

are housing associations ready for an ageing population?

By Martin Wheatley





The Genesis Narrative

Genesis combines its social purpose – helping our customers build better futures – with a commercial approach geared to filling gaps in dysfunctional housing markets and creating value in the properties we own and the places in which we operate. Our innovative approach means that we offer a wide range of tenures, products and services which are aimed at helping our customers meet their housing aspirations as they evolve and their circumstances change over time. We recognise the value and importance of strategic alliances, working closely with local authorities and other partners in our key areas of operation – London, Hertfordshire and East Anglia.

Our range of customers and their expectations will become more diverse over time. We aim to be an agile organisation using our customer knowledge to align our products and services and the standards to which we deliver them, so that our customers trust us, want to stay with us and recommend us to others. Providing more opportunities for customers to self-serve on transactional services will help deliver expectations of "instant" service delivery.

Our customer base includes many households facing severe challenges, some financial, others because of illness or disability. We will continue to provide a range of support to our most vulnerable customers to enable them to sustain their homes. For other customers we intend to adopt a new approach aimed at helping to shift behaviours and expectations from dependency to independence.

With our charitable foundation Genesis Community we support and indeed act as a social enterprise, working with community groups to shape the places in which we have homes – either through development and the management of existing properties or through our regeneration activities and to enhance the sustainability of those communities.

Given the current and likely to be enduring shortage of public funding for new housing, we consider that an increased focus on providing intermediate and market-based products, such as shared ownership, shared equity, intermediate rent, market rent and outright sales, is important in meeting today's housing problems as well as potentially providing resources for the development of our more traditional social housing. We recognise that as an independent modern organisation we should be less reliant on increasingly scarce government funding and more self-sufficient, looking to see how we can use the value within our existing portfolio to meet our objectives. In this way Genesis aims to be a leading property-based service provider within the areas in which we operate.



The Smith Institute

The Smith Institute is an independent think tank which provides a high-level forum for thought leadership and debate on public policy and politics. It seeks to engage politicians, senior decision makers, practitioners, academia, opinion formers and commentators on promoting policies for a fairer society.

Martin Wheatley

Martin Wheatley is a former senior civil servant and local government professional with expertise on social policy, environment and housing. Martin has worked at the Treasury, the Social Exclusion Unit, Croydon Council and the Local Government Association. He is currently a research director for GovernUp, and a research fellow at the Smith Institute.

This report is dedicated to the memory of the author's father-in-law, Derek Harold Maskell 1932-2014

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Foreword

This important report by the Smith Institute is both welcome and timely – and we are proud to sponsor it and assist in its production. It is now almost becoming a cliché to say that we are living in an increasingly ageing population. However, housing many more older people in places that they want to live in is a major challenge – not least to the social housing sector which has a relatively high concentration of tenants aged over 75.

Leading housing providers such as Genesis are doing a lot of thinking and innovating to make real the social purpose of our businesses as we plan for a future marked by changing demographics and ageing profiles. This insightful report not only helps us (and the housing sector) shape our strategic response, but provides a valuable perspective and set of recommendations to other key stakeholders, including local and national government and agencies and organisations representing older people.

Clearly, an ageing population is, for our sector, a business critical issue. Increasing supply is an imperative for us, which is why it is so welcome that this report outlines the nuances we will need to consider if we are to meet the needs of an ageing tenant profile and population, disproportionately affected by long term illness and disability; lower retirement income and potentially smaller and more disparate support networks to rely on.

With the principal challenge, as with other tenures, being affordability, the strength of our relationships with partners, commissioners and government – central and local – will be crucial if we are to rise to the challenge. This of course matters more than ever when demand for 'lifetime housing' options runs in parallel with unprecedented downward pressure on public expenditure. The solutions and finance will not necessarily come from Whitehall or the townhall. It will fall to the housing sector itself to make most of the running. And we must.

I am grateful to those who participated in the roundtable and research that formed the basis of this report. Particular thanks are offered to Martin Wheatley for his hard work in pulling the different strands of the debate together, and for kick-starting the discussion on how we develop lasting and sustainable solutions for current and prospective tenants, residents and customers. It is an excellent report, which should be read by anyone who is interested in making sure that we fully meet the needs of older people.

*Neil Hadden
Chief Executive, Genesis Housing Association*

Executive summary

Executive summary

The scale of population ageing is massive: 2.5% a year (over 65s) and over 3% a year (over 85s). By the mid-2030s, there will be over 16 million older people, nearly 3 million of them over 85. There will, however, be considerable variations in population structure between places, and in the circumstances and expectations of older people. Old age is associated with increasing levels of frailty, notably mobility problems and dementia; yet over half of those in their 70s, and a third even of those in their 80s are *not* disabled. The proportion of people over 65 still working is also rising rapidly. All these factors make the task of housing an ageing population complex and inter-connected.

There are big differences between the population of social housing residents and the general population: it is very likely that the ageing social housing population over the next 20 years will experience poorer health and lower life expectancy than the general population – unless there is much more concerted effective action on health inequalities than hitherto.

The vast majority of older people do not live in specialised housing (though the proportion is higher in social housing), and its development is in decline. There are also stronger aspirations for downsizing within the general housing stock than for specialised housing, perhaps because the latter has negative connotations for many older people.

The scale of population ageing and the greater vulnerability of social housing residents to poor personal, economic and social wellbeing, poses a massive challenge to the housing association sector.

