



ALL PARTY
PARLIAMENTARY
GROUP ON HOUSING
AND CARE FOR
OLDER PEOPLE

Housing our ageing
population: **Positive Ideas**

HAPPI 3

Making Retirement Living
A Positive Choice

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June 2016



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Foreword

This is the third outing for the “HAPPI” brand.

The first HAPPI exercise (2009), *Housing our Ageing Population: Panel for Innovation* was based on an international study tour. It showed the UK lagging behind other European countries in the provision of well-designed homes for those of us in our “extended middle age”. The HAPPI report proved influential in raising awareness of the design features that can make “retirement housing” a product to be desired not dismissed.

The annual HAPPI category in the annual Housing Design Awards, organised by Design for Homes and sponsored by the Housing Learning and Improvement Network (LIN), have been an important factor in raising standards. And the quality of entries shows that really attractive housing for the older generation is now a reality in the UK.

Then came HAPPI 2 (2012), *Housing our Ageing Population: Plan for Implementation*, from our All Party Parliamentary Group. This underlined the economic and social advantages of a house-building programme for “downsizers” and made a series of suggestions for policy-makers and practitioners.

The APPG, with help from DEMOS, then produced a practical follow-up (2014) on “affordable down-sizing”. The report stressed that, by creating appealing opportunities for older people to move, a chain of house moves is triggered which helps the next generation – and the wider economy – as well. And Hanover Housing, to mark its 50th anniversary in 2015, published contributions from major think-tanks, summarised in *Accommodating our Extended Middle Age*.

But in this country we have not yet reached the crucial tipping point when it becomes commonly accepted that it is good to move home before you are forced to do so for health or financial reasons. So here is HAPPI 3, *Housing our Ageing Population: Positive Ideas*.

This time we have looked beyond design factors, beyond the physical features of “age-exclusive” housing, to the more subtle and often hidden reasons why older people may, or may not, want to “right-size”. Conversely, the current planning system and recent government initiatives simply serve to incentivise house builders to focus on the other end of the housing ladder, where they see an easier route to delivery and lower development risk.

Some considerations – like emotional attachments to a family home and a close community – cannot be easily addressed. But other worries can be: concerns about service charges or hidden extra fees; about the cost and hassle of moving; about the management arrangements or terms of leases; or about loss of control over decisions affecting the home, and about future care needs.

HAPPI 3 takes forward some positive ideas for ways in which government policy as well as action by house builders can ease these concerns and enhance the offer to potential right-sizers.

Government must move away from concentrating exclusively on support to young first time buyers, with its huge investment in Help to Buy schemes and now in Starter Homes. It gets multiple benefits from supporting older people to enjoy better health and well-being in new homes, from saving NHS and social care spending, and from freeing up family homes for the next generation. The resultant trickle-down effect in the housing chain creates opportunities for “second steppers” and subsequently, for first time buyers.

House builders are increasingly recognising the huge market for homes that are tailor-made for older people. They now need to progress adoption of industry Good Practice Codes and a HAPPI kitemark that brings assurance of quality, not least in ensuring clear information for potential buyers and tenants. And local planning authorities should also recognise the demographic changes that necessitate stronger encouragement for older people’s housing.

I would like to offer sincere thanks to all the contributors to our Inquiry, the participating Parliamentarians, our incredibly helpful Panel of experts and the Secretariat, all listed at the end of the report.

If our report helps get us to that elusive tipping point – when moving to an easy-to-manage, high quality new home is the natural thing to do – we will all, young and old, be the winners.

Lord Best OBE

Chair, All Party Parliamentary Group on Housing and Care for Older People

8 June 2016





1

Conclusions and recommendations

National Government

Government policies for new house building are concentrated on extensive support for first-time buyers. But new homes for older people can not only meet their needs but can create the housing solutions for the younger generation as well.



1. **We call on Housing Ministers** to take the lead in securing enhanced support across government to boost significantly the very modest output of house building for older people.
2. **Stamp Duty exemption** would remove a barrier to down-sizing for those over pension age, with Treasury benefitting from the average of three house moves that follow.
3. **“Help to Buy”** assistance should extend to those acquiring a new property in older age, bridging the affordability gaps, just as it does for young buyers.
4. **The Homes and Communities Agency** and the Greater London Authority (GLA) Affordable Housing Programmes for affordable retirement accommodation for rent should be boosted: this age group cannot benefit from the discounts for Starter Homes.
5. **The Department of Health** should supplement its capital investment programme for housing with care and support: this is a huge money-saver for the NHS and social care budgets.
6. **The Department for Work and Pensions** should ensure its policies for rent regulation/Housing Benefit do not deter investment in extra care and specialist housing for older people.
7. **Government** should increase its support for housing information and advice services – like the FirstStop Advice service – so older people can better exercise their housing choices and make informed decisions about the options available to them in retirement.

Steepleton, Tetbury ►

Local Government

Local authorities are key players in meeting the needs of their ageing population: they are the stakeholders – as planning authorities, as care funders, as housing providers – who understand local housing requirements and can adopt the strategies and incentives to meet them.

1. **Councils** need to ensure their Local Plan gives the necessary priority to older people’s housing needs – not least as a core component of any new settlements – and that new developments of retirement housing embrace HAPPI design principles.
2. **Exemption of retirement housing** from the requirement to build Starter Homes – or to pay a commuted sum in lieu – would provide the opportunity to prioritise this age group. It is important too, to recognise that the Community Infrastructure Levy must not threaten the viability of such developments.
3. **Health and Wellbeing Boards** are ideally placed to promote age-exclusive housing and technology enhanced care services that combat loneliness, prevent the need for residential care and reduce requirements for domiciliary care.
4. **Council/ALMO** house-building and Council support for housing association development for older tenants can free up affordable, under-occupied family homes – for example, with bungalows on infill sites within estates – achieving solutions for both younger and older households.



House Builders, Investors and Lenders

Only a handful of house builders, investors, lenders and specialist operators are catering for the growing numbers of older people interested in “right-sizing”. We think this should change.

1. **An industry-wide** awakening is needed to recognise the huge market for tailor-made homes for the older population, if only the product is right: we call on institutional investors, lenders and housing builders to show the way, with high quality design and imaginative marketing that addresses both supply and demand.
2. **To give assurance** to potential down-sizers and avoid reputation all risk, house builders and specialist developers should sign up to the relevant sector Consumer Codes that oblige them, not least, to give purchasers clear and transparent information about all charges and fees, with proper complaints/redress resolution arrangements.
3. **We were impressed** with the provision by some developers of retirement housing with much longer leases – 999 or 1,000 years – which give purchasers a greater sense of security and helps property retain its value: we recommend this practice to the sector at large.
4. **We urge representatives** from the industry and those financing housing for older people and/or lending to older buyers to make progress in bringing together a world-class HAPPI kitemark: this would help build the confidence needed for this sector to gain real momentum.
5. **At the same time**, it must be recognised that we need to de-risk the regulatory process, including the town planning system as mentioned above, in order to incentivise house builders and others to invest in this market.

Housing Associations

Housing associations are in a unique position – as both developers and managers – to contribute significantly to meeting the needs of older people, whether they want to buy or rent. Indeed, these “registered providers” face reduced risks as they have the flexibility to build retirement housing for sale but to switch to renting the properties if there is a downturn in the market.

1. **We call on all** the major housing associations to recognise the scale of unmet need for housing in all tenures for older people which they can address as trusted, regulated, experienced providers.
2. **We urge the sector's** representative bodies – such as the Chartered Institute of Housing and the National Housing Federation – to be advocates for older people’s housing, with government and with those networks representing house builders and retirement housing operators.
3. **As innovative providers**, housing associations could move forward in introducing ‘care ready’ features and could use new connected home technologies to provide greater autonomy and control.
4. **We encourage more housing associations** to use their development skills and experience to assist the fledging “senior co-housing movement”, custom building for groups of older people.
5. **We call on the housing associations** to forge strong partnerships with their local authorities – including new Combined Authorities – and with institutional investors, with developers and with the Homes and Communities Agency and GLA, to make a very real difference to the housing of our ageing population.

Kingsmeadow, Cirencester ▼▶





We, the older generation

And, most importantly, as we get older we need to think ahead and consider our future needs in a positive light.

Meanwhile, as a key part of the electorate, older people should make more of the power they have to change national and local policies and strategies, not least, in respect of the housing choices for life in retirement.

- 1. All of us should reimagine** life as we grow older, planning ahead, exploring all options, and considering how best we can gain the most in our later years. Consideration of a move – “right-sizing” – should be part of our forward thinking.
- 2. Pressure from older people** in many countries has a huge influence on government policy, as with the American Association of Retired Persons (AARP) in the US. To play this role in the UK, we recommend the national organisations working in this field should consider supporting the creation of a well-resourced representative body made up of, and speaking for, older people themselves. Inevitably housing would be a central theme for such an enterprise.



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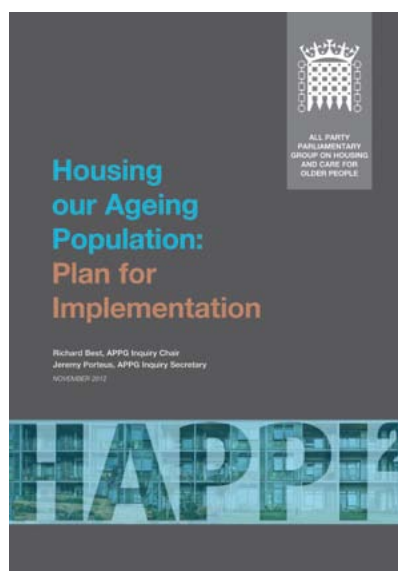
Background to the inquiry

The All Party Parliamentary Group (APPG) on Housing and Care for Older People launched a new inquiry in September 2015 to look at issues beyond the design and construction of housing for older people. The APPG wanted to explore the examples of best and innovative practice, explore different service options and make the case for improvement in standards and practice in the management of retirement properties.

Chaired by Lord Best, a small group of experts held four sessions between October 2015 and March 2016 to hear and evaluate evidence from a range of ‘witnesses’ and relevant sources. The group then assessed the merits of different practices, approaches and proposals for the management and operation of retirement housing (see full list of members, those who gave and sent evidence, and bibliography at Appendices One and Two).

The group of industry experts included some representation from the Panel who were responsible for the original HAPPPI reports and the last APPG report 2014 (right), *The affordability of retirement housing*. These reports had universally concluded that, despite an ageing population in the UK and a growing demand for a range of purpose-built, specialist housing that can accommodate older people’s current and future needs and aspirations, only modest progress had been achieved.

