010), "Older people deserve much better"

⁴ Homes and Communities Agency (January 2011), Vulnerable and Older People Advisory Group annual report, "Meeting the needs and aspirations of an ageing population". London: HCA

⁵ Frontier Economics (December 2010), "Financial benefits of investment in specialist housing for vulnerable and older people". London: HCA

⁶ Mori (2004), "Aspirations of Older People". London: Mori

⁷ Frontier Economics (December 2010), "Financial benefits of investment in specialist housing for vulnerable and older people". London: HCA

In my view, we need to find ways of stimulating people to think differently about their future housing options. The baby boomer generation of older people may be less inclined than their parents were to stay on in the family home until they have to move, and be more likely to see the benefit of moving earlier. In Viewpoint 17, I suggested we encourage all people to consider their home's suitability to support them as they age by assessing it through a "Home for Life Toolkit".⁸ The potential demand for all types of housing for older people, including specialist, is likely to double over coming years. If we can encourage more people to move at a younger age into appropriate housing, we can keep them fitter for longer.

There is a push and a pull factor in the decision to downsize. Some chose at a younger age to move for positive lifestyle reasons, to improve wellbeing, others may be pushed into the decision by bereavement or health issues. Push factors may increasingly include the rising costs of heating, running and maintaining homes, and rising costs of receiving care in the home.

Attractive, affordable schemes in the right location are in very high demand and there is scope to encourage more providers in to produce a wider range of schemes, always addressing carefully the lessons learned so far. The potential market is expanding as the number of older people grows and as more of us live longer. The degree of frailty and dementia will also increase. In many areas, people feel there are no suitable schemes at present for them to consider.

When people move from family homes they free up much needed larger accommodation for a younger generation and can relieve overcrowding, which is particularly acute in the social rented sector (estimate of a quarter of a million households). If more people move we will need to build fewer family sized homes (this 'vacancy chain' effect is currently being considered by the Housing LIN for a forthcoming factsheet). This also has the advantage that specialist schemes are built to higher density and are usually best located close to the heart of existing communities, thus often using 'brownfield' sites, and therefore we would reduce the pressure on 'greenfield' development for new family homes.

What is specialist accommodation?

There is confusion in the branding of specialist accommodation. The wide range of scheme types and terminologies that is applied can be very confusing to people who often do not have a clear understanding of what is available, and this can be a disincentive to considering the options, along with negative associations that may come from knowledge of poor, outmoded schemes.

Although more than two thirds of older people are owner occupiers, the majority of specialist housing at present is affordable housing for rent⁹. The phrase "specialist housing" covers the spectrum from a group of bungalows for older people with no support through to residential care. In general terms, specialist schemes usually contain communal areas where care and support are provided as integral to the scheme. Staying put is self-explanatory, but the word "sheltered" can cover a wide range of types of scheme from unpopular bedsit blocks to brand new attractive and highly desirable schemes. Many people do not know what "Extra Care housing" and "assisted living" are, and as yet there are not very many schemes. Retirement villages are becoming more widely known, and residential care and nursing homes are largely well understood. Introducing more generic phrases such as "retirement housing with support" or "lifestyle communities" may be beneficial. "Care ready" housing could refer to any housing to which care can be delivered, which could be general needs housing. People could then look to see within that range what best suited their needs and aspirations locally. The Elderly Accommodation Counsel website¹⁰ provides full information on the range of options.

⁸ similar to idea of Housing Options for Older People (HOOP) developed by Elderly Accommodation Counsel

⁹ Homes and Communities Agency (January 2011), Vulnerable and Older People Advisory Group Annual Report, "Meeting the needs and aspirations of an ageing population". London: HCA

¹⁰ www.housingcare.org

2. The present position

As the baby boomer generation reaches retirement they will have different aspirations. There is a potential market for schemes offering independence, promoting active ageing, and with support as and when required.

The number of pensioners owning their own homes was about 68% in 2001 and is projected to rise to 75% in 2021. Current pensioners and the upcoming baby boomer generation of pensioners have benefited from recent rises in house values and many of them are asset rich. They create a unique market opportunity for developers and providers to build desirable lifestyle choice schemes to attract them to downsize, and there is scope for more developers to enter this market, whilst recognising that provision of specialist schemes for older people carries risks for general house builders. There may be lower level of risk either with small “care ready” schemes with no on site care, or providing a range of suitably designed homes (Lifetime Homes/ Lifetime Neighbourhoods) for older people as part of their general needs schemes, perhaps in partnership with a housing association or other provider of management and/or care services.

Trying to achieve or maintain **balanced communities** in schemes that are attractive and affordable to a range of people will become increasingly difficult. There will be fewer schemes including social rent at current levels, and more housing for ownership. There is a growing polarisation between those with assets and higher incomes, and those reliant on benefits or on low incomes. There will be a growing division in quality of supply for those who are better off and those who are less so. This is also significant geographically, where some areas of the country have low property values and slow housing markets, so there will be an unequal distribution throughout the country, based on scheme viability rather than local need. Areas of high value are more attractive to developers.

Affordability is a growing issue for many people, even those with assets. Service and care charges are increasing rapidly at a time when pensions and savings are reducing. Some respondents have referred to people who say they can no longer afford sheltered and retirement schemes as costs increase.

Can we find ways to address the challenge of providing supportive schemes which meet needs effectively with less funded care and support? Further to the Coalition Government's first Comprehensive Spending Review, under the new Formula Grant arrangements to local authorities, the Supporting People budget is reducing in many areas – often at a level of about 20%, higher in some areas, alongside pressures on personal care budgets.