Our survey of landlords suggests high general awareness of population ageing, though it is not clear that landlords' business planning matches the scale of the challenge. The response tends

to be short term and symptomatic rather than longer term and preventive. Landlords are naturally concerned about the economics of new development; they are heavily dependent on funding from shrinking local authority budgets, and relationships with the healthcare sector mostly appear weak.

Our findings suggest that housing associations need to:

- Understand their existing ageing customers better, and potential new customers; and actively listen to them as well as using hard data
- Be clear about the implications of population ageing for their capital programme, existing stock and new build. How the latter should best cater for older people is a crucial question
- Develop service offers which emphasise the promotion of personal, social and economic wellbeing, and are based on strong partnership with the world of healthcare and local councils. The sector is well placed to be a strong part of better, more effective local service provision for older people.

The current public policy response is inadequate to the scale of the challenge. National government needs to show stronger leadership in:

- Ensuring that there is sufficient funding to meet the housing needs of older people. This must form an important part of the step change in housing investment required more broadly.
- Strengthening the emphasis of national planning policy on development for meeting the needs of older people
- Promoting and enabling strong concerted local responses bringing together health, councils (across functions) and housing associations.

Introduction

Introduction

Britain's ageing population is well documented. Nevertheless, the forecasts remain striking: for example, by 2034 the over 85 population is expected to more than double to 2.9 million. The continuous growth in the number of older people will dramatically change how society will look and how it will function.

This demographic shift is one of the main talking points of public debate and presents a considerable challenge for government and policymakers. The challenges are not just confined to health and social care; they are inter-related and cover housing and place-making. This report places the spotlight specifically on what an ageing population might mean for housing associations.

As was noted by one housing professional during the report's research, social landlords have perhaps more opportunities than individual households to plan ahead, given their resources, scale and expertise. Moreover, housing associations are long-term social businesses. With 25 year investment and asset plans social landlords are having to consider the implications of an ageing tenant population. This will not only be important for housing associations as businesses, but also as *social* businesses, seeking to make people's lives better by providing good-quality, stable housing and by investing in their residents' economic and social wellbeing.

Although social landlords might have the scale and expertise required to plan ahead, they also face specific challenges. The impacts of longer life expectancy will not be felt equally. Social tenants are more likely to suffer from a disability, be less

financially secure and be socially isolated. This makes the task of planning ahead even more urgent.

The report examines these challenges over the medium term investment horizon to the 2030s. In particular, it explores what the older population will be like at that time, how housing associations are currently thinking ahead about the older population, what housing association boards should be thinking about now, and what the sector and government need to do to realise the opportunities and manage the risks associated with older people's housing.

Housing associations may face considerable challenges that an ageing society throws up, but the evidence from this report suggests that they also have the opportunity and skills to make a significant and positive difference to the lives of their older tenants.

Methodology

The report is based on:

- Published official statistics on population, households, housing tenure, health, economic and social wellbeing
- A survey of social landlords carried out in July and August 2014
- A roundtable discussion with social landlord executives and others in September 2014
- Telephone interviews with attendees at the roundtable and others
- Literature review

Part 1: Housing associations and an ageing society

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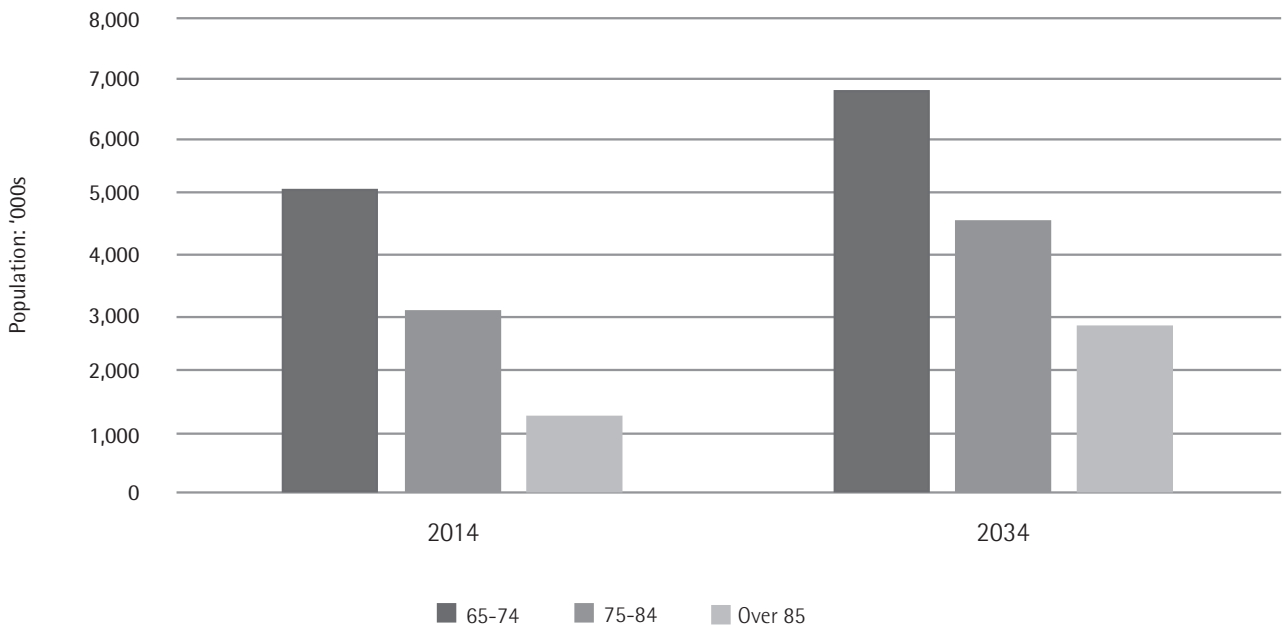
1.1 Older people in the 2030s: what we know