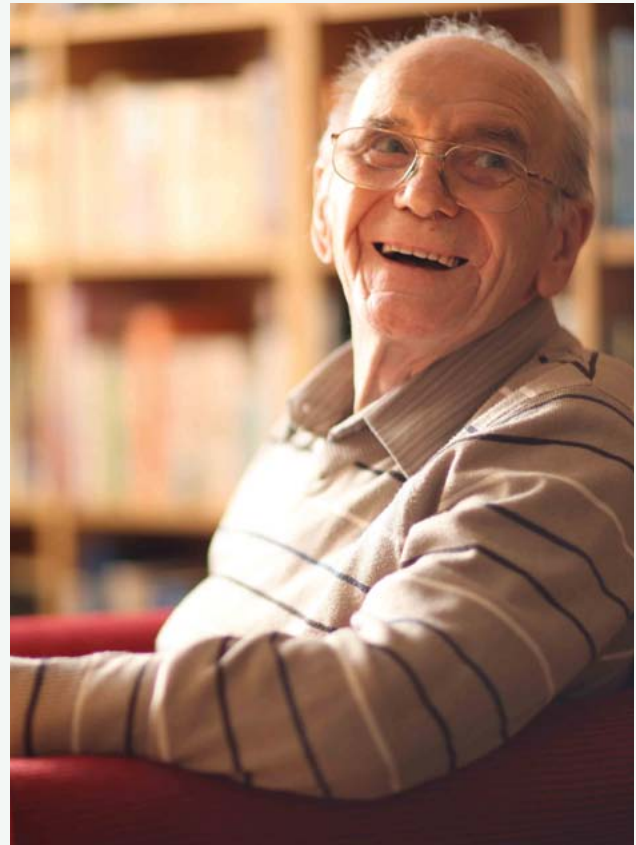
Following on from these pioneering reports, the new APPG Panel was concerned that despite the powerful arguments for good design and building standards to attract people to “right-size”, and despite the economic case for more and better homes for older people, a ‘tipping point’ had still not been reached for people wanting to move to retirement properties. Likely reasons for this included: concerns about loss of autonomy and control; the costs of services and affordability of charges; the availability, quality and choice of care and support services; and the imposition of institutional and old fashioned management practices.



Critically, this report draws attention to the need for more autonomy, choice and control in the way older people can manage their homes and the lives they want to lead in retirement. In particular, to ensure that they can:

- be as independent as they want to be
- feel part of a community and choose how and when to they want to engage
- have greater autonomy and feel that their lifestyles are met with wider health and wellbeing benefits from living in a 'care ready' environment
- stay connected with their social or other support networks, including through the use of technology, preventing isolation and loneliness
- access information on options for moving home within the area of their choice and on the management arrangements
- have a clear understanding of purchase, shared ownership or rental prices so that they can make informed decisions about what they can afford to buy and/or rent
- have greater clarity and certainty over service charges and associated property costs/management fees so that they retain more control and can plan their finances effectively

All this presupposes, of course, a planning environment that proactively encourages and assists the delivery of a greater range of well-located, well-designed and well-managed retirement housing models, across all tenures.



St. Bedes, Bedford ▼



3

Setting the HAPPI scene

“The focus for many has purely been on bricks and mortar. If we’re going to create truly aspirational communities for seniors it needs to move beyond design and be about connection and relationships”¹

Sara McKee,
Director, Evermore



▲ One Bayshill Road, Cheltenham

A soon to be published Foresight report by The Government Office for Science² found that the older population is so diverse that it is inappropriate and undesirable to suggest that there is an ‘ideal’ home. In terms of making retirement housing a positive choice, it found that there is a need for greater plurality of provision to accommodate a diversity of needs and aspirations responding to a range of ‘push / pull’ factors that influence whether and when people decide to make a move in later life. Above all, it found consensus that the home should enable people to maintain a good quality of life and be capable of supporting people if, and when, their care needs change.

It also suggested encouraging the diversification of types of housing being built, with a range of ownership models which could help alleviate housing problems for older people as well as combat loneliness. The ‘care ready’ HAPPI design principles do just that. Our inquiry found that they are now becoming an accepted component of both specialist and mainstream housing: well-designed, co-created living spaces and environments for older people offer more sociable homes and sustainable communities where older people have a greater stake in their success. Panel Members learned that their appeal is beginning to command a market premium.³

1. http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Viewpoints/HLIN_Viewpoint_77_Lifestyle.pdf

2. The Government Office for Science (forthcoming) *Foresight Future of an Ageing Population*

3. http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/HLIN_CaseStudyReport_HDA.pdf

Market Trends

“The shortage of purpose-built housing for older people is ‘bed-blocking’ the housing market.”

John Pankhurst,
Inside Housing, 1 April 2016

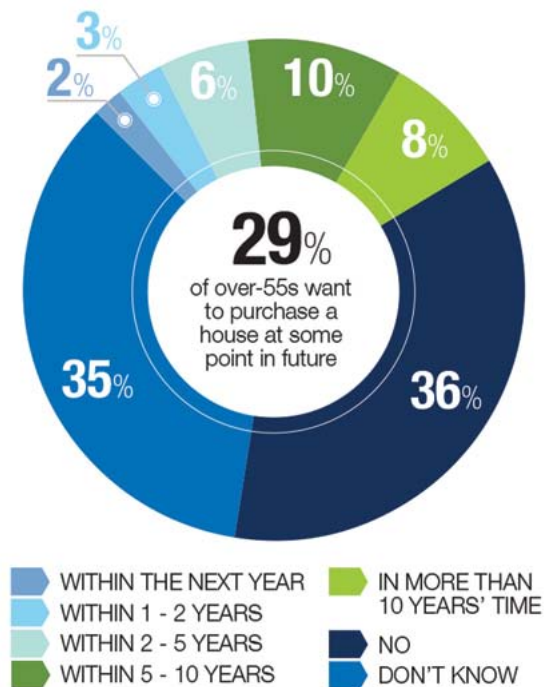
We know from latest market research and our last APPG inquiry report⁴ that:

- ‘Later life buyers’ are owner occupying £820 billion of property wealth.
- Eight million people over 60, in 7 million homes, are interested in ‘downsizing’.
- If half did so, 3.5 million properties – of which two thirds are family homes with three or four bedrooms – would become available, unlocking 18% of the property market.
- The country needs roughly 210,000 homes a year until 2037 to keep pace with the expected rise in overall demand, which is driven by both population growth and the changing nature of households.
- 1% of Britons in their 60s are living in tailor-made retirement properties, compared to 17% in the US, and 13% in Australia and New Zealand.
- Homes designed for those retiring or in their ‘extended middle age’ achieve cost savings and have significant benefits in health and wellbeing, including tackling isolation and loneliness, while also releasing capital to improve the incomes and quality of life of older people.
- The number of homes built specifically for older people each year has fallen from 30,000 in the 1980s to fewer than 8,000 in recent years.

4. http://www.housinglin.org.uk/_library/Resources/Housing/OtherOrganisation/Demos_APPG_REPORT.pdf

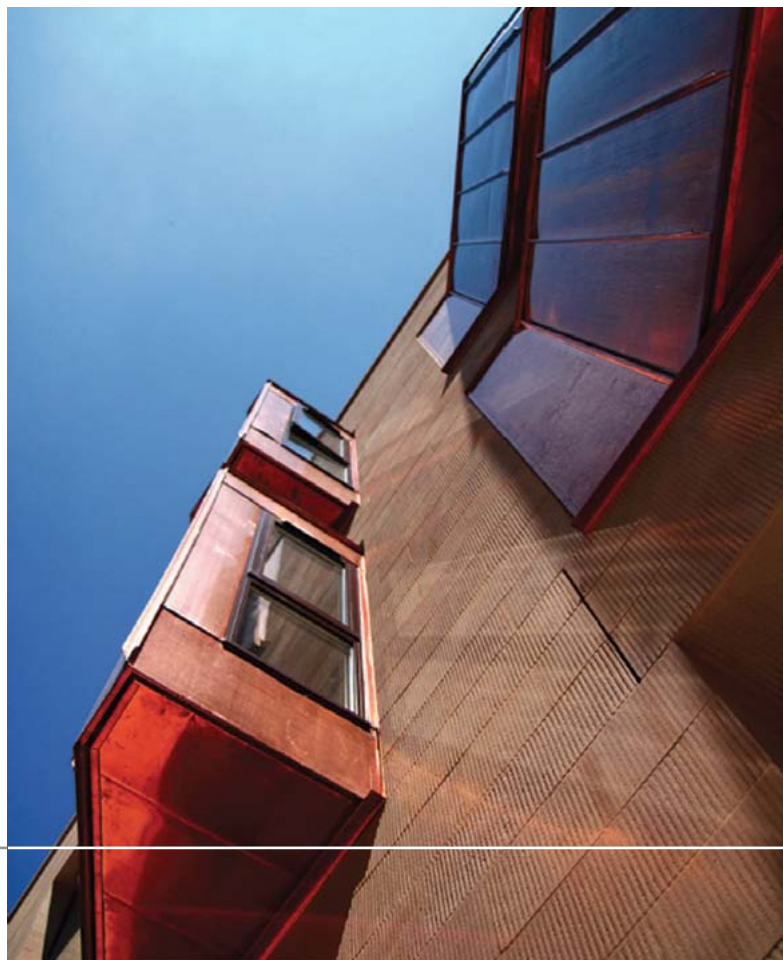
Future housing plans

Are you planning on buying a property?
(respondents 55+)



Source: Knight Frank Research / Markit Economics

▼ Parkside, Matlock



Panel Members took evidence from John Galvin, Chief Executive of EAC (Elderly Accommodation Counsel) FirstStop, a charity providing housing information and advice to older people and their families and carers that is currently supported by the Government to deliver a national helpline. It is also piloting regional services in 20 localities in England. He told the HAPPI 3 inquiry:

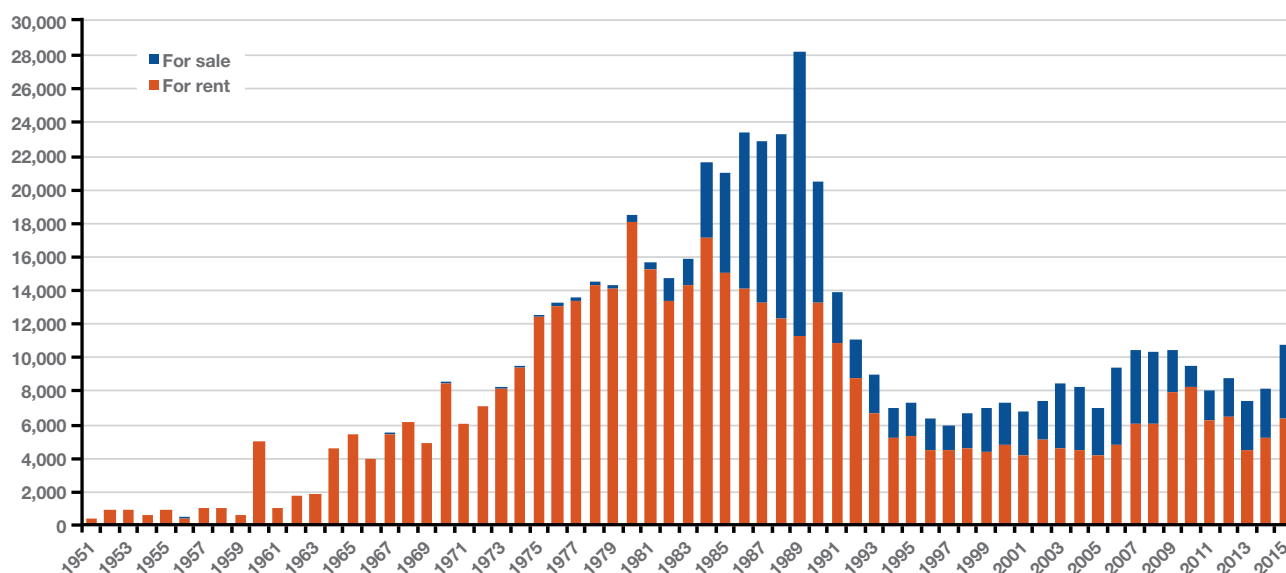
“A substantial number of clients abandon attempts to move after researching local availability and costs. They conclude that there isn’t suitable or attractive alternative housing available locally, or that they cannot afford it alongside the cost of a move itself.”