Many homeowners - such as people who exercised the Right to Buy, or people in low value homes and areas, or in areas where it is hard to sell their existing home - have insufficient assets or equity to be able to afford to move to attractive independent living schemes. They are trapped with little choice. We therefore need to develop more options affordable for those who have neither sufficient capital nor revenue for these schemes, including a wider range of models of rent to buy, help with selling prospective residents' existing home, shared equity/ownership, equity release and insurance based schemes.

We face a challenge as many people do not at present want to use the equity in their home to fund care which could provide a better old age for them (see section on funding below).

As reduced grant funding from the Homes and Communities Agency (HCA) 's National Affordable Housing Programme (NAHP) is made available, will there be any further provision of social rent sheltered and extra care as we currently know it? Will there be ongoing investment in outmoded sheltered schemes, and will new homes be let at social rents? It appears that many providers anticipate providing fewer affordable independent living homes, and the Coalition Government's new proposal for “affordable homes” is that those that are provided may be let at up to 80% of market rent. Housing associations or Registered Providers (RP's) and Local Authorities are divided on this, with some RP's very keen to use

this as it is the only means of delivering new units. Others have expressed concern about the potential impact on the client group, and especially the long term impact as many relets will also be let at the new rent level of up to 80%, thus the social rented stock will diminish over time – with a turnover of 5% per annum if all relets were at up to 80% of market rent, theoretically within 5 years up to 25% of existing housing association social rent homes could be gone. The consequences of this approach need careful assessment. As discussed in Viewpoint 17, it could discourage people from moving and from downsizing if a new home is at a higher rent. The Coalition Government has recently proposed that 50 Councils (with the most housing) share £13m to help underoccupying people who want to move, with help finding homes, with moving, and with a handyperson service. In addition, the new Localism Bill¹¹ proposes a “National Home Swap Scheme” which is intended to make it easier for people to move. This is very welcome, but must be linked to a programme of investing in new provision, and of updating existing housing, as at present there is an inadequate supply of suitable homes for older people in social rented stock.

Many people currently living in social rent sheltered and extra care have limited means, and many receive **Housing Benefit** (HB) wholly or as a top up, and they will be affected by proposed reductions in HB and changes to the Local Housing Allowance which will be based on the lower 30 percentile of average market rents in an area, rather than the current 50 percentile, as well as the possibility of restricting HB if they have an additional bedroom that is not used by an overnight carer. This could make many attractive schemes, and those in high value areas, beyond the reach of poorer people or those wholly reliant on HB. What will happen to them if we cannot provide more affordable purpose-built retirement housing options? These changes to Housing Benefit will impact on the ability of the private rented sector to address the needs of older people. The proposed means testing of Attendance Allowance will further impact on income for some. The proposed ceilings in “Universal Credit” are currently proposed for working age households. If they are later extended to older people some schemes may become unaffordable to some households, or they may chose to receive lower levels of service.

The new **Equalities Act** requires equalities impact assessments of all policies, including equity for older people and those with disabilities or from minority groups. The HCA ‘s Vulnerable and Older People Housing Group (VOPAG)¹² recognises that older people need variety and a choice of housing, care and tenure solutions, and presumably they will wish to address the challenge to avoid a two tier system for wealthier and less so.

In specialist housing, the role of the housing manager involves integrating the housing management with a range of care providers, and perhaps, a multiplicity of agencies. As stated below, ‘**Personalisation**’ offers opportunities for people in providing individually appropriate care plans, but can add complexity and cost for the housing provider¹³. Some schemes, such as sheltered, require residents to agree to use their out of hours service, which would not be viable if people elected to use their own provider. For the landlord, each service provider will face budgetary pressures which are likely to affect service delivery. As **Supporting People** (SP) funding is reduced, some services to the elderly and disabled are likely to be affected. For example, it may be at present SP funding which provides a worker to take a resident to a service provided by care funding. The landlord may have limited ability to compensate for other providers’ service reductions, and will face their own budgetary challenges, and the increased costs of dealing with more agencies.

¹¹ DCLG January 2011 “ Localism Bill”

¹² Homes and Communities Agency (January 2011). Homes and Communities Agency Vulnerable and Older People Advisory Group annual report, “Meeting the needs and aspirations of an ageing population”. London: HCA

¹³ Think Personal, Act Local

http://www.puttingpeoplefirst.org.uk/library/PPF/NCAS/Partnership_Agreement_final_29_October_2010.pdf

Lack of options: many people say they want to stay in their own home because they don't know what the other options are, and there is little objective information and advice available for older home owners. There is a shortage of suitable options across all tenures and in most parts of the country. People want independent living with flexible support, but many don't know it exists. They want security and integration – achieving both requires good design. Schemes need to provide a spectrum of support and care options. It appears there will be fewer options for poorer renters in the future, both in the social rented sector, and probably, in the private rented sector as LHA and HB reductions are introduced. If we cannot find new ways of funding modernisation of outmoded schemes, we risk losing those units from the sheltered pool.

So we face real challenges, but there are also **opportunities** that we can grasp to help us address them. **Localism** empowers local communities to address their needs. We need to encourage more models of development to cover the range of assets and levels of income, and the differing circumstances and needs of differing regions. What is the range of schemes we need, and the assistance such as shared equity, equity release and rent to buy to help people access these schemes? Is there a role for more private rental options in later life?