Growth in older population

Although the ageing population is a daily topic of public debate, the data is still startling. At present, the number of older people is increasing by nearly 2.5%, or well over 200,000 a year. This increase is fastest among the oldest age groups - over 3% a year for the over 85s. This growth is expected to continue over the coming decades. By the 2030s, the over 65 population is forecast to increase by 4.8 million to over 14 million; and the over 85 population is expected to more than double, rising by 1.6 million to 2.9 million.¹

An ageing society is also a significant driver of household growth. The number of older households is increasing at a similar rate. The number of over 65 households is increasing by nearly 110,000 a year, and the number of over 75 households by 66,000 a year. Well over half of all household growth is among over 65s, adding to the urgency of increasing supply.² However, not everywhere is the same. The population structure from place to place differs markedly, and is expected to continue to do so.³ As figure 2 demonstrates, two metropolitan local authorities have, and are likely to have in future, very different age profiles. Indeed, the difference may be wider still between, say, some seaside towns and rural areas and inner city districts.

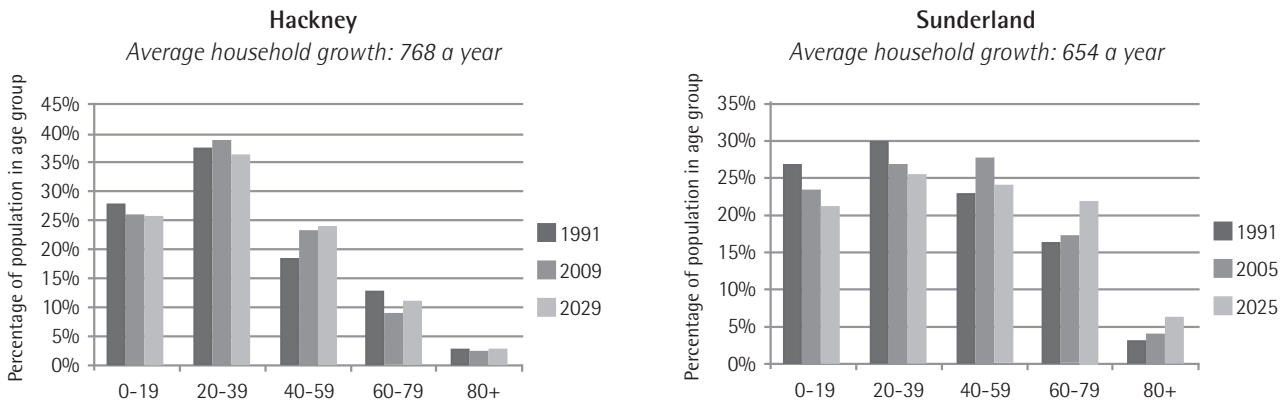
Figure 1: Older population in 2014 and 2034



Source: ONS 2012-based subnational population projections, May 2014

Figure 2: Changing age structures: Hackney and Sunderland

How the age profile has changed and may change: percentage in age groups



Source: ONS

There will not just be differences between places but also between those categorised as being 'older people'. Considering older people as a homogenous group is a mistake. By 2030, the older population will include people born in every decade from the 1930s to the 1960s. Around a third of them will be people over 65 now; two thirds will be people who are currently in middle age. More of the older population will have grown up with the Sex Pistols or Oasis than Buddy Holly or the Beatles. These groups will not just have different cultural reference points but also have differing expectations, not least about their housing.

Wellbeing in the older population

Ageing in itself offers few challenges to housing associations if someone is healthy, financially secure and has strong social networks. However the prevalence of disability rises with age. On the most recent figures, 40% of all over-65s, and 59% of over-80s, have a disability.⁴

The incidence of long term conditions affecting older people also rises with age (see figure 4). The highest proportions are those with physical conditions affecting mobility and stamina; one person in six over 75 experiences memory problems.