Mr Galvin presented evidence to the Panel showing that new build retirement housing was up by 25% with a welcome rise to nearly 10,000 units of accommodation constructed last year (see table 1 below). In addition, he pointed out that encouragingly overall the number of ‘age exclusive’ housing developments in England across all tenures now stood at 517,000, up 10% from 495,000 ten years ago. However, he suggested that they may not always be located in the right place (see “Location, location, location” section on p19).

At the same time, he noted that the accommodation currently available was still predominantly sheltered housing managed by social housing landlords. Overall there has been a fall in older social rented retirement housing from 81% to 75% of the total, with a corresponding increase in new retirement housing and extra care housing for sale by private developers and social landlords. But since over 70% of those over pension age are owner-occupiers, and so many would wish to continue to own if they downsize, this does suggest that the range of retirement housing models available is still inappropriate as well as insufficient to meet demand.

Table 1:

Sheltered and extra care housing units built by year UK



A selection of other market intelligence reports indicates the huge potential that exists for operators, developers and investors in this sector. Liam Bailey, a Partner and Head of Residential Research at Knight Frank and Emma Cleugh, their Head of International Consultancy, spoke of their analysis of the retirement housing market. They identified an urgent need to provide more choice for those facing housing decisions in later life and said greater diversity will enhance older people's standards of living and, in turn, increase the ease with which people can move up – and down – the property ladder.

“There is a need for an increased awareness and a shift in stance from policy makers, to deliver the ‘tools’ to the market which will boost the delivery of suitable housing for the increasingly discerning yet undersupplied retirement market”⁵

Emma Cleugh,
Head of Institutional Consultancy,
Knight Frank

Types of housing for older people



Source: Knight Frank Research

ONS National Population 2012 based estimates

The average age of the UK population is expected to increase over the coming decades. It is projected the number of people aged 80 and above will more than double by 2037 and the number of people aged over 90 will triple. The number of centenarians shows an increase of sevenfold in estimates of the very old from 14,450 in mid-2014 to 111,000 in mid-2037.

The Panel learned that a Savills residential market insight report published last year highlighted that a chronic shortage of high quality retirement housing is reaching “crisis point”⁶. By 2025, it is estimated, 725,000 housing-with-care homes will be needed to meet demand from an ageing ‘Baby Boomer’ generation. Another by Jones Lang LaSalle noted that we will need to build a bare minimum of 11,000 such homes a year just to sustain a projected 2% annual increase in the number of over 65s⁷.

5. <http://content.knightfrank.com/research/696/documents/en/2016-3770.pdf>

6. <http://www.jll.co.uk/united-kingdom/en-gb/research/286/retirement-living-where-is-the-opportunity>

7. <http://pdf.euro.savills.co.uk/uk/residential---other/housing-an-ageing-population.pdf>



Tackling loneliness and isolation

“Housing is an element of someone’s identity.”

Emma Maier,
Group Editor, Inside Housing

APPG HAPPI 3 inquiry session,
21 October 2015

Panel members were interested to learn that those who live alone, rent or are widowed are most likely to report being lonely⁸. They heard that older people are more susceptible to the risk factors and to experiencing multiple risk factors at the same time. The 2011 Census figures show that 59% of those aged 85 and over and 38% of those aged 75 to 84 living alone⁹. The following table shows that respondents who were owning, renting in local authority, housing association or private rented accommodation were the most likely to feel lonely.

Proportion of people who report feeling lonely in their daily life by risk factors, all adults aged 16 and over, 2014 to 2015

Great Britain		Percentages		
		Those reporting		
		Very low levels of loneliness	Low to medium levels of loneliness	High levels of loneliness
Daily risk factors				
Tenure				
Owns outright		59.4	25.3	15.3
Owns mortgage		61.7	26.6	11.7
Rents LA/HA		44.7	33.5	21.8
Rents privately		50.5	32.6	16.9

The Panel also heard from Brian Beach, a research fellow at the International Longevity Centre-UK (ILC-UK) about his research into retirement village life with residents of ExtraCare Charitable Trust (ECCT). He found that such accommodation offered positive choices for older residents¹⁰, in particular:

- It can promote greater independence and provide greater choice in planning for later life than would otherwise be available.
- Its communal environment has the potential to reduce social isolation, particularly for residents who move from more rural or remote homes.
- It can also promote residents’ quality of life and 97% strongly agreed or agreed with the statement ‘I feel safe where I live’.
- It has an enabling environment which adds to residents’ increasing sense of control over their daily lives and the services – and care – that they receive in the village.

Panel members were struck how successfully these schemes are marketed. They discovered how ECCT promotes the twin benefits of a move: on the one hand highlighting how residents have reversed the feelings of loneliness and isolation they experienced in their former homes and, on the other, showcasing how taking part in community activities builds reciprocity and further resilience to the feelings of isolation and loneliness.



8. <http://www.demos.co.uk/wp-content/uploads/2016/04/Building-Companionship-Report.pdf>

9. <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/rel/wellbeing/measuring-national-well-being/older-people-s-well-being/art-older-people-s-well-being--2015.html>

10. http://www.ilcuk.org.uk/images/uploads/publication-pdfs/Village_Life_ILC-UK_Report.pdf



Generation stuck

“There is a genuine lack of housing choices for older people in this country.”

Gary Day, Land and Planning Executive Director, McCarthy & Stone

APPG HAPPI 3 inquiry session,
9 December 2015

In our first inquiry session, Brian Beach (ILC-UK) also drew attention to his then forthcoming research on older people’s attitudes towards moving, and the pros and cons of downsizing. He explained that:

- The idea of lower maintenance was the most important reason for downsizing, reported by over half (56%) of those who had downsized or would consider it.

- Financial considerations were important reasons in thinking about downsizing, though reducing the costs of bills was more important than releasing equity (42% versus 23.2%).
- Close to a third of respondents (29.3%) did or expect to release at least £100,000 by downsizing¹¹.

Building on these findings, Panel Members also learned that an Ipsos MORI/Centre for Ageing Better roundtable discussion earlier this year had helpfully identified the need for more support with moving. It also said that creating the right system incentives is essential to stimulate a move. In particular, the Centre said:

- For some older people modifications/adaptations to existing homes would still not give them a good later life and they would need to move; it was felt that it is much easier to move somebody in social housing than owner occupation; yet the majority of older people live in owner occupation.
- The government should consider stamp duty tax relief and help with moving as these can be barriers to moving – plus good independent advice that can help people make key decisions around moving or ageing in place.
- Picking up the findings from the market reports, housing developers state that there is enormous demand in the market¹².

11. http://www.ilcuk.org.uk/images/uploads/publication-pdfs/Generation_Stuck.pdf

12. <http://www.ageing-better.org.uk/wp-content/uploads/2016/04/I-Live-in-a-Home-and-Neighbourhood-Suited-to-Me-2.pdf>

Planning for later life housing

“We need to overturn the planning obstacles that frustrate those who are looking to respond to the demand for affordable housing for older people.”

Lord Ben Stoneham

APPG HAPPI Inquiry Session,
10 February 2016

The Panel also noted that the current planning system has disincentives to providing accessible homes. Currently it doesn't make financial sense for housebuilders to build larger, more accessible homes with some communal space because they can make a greater profit getting more homes, with a smaller floor plan, onto the same site.

Written evidence from Anchor¹³ revealed that far from encouraging the development of retirement housing, the planning system throws up several disincentives. For example, retirement housing falls into the same planning class as general use housing, despite the wider social benefits it brings. This means that retirement housing developers face the same Section 106 charges to fund affordable housing as developers of general housing. In addition, they reported that retirement housing developers have to pay the same per-square metre rate of Community Infrastructure Levy as developers of general use housing, despite the fact that retirement housing tends to have common amenities or communal spaces on site that cannot be sold. These factors have acted to deter housebuilders and thereby stifle supply of “age-exclusive” housing.

Nevertheless, housing for older people has several planning advantages. Public opposition tends to be more muted since the new residents are the least likely to be anti-social neighbours. Car use is likely to be appreciably lower, reducing worries about extra traffic congestion. And it is difficult to contemplate a form of development that could be any more “sustainable” than retirement housing.

