



The Future of Housing and the Built Environment in an Ageing Population

Note of expert meeting: London, 22nd July 2015

This document reflects the discussions in a meeting held to gather the views of a sample of people with experience in the issues raised by the ageing population. The content has not been peer reviewed and any statements are not necessarily findings of the project

Executive Summary

1. Housing developers are focused on building 'starter homes' (in response to current government policy) and homes for the Private Rental Sector, including student accommodation. Many are high-density and not adaptable, making them unsuitable for the full life course. This is problematic in the context of an ageing demographic where flexible, adaptable homes are needed for an increasing disabled population. Investment in adaptations for existing housing stock is also important for the majority of older people who live in old houses.
2. The design of neighbourhoods is also important to wellbeing and in ensuring older people can access the services they require.
3. Government has a role in making the connection between housing quality and health, because people do not make this link themselves, and therefore neither does the market. More robust figures and cost benefit analysis are needed to support the business case for making housing interventions to achieve health outcomes.
4. Encouraging older people to rightsize could have multiple benefits, including: older people encouraged to move into more suitable housing; addressing housing supply issues by bringing larger homes onto the property market; releasing equity for the rightsizers; and facilitating labour mobility. However, few older people opt to rightsize due to a range of barriers, including lack of financial gain, emotional ties and the disruption caused by moving home.
5. Proactive longer-term planning at a regional level could be an effective way to ensure well-designed, mixed housing developments, with infrastructure that connects older people to the services they need. Planning has been seen as a regulatory burden, but in fact can be favoured by the markets due to the certainty it provides.
6. A social care system funded by the sale of assets will face problems in a context where home ownership rates amongst younger generations are declining.
7. The shift away from home ownership to private rental with high rents has impacts on the wider economy. For example, people have less disposable income and propensity to save, and stamp duty collection is decreased.
8. The following suggestions were made:
 - a. Revisit housing design in the context of the health needs of ageing population
 - b. Reform planning law to include use classes and greater flexibility. Revisit the role of planning in delivering the type of housing stock required longer-term
 - c. Encourage downsizing, for example through reusing stamp duty to adapt destination housing, waiving stamp duty for rightsizers, or introducing housing-linked bonds so that capital gains are not lost by house size reduction
 - d. Enable more niche providers to compete in the market, for example through loans for builders
 - e. Enable retrofitting and adaptability of homes, for example by moving away from '2-bed flat' to '100m² space with moveable walls' that can adapt use as needs develop

- f. Lock in health gains to the sale of public land, by demonstrating the link between health and quality housing, and enforcing space standards

Design and housing in an ageing population

Key design issues

- Size and layout of homes for an ageing population. The current UK housing stock is mismatched with the need.
- Interconnection with health – design of homes to support health and wellbeing. Older people disproportionately live in poor housing (for example, with issues around damp or heating). How can we design to help people manage their own health?
- Homes designed to allow people to care for others. Health technologies will allow people to care for, or support older age groups at home.
- Design of neighbourhoods is essential; you can't look at design of individual homes without looking at factors such as streetscape, access to services, and social cohesion. The literature demonstrates the benefits of green, connected communities.
- Homes that extend working lives. This thinking is underdeveloped at the moment.
- Better design in mainstream housing needed; whilst there is a high level of satisfaction with specialist housing, most older people live in mainstream housing. Design guidance is available but is not mandatory.

1. **The current focus of the building sector is the Private Rental Sector for investors.** This provides housing for couples and young people, which is high density and not adaptable. 42 % of private new builds are flats. These homes will not be suitable for the full life course.
2. **Current government initiatives are directing housing providers towards 'starter homes'.** The impact of government policies (such as Help to Buy) on the focus of housing providers should not be underestimated. Could the government do something similar to incentivise the building of homes that are adaptable for older people?
3. **The tendency of housing providers to specialise leads to neighbourhoods with a homogeneity of age group.** This specialisation is caused by evaluation of market risk, where certain types of home are perceived as less risky, or specialisation itself limits risk. Promoting mixed communities is more difficult. Academics have a role to play in highlighting the demand for mixed communities. The demand for a better range of housing options will become more evident over time, but by the time this demand is felt by the market it may be too late.
4. **Standards.** Various types of design standards were mentioned.
 - a. The Decent Homes Programme (which has now ended) allowed local authorities to improve housing in the social sector and private sector for vulnerable people.
 - b. It was suggested that the Lifetime Homes Standard¹ could be revisited – one of the problems with this was that it was developed with little consultation with the housing sector. Investors (e.g. pension funds) also need to be part of the discussion.
 - c. **1.4m homes meet four basic accessibility standards²** (*level access, flush threshold, wide doors & circulation space, WC at entrance level*); half of these were built since 2007, but a lot of these are concentrated in the social rented sector.