Figure 3: Disability and Age

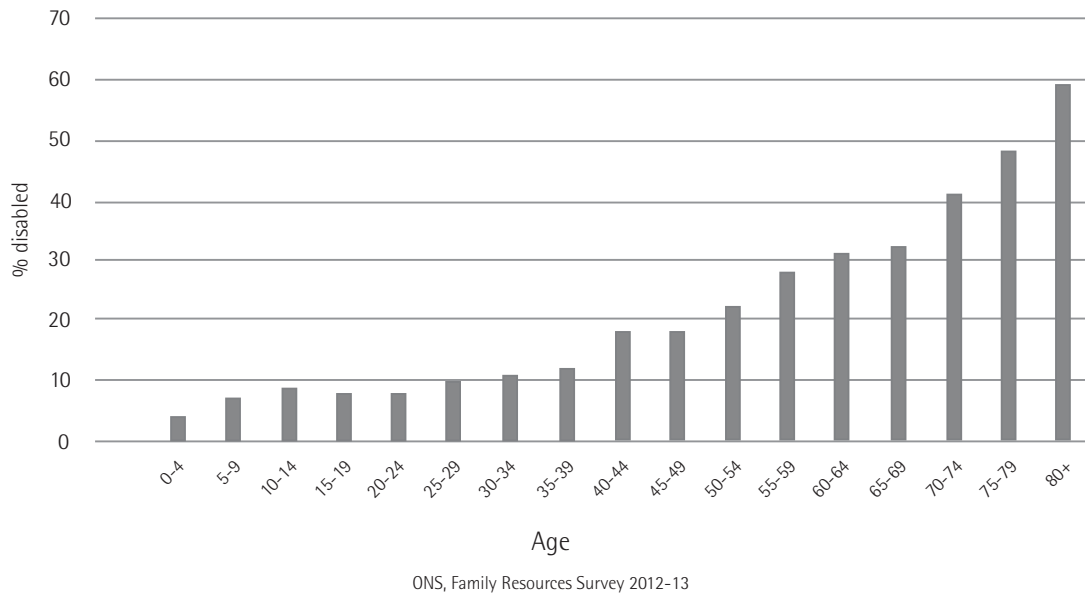
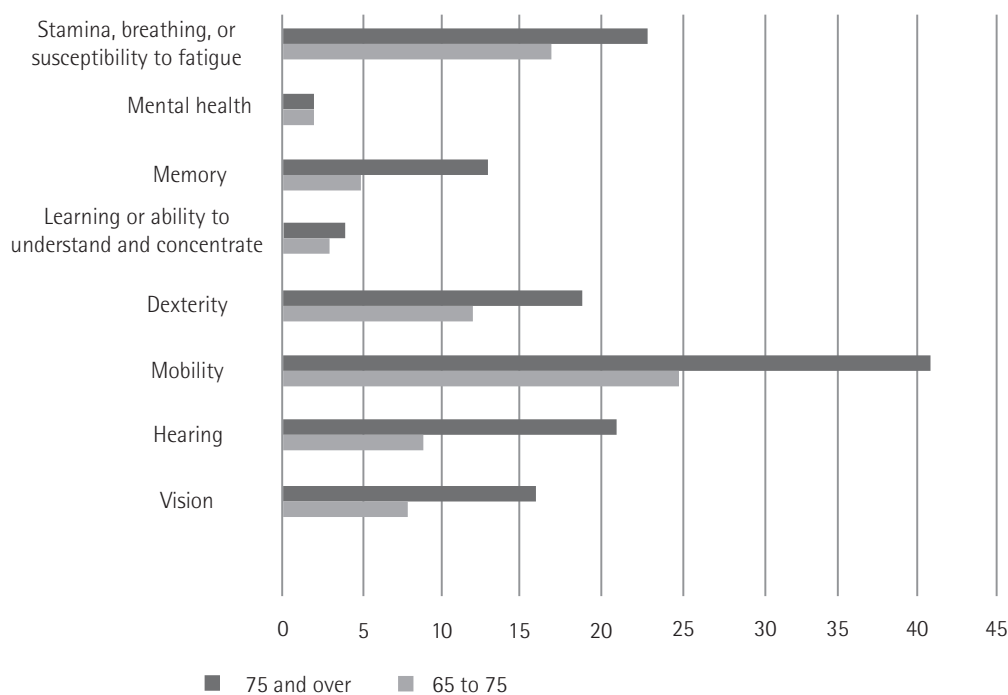


Figure 4: Long term health conditions



Source: ONS, Opinions and Lifestyle Survey, 2012

Although ill health is associated with the ageing process, the data also tell us that ill-health and incapacity is far from a universal experience, especially for 'younger older people'. Over two thirds of people in their 60s, over half those in their 70s, and over 40% even of over 80s are *not* disabled.

Retirement, pension age and employment in middle age and beyond

There is no longer a fixed retirement age in the UK. Workers are, in principle, able to work as long as they choose. State pension ages are in the process of being made equal between men and women, and raised. Broadly:

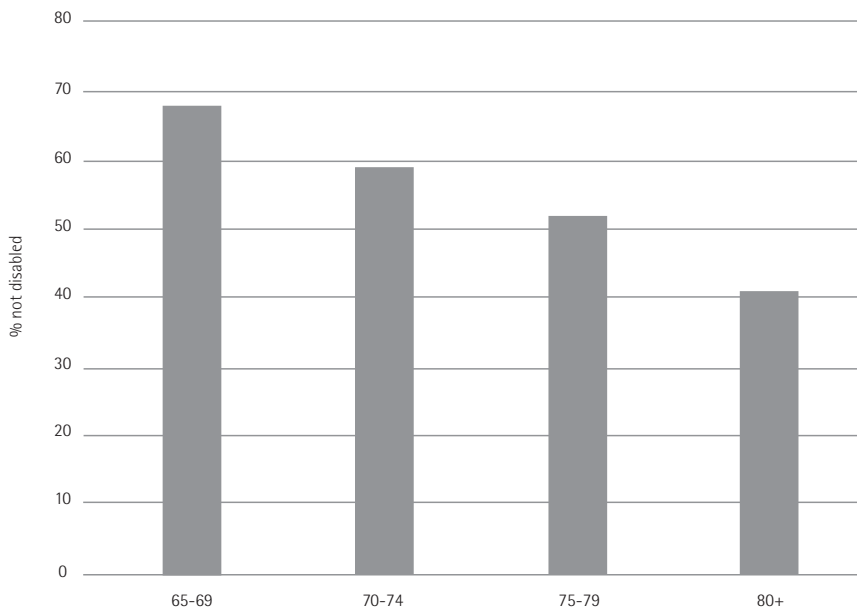
- The state pension age for women is being raised progressively to 65 from 2018

- The state pension age for women and men will rise to 66 from 2020, and to 67 from 2028.⁵

The fiscal pressures arising from the ageing population mean that further increases in the pension age may be likely in the future.

