

Affordability Later in Life – the true cost of longevity

Time for a step change?

It is time for a total step change in the way older people view housing and health and the role that they themselves play in opening up their options.

Strategic Housing Market Assessments are passing this by and there is a future cost to individuals and an impact on accommodation providers that needs focus. The Housing Forum's view is that there is an opportunity opening up to provide for a new market in older persons housing but that this will require a step change in approach, characterised by:

- Supported housing developments offering communal facilities are likely to be much larger and integrated with communities through sharing services to achieve commercial viability.
- Active retirement housing will be in urban locations at the centre of towns so that communal provision is minimised as the facilities residents need are easily accessible.
- Affordable housing provision will be increasingly 'development' driven and delivered through mixing tenure - possibly 70:30 purchase to rental.



Where we are now

Whilst there are some attractive retirement developments for those that can afford them and there has been subsidy for social rented sheltered accommodation, there is very little on offer to the 'inbetweeners'. They represent the majority of older people living in privately owned medium priced family homes on mid-to-low incomes with limited savings or pension arrangements. The housing association sector has not yet addressed this in any major way and as business models of providers and builders have to alter to deal with rapid changes in funding and planning regimes, there is an opportunity for the sector to widen its appeal to large numbers of older households.

The Dilnott Review – The Commission on the Funding of Care and Support, due to report mid 2011, acknowledges that there is a lack of understanding that social care is not free at the point of use and consequently, people do not generally plan or prepare for future care costs. An affordable solution for later life needs to consider both capital and care costs: in this respect, affordable accommodation could, for many, mean



PRP – Kidbrooke, Blackheath, London. WINNER 2010 Housing Design Awards, HAPPI Project Scheme. Attractive apartments at the heart of a new residential quarter close to shopping and transport network. The Community HUB will provide information and facilities for residents and the wider community.

downsizing in order to release equity from their existing properties.

Most of us (85% - 90%) will opt to stay in our own homes for as long as possible or until a move is forced upon us through ill-health, bereavement or other factors. Providing care and support to enable 'staying put' must therefore remain central to our focus and although, with longer term care costs factored in, this is often not the most cost effective solution. Around 30% of our family housing stock is under-occupied by couples or single older people and this trend is set to escalate

sharply unless attractive alternatives can be offered. Appropriate housing for older people is therefore not a peripheral issue. It is fast becoming one of our major challenges in terms of mainstream housing supply.

When people choose to downsize it is generally on the basis of attractive, good quality and more practical accommodation offering a lifestyle alternative in the right locations. Evidence suggests, however, that this is in very short supply.