13. http://www.anchor.org.uk/sites/default/files/news_articles/documents/Silver%20Chic.Final_.pdf

St. Bedes, Bedford ▼



Location, location, location

“All of our residential neighbourhoods and communities – urban, suburban and rural – need to be considered as ‘Continuing Care Neighbourhoods’ if we are to meet the needs and aspirations of older people and the socio-economic challenges of our ageing population.”¹⁴

Roger Battersby,
Consultant, PRP Architects

14. <http://www.prp-co.uk/services/research/detail/specialist-housing-and-care-happi-reflections.html>

15. <http://strategicsociety.org.uk/wp-content/uploads/2015/10/Open-Plan-Building-a-strategic-policy-toward-older-owners.pdf>

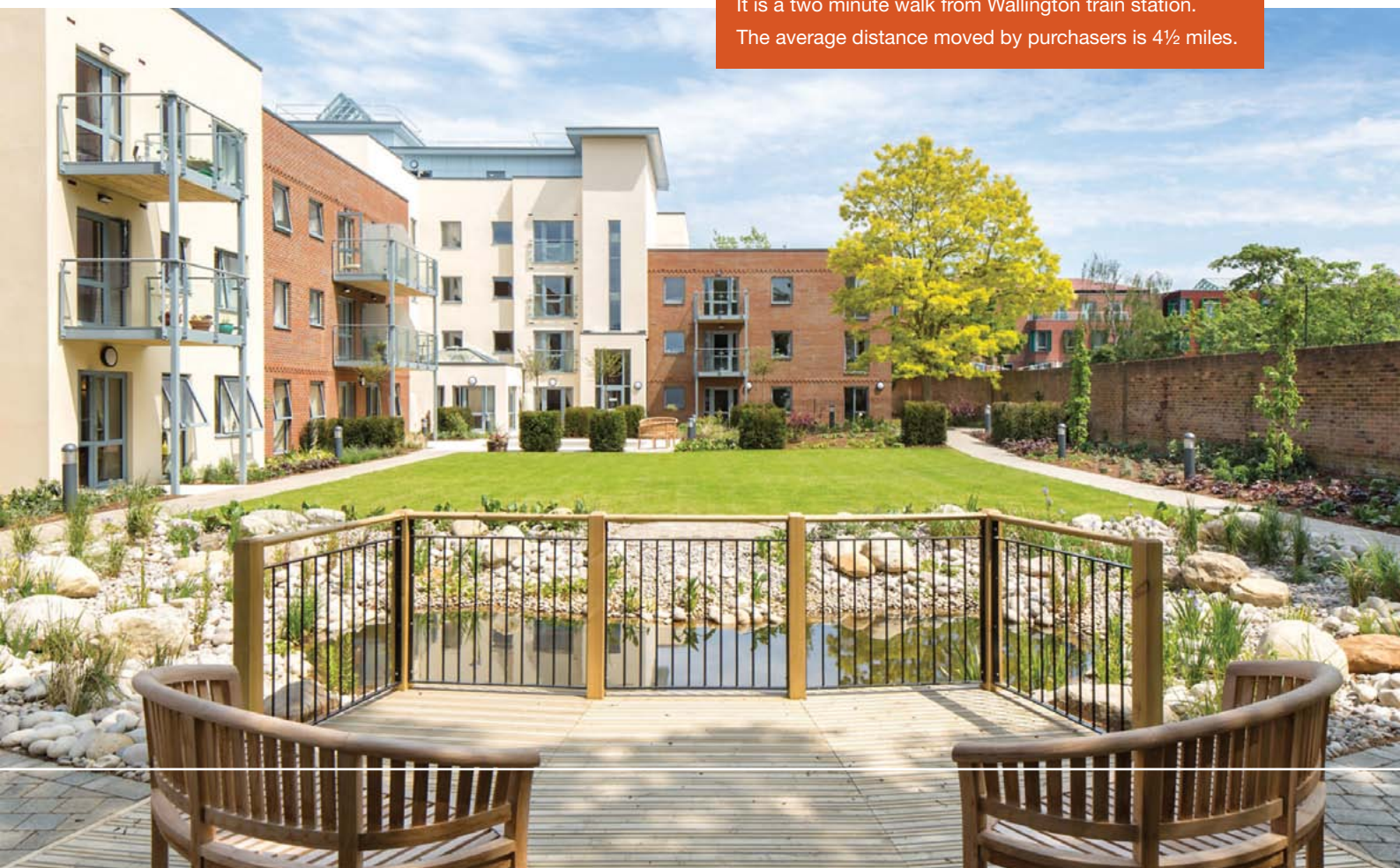
A report by The Strategic Society found 80% of older people wish to stay where they are – or ‘age in place’ – and 85% plan to remain in their neighbourhood for a number of years¹⁵. Its research also found strong levels of neighbourhood attachment relating to trust, a sense of belonging to a close-knit community, and being able to rely on neighbours. Indeed, older homeowners may feel that such community and neighbourhood relations are themselves valuable in the context of their ageing and potential need for support. This research found the provision of retirement housing needs to be in the right ‘local’ locations if it is to generate increased demand. Panel Members received the following example from McCarthy & Stone.

Elles House, Wallington, London Borough of Sutton

Opened in May 2015, this Assisted Living development comprises 54 owner-occupied apartments for those aged 70 and over.

Built on the site of a former magistrates’ court in the very heart of Wallington, it is located in a desirable location just behind the High Street, adjacent to key amenities, a library, doctor’s surgery, and a pharmacy. It is a two minute walk from Wallington train station.

The average distance moved by purchasers is 4½ miles.



A lack of strategic direction

“It’s not first choice for older people, it’s currently second best!”

Baroness Joan Bakewell

APPG HAPPI 3 Inquiry Session,
21 October 2015

The Panel recalled that nearly ten years ago, the then government published a forward-thinking national strategy for older people’s housing, *Lifetime Homes, Lifetime Neighbourhoods*. This set out a vision for improving the quality of life of our ageing population. However, the absence of any subsequent strategic priority-setting by successive governments was highlighted in this APPG’s HAPPI 2 inquiry. In 2012, the overarching message from HAPPI 2 was there was a very strong economic case – as well as a social case – for a national drive to boost the supply of homes for older people¹⁶. But little has happened since that time.

Panel Members heard that since then a chorus of industry leaders have echoed this call for government to take a more even-handed approach to the housing market when it comes to the UK’s ageing population. Help to Buy schemes have been followed by the new Starter Homes initiative: these are helpful to first time buyers but neglect the needs of older people. Yet, by assisting those in their “extended middle age” to downsize, as our 2014 report from DEMOS pointed out, there will be three subsequent property moves on average, helping younger buyers too – and raising additional stamp duty for the Exchequer.

“We need a whole-chain view of the housing market, a National Plan for high-quality older people’s housing that complements the efforts being made for the first-time buyers.”

Nigel Wilson,

Group Chief Executive Officer, Legal & General

During the course of this APPG inquiry, the Local Government Association (LGA) established a Housing Commission. Its four themes include one on links with health and the evidence that high quality and appropriate housing lowers onward costs for health and social care services¹⁷. The LGA is due to report in the summer 2016 but this inquiry has learned that the emerging findings include urging Councils to exercise greater leadership by developing more strategic approaches to addressing the future housing needs of their ageing populations. Panel Members endorsed that call.



16. http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

17. <http://www.local.gov.uk/documents/10180/49942/LGA+Housing+Commission+-+place+making+within+and+across+economies.pdf/33c4b276-0fa9-4b15-a26e-b7b52dc431d5>

4

HAPPI-ready, ready for HAPPI?

“We need as much attention paid to the last-time buyer as the first-time buyer.”

Baroness Valerie Howarth

APPG HAPPI 3 inquiry session,
9 December 2015

Although this report is not concerned principally with design, we continue to recognise the significance of this factor in attracting older people to take the plunge and move to homes that will be suitable for their later years.

It is worth reiterating the original 2009 HAPPI report identified ten overarching features that underpin ‘age-ready’ housing. They are:

- Generous internal space standards
- Plenty of natural light in the home and in circulation spaces
- Balconies and outdoor space, avoiding internal corridors and single-aspect flats
- Adaptability and ‘care aware’ design which is ready for emerging telecare and tele-healthcare technologies
- Circulation spaces that encourage interaction and avoids an “institutional feel”
- Shared facilities and community ‘hubs’ where these are lacking in the neighbourhood
- Plants, trees, and the natural environment
- High levels of energy efficiency, with good ventilation to avoid overheating
- Extra storage for belongings and bicycles
- Shared external areas such as ‘home zones’ that give priority to pedestrians



▲ Roden Court, Haringey

Panel Members heard from leading providers and architects how these HAPPI design principles have influenced the development and management model for new ‘age-ready’ housing. They were extremely pleased to learn that, such is the resulting interest in HAPPI, its category at last year’s Housing Design Awards attracted over 30% of all submissions across the ten individual award categories. We include overleaf here two contrasting examples of award-winning industry-led responses from the 2015 awards.



St Bede's Extra Care Housing scheme, Bedford

Designed by PRP Architects for the Orbit Group, St Bede's was recognized in the 2015 Housing Design Awards as the best completed HAPPI development, four years after it won a Project Award.

One of the scheme's chief innovations was in pioneering shared ownership for the sector, with 53 of the 102 homes offering up to 75% shared ownership equity alongside 49 for rent in a mixed tenure scheme where you could not identify tenure differences. This was in part owing to its layout. It comprises a series of three and four-storey buildings: a converted school block, new-build apartments disguised as a terrace of villas and more conventional apartment building around a 'hub'. This hub has a range of shared and, most importantly, popular communal facilities.

Parkside, Matlock

Parkside is a 4-storey building of 10 leasehold apartments located in the heart of the Peak District town of Matlock, Derbyshire, by Barncroft Homes. Not built with older people in mind, its central location, en route to the town's main green space, made it a natural location for ground floor mixed use, including a café that has provided convenient catering support for those living above.

Besides adaptable plans and an ideal location, the developer went for striking architecture with a patterned sandstone façade designed by architect Evans Vettori. The apartments are generally bigger than average, some reaching 90sqm for a 3 bed with large terrace. The result: one of the few developments outside London to sell out without any Help to Buy 'leg ups', with nine of the ten apartments sold for cash to people aged over 65.



5

Improving the product

“To move, or not to move: that is the question. If we want to provide a positive answer, we need to come up with a better range of later life housing solutions.”

Jeremy Porteus,
Director, Housing LIN

APPG HAPPI 3 Inquiry Session,
21 October 2015

A variety of positive ideas have emerged over the past decade, as reflected in the growth of newer forms of retirement housing with care for older people. These include extra care housing or assisted living, retirement villages and extended support for those ‘ageing in place’.

However, as the Chartered Institute of Housing stated in their written submission:

“Retirement housing can be interpreted in a very broad sense, in terms of what the offer is in respect of accommodation and tenure options, communal facilities, activities and levels of support. This has contributed to uncertainty about what retirement living is and what residents can expect over the long term; this uncertainty hinders proactive consideration of specialist housing as a positive option”.

To address this, we learned that many specialist housing developers and providers are turning to HAPPI-influenced branding of their housing ‘products’ to attract a more affluent ‘downsizing’ customer in retirement housing and care.

While Panel members acknowledged the merits of this approach, we also recognised that these expectations should not be limited to high-end private sector purchasers. We noted that many social housing providers have also embraced HAPPI design ideas in the construction of affordable specialised housing for older age as well as other intentional communities (see the section below). It was acknowledged that this has been stimulated by the Department of Health’s Care and Support Specialised Housing Fund¹⁸ (left) and the Homes and Communities Agency and Greater London Authority Affordable Housing Programmes¹⁹. However, we also noted that significant capital investment is needed in specialised housing to make a return in investment for the NHS and social care budgets as highlighted in the research by ExtraCare Charitable Trust.



18. <https://www.gov.uk/government/news/care-and-support-specialised-housing-fund-phase-2-successful-bids>

19. <https://www.gov.uk/government/collections/shared-ownership-and-affordable-homes-programme-2016-to-2021-guidance>

“Right-sizing”

“The downsizer ‘product’ is the 2nd largest market for Berkeley”.