3. Models of specialist housing

Sheltered housing makes up the majority of specialist provision with 65.6% - over 400,000 units of local authority and registered provider stock. Care homes make up almost 30% of specialist schemes, and 5% of older people live in residential care accommodation, some because they cannot return to unsuitable accommodation after hospitalisation, some others for lack of alternatives. Residential care may cost around £18,000 per person per year¹⁴, and up to and beyond £40,000 per person per year in the private sector. The comparable cost of social care in community-based settings (including general needs and specialist accommodation) is around £3,500 per year.

Extra Care housing is still scarce, making up 4.5% of specialist housing provision, and retirement villages are a fairly new entrant. Several specialist schemes work on a “hub and spoke” or “core and cluster” model, where they provide services for the wider community in differing ways. They may provide outreach services, or much more in larger schemes. The hub model works very well to create a sense of belonging in the community. In some cases a specialist scheme will have facilities open to the public and invite people in.

Sheltered accommodation

Sheltered housing is well established, having expanded greatly during the 1960's and 1970's. Half of the stock is now over 30 years old, with bedsits in over half of schemes, and over half hard to let or less popular.¹⁵ Initially such accommodation housed a younger group of older people, who welcomed the social aspects of schemes and the security of a warden, the more so as local authorities typically did not charge for the additional services available there when compared with ordinary flats and bungalows (pooling costs across all stock). The average age on entry has risen and the typical client group is over 75. In part, this is because people are now remaining active and 'staying put' for longer, in part it is due to the pressure of an insufficient supply. In the social sector, many of the original schemes are in need of remodelling, conversion or rebuilding, some perhaps as Extra Care housing. Resources for significant remodelling are required and this is also a particular problem for the many Almshouses (many of which are in listed buildings).

¹⁴ Frontier Economics (December 2010), “Financial benefits of investment in specialist housing for vulnerable and older people”. London: HCA

¹⁵ Homes and Communities Agency (January 2011), Vulnerable and Older People Advisory Group Annual Report, “Meeting the needs and aspirations of an ageing population”. London: HCA

Resident wardens have been widely withdrawn, to be replaced with support co-ordinators/scheme managers, and some residents feel that the nature of schemes is changing from the one they chose to live in, and there may now be fewer organised communal activities (they rely more now on residents and volunteers organising them – see Housing LIN viewpoint on co-production and factsheet on co-housing). Costs are also rising in several schemes, and some residents now feel let down– that they were encouraged to move to a scheme that no longer provides the things they chose it for, whilst others are content with a named individual to contact and do not want resident staff. In general, whilst many new attractive sheltered schemes remain highly desirable, some sheltered is becoming less popular, and some of it suffers from low demand. In some areas, the problems are compounded by pressures on local Supported People funding.

So what future does sheltered have? The better schemes will continue to suit the needs of many people, and with Personalisation, people should be able to receive an individually appropriate care service. If the scheme is in the right place, some people will compromise on space standards. Private sector “retirement living” schemes when well designed and well located, are highly popular. Some providers are moving to new models of retirement housing that is “care ready”, but provides no on site care, with residents being helped to organise their own care. Schemes may start at about 20 units, with a small multipurpose communal room. Thus ongoing revenue costs will be kept to a minimum and people will only pay for care they receive.

Extra Care

The model of Extra Care housing started in the 1990’s, mainly for social rent. It seeks to keep people independent and active and reduce the need for entry to residential care, and be less expensive than care. It raised standards of accommodation and provision of community facilities and care and support and is highly aspirational. Many schemes have been very successful, with impressive results in improving people’s mental and physical health and promoting independence. It is an expensive capital model but it does deliver savings, and more independent research, supported by the Housing LIN, is being done to demonstrate how Extra Care housing saves the public purse money, by looking at the total spend from all sources on older people.

The model proposed that to succeed, schemes need to maintain a balance of more active and frailer people. Some local authority schemes, or schemes with local authority nominations, are moving from 1/3rd higher, 1/3rd medium and 1/3rd lower care needs to a predominately frailer group. The model seeks as far as possible to provide a home for life (unless nursing care is required), whilst maintaining a balance of needs, and Extra Care is not intended to become a de facto care home. This wastes many of the resources and generous flat space standards of a scheme designed for a pool including more able and active people. Earlier schemes were mainly for social rent, but mixed tenure has become more prevalent. It may be more difficult to sell flats where the balance is lost, and the younger old will not wish to move in. Costs also increase with a higher proportion of dependent people. Extra Care housing schemes may also be unable to cope with a high level of residents with dementia. Landlords need to be able to control allocations to maintain the balance.

Re-ablement services can be included in schemes, where people come in at a higher level of need (such as after hospital discharge) for a period of time (see new Housing LIN case study on Marina Court, Tewkesbury).

The Extra Care housing model needs to address the new challenges. Apart from the top end of the market, future schemes will have less communal space and should aim for lower service charges. Many will be designed more for self-organised activities, which will only work in many schemes with a cohort of active elderly and a strong volunteer network. The reduced levels of public funding and HCA grant will make delivery of mixed tenure schemes

more challenging, and it may become yet more difficult for people requiring social rent to gain entry to such schemes.

Retirement villages

Some retirement villages were built a long time ago, but the current model of retirement villages or Extra Care Villages is new and is growing in popularity. Schemes vary in size from about 100 homes to over 350 homes. The essence of a village is mixing those who need care with those who do not, with the more able helping the less able. Villages are usually based on a model seeking to attract younger old who will move in for lifestyle reasons, whilst providing a home for life unless nursing care is required (usually only if people become a risk to themselves or others), and several schemes include a care home. They vary from schemes entirely for sale (some are exclusively for affluent households) to mixed schemes including homes for sale, for shared equity or market rent, and for social rent, and a few schemes are mainly for rent. Some schemes which have provided mixed tenure have been able to cross subsidize the social rent, therefore requiring low levels of grant and representing good value for money. Most villages seek to maintain a range of ages and care needs, including a proportion of “younger older”, to ensure that they do not become care homes. The villages comprise a range of facilities and services, some are very self-contained, whilst others relate to surrounding areas, perhaps with a hub and spoke model. In general, they should be integrated within a local community.