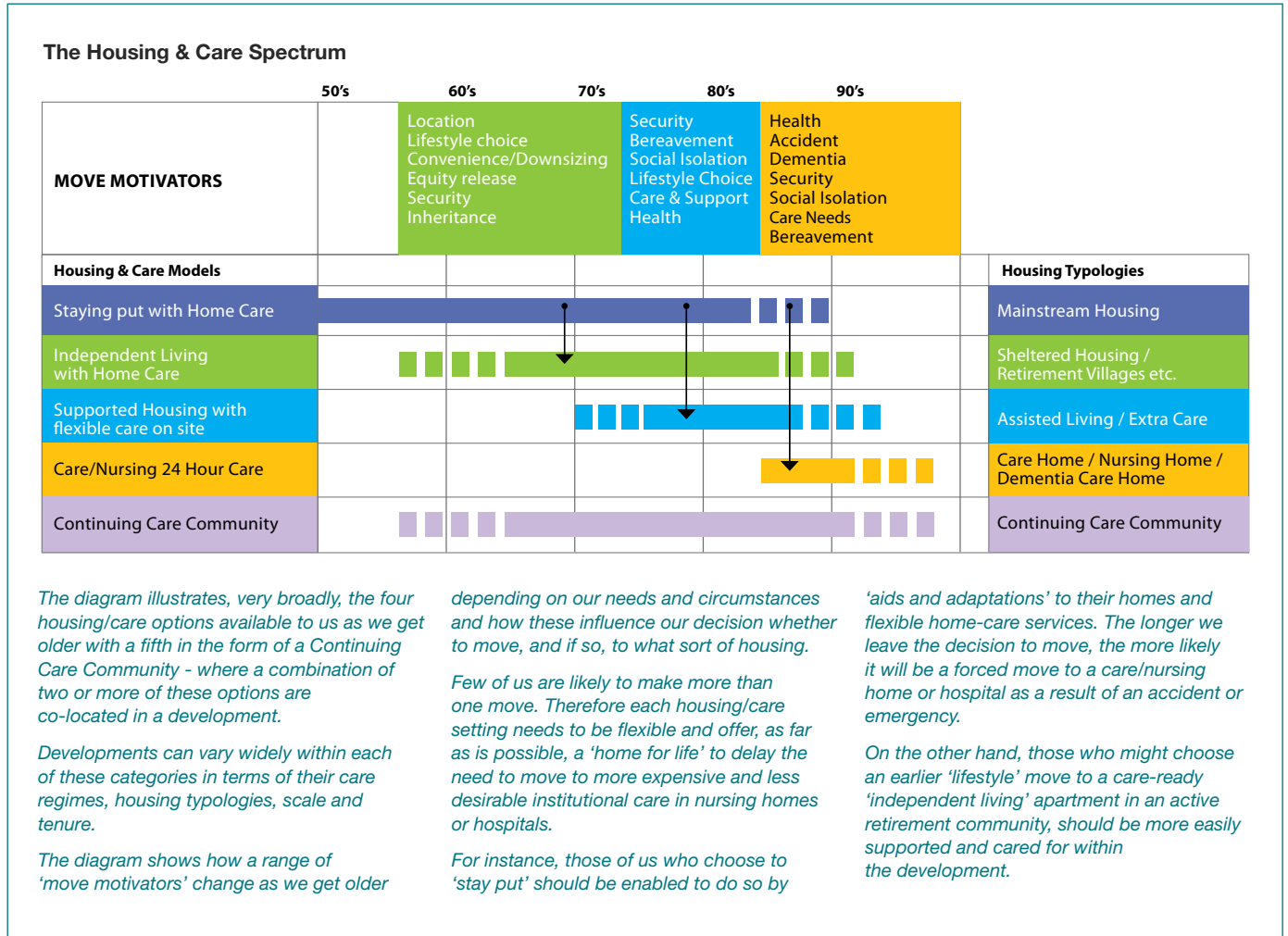
Accessible Neighbourhoods

The concept of the ‘accessible neighbourhoods’ is also key to affordability. This extends inclusive design principles beyond the home to a community that provides within easy reach, all the usual facilities of everyday life.

Evidence has shown that, given the choice, older people do not tend to move far from the communities and neighbourhoods with which they are familiar. In fact, many of us choose to return to our roots. The interface with a

familiar community also facilitates voluntary support and care assistance by friends and relatives.

We need to urgently look for innovative new ways of enabling people to make appropriate housing and care provision for themselves as they get older - and these choices need to be “care ready” to facilitate home based support. There are many different issues to be considered, across the housing and care spectrum, to make our future housing and care more affordable (see below).



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“Affordability later in life” raises 6 critical issues, all predicated on much wider engagement with older people:

- 🏠 Communities and partnerships must work at local level, with closer collaboration between Housing, Health and Social Care and by forging links between the voluntary and private sectors working across the housing and care spectrum.
- 🏠 Innovation in funding – new capital and revenue funding solutions are needed for funding housing and care that include releasing equity in property.
- 🏠 Review the way in which we procure new development to promote innovation to avoid very costly procedures. The review should include exploring cost effective design solutions, offsite construction methods, more integrated building management, energy efficiency and care monitoring technology.
- 🏠 Current housing models and standards need to vary to maximise value for money and ensure that our housing is flexible and adaptable in order to delay the need to move into costly, high care institutions.
- 🏠 Optimise and recycle our building stock for future use and maximise the potential of existing property through asset management programmes that can generate cross-subsidy and development opportunities.
- 🏠 Address barriers in planning and land issues.

Communities and Partnerships

If we are to provide sustainable solutions, we need to better engage with cohorts of older people (from 50 - 110 years of age) in their communities to better understand their housing and care experiences, needs and aspirations, improve the availability and quality of local advice and information and encourage their greater participation in local strategic planning and design of housing.

The localism agenda makes good sense in the context of housing and caring for older people. The profile of our ageing population is as diverse as the wider population in terms of wealth and poverty, needs and aspirations, social and cultural diversity. Local solutions

that acknowledge this diversity and embrace local communities in the planning and delivery process to meet local needs are therefore essential.