Tony Pidgley CBE,
Chair of Berkeley Group Holdings PLC

APPG HAPPI 3 Inquiry Session,
10 February 2016

The Panel was interested to learn of research in the US for Merrill Lynch which found that in the next decade that households with a member aged 65 and above will account for nearly all household growth. It found that as people enter their “extended middle age”, they begin to cross what this US study reveals to be the “freedom threshold”: at the age of 61, the majority of people say they feel free to choose where they most want to live. Furthermore, their research noted that 3-in-10 of pre-retirees who expected to downsize when they retired, actually upsized into a larger home!²⁰ This emphasises the need to talk in terms of “right-sizing.”

Such trends are beginning to be felt in the UK. As highlighted in the market trends section above, there is increasing interest in accommodating the housing needs and aspirations of a younger cohort of older people.

20. https://www.ml.com/content/dam/ML/Articles/pdf/ml_Home-Retirement.pdf
21. <http://www.bbc.co.uk/news/uk-36200855>

Care with housing

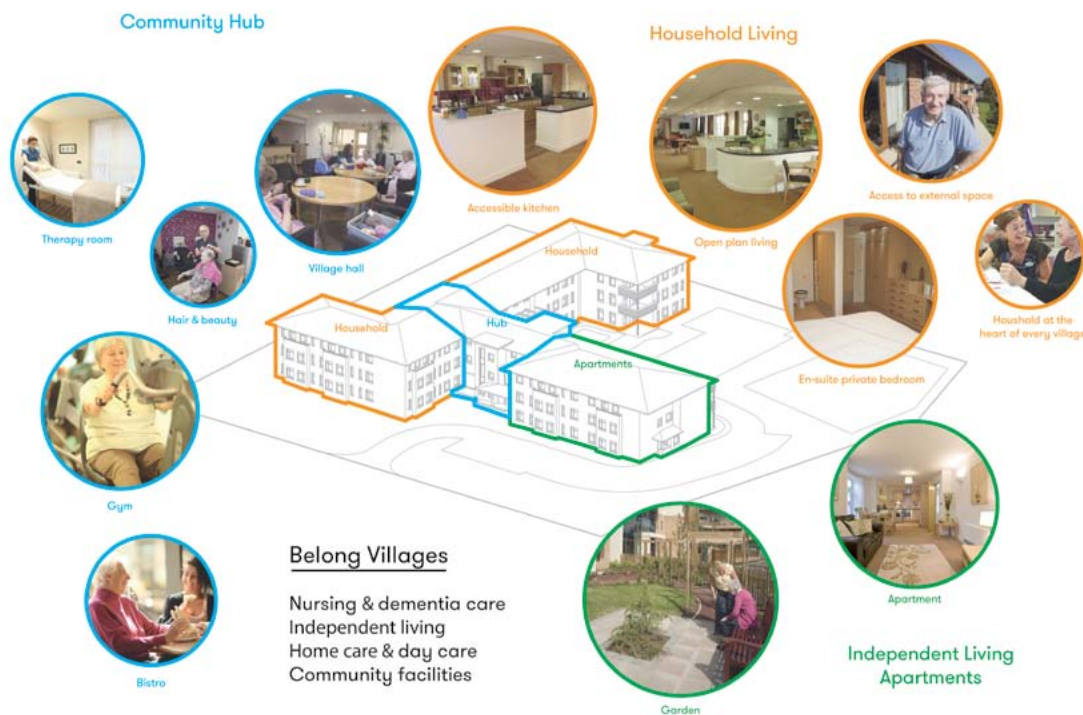
Meanwhile, new ideas are emerging for those at a much later stage in life who wish to move to a more appropriate environment to access the lifestyle choices and/or personal support how and where they most desire.

The Panel heard of the pioneering example of “Belong”. Nick Dykes, Chief Executive of Belong, a developer and operator of care villages in the North West, addressed the inquiry from a different angle to other witnesses; not as a housing provider but as a residential care home operator that now offers mixed tenure caring accommodation. Opened in the 1990s to take over 38 homes from the then Cheshire County Council, Belong describe their business not as ‘housing with care’ but ‘care with housing’.

“What we have set out to do is take the best we could find from the new HAPPI housing models and see if we could make them work for our target group; the frail over 85s.”

Nick Dykes,
Chief Executive, Belong

APPG HAPPI 3 Inquiry Session,
23 March 2016



We heard about the considerable financial pressure the care home market is under generally and that many are at risk of closure²¹. However, we also learned that, over the last ten years, as a part of Belong's strategy to replace their 20th century care homes to meet the 21st century aspirations of their customers, they have opened five successful care villages in the North West, with two further developments in the pipeline and another site bought.

A typical two bed unit in one of their latest care villages is comparable with the best retirement apartments designed to HAPPI principles. However, he explained that a key distinction is that the trade-off is to create shared (communal) rather than private space so as to allow the housing cost to the resident to be reduced; a greater proportion of their resources can then go to paying for their care. Belong are CQC-registered to provide the on-site care, including in registered 'households' in each village or residential care facility, for those with more substantial care needs.

We were also interested in the work of PegasusLife. We heard from Guy Flintoft, Director of Public Policy and Planning, and Emma Webster from their public policy team, who told us about PegasusLife's ambitions to redefine the word 'style' in 'lifestyle'.

PegasusLife designs and builds "highly desirable, exemplar homes" that seek to embody the history, character and personality of their location, creating an environment that attracts people who want to enjoy living in a unique home and belong to a particular community. Mr Flintoft and Ms Webster pointed out that better access to trusted information and advice about housing options for older people, such as that delivered by EAC FirstStop Advice, would help reach the tipping point. Instead, at present, older people either have no idea of what retirement housing has to offer or they equate it with a 'holiday camp'. They said there is too much poor quality older stock – in both the social rent and leasehold sector. They also felt there was a tendency for people to be in denial about the hazards of growing older, and this meant they would only move in a crisis.

Launched in 2012, and backed by Oaktree Capital Finance, PegasusLife aims to raise the bar and develop 40 high quality 'upmarket' retirement schemes. Two from their current portfolio won HAPPI project awards at last year's Housing Design Awards; One Bayshill Road, Cheltenham, and Steepleton, Tetbury in Gloucestershire (see below). However, while impressed by the outstanding design, we were more interested in the management arrangements.

With regard to the property management, PegasusLife provides an interesting model. It is jointly owned by the residents (49%) and PegasusLife (51%). Unusually for the sector, it operates on a not-for-profit basis and goes for transparency so that all residents can see how their home is run. A proportion of all service charges go into a reinvestment /sinking fund that takes care of long-term maintenance of the building so residents are protected from a large, unexpected charge should significant work be required.



One Bayshill Road, Cheltenham ▲

Steepleton, Tetbury ▼



Affordability

We received written evidence from other providers who have built, or are looking to build, affordable 'downsizer' accommodation.

Hanover Housing Association's new retirement housing, such as The Hythe, Egham (below), has been designed to encourage people to plan ahead positively by providing

a high quality housing offer and supporting a concept of active and positive ageing, i.e. being free from high cost and high maintenance homes, and releasing equity to support lifestyle choices. However, it has also been developed to take account of the reductions in ongoing revenue provision that previously supported social activities and engagement; for example, by removing from its design most of the communal facilities that its traditional retirement model would have included.

▼ *The Hythe, Egham*



One Housing Group has developed and managed residential homes on the open market as well as managing traditional affordable housing stock for older people, including HAPPI designed sheltered and supported housing, in London. It is now aiming to widen its 'offer' by increasing its extra care housing portfolio, as well as moving into the private care home sector during 2016 and 2017 within London and the Home Counties.

The inquiry learned that these new initiatives will operate as stand-alone brands. 'Baycroft' will be One Housing Group's care home brand and 'Season' its combined extra care brand for senior living, such as Roden Court, Haringey (below) – shortlisted for a HAPPI award in the 2012 Housing Design Awards. The latter will include a range of service charge options, including clear service descriptions and compliance with the Association of Retirement Community Operators' consumer code²² (see Chapter 8).

▼ *Season, Roden Court, Haringey*



Loans in later life

The Panel recognised that in some areas those wishing to move in retirement years will face an affordability problem: the value of the prospective new home is more than the current home so there is a gap to be filled.

The security from sale of one's home means borrowing the balance to buy the new property should not be difficult. But in the past, lenders have not been as sympathetic as we would expect. However, the gap could be bridged (as the APPG's last report suggested) by similar government help to that available to young buyers through equity loans and guarantees.

The Panel also learned that the Halifax and Nationwide building societies are increasing the age limit for people paying off their mortgages from 75 to 80 or 85 years of age respectively. In practice, this means a 60 year old could take out a 25 year mortgage as long as they prove they can afford the repayments. This was seen as a positive move – one that could encourage more younger, older people to downsize to their dream home in retirement.

We also saw a role for lenders in encouraging good standards, with borrowers being prompted to ask about the developer's adoption of the appropriate industry Good Practice Codes and adoption of HAPPI design principles. And lenders could join others in pressing the industry to adopt a HAPPI kitemark.

22. <http://arcouk.org/consumercode/>

6

New forms of provision

Panel Members were advised that the senior co-housing movement has been successfully developed in Denmark, the Netherlands and the USA and there is now increasing interest in this option in the UK.



The Panel heard from Jon Stevens, a research fellow at the University of Birmingham, who has been investigating various approaches to “intentional communities” – resident and community led housing – with and for Housing LIN and taking a cue from the findings and recommendations contained in the earlier HAPPI reports. He told us that his research²³ showed that there is considerable scope for housing that is self-generated (developed and controlled by older people themselves) or coproduced (by a commissioner working with older people to develop a scheme) or market provided (by a developer/provider) offering resident owned/managed options. At the same time, he suggested that prevailing attitudes amongst older people indicated a limited awareness of alternative housing solutions. The main options for providing and developing housing in this way can be summarised as follows:

- a) Co-housing
- b) Right to Manage
- c) Collaborative Housing

23. http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/HLIN_Growing_Older_Together_Report.pdf

a) Co-housing

The Panel learned that there is widespread interest in shared or co-housing. Panel Members heard from Stephen Hill, Chair of the UK Cohousing Network, UKCN, who explained there is an urgent need to ‘accelerate’ ideas in coproducing new products and services, and ‘lending’ access to land and development finance for collaborative forms of housing and care for older people. He knew of only two operational schemes for older people in the UK and described the current choices for older people as inflexible, non-adaptive, and limiting in commissioning practice. On the latter point, he argued that there is little innovation and learning – resulting in only “commissioning (of) the known and knowable.” However, the Older Women’s Co-Housing scheme in the London Borough of Barnet is an exception to the rule (see below).

In the light of the above, Mr Hill informed the Panel that the UKCN has made an application for Big Lottery Accelerating Ideas funding. The focus of their bid was on the potential benefits of cohousing in the context of an ageing population and to look at both senior and intergenerational cohousing. In March 2016, UKCN were subsequently notified that their application had been successful.