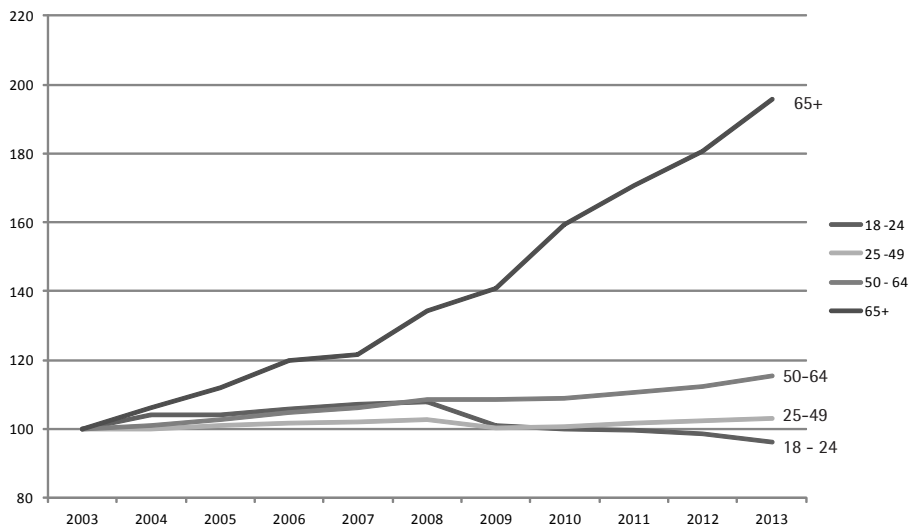
Employment among 50-64 year olds has increased from 64% to 67.4% over the last 10 years, but remains significantly lower than the 80.9% of 25- 49 year olds who are employed. The employment rate among over-65s has nearly doubled, to nearly 10%.⁶ With the blurring of the retirement age there are opportunities for older people to continue to work and supplement their income. Indeed, as the evidence shows, more are choosing to do so.

Figure 5: Older People not disabled



Source: ONS, Family Resources Survey 2012-13

Figure 6: employment by age group (2003=100)



Source: ONS Older workers statistical information booklet: quarter 2, 2013

Among 50–64 year olds who are inactive, over 40% are described as 'retired' (though the extent to which this is by choice is unknown). Over a third are sick or disabled, not a substantially higher proportion than among 24–49 year olds, the difference having narrowed over the last 10 years. The remainder are looking after family or home.⁷ Those out of work for long periods could face considerable financial hardship in retirement, and might potentially require additional support (not least because those on low incomes are more likely to suffer from loneliness and ill health).

Social housing residents and the wider population

The figures presented thus far have concentrated on the general population. While there are considerable socio-economic differences between social tenants and the rest of the population, the age profile is fairly similar. However, the exception is among those aged over 75 who are concentrated more in social housing.⁸ It is therefore reasonable to assume that, as the general population ages, so the proportion of social housing residents in older age groups will increase. This is likely to have a significant impact on the population mix.

The box below shows the impact of population ageing between 2014 and 2034, for the housing association sector as a whole, and for a hypothetical landlord with a constant stock of 30,000 properties.

The numbers are cautious, because social housing residents are more likely to face greater health, economic and social challenges than the general population. The numbers also assume housing association stock grows only in line with recent years, not household growth – with the implication that the sector would be housing a lower percentage of the older population by the 2020s. More ambitious growth projections for the sector or for individual landlords would, of course, result in still higher numbers.

Housing association sector (growing from 2.1 to 3 million households)	Landlord with 30,000 homes (growing to 42,000 homes)
<ul style="list-style-type: none"> • Number of residents over 65 up by over 500,000 • Number of residents over 75 up by 240,000 • Number of residents with memory loss up by 45,000 • Number of residents with mobility problems up by 170,000 • Additional revenue pressure of up to £0.9bn a year for sector as a whole⁹ 	<ul style="list-style-type: none"> • Number of residents over 65 up by 7,500 • Number of residents over 75 up by 3,300 • Number of residents with memory loss up by 600 • Number of residents with mobility problems up by 2,400 • Additional revenue pressure of around £12.5m a year at today's prices

Landlords responding to our survey and represented at the Smith Institute's roundtable discussion reported very different current population mixes from the average. Some landlords will increase in size, others will not. So this projection is only illustrative. However, shifts in resident make-up on anything like this scale will have significant implications for landlords' businesses.

In addition, and perhaps more importantly for the sector as a whole, whilst the age profile is similar to the general population, particular risk factors are more prevalent amongst social tenants. Indeed, on a number of social and economic measures, the social housing population looks markedly different from the general population. For example:

- Social housing residents are much less likely to be living with a partner (with or without children): around a third compared with two thirds in the general population¹⁰
- Social housing residents of working age are significantly less likely to be in employment: less than a third compared with over 60% of the general population.¹¹ An important consequence of, at best, intermittent employment during a working lifetime is limited or non-existent occupational pension income in retirement or other savings¹²
- The preponderance of single-adult and workless households is reflected in considerably lower average incomes (less than £300 per week compared with over £700 in the general population)¹³
- Social housing tenure and low income are associated with higher rates of digital exclusion.¹⁴

Putting what we know of the social and economic characteristics of the social housing population with information on health and life expectancy, it is very likely that the ageing social housing population over the next 20 years will experience poorer health and lower life expectancy than the general population – certainly unless there is much more concerted effective action on health inequalities than hitherto.

Some of the social housing population in the 2030s will be people who have moved into it from other tenures. But, other than for landlords who develop properties aimed at this age group on a large scale, most are likely already to be social housing residents. This analysis suggests they are disproportionately likely to experience disability and ill health, have lower incomes and be more socially isolated.