¹ <http://www.lifetimehomes.org.uk/pages/revise-design-criteria.html>

- d. Sustainability standards are important for older people; the affordability of keeping a home warm has a significant impact on health. It was suggested that lower running costs could be a significant pull factor for older people thinking of downsizing. Questions were raised about how to make existing housing stock more thermally efficient.
5. **Government has a role in making the connection between housing quality and health**, because people do not make this link themselves, and therefore neither does the market. More robust figures and cost benefit analysis are needed.
6. **The sizing of houses is important.** The UK is building much smaller units than the rest of Europe, and overcrowding can be a problem.
7. **As well as housing design, the design of neighbourhoods is key, as is the location of older people's housing within a neighbourhood.** Older people need to be able to access services and facilities in their neighbourhood. The potential for technological developments to change the significance of physical mobility was raised (for example, as shopping is increasingly done online).
8. **Flexible homes are needed that can be adapted to different types of household, and meet the needs of an increasingly disabled society.** However, current trends in the UK are away from this kind of design.
9. **The housing design needs (including technology support) of the increasing number of people affected by dementia should be considered.**
10. **Connectivity** – as home working increases and health monitoring systems are developed, the need for high broadband standards will become even more important.
11. **Mainstream housing developers need to be part of the conversation about housing design for older people.** They are increasingly selling to downsizers, so should become interested in this. Specialist providers like McCarthy & Stone are often invited to participate in this kind of discussion but the majority of older people live in non-specialist housing.

Supply and demand of housing in an ageing population

1. **Encouraging older people to rightsize** could be a way of making more efficient use of the housing stock and getting older people into more suitable accommodation. However, at the moment few older people choose to rightsize due to factors such as the following:
 - a. *Financial* – Once the costs of moving (such as stamp duty and solicitors fees) are taken into account, rightsizing often does not release significant equity. Most older people do not want to rightsize significantly, as they still want a spare room for family to be able to visit; this reduces the potential for equity release. The financial incentives may change for future cohorts who may have more need to release equity.
 - b. *Emotional* – Many older people are happy with the home they are in. The current cohort of older people may have lived in their family home for a long period of time and be unwilling to leave it. This may be different for future cohorts who may be more used to moving house.
 - c. *Disruption of moving house* – Older people may be happy in theory to rightsize, but want to stay in their neighbourhood which may not have housing stock that enables this. Moving to a new, unfamiliar area may lead to isolation, and may be a particular challenge for those with dementia.
2. **The role of planning should be reviewed.** There is an argument for more proactive planning at a regional level, to enable well-designed mixed housing developments, with infrastructure that enables

² <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-optional-technical-standards/accessibility-and-wheelchair-housing-standards/>

older people to be connected to the services they need. Planning has been seen as a regulatory burden, but the consensus was that markets like more proactive planning because it gives them certainty. The issue of people in the UK being 'anti-development' was raised as a barrier to effective planning.

3. **The cost of land is a significant barrier to new building developments.** It is no longer economical to build in certain areas, and the price of land encourages high density developments (which are often not suitable for older people). Land availability sites are not always appropriate or commercially viable. Greater planning could help solve this problem; for example, if some areas were allocated for low density housing, this would determine the land value and enable developers to build.
4. **Changing family structures will affect housing stock demand.** An increasing number of people are childless, and divorce rates are increasing (creating demand for extra housing units).
5. **Retro-fitting is a key part of the solution for supplying housing for older people.** A lot of older people do not wish to leave their home, and would be best served with home adaptations rather than different accommodation. Retrofitting existing stock is also cheaper than building new homes.

Finance, housing and an ageing population

1. **The costs of inadequate housing supply fall on the health service and social care services** (funded by local authorities). The health service costs of an ageing population will be harder to manage if people can't stay at home.
2. **The increasing rates of homelessness have costs for the NHS**
3. **The division between the health and social care systems is a problem**, although integrating them effectively is also a significant challenge. There is a conflict between the increasingly centralised NHS being free at the point of use, and local social care systems that are means and needs tested.
4. **The Turner pension reforms were based on a model of increasing home ownership.** This is no longer the case; future cohorts will be less able to use assets to pay for care. Japan is facing a similar problem here.
5. **Protection of tenants** – at present, the majority of private rental is with small landlords. This 'bottom end' of the rental market is the least regulated. Current DCLG policy is encouraging the growth of larger professional landlords. These landlords may offer better protection to tenants as they have incentives to offer long term tenancies.
6. **The shift away from home ownership to private rental with high rents has impacts on the wider economy:**
 - a. People have less disposable income as a large proportion of income is directed towards housing costs
 - b. Stamp duty collection is decreased
 - c. Homeowners spend more money in the wider economy, through the costs of moving, building work, furnishings etc.
 - d. Reduced rates of home ownership will impact current models of paying for care with equity release.