Older Women’s Co-Housing (OWCH)

OWCH is a group of women over fifty who are creating their own community in a new, purpose-built block of flats in High Barnet, north London. Opening in June 2016, it comprises 17 flats for sale and eight for social rent.

www.owch.org.uk



Mr Hill also drew attention to the rise of the “sharing economy” and highlighted that co-housing belongs on a continuum of new reciprocal relationships, especially in the provision of relational goods. This provision includes local food systems, co-working hubs, co-operative businesses, local banking institutions and peer-to-peer platforms. He suggested that the HAPPI principles naturally extend themselves across the spectrum of community-led housing – such as Community Land Trusts, Co-ops, Self-Help Housing, group custom build and co-housing.

The Panel also received a written submission from Stonewall Housing who pointed out that, at present, there is no housing provision specifically targeted at the older lesbian, gay, bisexual and transgender (LGBT) communities. They reported they had received funding from the Big Lottery Fund and the Commonwealth Housing Trust to carry out a feasibility study looking at the options for developing housing for older LGBT people in the UK. This is due to be published shortly²⁴.

Stonewall also notified the Panel that over the past decade a number of surveys and research papers have identified a significant proportion of older LGBT people who wish to live in housing settings that are either exclusively or primarily occupied by LGBT people, including co-housing which they regard as very attractive to groups of older LGBT people.

24. <http://www.buildingsafechoices.org.uk/about-the-project/>

25. Housing & Care 21 and the residents coproduced the solution following Right to Manage procedures even though they don't apply to bungalow developments. Housing & Care 21 retain the right to 'buy back'

b) Right to self-manage

“Looking from the bottom up, we are the end users.”

Judith Jones,
Director, Ashfields Right to Manage Company

APPG HAPPI 3 inquiry session,
23 March 2016

The Panel heard of an innovative Housing & Care 21 project in the West Midlands. Judith Jones and Henry Butler, two directors of Ashfields Right to Manage Company which has taken over the management of their former Housing & Care 21 scheme under a Right to Manage agreement. They described how they, along with all the 26 households on their close in Oakengates near Telford, Shropshire, have bought the freehold of their bungalows (see below) and community centre – the former the scheme manager's flat – following prolonged complaints over property management and accounting arrangements with their landlord²⁵.

Mrs Jones and Mr Butler told the inquiry that the residents didn't think that they would be self-managing “at this time of their lives”. However, the experience has galvanised them to become more proactive in looking after the estate, making improvements – such as the installation of central heating through the Affordable Warmth Scheme – and keeping a close eye on outgoings and on each other in a neighbourly way. They have appointed a local management agent selected on the basis of their proximity to Ashfields, their value for money and their experience of managing schemes like Ashfields.

▼ Ashfields, Near Telford, Shropshire

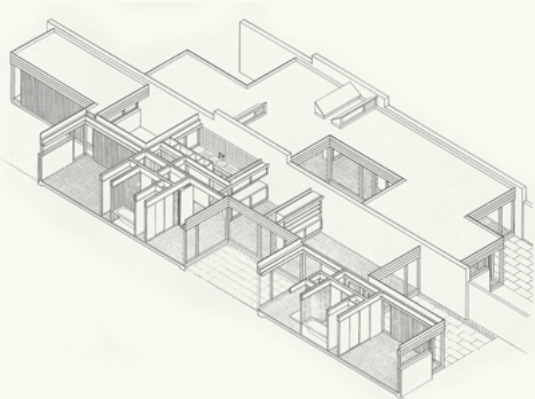




▲ The Ryde, Hatfield

c) Collaborative Housing

The inquiry heard from Richard Morton, a retired architect living in the Cockaigne Housing Group's development in The Ryde, in Hatfield. Completed over 50 years ago, this Grade 2 listed cluster of 28 single storey properties predates the invention of cohousing. It was also not specifically designed for older people, but both the adaptable design and the management are based on cooperative ideals and most of the residents are now of retirement age with 11 of the 28 households being 'downsizers'. The affection for Cockaigne architecturally and the adaptability of the houses to meet a diverse range of lifestyle choices and disability has also ensured a low turnover in ownership.



However, he also reflected on other virtues of living there:

"The self-managed nature of the development with large private grounds, all communally maintained, is a big benefit. Possibly most important though is the balance between individual privacy and the support available within the community, with plenty of social activity and close neighbour contact and friendships which are vital to alleviate the loneliness of old age."

7

Using new technology

“Technology offers tremendous opportunities for social, technical and intergenerational connectivity.”

Baroness Kay Andrews

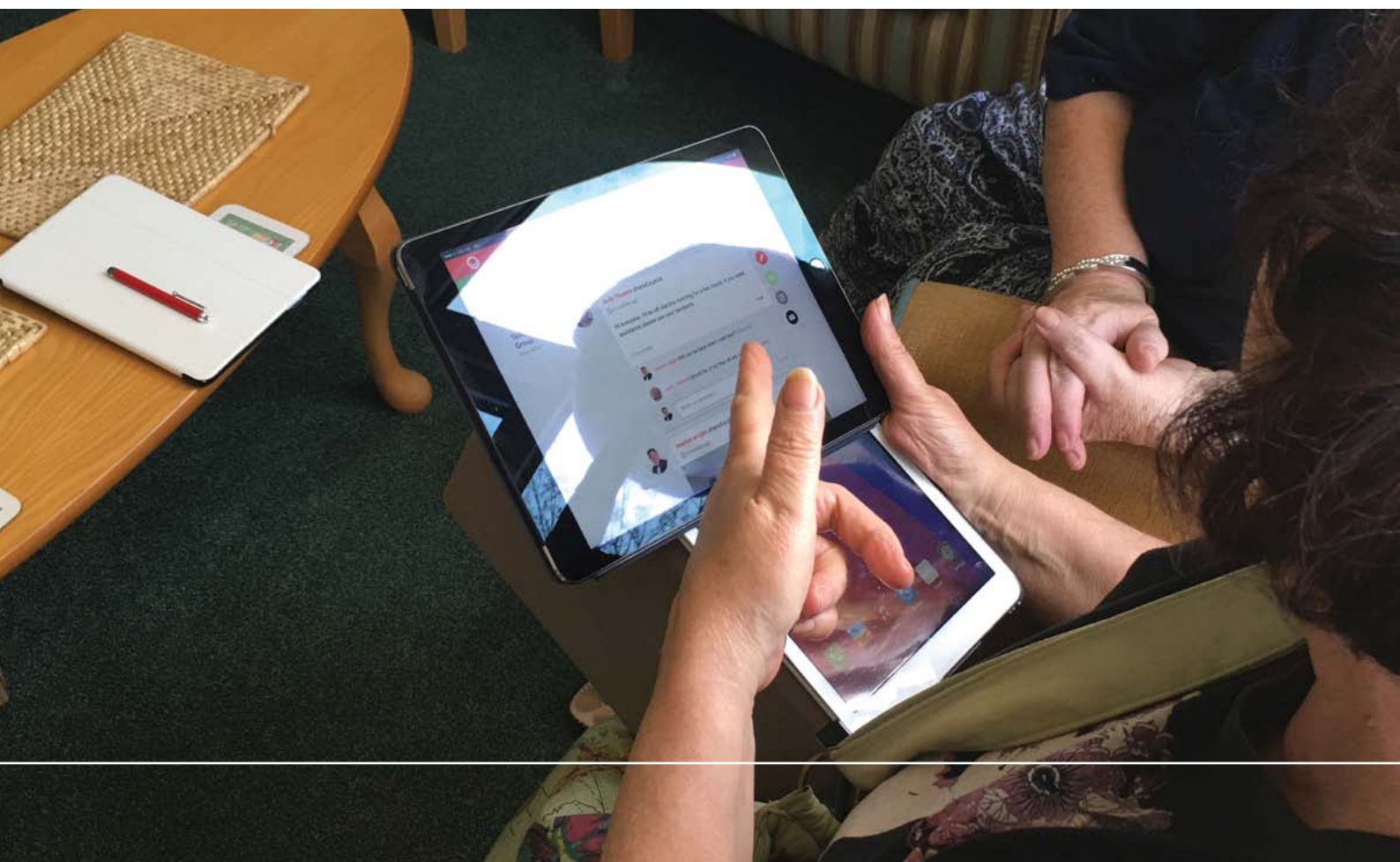
APPG HAPPI 3 Inquiry Session,
21 October 2015

Panel Members noted the increasing importance of the “connected home”, i.e. of technological advances and connectivity to the ‘internet of things’ and its impact on designing and building technology into today’s home. Members learned of the resulting benefits which are unlocking endless possibilities for automation and building management control, improved energy efficiency and home comforts that meet a range of lifestyle choices²⁶.

The Panel heard from David Furniss, Vice-President of BT Global Services about improved digital connectivity in an ‘internet-ready’ home which could lead innovation in the sector and the way people use technology. These developments range from:

- Faster broadband ‘streaming’ to improve communications such as via Skype and Facebook
- Accessing APPs on mobile phones or tablets to better manage one’s care needs (telecare) or achieve health improvements (telehealth) that delay a move into residential care or avoid a hospital admission
- Innovative use of global positioning systems to set ‘geofencing’ parameters for people who are prone to risk; for example, someone with dementia.

26. <http://www.nhbcfoundation.org/Publications/Guide/The-connected-home-NF67>



Leon Rudd an Interim Director at Appello (a major care line monitoring service) and their Head of Marketing, Paul Saunders, explained to Panel Members that the housing with care market is slowly becoming “technology aware” about the adoption of a network of person-centred IT. They reported a shift to digital technologies that will create new models of preventive care at home. They also suggested that it will transform the way traditional, more reactive

domiciliary care is commissioned into a system where ‘the circle’ of technology enabled care and support services offers older people greater control to participate safely and securely online. For example, the creation of digital social communities and telecare connecting people in ways that mitigate against some of the challenges of social isolation highlighted by other witnesses.

Three key reasons for adopting integrated, technology enabled care services:

A falls prevention strategy could **reduce the number of falls by 15-30%**.