Older people's housing

While the data so far has shown trends in ageing, it does not show where people live or what expectations people have. This is important because it will be the combination of existing stock and people's preferences that will shape how people will be housed in the future.

Over 70% of households approaching retirement, or in the earlier retirement years, own their home, around 90% of them mortgage-free at the upper end of this age group. Home ownership is about 4% lower among over-75s than in the age group up to 20 years younger, residence in social rented housing about 4% higher.¹⁵

Across all tenures these challenges are likely to be felt by those in general needs housing. Specialist older people's housing caters only for a small proportion of the older population, in contrast to other countries. 2012 unofficial data¹⁶ suggested 533,000 units (excluding properties without an on-site manager), as against some 6 million households over 65.¹⁷ So well over 90% of older people live in housing without such support. There is, however,

a marked difference between private and social sectors. Three quarters of specialist units are social housing, so units in that sector are equivalent to nearly 40% of the older population resident in the sector. Nevertheless, a clear majority of older people in social housing are living in ordinary general needs stock. Units in the private sector are equivalent to less than 3% of the older population in private tenures. It should of course be noted that it is not unusual for people to move into social rented specialist housing from other tenures at some point in their retirement.

New development of specialist housing appears to be in decline. 7,000 new units (less than 7% of total new development) were built in 2010, down from over 30,000 (17% of new development) in 1989. The current HCA specialist care and support programme seems likely to generate around 9000 new social units over five years, equivalent to an increase in the stock of under 0.5% a year, when the over-75 population is increasing by 3% annually.

How well this pattern fits with older people's preferences is debatable. Recent research suggests many older people want to move to smaller properties: 57% of those living in a property larger than one bedroom wanted to do so, with even higher percentages of those in the largest properties. There is also some appetite for specialist housing: in the same survey, a quarter of respondents expressed an interest in buying or renting such housing. Among people in their late 70s and 80s, the proportion was higher. However, these findings imply that a very clear majority of older people are *not* interested (and that includes the older age groups, where interest was never above 41%).¹⁸

It may be that the limited appetite within the older population for specialist options reflects what is currently available, and perceptions of it. While many older people aspire to a smaller property, they still want two (and sometimes more) bedrooms compared with the single bedroom format of much of the specialist stock. Recent qualitative research¹⁹ also suggests significant negative perceptions of specialist housing among those not living in it, along the lines of "God's Waiting Room." That may reflect both people's limited direct knowledge of such housing, and the language private and social providers sometimes use in describing and marketing their stock: language like 'assisted' and 'supported' may not be attractive to many. Some housing associations had sought to address this by developing a better dialogue with older residents and the wider population, and presenting their offer in more positive language.

Conclusion: implications for social landlords

Meeting the housing needs of an ageing population will be one of the main challenges facing the housing sector as a whole over the coming decades. However, given the population trends and forecasts and socio-economic drivers, social landlords are likely to face a double whammy. For example:

- A significantly higher proportion of older people, especially the most elderly
- An older population far more likely than the general population to face significant physical, social and economic disadvantage.

Although social landlords provide most specialist housing, the pace at which additional units are being developed is well outstripped by the growth of the older population, especially taking into account the historic role of the social sector in providing specialist housing for people moving out of other tenures, as well as existing social housing residents.

This will have very significant implications both for asset management and day to day operations. Particular challenges include:

- A need to increase spending on adaptations for access to properties and to kitchens and bathrooms
- Depending on the type and mix of stock, an increased risk that stock will be unsuitable for a growing proportion of residents, even with adaptations – for example, low-rise apartment blocks with stair-only access to upper floors
- A strong case for building new general needs stock so it continues to be habitable by older people if they become frail
- Re-evaluating existing specialist housing for older people, in some cases dating back 50 years, and making choices between refurbishment, more radical alteration, demolition and rebuilding, and disposal
- A need to consider whether, and on what scale, to build new specialist housing; to meet what kind of need; and in what mix of tenures – against the background of, at best, a mixed appetite among older people for it
- The implications of a changing resident mix for housing management, and for specialist support, where this is provided, and how to finance any cost pressures arising from them.

1.2 What landlords are thinking

The evidence suggests that social landlords face considerable challenges in meeting the needs of older tenants. To understand whether and how they are planning ahead to cope with the demands of an ageing population, a survey of housing associations was conducted as part of the research (in summer 2014) for this report. Covering at least 330,000 homes, responses from 33 providers were spread evenly between smaller (under 10,000 units) and larger (over 10,000 units) landlords.

Ageing population as an issue

The survey shows that awareness of the growing older population as a business issue is high. Over 90% of landlords believe they need to do more to prepare for a larger older population and expect their older population to increase over the next 10 years. In addition, three quarters expect they will need to reconfigure their stock in response to higher numbers of older residents.

However, typical expectations about the scale of increase are out of line with the national population projections. Nearly three quarters

of respondents expected the increase over the same period to be 5-10%, ie less than 1% a year, as against the projection of 2.5%. Fewer than one in five respondents had expectations closer to the forecast national growth figures.