There have been recent examples of striking results from villages which show **improvement in residents' health**, linked to the availability of activities and the opportunity simply to meet people. For example, Extra Care Charitable Trust have villages which may have over 240 spacious homes of mixed tenure, clustered around a village centre with facilities such as cafe and restaurant, garden, a gym or health suite, IT suite, craft rooms, convenience store, hairdresser and community hall. Often they invite neighbouring older people to use their facilities on a day membership basis, this brings the community into the scheme, and many of them will wish to become future residents. The facilities require funding from either charitable sources and/ or gifted land. Residents pay a service charge and an amenity charge.

Many villages already use volunteers to a large degree, drawing in people from the local community to help run facilities and provide support, and working alongside residents who share responsibilities for such things as coffee bars, library supervision and reception. Some villages and schemes already provide opportunities for **entrepreneurs**, and there is scope to expand this role, exploring the business opportunity in providing services, including running some of the facilities which may be under pressure as funding reduces. Some of the entrepreneurs could be residents. Also, there may be further scope to explore partnerships with local employers and educational establishments to bring in younger people on work experience.

The village model currently challenges providers who want to include affordable homes, and some providers say that in the future they will only be able to build villages in areas where existing homes have sufficient value to enable people to sell them and buy into the schemes. Some schemes will need to increase the proportion of market sale units, and can only offer a proportion of purchasers help with initiatives such as rent to buy or shared equity to help them cover the period of time whilst waiting to sell their original home. The building cost of a village, with its generous communal space, is expensive and remains broadly the same regardless of property values in a given location.

Where villages are popular values may be sustained. The price difference between the family home and a new one in a village may be substantial, and in some regeneration areas local authorities in the past have cross subsidized downsizers with revenue payments. At present, in several schemes owners are cross subsidizing renters, both in capital and revenue. There may be reductions in core revenue over the coming years, and the challenge will be to find ways of dealing with this.

Residential Care

Normally residents move to residential care when they can no longer manage at home or in a supported setting. The majority of people living in Extra Care housing will never need to move to residential care (although some may need nursing care). As people rarely choose residential as a downsizing choice, it is not discussed here.

Co-Housing

Models of co-housing for older people are still new to the UK, although there are many inspirational models in Europe, and the HAPPI¹⁶ team were very impressed by the potential they offer for a new way of approaching housing as we age, and the model is being promoted. We should think creatively about services we want in our old age. Can we co-design the housing we want and the services to support us? There is much interest in this new area, which is likely to expand in coming years. It may however become increasingly difficult to try to achieve mixed tenure schemes. Several pioneer schemes are currently proposed, for example, with Hanover, in Barnet, Shipley and Stroud.

4. Tenure

Although two thirds of older people are owner occupiers, there is considerable evidence that if people desire the new home in a suitable scheme, then many are happy to sell a family home to become a shared owner or renter if it will enable them to live where they wish, and as long as the ongoing revenue costs are affordable. Several providers will provide less rented accommodation in future. One suggests that they are likely to go to 80% ownership and 20% rent, others propose 70/30, which is close to the ratio of ownership in the general older population.

Leasehold and shared equity models are required to meet the needs of the many with lower levels of equity and insufficient equity in their homes to buy a new home in a scheme outright, or to be able to afford the charges once there. Shared equity models vary - on some, the service charge is paid, but no rent is charged on the unsold portion or the rental element might be paid from residual assets, or through pension or Housing Benefit, although in some schemes it can be offset as a charge against the property at the time it is sold on.

There is a range of part purchase options and equity release schemes, but more options are required to meet the needs of this very considerably sized sector, and more providers need to be encouraged in to develop a wider range of offers. The private market is doing little for those with lower equity at present, and there may be a role for RP's to develop more models for this group.

As discussed above, there are many as yet unanswered questions about the potential impact of the new "affordable" rents at up to 80% of market value on older people. Several housing providers are planning new provision on this basis. If service charges are deducted, then the scheme may be at about 60% of market rent plus service charge. Before planning new provision on this basis, further work is required to consider the long term impact for the potential client group. Added to the higher rent, there will be support and care costs, at a time of reducing pensions.

Private rented schemes

For those who enter specialist housing late in life, purchasing a flat may not be the best answer. Others are currently renting privately and may have few options but to remain in the sector. There is potentially a sizeable market for whom rent is a better solution, yet at present there are few schemes offering market or sub market rent (see the EAC website for

¹⁶ Homes and Communities Agency (2009), "Housing our Ageing Population: Panel for Innovation". London: HCA

current availability)¹⁷. Undoubtedly, there is scope for the private rented market to grow, and it appears that there are financial models that show its viability as a tenure (see recent Housing LIN Viewpoint)¹⁸. More work is required to develop this market for older people. Some providers refer to a letting market emerging where the family of the original residents may let the home either whilst waiting to sell it, or until they wish to move in (as with Audley Retirement).

5. Funding

The private sector will be the main driver of funding as public funding diminishes, and we need to encourage new **partnerships** across the public and private sectors involving commissioners and developers to create deliverable solutions to local needs. This can include use of public or redundant land or Section 106 planning agreements to achieve affordable units as well as those for sale. Local authorities can now develop prudential borrowing strategies and use Tax Increment Financing and potentially the changes to the Housing Revenue Account, to fund capital development and invest in existing stock, and there is scope for innovative approaches.