The annual **cost for all hip fractures** (mainly due to falls) is about **£2bn a year**



One in five children born today can expect to live to **100 years of age**



Postponing entry into residential care **by one year** could **reduce non-care costs by £26k per person**

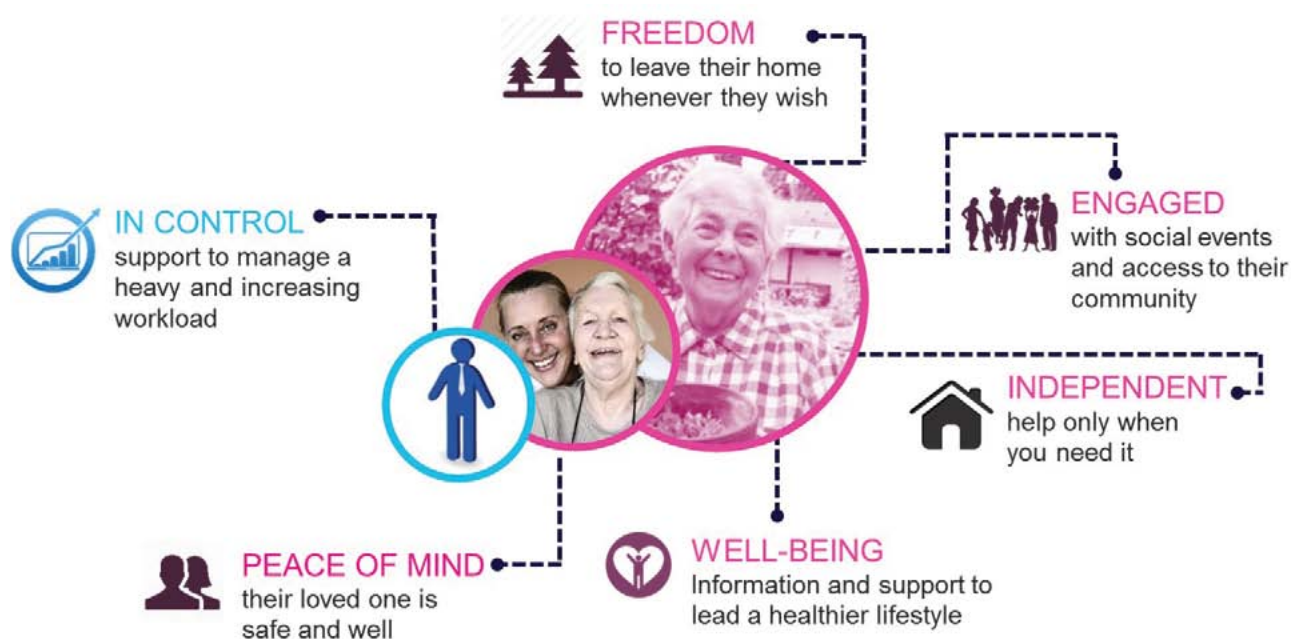
Source: Appello

Stephen Sadler, Chief Technology Officer at Tunstall, informed the Panel that there are 1.7m users of telecare in the UK. He highlighted a city-wide telecare service in Birmingham which has supported over 15,000 people to date. Launched in 2012, the partnership with the city council and local primary healthcare and other NHS services, has established a new care pathway.

Mr Sadler advised the Panel that this pathway combines a holistic assessment of someone’s needs with the installation, monitoring and delivery of an appropriate response service linked to a range of telecare packages that manage assessed risks. This supports older and vulnerable people and those with long-term needs at home. He reported that the scale of the operation, with over 200 referrals a week, has resulted in first year savings of £900,000 to the local health and social care economy. These savings have been achieved by fewer GP visits and unnecessary admissions into hospital, fewer incidents of delayed discharge from hospital and avoiding admissions into residential care (see diagram opposite).

Tunstall customer ►





▲ Source: Tunstall

Panel Members were informed that a recent House of Lords Select Committee inquiry on National Policy on the Built Environment had heard that poor quality housing has an impact upon health and welfare²⁷. It cited a report by the Building Research Establishment which estimated that poor housing costs the NHS in England between £1.4b and £2b every year²⁸.

We were also told by 'witnesses' that there are economic and environmental costs from poorly performing buildings. The Panel was told that studies had found that in many cases homes were found to be consuming up to four times their designed energy usage.

In his evidence to the Panel, Derek Griffiths, a Director of consulting engineers, Morgan Tucker, highlighted a number of smart technological solutions that are enabling older people to take more control of the home environment in an extra care setting. In particular, he drew Members' attention to better thermal comfort. He advised that well controlled heated and ventilated accommodation (one of the ten essential HAPPI design principles), that is energy efficient (using low carbon and renewable technologies) and the installation of heat metering from 2014 onwards (by law under the Heat Metering and Billing Regulations), can cut annual household energy bills by around £600, as outlined below.

Approx. cost comparison pa for typical energy costs between a three bed semi-detached house and a two bed extra care apartment

	Three bed semi	Extra care apartment
Lighting	£130	£50
Heating	£600	£180
Hot Water	£200	£100
Total	£930	£330



27. <http://www.publications.parliament.uk/pa/ld201516/ldselect/ldbuilt/100/100.pdf>

28. <https://www.bre.co.uk/filelibrary/pdf/87741-Cost-of-Poor-Housing-Briefing-Paper-v3.pdf>

Mr Griffiths also identified a range of other engineering solutions that benefit existing and prospective residents of extra care housing including:

- Low surface temperature radiators or underfloor heating and thermostatically controlled domestic hot water temperatures - avoid scolding and burns
- Automatic smoke/heat detection linked to fire detection and social alarm facilities
- Sprinkler or misting fire suppressions systems
- Emergency lighting systems in the event of mains failure.

Good insulation and energy costs that do not deter occupiers from keeping warm are also important for health and wellbeing, as demonstrated by Professor Sir Michael Marmot's seminal research on premature winter deaths²⁹.

29. https://www.foe.co.uk/sites/default/files/downloads/cold_homes_health.pdf

Elles House, McCarthy and Stone ▶▶



8

Leases and service charges

Leases

Among the reasons we heard for reluctance by potential downsizers to move was the potential loss of security and value which would follow from losing freehold ownership and becoming a leaseholder.

The inquiry noted a move by major providers to much longer leases which we welcomed. McCarthy & Stone will be offering 999 year leases in the future. PegasusLife homeowners hold a 1,000 year lease with an age-restriction requirement. This, they found, gives greater certainty – to sellers and buyers – and to next of kin about their ability to retain the asset. Neither McCarthy & Stone, nor PegasusLife, impose any obligation on owners wishing to sell, to sell back to the company. However, we noted that the length of lease offered by most developers in the retirement housing sector tend to be much shorter, with 99 and 125 year leases being the norm.

“Paying for the service charges can be a burdensome cost both to residents who pay their own way and to the State in covering the service charge. Floor space taken up with communal facilities is not saleable, making HAPPI homes more expensive for builders to develop and residents to maintain.”

Housing our Ageing Population:

Plan for Implementation, 2012

During the course of this inquiry, the House of Commons Library published two helpful briefing papers. The first concluded:

“The available options need to be fully understood so that older people do not inadvertently enter into arrangements that can leave them facing difficulties or financial hardship.”³⁰

The diversity of tenure and variety of service provision under the broad concept of retirement living has historically caused some confusion among older people and their families. As this inquiry heard, the HAPPI awards, better branding and improved marketing of retirement living, alongside clear information about what the specific service offers are on a local or scheme basis, are beginning to create a de facto ‘kitemark’ for quality. This was a key recommendation of our HAPPI 2 report.

But there are also issues around how services will be funded and sustained, and how/when services may need to be modified, and how residents will be involved and/or coproduce solutions.

Of mutual benefit?

“We need to create a ‘go to’ and not a ‘move through’ market of retirement housing which is mutually beneficial.”

Bruce Moore,
Chief Executive, Housing & Care 21

APPG HAPPI 3 inquiry session,
23 March 2016

Louise Drew, a Partner of solicitors Shakespeare Martineau, explained to the Panel that ‘mutuals’ – collectively managed bodies – are popular amongst some registered providers. In such developments residents live in accommodation that is co-owned (or shared ownership). Such schemes offer different types of tenure, for example allowing older people to rent a property while making an investment in the mutual that accrues interest, which is payable to them when they sell their home. She suggested that mutual schemes could benefit the developer/provider as well as the residents alike, such as Orbit Group’s St Bede’s extra care housing scheme referred to on page 22.

30. <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7423#fullreport>



For the developer/provider, mutual status brings significant benefits in terms of capital investment towards build costs/fitting because the occupier makes a payment in the form of a large deposit. This particularly appeals to residents who wouldn't be able to buy this type of accommodation outright but could perhaps raise a deposit which would allow them to offset their investment against a lower monthly rent. However, she outlined that mutual schemes bring their own challenges in terms of the way they are structured. For example, whether they have a 'buy back' lease which the provider will re-acquire on a pre-determined basis; whether the occupier keeps all or only part of any increase in value; and whether there is an "event" or exit fee.

Event or exit fees?

"It's not the amount, it's the way retirement is sold."

Claudia Wood, Demos

APPG HAPPI 3 inquiry session,
10 February 2016

The second House of Commons briefing³¹ summarises the outcome of an Office of Fair Trading investigation and details the Law Commission's review of so-called "event fees".

Max Marenbon, a senior researcher, and Sarah Witchell, a solicitor at the Law Commission informed Panel Members that it is usual, in specialist owner-occupied retirement housing, for there to be a fee payable to the landlord if the owner ceases to occupy the property. They explained that these fees go under a variety of names: 'Exit Fees', 'Event Fees', 'Departure Fees', 'Deferred Management Fee', 'Contingency Fund Fee' and 'Transfer Fee', among others.

Event Fees can be payable in a wide variety of circumstances; not just on sale but also on inheritance, surrender, equity release and sub-letting. Moreover, the range of fees can be very wide; anywhere between 1 and 30% of the value of the property.

This inquiry was told by the Law Commission that, in 2013, the Office of Fair Trading produced a report on exit fees³². This was triggered largely by undisclosed use of event fees in the market for retirement flats where no care is provided. It found the terms relating to these fees could be unfair for consumers and a breach of the Unfair Terms in Consumer Contracts Regulations of 1999. As a result, it recommended:

- The fee should be payable on final sale only – not on other events
- It should be certain
- It should not be a percentage of an assessed open market value
- It should be transparent from the outset with details provided in a Purchaser's Information Pack

The report was followed, the Panel learned, by a Law Commission consultation paper³³ last year which proposed the following:

- Any fees should be advertised clearly alongside the purchase price so that the prospective purchaser knows about any fees as soon as they start looking into buying a retirement property.
- A prospective purchaser should receive a disclosure statement when they first view an apartment that tells them the fees they will pay, when, and any future changes.
- Purchasers should be given the option of paying any fees up-front when buying their retirement property.
- Any fee paid for upkeep of the property should be set aside in a separate bank account by the freeholder/landlord.
- The industry should work with sector bodies, such as the Association of Retirement Housing Managers and the Association of Retirement Community Operators, to drive up standards through Codes of Practice around unfair fees.

31. <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05994#fullreport>

32. http://webarchive.nationalarchives.gov.uk/20140402142426/http://www.offt.gov.uk/shared_offt/consumer-enforcement/retirement-homes/oft1476.pdf

33. <http://www.lawcom.gov.uk/project/event-fees-in-retirement-properties/>

The Law Commission has recently published an analysis of its consultation. It concludes:

“Specialist housing has major benefits and is a crucial part of preparing for an ageing population. Our aim is to encourage this market sector to develop. This requires a balance. It is important that developers are given adequate and reliable income streams which incentivise them to build more specialist housing. Furthermore, those who are capital rich and income poor may welcome the opportunity to defer some parts of the purchase price or service charges.