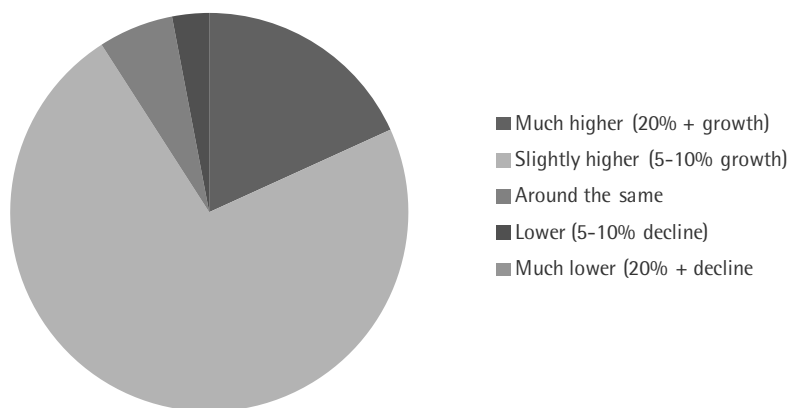
Housing association priorities

To understand how housing associations were planning for an ageing population, the survey asked about priorities in general to see where housing older people ranked.

Among respondents the highest priorities for landlords seem to be generic investment challenges (newbuild and decent homes), followed by current, tactical, responses to older people's needs (support services and adaptations. The latter featured in over 80% of asset management strategies). The development of older people's housing and longer term, preventive, interventions such as support with health and employment least often highly prioritised.

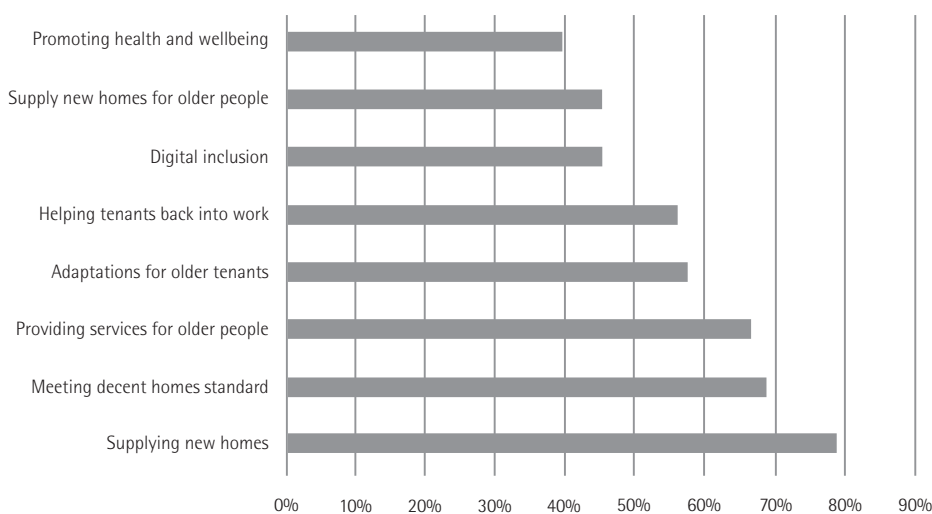
This probably reflects the day-to-day pressures of delivering a housing service while trying to increase the supply of much needed new homes. It also therefore demonstrates the challenge of meeting

Figure 7: Survey respondents' expectations about growth in the older population



Interviewees were asked: Do you expect the number of older people (those aged over 65) living in your homes to increase over the coming 10 years?

Figure 8: Landlords' priorities



Interviewees were asked: For the following, how much are they a priority for your housing association?

short term objectives and needs whilst also investing in programmes that will not deliver the results and potential savings until much later.

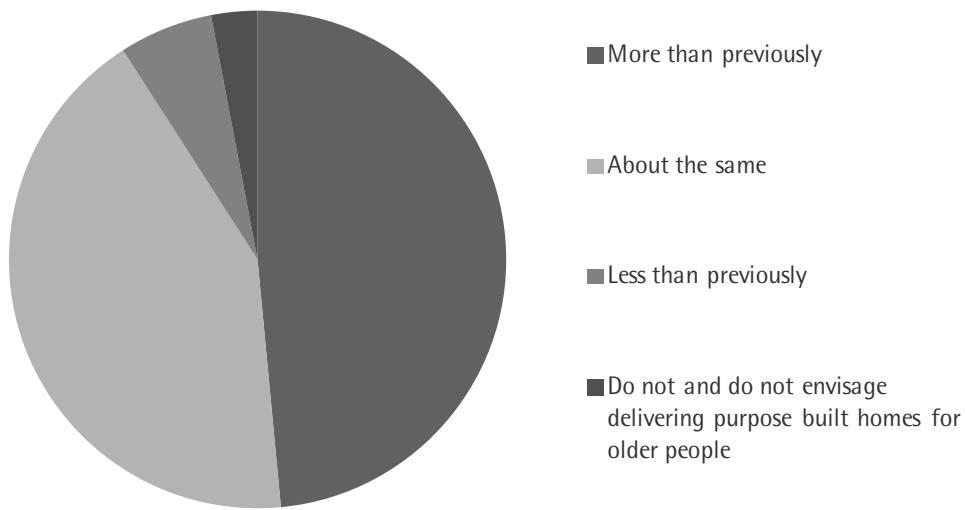
Developing purpose built homes

There were mixed responses to questions about plans for developing housing for older people. Nearly half of respondents say they are intending to develop more purpose built homes for older people. Yet just over half are intending only to develop the same or less despite the forecasts on the growing number of older people. Roughly half of respondents reported plans to build

additional extra care or supported housing, with around half having no such plans.