We will need **new models of funding**, and to attract new funders, if we are to provide specialist housing on the scale we need. As there is apparently almost £1 trillion of equity in property owned by older people, the size of the market should be sufficient to attract funders and solutions, if we can address the planning issues effectively. We should seek to attract “social investment” through equity and pension funds. Pension funds are not usually interested in small schemes, and in general don’t want more than 10% of a scheme’s costs. Can schemes be packaged up and could LA pension funds be attracted in? Several of the larger Registered Providers (RP’s) have finance through long standing loan facilities or bonds, and can still fund schemes where the conditions are right. Several RP’s will provide more open market sale and use this to cross subsidize “affordable” or social rent.

The majority of home owners aged over 65 own outright, and many of them have sufficient value in their home to create a substantial market of people able to fund outright purchase, and, if trading down, self fund care and support as well. The fact that the purchase price of the apartment in an Extra Care scheme or village is excluded from the present means testing regime for care payments is a factor in stimulating demand for places. Can this top end of the market help subsidise homes for purchasers with less equity, or for rent?

Property values may remain static or decrease, and in some areas this is already happening, with very slow markets where people find it hard to sell existing homes. As stated above, the costs of building new retirement villages remain broadly the same (unless land values reduce). Along with the reduction of HCA NAHP grant, this often leaves a shortfall in scheme funding which needs to be met. Also, sales can be slower in developments for older people, some providers saying it can take 2 – 3 years from completion to fully sell a scheme because of delays in reselling former homes, and therefore incentives to help people sell may be required.

Different providers have differing approaches to the proportion of part sales or rent to buy that can be held on a scheme where sales are slow. Some providers assist with interest only mortgages to purchase a share, deferring full purchase until the former home is sold. Most developers offer help with selling the former home and chain breaking, and there is a wide variety of approaches to this.

- Is there scope for a group of providers to go the capital markets and issue bonds for 10 – 20 years - for example 12 schemes each providing 250 homes?

¹⁷ www.housingcare.org

¹⁸ Housing LIN Factsheet No 32, “Private Extra Care Housing: a new market?”

- In Europe, funding on schemes is often based on an investment cycle of 60 years, whether rent, leasehold or sale. As the developer usually retains the asset it is in their interest to build quality.
- We need to find new ways of funding modernisation and energy efficiency of existing property. Could VAT be reduced for remodelling outmoded sheltered schemes?

The average price of a home in England is currently £160,000, and shared equity and shared ownership schemes can enable people in the middle market or with low equity to buy into schemes, and we have evidence that many homeowners are prepared to move to rent or shared ownership/ equity to live in the scheme they like. For example, Hanover Housing Association found that 46% of owner occupiers moved to rented¹⁹, however, some Local Authorities will not accept people with resources into their schemes, where they ration access to an insufficient supply.

Some providers are considering allowing “staircasing down”, so that people can put in what equity they can afford (perhaps as little as £20,000), and reduce it as they need to call on their capital, until they may end up wholly renting their home, and in receipt of Housing Benefit.

Equity Release: Many current schemes are perceived as poor value and we need a wider range of more attractive Equity Release products. An example is work funded by the Joseph Rowntree Foundation²⁰ currently assessing 3 equity release pilots with a product designed specifically for homeowners on pension credit, suggesting that owner occupiers over 65 could take out an equity release loan to bridge the gap between the sale proceeds of the current home and the purchase price + fees of the “new” property, if they currently have no mortgage, or if the mortgage is relatively small, and the relative difference in price is not too large. Other approaches are discussed below.

6. Affordability of care

Many residents express concerns about the affordability of the care and support they receive, and their lack of control over service charges and rising care costs. Costs of support and care vary widely across schemes. Also, there are many parts of England where there are not enough people to provide care as they cannot afford to live in those areas. Budgetary pressures will require several providers to reduce core staff in the rehabilitative and prevention area in the coming year. How will social care be paid for in the future? Already there are growing pressures, and some providers have to reduce provision of preventative work and, for example, work on dementia and high dependency groups. These are themes that will also be addressed by the Coalition Government’s Care Commission which is due to report in mid 2011.

Models to release equity to pay for care

There are various approaches that use the asset value of the home to pay a license fee on entry, or buy an annuity to fund service and care costs. In the USA there are models - and in the UK, Sunshine Care - where schemes take the equity from the sold former home and it is used up until the demise of the resident. These schemes have focused on the higher value market, but models based on these principles may be suitable for people within the very significant middle sector of the market with low equity, including those who exercised the Right to Buy. The JRF Continuing Care Retirement Community in York at Hartrigg Oaks²¹ is

¹⁹ Centre for Housing Policy (2008), “ Report of a survey of recent entrants to Hanover . . .”, York: University of York

²⁰ Joseph Rowntree Foundation (2010), “Can equity release help more older people remain in their homes?” by Rachel Terry and Richard Gibson. York: JRF

²¹ Joseph Rowntree Foundation (2003), “Residents' views of a Continuing Care Retirement Community” by Karen Croucher, Nicholas Pleace and Mark Bevan. York: JRF

based on a pooled financial model, with a clear and fixed fee to pay all potential future care costs. The new property may be signed over to JRF after purchase, and the resident then has a home for life with no nursing care costs.

Audley Retirement provides wholly ownership schemes, usually of around 100 homes, for the luxury retirement market. If required to cover the service charges and pay for care costs, people can access equity release or lifetime mortgages, or Audley Retirement can take a charge on the property.