On the other hand, pricing structures must be transparent to buyers, who may be vulnerable through age and stress, and who have a great deal of information to absorb with little specialist advice. Publicity suggesting that pricing structures are exploitative or unfair could set back the whole market, and deter cautious older consumers from making the decision to purchase. There is an urgent need for the industry to work together to ensure that event fees are transparent.”³⁴

Sebastien O’Kelly, Chair of Campaign Against Retirement Leasehold Exploitation (CARLEX), informed us that leasehold legislation is unique to England and Wales and that the sector has a poor reputation as demonstrated by the Office of Fair Trading report, a forthcoming Tribunal hearing and the Law Commission’s consultation. He pointed out the hidden costs in retirement housing and that in many cases people are aggrieved by a lack of transparency, frustrated by the lack of redress and compensation, and the difficulty of challenging service charges and exit fees without court action.

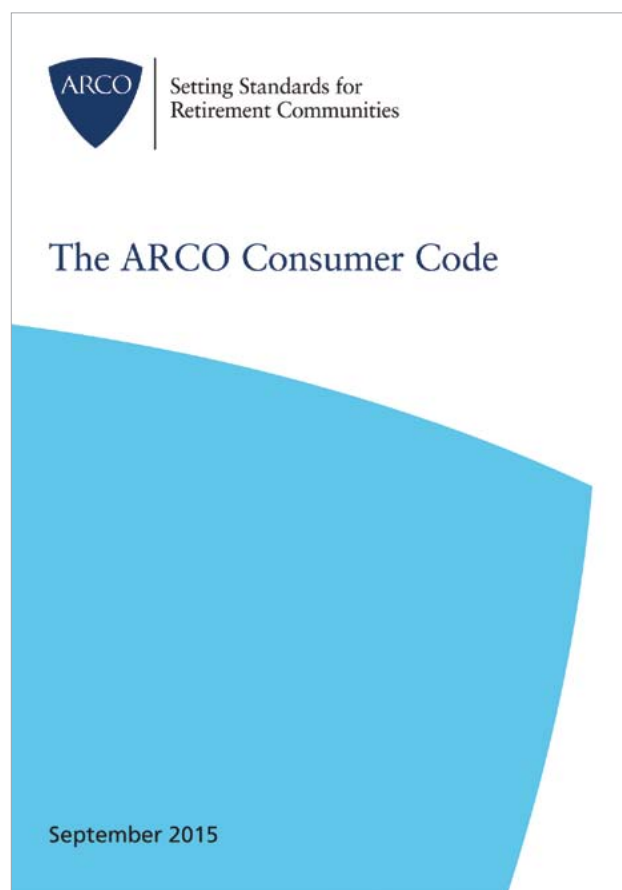
However, Mr O’Kelly cited that there were some operators who bucked the trend. He told us about Retirement Security Ltd’s model of owner management. All the residents have one share in the management company and, as a result, the company is wholly owned and controlled by them. He explained that this gives the owners a real voice in decision making, including employing any staff and controlling service charges.

Martin Boyd from the charity, and a Director of Leasehold Knowledge Partnership (LKP), informed us that Parliamentarians have also recently formed an All Party Parliamentary Group on residential leasehold and commonhold, chaired jointly by Sir Peter Bottomley and Jim Fitzpatrick, both patrons of LKP.

Ms Drew recommended that operators ensure that they have clear and precise marketing literature to improve awareness of all home ownership options available, and robust legal documentation. Operators, she said, should present these documents clearly to the purchasers and check that they understand the contents. She predicted that this would reduce the number of leasehold management issues experienced by operators, saving them the time and resources involved in managing service charge disputes, complaints about scheme or care management issues and resale arrangements. This would keep costs down and improve affordability.

In his evidence to the Panel, Michael Voges, Executive Director at Association of Retirement Community Operators (ARCO), stated that the uncertainty surrounding fees has resulted in some lending institutions holding back on investment. This restricted supply in the retirement housing market. He explained that some operators’ business models are based on future income stream from event fees. But, in addition, he argued that for the customer event fees can also be a useful tool to reduce service charges.

Mr Voges referred to the concept of “enjoy now, pay later”, whereby the operator will charge a lower service charge for repairs, cost increases etc. but recoup the difference through the exit fee route. Thus, costs for residents can be transparent, fixed and will not rise at all. He observed that this operational model is common in New Zealand and is proving quite popular with purchasers in the UK too. There may also be the opportunity to draw down equity, releasing capital tied up in their home, to buy into services or facilities.




Mr Voges also told us that ARCO aims to set and maintain high standards for operators of retirement communities in the UK. To reinforce this, it launched a Consumer Code in 2015 to provide a benchmark for good practice within the housing-with-care sector.

34. <http://www.lawcom.gov.uk/project/event-fees-in-retirement-properties/>

He explained that ARCO has been actively engaged with the Law Commission. Operators who signed up to its code will ensure that residents are given clear and transparent information about fees and service charges well before they decide to move in. Retirement community operators will also need to provide core levels of services in retirement communities, and must maintain a fair and consultative relationship with residents. For example, LifeCare Residences in Battersea Park, London (right and below):

LifeCare Residences



**PURCHASER(S)
ACKNOWLEDGEMENT FORM**

The signing of this form does not in any way bind you to proceed with the purchase of the Apartment. You should seek independent legal advice on the provisions contained within this Acknowledgement Form should you wish to proceed to exchange of contracts in respect of the purchase of the apartment.

APARTMENT 65, BATTERSEA PLACE, 73 ALBERT BRIDGE ROAD LONDON SW11 4DT

I/we can confirm that:-

1. I/we have been given the Battersea Place Brochure (version: January 16) and a copy of the Frequently Asked Questions (version: Mar 16)	
2. I/we have been given the Key Facts document (version: Mar 16) for this apartment	
3. The following matters have been explained to me/us:	
<ul style="list-style-type: none"> • The Purchase Price, which we have agreed • The Service Charge • The Deferred Membership Fee, including: <ul style="list-style-type: none"> • Option 1 (20% of purchase price and 50% of gain in value) • Option 2 (30% of sale price) • Worked examples of both options as set out on the attached sheet • The Sales Agency process when I/we wish to sell this apartment, including: <ul style="list-style-type: none"> • Exclusive agency for Landlord for the first six months • Agency fee of 1.5% • Sale price to be Open Market Value as nominated by the Landlord in consultation with you • The anticipated price list for additional care and other services, a copy of which I/we have been given. 	

SIGNATURE OF PURCHASER	DATE
SIGNATURE OF PURCHASER	DATE

NB: If the property is being purchased by more than one person, all parties should sign the form.

Feb 2016

▼ Battersea Park, London



9

Future challenges

National housing policy

The inquiry had an overarching concern that housing policy has become concentrated on supporting first-time buyers, extending Help to Buy schemes to the new Starter Homes initiative. While we fully recognise the need to assist younger households to obtain a home of their own, we are anxious that this emphasis by government fails to recognise the significance of building new homes for older people.

If there are incentives that encourage the older generation to move to accommodation that will suit them in retirement, more family homes will become available; the subsequent chain of house sales has extensive economic benefits. This makes it important to consider tax concessions for older people as well as those for first-time buyers; stamp duty relief that helps down-sizers would lead to increased revenue from the – on average 3 – subsequent housing transactions.

“Government has the opportunity to boost supply of homes for the older generation and we look to Ministers to rebalance national housing policy so that older people are as favoured as younger households.”

Lord Richard Best

June 2016

Revenue pressures

The Chartered Institute of Housing's (CIH) written evidence to the Panel drew attention to recent proposals to introduce rent reductions across social housing and to limit Housing Benefit at local housing allowance (LHA) levels. This measure will affect specialised retirement housing in due course. The CIH pointed to concern from its membership about the long term viability of providing such schemes. Although this measure has been postponed until April 2017 while a government review into the higher costs of supported housing takes place, uncertainty about future funding has already led to registered providers 'mothballing' or cancelling plans for new schemes. As a result, some sites will be lost to the retirement housing sector.





Appendix One

The All Party Parliamentary Group on Housing and Care for Older People

The APPG on Housing and Care for Older People is a cross-party group of MPs and Peers which raises the profile of housing and care for older people amongst Parliamentarians.

HAPPI 3 Inquiry: Parliamentarians and Expert Panel Members:

Lord Richard Best (Chair)
Baroness Kay Andrews
Baroness Joan Bakewell
Baroness Valerie Howarth
Lord Ben Stoneham
Roger Battersby, PRP Architects
Gary Day, McCarthy & Stone
Emma Maier, Inside Housing
Bruce Moore, Housing & Care 21
Tony Pidgley CBE, Berkeley Group
Claudia Wood, Demos

Inquiry Secretariat:

Jeremy Porteus (Secretary), Housing LIN
Callum Clark (intern)

Evidence in person:

Liam Bailey, Knight Frank
Brian Beach, International Longevity Centre UK
Martin Boyd, Leasehold Knowledge Partnership
Henry Butler, Resident, Ashfields Right to Manage
Emma Cleugh, Knight Frank
Louise Drew, Shakespeare Martineau
Nick Dykes, Belong
Guy Flintoft, PegasusLife
David Furniss, BT
John Galvin, EAC FirstStop
Derek Griffiths, Morgan Tucker Consulting Engineers
Stephen Hill, UK Co-housing Network
Judith Jones, Resident, Ashfields Right to Manage
Lorraine Mansfield, Orbit Living
Maximus Marenbon, Law Commission
Richard Morton, RM Architects
Sebastian O'Kelly, CARLEX
Leon Rudd, Appello
Stephen Sadler, Tunstall
Paul Saunders, Appello
Jon Stevens, University of Birmingham
Michael Voges, ARCO
Emma Webster, PegasusLife
Sarah Witchell, Law Commission

Written evidence received from:

Anchor
Chartered Institute of Housing
One Housing Group
Stonewall Housing



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Copies of this report can be downloaded from the HAPPI page on the Housing Learning and Improvement Network's online 'design hub' at:

www.housinglin.org.uk/HAPPI3



To access copies of the previous HAPPI reports, visit:

www.housinglin.org.uk/HAPPI



Housing LIN

Connecting people, ideas and resources

**The APPG on Housing and Care for Older People
HAPPI 3 inquiry is supported by Housing & Care 21.**

About Housing & Care 21

Housing & Care 21 is a leading national provider of retirement housing and care services for people aged 65 and above. We deliver affordable, contemporary, person-centred care and housing that meets individual needs, improves wellbeing and promotes independent living.

We are a not-for-profit organisation and operate in over 150 local authority areas – managing around 19,000 Retirement and Extra Care apartments and providing over 80,000 hours of care each week to more than 31,000 customers.

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