The shift towards localism places councils centre-stage in the decision making and strategic planning process. If localism is to deliver, local councils must take the lead in establishing and meeting the needs and aspirations of their older people across both the public and private sectors, through an adequate housing assessment that includes the wider community.

If we are to provide sustainable solutions, we need to better engage with cohorts of older people in their communities. Equally important and

in the context of localism is greater involvement of communities themselves in finding locations for older people's housing.

A strategic plan/framework should be adopted by each local council to establish partnerships with local developers, voluntary agencies and charities to provide for the physical, housing and care needs of its older residents, from the adaptation of individual homes for improved mobility to the development of community-based resource centres. This should be bedded in with the new GP led regimes in health planning which offer the opportunity for health, housing and social care to drive affordable housing in a local context to meet specific needs.

Innovation in Funding

Many public sector extra care housing developments are already reliant on mixing tenure and the cross-subsidies that can be generated by the private sale and shared ownership elements of a project in order to deliver affordable rental accommodation.

If we are to address the large 'inbetween' market, we need to very much broaden our offer in terms of tenure and housing and care packages.

For those property owners that hold substantial equity in their properties, equity-release funding models are becoming more readily available, and private equity companies are starting to specialise in this area to enable people to draw down capital funding for alternative housing and revenue funding for their care needs.

Developments that cover all future housing and care costs against insurance premiums, either in the form of a lump sum at the start of occupancy or included in monthly service charges, are likely to become more common. Some providers offer an annuity against care costs that add about £40k in cost at the start, leaving the capital untouched.

Alternative revenue funding streams can support mixed funding models in the form of commercial rents from a range of complementary uses from pharmacies to health clubs.

Co-housing, where a group of people collaborate to fund and develop new homes collectively, is a model which is well developed in Europe and Scandinavia but relatively new in this country. The major obstacle here would appear to be in securing suitable sites and bridge funding to enable site purchase and development costs.



One Housing Group - Roden Court, Crouch End N6 – Extra Care Scheme

Procurement Costs & Standardising the Product

We need to move on from costly procurement methods, to demonstrate ‘value for money’ to the public sector through competition. More efficient and workable alternatives which achieve good value without costly and wasteful procurement methods are needed.

Affordable housing providers should be

encouraged to consider more market-based models and be permitted to move away from EU procurement legislation which prevents creative partnerships and/or joint ventures with contractors. Some contractors now are keen to offer a more flexible approach to working with affordable providers, including sharing risk on sales and deferring construction payments, to enable schemes to be developed more cost effectively.

Regeneration schemes have for some time relied on private development but are nevertheless subject to the OJEU process for the selection of partners. We need to move towards a position where providers can develop schemes on their own initiative with around 70% private sale and 30% affordable rent or whatever mix can be shown to be required in a given locality with no grant.

We also need greater standardisation in terms of layouts and dwelling types with greater repetition, more rationalised building forms and detailing to enable cost effective design that facilitates offsite manufacture of larger elements or volumetric construction solutions.



Extra Care Charitable Trust - Village at New Oscott, Birmingham

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Current Housing Models

Staying Put

In order to facilitate 'staying put', aids and adaptations to existing properties will be required in conjunction with flexible home care services. At the same time, new homes must be built to more inclusive design standards.

The Lifetime Homes Standards currently define the criteria for inclusive design: however there is a case for a further review of these standards to ensure that the right balance is achieved between inclusivity and affordability. Alternatively, a new set of minimum standards could be included within the Local Standards Framework.

Assistive technology, such as lifestyle monitoring (e.g. telecare), together with a new generation of mobility aids such as mobility scooters will become increasingly important in supporting us to live independently in our own homes.

Independent Living

This is the broad term for retirement or sheltered housing where older people can live independently but together in the community. For this 'offer' to be attractive for downsizing, it must offer good quality, spacious, 'care ready' accommodation and should aspire to meeting the recommendations as set out in the HAPPI report³.

We need to explore new typologies for Independent Living developments such as higher density urban 'core & cluster' apartment blocks, high rise towers, deck/



Longhurst Group - St. Peters Way, West Lindsey, Lincs

gallery access developments etc, in order to offer a new 'Baby Boomer' generation of older people a genuine choice of locations and lifestyles and to avoid the stereotyping of older people's housing that we have become so familiar with.