ECCT is about to pilot "Care for Life", where people on moving into an Extra Care Village will buy an insurance that will cover future care needs (whether they will need them or not). The cost will vary with age and people will need to be in good health when they take it out. Indicative values may be approx £30k for an individual and about £55k for a couple. It may be that the Government will consider introducing a national requirement to take out an insurance against having to pay large annual care costs, and some suggest this would be socially divisive. Once assets fall below £22,000 (current level), the state would help with care costs. Poorer people suffer more ill health incidences.

Can pension funds be persuaded to release funds for pensioners as a lump sum on retirement, and be persuaded to do more to invest in schemes for the elderly? This is being explored by, amongst others, the Commission on Care and Support which, as mentioned above, is due to report in 2011.

Personalisation.

Giving people personal budgets that facilitate individually appropriate care is a significant improvement, but it is potentially a double edged sword - with the benefit of choice, but the downside of budgetary cuts. One respondent²² described this as "an unstoppable object hitting a stationary wall", and said that local authorities were nominating people who are increasingly dependent, whilst he had seen a Personalisation assessment of 18 hours care per week one year ago, now reduced to 8 hours through re-assessment of need.

Providers are encouraged to provide services at lower costs, whilst the costs to the landlord can increase through maintaining contact with a range of service providers. If people chose to buy services elsewhere it may be hard for the scheme to maintain a staff team adequate for those still wanting the services. Schemes which have fixed provision such as catered kitchens and dining rooms can find it unviable to maintain provided meals if many opt out. People from minority cultures may find that there are no services available locally that reflect their cultural wishes.

Personal budgets will hasten the move away from institutional provision of care, and we need to manage a sensitive transition, giving more choice to residents (which future generations will expect) and managing tensions between differing lifestyles.

Supporting People

The Supporting People programme (SP) is proven to reduce care and health costs. In April 2010, it was supporting 815,000 people with support needs, the majority of whom are older people²³. Under the Comprehensive Spending review, Local Authorities are addressing areas where budgets will be reduced, and SP in many areas will face significant reductions which will have an impact on all schemes of specialist housing and related support services. Moving to specialist schemes is stressful, and in some areas SP funding has been used to provide floating support. Can this be maintained and expanded whilst funding is under increasing pressure?

²² Scheme provider interviewed for this Viewpoint

²³ Homes and Communities Agency (January 2011), Vulnerable and Older People Advisory Group Annual Report "Meeting the needs and aspirations of an ageing population". London: HCA

Planning

The planning system is at present an obstacle to the provision of specialist housing and a deterrent to some potential providers. This must be addressed urgently.

- As recommended in Viewpoint 17, The National Planning Framework should address demographic change, ageing, health and wellbeing. Many Planning Strategies do not adequately address the needs of older people.
- Local Development Frameworks could highlight sites suitable for older people. Planning policies must be closely aligned with relevant local authority strategies.
- A special planning class for retirement schemes is proposed, as at present planning is far too complex for mixed use, integrated schemes for older people which encompass several use classes, and this is a disincentive to potential developers. McCarthy & Stone report that around 60% of their applications for planning consent are refused first time round.²⁴
- Planners should allow business plans to include flexibility in tenure to reflect viability. Building care homes is more straightforward in planning terms.
- Will deregulation lead to a reduction in standards? If this occurred there would be a risk of buildings not being fit for purpose or future proofed.

Design

Schemes should be designed to promote independence and an active lifestyle as part of a community, whilst providing security and privacy. The local community should be involved, and schemes located at the heart of communities.

All partners of specialist schemes need to be involved in the development from the earliest stages to work closely alongside the consultant team: the housing developer, the manager, the care provider, the local authority planners, other stakeholders, and prospective residents and local people.

Design should encourage interaction in communal areas, open space and gardens, and encourage intergenerational use, including visits from grandchildren. To be affordable, in many schemes communal space will need to be pared down to a minimum, as a multi use space, with schemes relying on their proximity to neighbouring facilities. Keep community facilities simple to keep costs and service charges down – perhaps not a catered kitchen, but a tea area and microwave. Design community facilities that can be open to the wider community to rent, (if exiting residents are happy with that), and have progressive privacy in the scheme.

The HAPPI report identifies 10 points of design and sustainability standards, including better sized flats with adequate storage, generous outside areas or balconies, good natural light, consideration of sustainability and link to local communities²⁵. Choice and variety are key, and new products are needed, such as cohousing where older people work together to form their own solutions. Developing the right products (privately or publicly funded) may encourage people to make a positive choice to move at an earlier age. The report promotes self help and mutual housing solutions and with regard to the public realm and the wider context, adopts the philosophy and practice inherent in the concept of Lifetime Neighbourhoods. CABE has also produced guidelines on building inclusive and age friendly homes.

²⁴ McCarthy & Stone (2011), "Housing and Care for an Ageing population – an opportunity to plan for demographic change"

²⁵ Homes and Communities Agency (2009), "Housing our Ageing Population: Panel for Innovation". London: HCA

Many older people have visual²⁶, sensory and cognitive impairment, and design needs to account for this: stimulating layout of buildings, with design clues to reflect uses – familiarity and legibility. Layouts should allow for social interaction and privacy.

Design should achieve energy efficiency, lower service charges, and minimise lifecycle costs.

As men are often in a minority, cater for their needs with some male oriented spaces, such as hobby spaces or garden sheds.

