

Policy Position Paper

Retirement housing (England)

April 2016

Older people should have access to a range of different housing options that match their individual needs and aspirations.

Key issues

There are approximately 533,000 units of retirement and sheltered housing in England¹, but this covers many different types of provision, depending on the level of care and support offered. It includes up to 40,000 units of extra care housing² (i.e. self-contained accommodation, normally offering 24hr care and support). In 2013, the Government provided £315m capital for supported housing, but there is a debate over how far extra care retirement housing can offer an alternative to residential care homes³.

Recent debate has focused on what the Government and local authorities can do to encourage the development of more retirement housing to encourage older people to downsize, but the majority of older people will continue to live in ordinary mainstream housing. There needs to be an appropriate balance between supporting retirement housing options, while at the same time backing measures to help older people to live independently in their existing homes or mainstream alternatives. There is also uncertainty about long term revenue and capital funding for retirement housing in both the social and the private sector.

Social rented sector

Sheltered housing is still an important housing option for many older people on modest incomes who want to live independently in a community with some level of support, but there are concerns about how benefit reform is likely to affect its provision. Levels of support in some sheltered housing developments have been reduced, with increased service charges to cover rising costs. The use of floating support and assistive technology has led to a decline in onsite support e.g. wardens. There is a danger that some sheltered schemes may be forced to close if they become financially unviable, even though this is likely to increase costs for the NHS

¹ Pannell, J. Aldridge, H and Kenway, P (April 2012). Market Assessment of Housing Options for Older People. NPI.

² Mickelborough, P (2015). Extra care housing UK market report. Laing Buisson.

³ DEMOS (2014). The Commission on Residential Care.

and social services. There is also concern that Right to Buy measures under the Housing and Planning Bill could result in the loss of higher value sheltered housing and other forms of retirement housing offered in the social sector, e.g. bungalows.

We have seen a further decline in services as a result of the ending of Supporting People funding in 2015. The Government also proposed a cap on Housing Benefit payments for supported housing based on Local Housing Allowance (LHA), but this has been delayed by a year and is subject to review. The Government has also delayed placing a cap on rent charges. The National Housing Federation (NHF) argues that these restrictions in revenue could undermine key services offered by housing associations. They also appear to be having an impact on the development of new sheltered housing, due to financial uncertainty. In addition, the introduction of personalisation for care services allows residents greater freedom over how they spend care packages, but is challenging for many providers. Self-funders in the social sector, who are not receiving housing benefit, may struggle to meet rent and service charge increases.

Private leasehold sector

A survey⁴ of older people by DEMOS found that 58% were interested in moving. However, of these potential movers only a quarter said they were interested in a retirement property, indicating they would also consider mainstream housing e.g. a smaller house, bungalow or an ordinary flat. There is general agreement that more retirement housing is required to meet projected demand. It is argued that an expansion in retirement housing would allow more older people to downsize and make family housing available to younger buyers. However, regional differences in house values and the local availability of attractive and affordable retirement schemes create variations in choices available.

The retirement housing industry is calling for measures to boost retirement housing. This includes concessions on stamp duty and planning gain exemptions for new retirement housing developments. The Government's focus on Starter Homes for younger people is further impeding the development of retirement housing.

The Law Commission has made recommendations to reform the charging of exit fees. These are charges (often hidden) that are made when the leaseholder sells their flat and are based on a percentage of the market value of the property. Charges can also be made for subletting. Providers of retirement villages believe exit fees can be a form of deferred payment for the additional cost of services and so should be preserved for certain types of scheme. The Law Commission is seeking greater transparency on charges so that consumers can make informed decisions that will help to shape and reform the market.

Age UK believes that reform of the leasehold retirement housing sector needs to address problems with service charges, exit fees and anti-competitive tendering by managing agents. Some residents groups are demanding greater transparency on

⁴ DEMOS (2013). Top on the Ladder. Available online at <http://www.demos.co.uk/files/TopoftheLadder-web.pdf?1378922386>

charges and want increased influence over the management and control of their schemes.

Public policy proposals

- There should be a Government review of retirement housing, including an investigation into the consumer, financial and planning issues that impede new developments and reduce choice for prospective residents.
- Greater legal protection should be provided to leasehold residents to prevent exploitation as a result of unfair service charges (and other fees).
- There needs to be broader reform of the leasehold sector with an emphasis on how the consumer rights of residents can be properly enforced.
- In the context of personalisation, housing providers need to clearly define core and optional services to both existing and prospective residents and the long term cost implications for residents.
- Residents should have genuine choice over how housing support is delivered, including the retention of onsite support workers\wardens.
- The Government needs to ensure that the reform of rents, Housing Benefit, Attendance Allowance and move towards Universal Credit does not undermine the delivery of retirement housing and its role in reducing demand on health and social care.
- Decisions by providers and commissioners on housing support services should be based on a thorough assessment of individual schemes and the needs of residents - rather than the application of blanket policies.
- More investment should be available to adapt and refurbish existing sheltered schemes, giving them some degree of parity with current investment in extra care housing and other forms of specialised housing.
- Retirement housing developments should be part of a lifetime neighbourhood approach, offering easy access to transportation, local services and facilities.
- Residents should have the opportunity to influence the design and management of schemes and be kept fully informed of any proposed changes taking place. More schemes in the private sector should offer commonhold tenure to guarantee residents greater control and ownership rights.
- There should be continued investment in extra care housing to help reduce the demand on residential care and at the same time the promotion of independence, privacy and control in all types of retirement housing (and care homes).
- Older people should have access to independent housing advice and information to help them evaluate the range of retirement housing options available to them.
- Older people should be offered suitable housing as part of mixed intergenerational developments as well as separate retirement housing.
- The market alone cannot deliver the range of retirement housing that should be available to older people. Local authorities need to develop housing and planning strategies to meet the housing and support needs of all older citizens.

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Age UK
Tavis House
1-6 Tavistock Square
London WC1H 9NA
T 0800 169 80 80 F 020 3033 1000
E policy@ageuk.org.uk

www.ageuk.org.uk

Age UK is a charitable company limited by guarantee and registered in England (registered charity number 1128267 and registered company number 6825798). The registered address is Tavis House 1-6 Tavistock Square, London WC1H 9NA