If Independent Living schemes are to be attractive to younger older people, they must offer a range of tenure to safeguard the residents' financial investment and control through participation in the management of the development. Co-housing could represent the ultimate solution in this regard.

Extra Care/Assisted Living

A range of factors have combined to challenge the viability of the current extra care model where, on average, the communal, support and circulation space accounts for some 40% of the gross floor area.

With the decline in the numbers of Residential Care and Nursing Home places, there is a trend for local councils referring frailer and more dependent residents to extra care accommodation.

This can undermine the balance in resident dependency needed to maintain a vibrant and active community. As the resident group ages, the communal facilities become under-used and the accommodation becomes less attractive to more active older people.

The extra care model therefore needs to be adapted to become more affordable and responsive to its local context. Developments should be larger to justify a range of communal facilities and should be better located relative to local facilities, local community and transport. If this is achieved the facilities and services provided can be designed to avoid duplication and be shared with older people from the wider community.

Continuing Care & Resource Centres: Community Care HUBS

We need to refocus our local provision to cater for the rapidly increasing numbers of 'much older' people and those with dementia. In doing so, we should consider the efficiencies that can be delivered through 'continuing care' developments and 'community HUBS' that draw together a range of housing and care typologies on one site or in close proximity and thereby provide a base from which the needs of people in the wider community can be serviced.

A HUB can provide a community-based care delivery facility where the combined efforts of housing, health and adult care teams can be co-ordinated. Day Care, Rehabilitation (Intermediate Care) and Respite Accommodation are further elements that could be included in order to provide assistance to families and spouses who are caring for their relatives at home.

³ HAPPI – Housing our Ageing Population : Panel for Innovation – www.homesandcommunities.co.uk/housing-ageing-population-panel-innovation.htm

A HUB can also include a Resource Centre where information is assembled, held and disseminated to local residents regarding housing and care services in the vicinity. This should ideally be planned as a ‘drop-in’ facility, linked to a café or other attraction and well located for ‘passing trade’.

Optimise and recycle our building stock

With the current shortage of capital funding for new housing development, it is essential that we carefully review our existing housing stock so that we optimise its use. This process should also examine how housing that is currently not meeting the needs of one user group might be adapted at minimal cost to meet the needs of another.

Re-using and remodelling existing buildings should be actively promoted and facilitated by government policy and funding. It should not be penalised through taxation as is currently the case through attracting full VAT.

An essential aspect of remodelling must include upgrading the fabric to improve energy efficiency. With rising energy costs this is already a critical issue in terms of affordability for many older people who spend a much greater proportion of their time at home and are more susceptible to extremes in temperature.

Local councils and housing providers need to be more strategic in their asset management to maximise housing development opportunities through stock review, land disposal, cross-subsidies, intensification and redevelopment.

Address barriers in planning and land issues

Planning policy itself can constitute a major obstacle to the delivery of ‘housing with care provision’ falling as it does between the C2 (institutional) and C3 (residential) use classes. The latter can attract section 106 requirements requiring off-site contributions for affordable housing or other planning gain that can render developments with substantial communal provision unviable. As a consequence, the planning process becomes very protracted, expensive and fraught with risk for developers of retirement housing.

Land costs also present a significant obstacle for the developer of older persons housing due to the difficulty in competing with housebuilders on the open market when the product includes a very significant proportion of communal and support accommodation. Rather than simply disposing of their land to maximise a capital receipt, local councils should take a longer term view in terms of the social and financial benefits to their

constituents by allocating sites for older people’s housing at the heart of their neighbourhoods. The RICS is currently drafting a new guide in its Public Asset Management series, on disposals at less than best consideration. The guide will specifically address this issue.

Conclusions

Provision of appropriate housing will enhance the lives and help to meet the aspirations of many older people and at the same time can help to address the severe shortage of family housing whilst also serving as a catalyst for the regeneration of communities.

In the absence of significant future public sector funding, the housing industry has to find innovative ways of funding and delivering housing and care. This is a huge challenge but it also represents a major opportunity for housing developers, investors and funders to develop new models for attractive, sustainable and ‘care ready’ housing for a growing market.



North Hertfordshire Homes - Sheltered Housing Tenants Forum