Annex A: Key policy issues and ideas

These ideas were put forward by individual participants and do not necessarily represent the views of the group.

- **Revisit housing design standards**
 - Space standards regulations which are mandatory in London should become mandatory elsewhere
 - An enhanced standard for older people's homes should be looked into
 - New developments such as Ebbsfleet should have strong planning and design standards in place
 - Greater emphasis on requirement to future-proof all new housing. Enable retrofitting and adaptability of homes, for example by moving away from '2-bed flat' to '100m² space with moveable walls' that can adapt use as needs develop
 - Building regulations are needed – each new house is a precious resource.
 - Review of Lifetime Homes/ Lifetime Neighbourhoods
- **Housing design should take account of the health**
 - The provision of 'healthy homes' could be tied into the sale of public land
 - Give the planning of healthy places to health and wellbeing boards who also have the money for implementation – line up the incentives
- **Housing developments should be designed to enable multigenerational homes and neighbourhoods**
 - Presumption in favour of housing schemes which accommodate the needs of the ageing population
 - New policy levers around the avoidance of homogenous neighbourhoods in terms of age
 - Ensure welfare policy enables multigenerational living
- **Revisit land use classes**
 - Flexibility in land use classes
 - Explore Belgian method of defining use classes negatively (planners define what an area can't be used for, rather than what it can – this gives the market more freedom, but requires strategic planning).
- **Revisit the role of planning**
 - A stronger role for local authorities in planning
 - Mandate regional strategic planning
 - National planning policy
 - Establish "Crick Institute" for strategic planning with focus on lifetime neighbourhoods
 - Involve builders and pensions investors in conversations about planning
 - Objections to planning usually come from a small group of people who may not be representative of all the interested parties – this should be addressed.
- A system is needed to **enable retro fitting and adaptations for existing housing stock**. Impartial advice would enable self-help in this area.
- **Develop policies to encourage rightsizing**, for example:
 - Stamp duty relief (rightsizing is beneficial for the housing chain; the cost of this policy may be offset by the movement in the housing market it facilitates).
 - Stamp duty payments from rightsizers to be made available for age-specific home improvements
 - Rightsizer Bonds tracked to the housing market, so that capital gains are not lost by house size reduction
 - 'Help to Move' initiative for older people
- **Incentivise wealth transfer** via tax relief on the transfer of money to grandchildren
- Enable more niche providers to compete in the market, for example through **loans for builders**
- Charge **Council Tax on the basis of occupancy** as well as size.

- Policy to **bring together students, migrants and older people who all have housing issues** – may be a case of knowledge transfer as this happens in some places, or changes in taxation policy (eg ‘rent-a-room’ incentives)
- New housing stock should be built on the basis of **hard data about the housing need**, calculated by looking at the existing housing stock and demographic projections (regarding age, disability).

Annex B: Evidence gaps

The following areas were identified as needing further research, evidence or thinking

- Forward thinking on what will happen to the large group of **private rental tenants** as they get older? For example, in terms of equity, how they fund long term care, design of properties that they rent – are they adaptable? Evidence could be gathered from the USA and Western Europe.
- Research into **alternative home ownership models** - Intermediate tenures, shared equity, flexible tenure models, shared ownership
- There is very poor **data on the housing stock profile**. This could get worse – the housing stock survey has been scaled back and other surveys are no longer happening. Plans to scale back the census could further reduce the data available in this area.
- Need a new “Parker Morris” style survey on **housing sizes**
- Model the population profile combined with projections about their health and the housing stock, and the impact of connections between welfare reform and housing tenure changes to identify the **future housing need**.
- Academically robust research on **later life aspiration** – what types of housing do older people want?
- More hard data is needed to **demonstrate the link between quality of housing and health**. The economics benefit needs to be quantified, for example by looking at the effects of housing on service use. A robust methodology appropriate to this area needs to be developed. Most of the existing research could not be used to make a business case to Ministers.
- Information on the **impact of cultural changes** due to ethnic diversity in UK
- The way that the **planning system directs house builders towards certain types of housing**
- **Motivations around downsizing**
- The impact of quality of housing on **productivity at work**
- It could be useful to undertake a “**Cochrane Review**” on housing. This would require the creation of an institute focused on proactive planning. There is a lot of research available but it is very disaggregated
- Planners need a lot more support on doing visioning in terms of **accounting for demographics in local planning**. Very few local authorities have substantial or up-to-date policies around housing and older people.
- Research is needed on the longer-term coverage, maintenance and affordability of services (such as online shopping) that widen access for people with limited mobility.