

Retirement housing: A solution to our care and housing crises?

17 May 2023  Victoria Thourgood

You can't scroll your news feed or open a newspaper without being reminded about society's biggest issues and they don't come much bigger than the "housing crisis" and the "crisis in care".

Solutions receiving the most airtime are focussed on reforming the NHS, resolution of funding for social care, and providing starter homes, all of which have their challenges. But is there something else in real estate's arsenal which could provide part of the solution to both problems?

The ageing population problem?

You will surely have heard reference to our "ageing population". Whilst it is fantastic to think we are living longer; it is creating a new set of challenges. In fact, there is compelling evidence that this really is one of our society's biggest issues, and that if we don't act soon in addressing these challenges, then much stormier waters lie ahead. Two of the challenges presented are the impact on the housing market and the demand for care.

Some "fun" facts:

- It is forecasted that:
 - The number of over 85s will double in the next 30 years.
 - By 2040 our population will have grown to 73m and the number of over 65s will increase from 11.2m to 17.2m by 2040, accounting for 25-30% of the population in many areas.
 - Most of those older people will still live in standard housing.
 - 6.2m over 65s will live alone, with 3.1m of those being over 80 years old.
- If everyone lived in homes of a size appropriate to their needs it is estimated that 50,000 fewer homes would need to be built each year. Presently we are building around 200,000 new homes in the UK each year and not keeping up with demand.
- Almost as many bedrooms are being 'decommissioned' through under occupation, as children move out of their family home, as are being replaced by new homes.
- There is evidence that housing with care improves the physical and mental health of residents and in turn cause savings in costs like GP, nurse and hospital visits and £5.6bn in cost savings will be made for health and social care if 250,000 over-65s live in housing with care by 2030.

A housing and care solution?

With those figures it is hardly surprising that the development of specialist retirement housing has been identified as part of the solution to the housing and care crises and increasing provision of age-appropriate housing is advocated in The Mayhew Review. The Mayhew Review is another report in a growing catalogue of reports and papers supporting significantly increasing our focus on older people's housing, and here's why, (in a nutshell):

- It is usually specifically designed to make it safer for older residents who may be frailer or have mobility issues, reducing falls for example. The bedrooms are often large with a view to accommodating healthcare equipment around the bed to enable residents to be

at home whilst receiving care. The homes are also more likely to be more fuel efficient, meaning older people can live more comfortably and not be worrying about fuel bills.

- The units are usually located in their own community with community spaces and amenities for the residents to socialise and remain active and thereby minimise the negative health impacts of loneliness and enhance feelings of being safe, all of which help to improve wellbeing.
- During the Covid-19 pandemic these communities were able to maintain the safety of residents whilst ensuring they still benefitted from social connection, they also ensured that their needs were met, for example by making sure that they had food deliveries.
- Care packages are often available and as the residents live in communities, the care can be provided more efficiently, without carers travelling long distances between those for whom they care.
- Such design and availability of care helps people stay healthier for longer, reducing demands on GPs and the NHS and deferring transfer into a care home environment.
- New apartments for older people can use up much less space than building family homes.
- It usually frees up larger houses back on to the market for buyers further down the housing ladder, and with greater supply of such homes the prices could become more affordable.
- Further, as residents of specialist retirement housing usually live there for around eight years, this means that each time a consecutive new resident moves in this usually releases a house back onto the market.
- As an added bonus it is thought that those further down the housing ladder are more likely to make energy efficiency updates to the older properties they would acquire.
- There does appear to be demand. A lot of older people who own their own home are not eligible for homes in social rented retirement housing, and surveys have indicated that many would like to downsize but that they consider there is a lack of suitable housing where they want to live and that those that are available are too expensive. The ONS Wealth and Assets Survey indicated that households whose head had retired were the wealthiest group, with a value of £489,300, they had the lowest expenditure and more stable primary income source.

What is needed?

Currently, there are around only 7,000 retirement properties being built each year. Even if this were to increase to 50,000, being around a quarter of all new homes each year, this would not be enough to entirely accommodate our ageing population, but it would have a noticeable impact on the housing market and on the need for care.

Whilst writing, the Levelling-up and Regeneration Bill has gone through second reading and is in Committee Stage. The Levelling Up White Paper says: “For older people trapped in non-decent or unsuitable accommodation, the UK Government will work to increase the choices available to them.”

The Mayhew Review recommended the following steps:

1. **Launching the Older People’s Housing Taskforce** – The Association of Retirement Community Operators (ARCO) first called for a taskforce in February 2020. The Levelling Up White Paper announced a cross-departmental task force on housing for older people. The taskforce is intended to work across housing, health and care sectors “*spearheading work to support the growth of a thriving older people’s housing sector across the country*” making recommendations for Government. The chair was appointed at the beginning of April, and the taskforce is to run for up to 12 months and provide an independent report to DLUHC and DHSC Ministers. Interim findings should be available after six months - so look out for those.
2. **Reform of planning rules to make it easier to build age appropriate housing for older people; suggesting local planning authorities work closely with health and social care services and support initiatives to help people downsize into more age appropriate housing** - The Mayhew Review refers to issues such as a possible lack of clear policies supporting older people’s housing; concerns about demands being placed on health and social care budgets locally, technical application of planning designations, work needing to be done to improve understanding of modern retirement living models, and competition with standard housebuilders
3. **Putting older people’s housing on a level playing field with all other developments** - This is because standard housing is subsidised through Help to Buy or the affordable housing programme, and care homes are exempt from Community Infrastructure Levy but retirement housing isn’t.
4. **Putting more older people’s housing in town centres, helping local regeneration programmes** - With the expected growth in over 65s who will be healthier than in previous generations and may still be working they could bring economic growth to town centres which have lost employment.

5. **Cutting stamp duty so it is the same for last time buyers as for first time buyers**, and **researching other financial incentives for older households to downsize** - While an older person may be more likely to own their own home they may still have a low income and be concerned about the costs involved in moving.
6. **Improving availability of financial advice for older people who are looking to move** - With only 7,000 retirement housing units being built each year for the last 10 years, retirement housing remains something of an unknown to a lot of people. Despite such a small number of units, a wide variety of descriptors are used e.g. assisted living, extra care, integrated retirement community, and a variety of different tenure models are available, purchase on a long lease basis, shared ownership or rental. There can also be separate payments in respect of provision and maintenance of communal facilities or for care packages where required. This can create apprehension and buyers can feel wary, so better access to appropriate advice could assist with overcoming this barrier.

What does the future hold if we do not tackle this issue?

Should we fail to address this issue we can only expect the situation to worsen at great cost to our society:

- Younger people will continue to have difficulty in buying their own home as demand continues to outstrip supply, a situation which may in any event be exacerbated with the scrapping of national housebuilding targets.
- Without a home of their own, or owning a home at great financial cost, people may choose to defer or not to have children.
- A growing number of older people living in unsuitable housing leading to greater health issues and pressure on GPs, the NHS and social care.
- A health and care workforce which is already overstretched, being further stretched with increased demand across dispersed locations whilst at the same time the number of workers declines with the comparatively smaller younger populations.

It is therefore key that more time is devoted to raising awareness of and exploring this part of the solution to our housing and care crises. If this article has peaked your interest then (a) I strongly recommend that you visit the ARCO website www.arcouk.org which includes a lot of useful resources and links to information on the subject, and (b) spread the word and be part of the solution.

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