Other factors to consider include:

- When considering the ratio of 1 to 2 bedroom flats, providers must know their market. 2 bedrooms can be highly desirable, with storage space for possessions and mobility aids etc, but many can only afford 1 bedroom, and providers of middle market homes or social rent may find that a majority of 1 beds sell or rent best.
- Adequate car parking.
- Own front door, close to shops and amenities, easy access to outdoor spaces.
- Consider mobility scooters – use and storage. Could a pool of scooters be considered?
- Avoid out of town locations.
- Explore inner city flats over shops.
- Allow pets wherever possible and design for their inclusion.

Localism and the Big Society

Localism and the Big Society offer opportunities to join up the silos of differing service providers, and to adopt sound principles of making decisions close to where people live. Localism and Place Based budgeting can achieve better outcomes. To be effective, we need to integrate the needs and voices of older people in local decision-making. Older people should be included in Neighbourhood Forums, and their needs in Neighbourhood Plans. Relations with local councillors will be important to gain support for schemes. The Local Authority Strategic role offers opportunities to join up service providers, and there may be opportunity for locally driven policies to specify Lifetime Homes and Lifetime neighbourhoods²⁷. However, we need national policy standards, and there is a risk of losing evidence, and the loss of discretionary funding risks widening inequalities.

As public funding reduces, schemes will become more dependent on building strong connections with volunteers and encouraging good neighbourliness, and of residents organising activities themselves, perhaps through a social group or committee.

The **Community Development Trust** model can help to protect community facilities, as they are owned by the Trust, and could be linked to social enterprise models to help run facilities more cost effectively. Community Land Trusts can lock the land value in.

Assistive technology

Assistive technology and Telecare helps keep people out of residential care. It will become increasingly important as it becomes simpler and more user friendly, and more sophisticated in what it can do. However, in general people want people to provide their care, and over reliance on AT can lead to isolation. Many Baby Boomers are on Facebook and are much

²⁶ <http://www.pocklington-trust.org.uk/lightinganddesign/professionals>

²⁷ Communities and Local Government (2008), "Lifetime Homes, Lifetime Neighbourhoods. A national Strategy for Housing in an Ageing Society". London: Crown

more familiar with technology than the current cohort of older people, as evidenced by the following description sent by a respondent to the Housing LIN request for views:

“My mother's bungalow was also fitted with a passive motion detector in the hall, so if she went to the bathroom at night, a disembodied voice would boom from a speaker from out of the darkness. “Are you all right”? Eventually she took to sidling along the walls to evade detection!”

Rural need

Many older people currently need to leave their villages when they need supported housing. There is a case to be made for dispersed rural schemes where there is sufficient demand. As mentioned in Viewpoint 17, the Coalition Government's new Community Right to Build (promoted in the Localism Bill) offers local people a means of achieving small scale development in rural and other areas where there is 75% local support. Supported schemes for local older people could be ideal for this, and would free up family sized homes. They could be promoted in the Neighbourhood Plan by the Neighbourhood Forum. This would be supported by the DEFRA commissioned report “Research into Rural Housing Affordability”, which suggested that more sheltered housing would keep people in their villages.

Marketing and communications

To encourage more people to downsize we need effective marketing and communications, particularly to attract people at a younger age. Retirement schemes can improve quality of life and many residents say “I wish I had moved in earlier”. There is a powerful message of “Stay Younger Longer” we need to convey to overcome misconceptions. Perhaps a national drive similar to the marketing for “**Metroland**” in the 1930's would help people aspire to a new lifestyle, linked to local initiatives, for example, a fair in the local Town Hall for all schemes, with developers, providers and associated funders.

7. Future projections

For those whose housing and care is publicly funded, there is a significant squeeze on resources which is likely to increase. Some social rented homes will be sold to pay for modernisation of remaining stock, or to cross subsidize new development. Some relets may move from social rent to sub market rent. For self funders, pensions and savings are reducing. People of moderate and average means are becoming increasingly sensitive to ongoing costs such as service charges.

Looking further ahead, the present generation of home owners may have more equity than future generations can aspire to, and if they need to use some or all of their equity to pay for their care, they will not be able to pass it all on to the next generation. Baby Boomers may be the last for the foreseeable future to have such resources. Will home ownership become less prevalent for future generations? And how then will care be funded? We may have more impoverished older people in the future.

Ideas for the future

The links between housing, social care and health should be strengthened by Local Authorities taking on the Public Health role from PCT's²⁸. Budgets need better alignment to allow pooling of resources and to encourage other partners to invest in housing to reduce demand for health services. As stated in the LGA's “Good Homes in which to grow old” 2010, we need strategic plans to encourage active ageing and an integrated approach to local assessment. The Strategic Housing Market Assessment, Local Investment Plan and

²⁸ Health and Social Care Bill 2011, and Department of Health (November 2010), Public Health White Paper, “Healthy lives, healthy people: our strategy for public health in England”. London: Department of Health

Joint Strategic Needs Assessment all need to address the needs of older people. Local Enterprise Partnerships should consider how to provide retirement housing suited to the known local demand. Local authorities should be encouraged to incentivise downsizing, for example by paying home loss and disturbance (as is recognised by the Coalition Government).²⁹

Allocations need to be considered with care to maintain an appropriate balance in schemes. Several providers comment on the challenges of meeting needs for 4 generations of people from their 50's to those over 100. A small number of people with disruptive behaviour, for example those who are alcohol dependent, can create significant problems, and require more support than is generally funded. Tensions between those with differing levels of frailty must be managed sensitively.

There is at present housing market volatility and polarisation, with good schemes in good locations selling well, even though the general market is still at an all time low. We need to find ways of providing new schemes throughout the country wherever there is need, to avoid pockets where there is serious absence of suitable homes for older people. At present several major providers are moving away from providing new schemes in parts of the Country where the market has stalled and where values are low. This might exclude some areas of the North of England and other areas of low value from new provision, or areas where the market is slow such as parts of the Midlands, East and South West. Could providers consider using the development profit to cross subsidize units for rent, or schemes in areas of lower value?

To attract people to move whilst younger and more active, we need terminology that is aspirational such as "Independent Lifetime Living". Care ready properties where care can be provided if required may hold their value better than those where it is integral, and where a minimum number need to receive in house care provision. More flexibility is required where individuals can select their own domiciliary care provider or buy in privately.

Meeting differing needs and expectations

Schemes should promote independence and encourage people to maintain contacts with the outside world. Getting this right is tricky. Some of the current views about promoting mixed tenure and mixed frailty were questioned by a JRF study of 7 schemes with differing characteristics, interviewing 150 people³⁰. The study found that frailer and less sociable residents can be left very isolated in their flats, unable to organise or attend activities. It also found some conflicts with current suggested good practice for mixed levels of support need and of tenure, and integration with the wider community. Some residents like homogeneity such as similar levels of income, with potential friction where some self fund and others are on benefits. Also some residents thought that the mix of very high and lower care needs in a scheme did not work very well, with a tension between the promotion of independence and the needs of those with chronic and life limiting conditions. Some felt that people with mental health problems and dementia did not fit easily with independent housing. The study found that locating services for the wider community within schemes is not always what residents want, and did not appear to promote significant community integration. Affordability was a general concern, as all 7 schemes were expensive places to live. There was a shortage of support and a need for more volunteers. No single model was seen as working best, but there were advantages in schemes with onsite health and in the larger schemes (the largest had over 300 units), as there were more activities, and men were able to benefit from a larger cohort of other men. These tensions are being addressed by providers in a variety of ways, often successfully, and we need to share the learning.

²⁹ Grant Shapps "Help for older people wanting to move" DCLG Jan 2011

³⁰ Joseph Rowntree Foundation (2007), "Comparative Evaluation of models of housing with care for later life" by Karen Croucher et al. York: JRF

The baby boomer generation of older people may have higher expectations of service, and many may be more individually minded than their predecessors. They may require flexible housing offers tailored individually, which will require a different approach such as a model of extra care provision with more flexible Leasehold Schemes for the Elderly models where the purchasers can have an involvement in the management of the communities and where common facilities can be used more imaginatively.

Meeting the needs of a diverse population

More work is required to consider the future needs of older people in minority communities. Often schemes have fewer people from minority communities than are in the wider community. Do we understand the reasons for this? The needs of minority communities are changing as they become more established, and there are now fewer calls for separate schemes. Home care services are closest to the communities, with a level of specialism and personal relationships. The Equalities Act strengthens the need for providers to ensure that they have an integrated and person centred approach for all, including disabled and LGBT people.

“Most councils should do more to create an environment in which people thrive as they age. Few councils are well prepared for the additional diversity in their populations.”³¹

8. Conclusion and recommendations

We must tackle the under provision of suitable housing for older people urgently, including the full range of specialist housing, and argue the case why investment now will bring benefits to future care and health budgets. If we do not succeed many older people may spend their final years with a lower quality of life than necessary, in unsuitable housing, and consequently with unnecessarily high costs to the care and health system. Future generations of older people may not be as asset rich, so we must grasp this clear window of opportunity to expand the market of specialist housing now, within the next decade.

- We must **engage with developers** and house builders to ensure that they are fully aware of the **market opportunity** that 50% household growth in the retirement housing sector brings, and particularly to attract more in to provide for the middle and lower equity market.
- We need to address **delivery across the differing regions** (including **rural** areas), including those where the market has stalled and with low property values.
- We must ensure that the **planning system** becomes more sympathetic to the housing requirements of older people, and then more house builders will enter the market.
- We need effective **communications and marketing** to encourage people to consider the benefits of, and options for downsizing, as well as incentives to make the process easier.
- For homeowners, help with **chain breaking** to sell the home and organising the move; for social tenants, **support and help** with the costs of moving.
- We need to find **new solutions** for those with **lower value assets** such as shared equity/ ownership, equity release and insurance products, and to encourage developers to provide a new range of models for those needing assistance to buy into schemes, such as rent to buy.

³¹ Audit Commission (2008), “Don’t Stop me now”. London: Audit Commission

- We need to continue to make the case to Government to “**invest to save**” in services, infrastructure and facilities for the new old agers to gain long term savings. Housing, health and social care need to plan together.
- We need new **ideas to meet support needs** with less State funded care and support, including exploring **release of assets to fund care** and use of self help, volunteers and AT.
- We need a new approach to **future proofing existing stock** to ensure we can reuse the older and less energy efficient schemes.
- We must also explore suitable **private rent schemes** for those who cannot, or do not wish to buy, such as when moving at a later stage in life.

Baby boomers will have different expectations and more may wish to stay independent, in a warm, safe home where they can socially interact. There will be less homogeneity in future older generations than we have experienced to date, and we need to consider how best to meet the needs of a more culturally diverse population and greater expectations for individualism.

There are at present opportunities to influence Government thinking, through responding to the Localism Bill and providing input to the Care Commission on the future of Social Care, as well as engaging locally with new Local Enterprise Partnerships.

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For further information about the Housing LIN and to access its comprehensive list of on-line resources, visit www.dhcarenetworks.org.uk/housing

The Housing LIN welcomes contributions on a range of issues pertinent to Extra Care housing. If there is a subject that you feel should be addressed, please contact us.

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