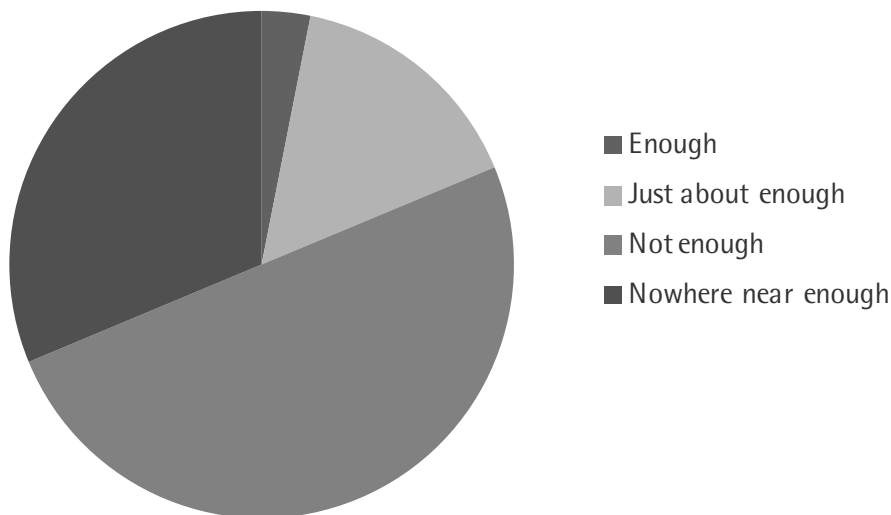
It appears the principal barrier may be affordability. Half of all respondents said lack of government grant is a significant obstacle, with a third similarly concerned about land values. Respondents were less concerned about obtaining planning consent or adequacy of rental income once a property is developed. Worryingly for the sector and older social tenants, over 80% of respondents said they feared having not enough, or nowhere near enough, funding to meet residents' needs in 10 years' time.

Figure 9: Planning to deliver more purpose built homes for older people



Interviewees were asked: Are you planning to deliver more purpose built homes for older people?

Figure 10: Enough funding to house older people in ten year's time



Interviewees were asked: If the current funding regime was to continue do you think you will have adequate funding to meet the needs of your older tenants in 10 years time?

Partnerships and funding

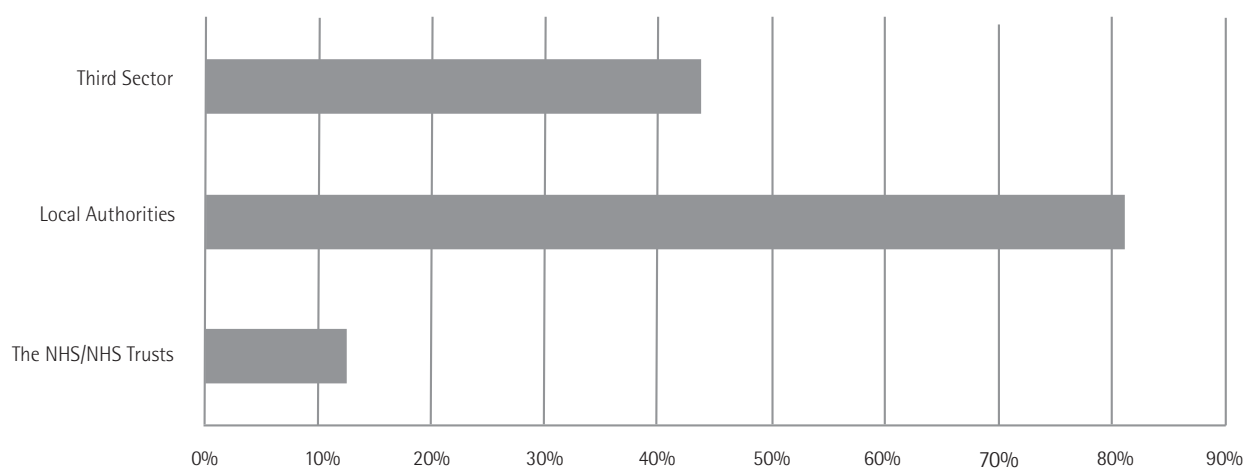
Services for older residents are dependent on relationships and funding from other organisations. Nearly all respondents receive funding from councils, making them vulnerable to the consequences of continued reductions in council grant and spending; and around a third from the NHS and charities. Yet, set against this, the state of relationships with these partners appears fragile in many cases, with fewer than half of respondents reporting close, or very close, relations with councils (fewer than a quarter with charities, and just 2 out of 32 with the NHS).

Conclusion

The results from the survey highlight some worrying themes:

- Associations are certainly aware that the older population will increase and recognise its significance for their business
- However, expectations about the scale of impact are lower than the reality, and current business planning priorities appear to reflect it less than its significance might be thought to demand
- Associations' response is hampered by economic constraints (government grant and the cost of land), and their dependence on increasingly cash-strapped councils is worrying, especially as most do not report strong relationships with them
- The reported weakness of relations with the NHS is worrying too, both because of the obvious importance of partnership for managing the challenges created by an ageing population, and because the NHS is, to a considerable extent, less affected by austerity than local government and other parts of the public sector

Figure 11 Proportion of housing associations with a close or very close relationship with the third sector, local authorities and the NHS



Interviewees were asked: Do you think the following organisations work closely enough with you to ensure older people have the right level of support if and when required (1-5, 1 work very closely)?

1.3 Summary: are housing associations ready for an ageing population?

The evidence from the data, the Institute's survey of associations and discussions with experts and housing professionals suggests that more needs to be done to prepare housing associations for an ageing population. The growing older population is not a problem in itself, but housing association tenants are more vulnerable to some of the issues associated with being older. Moreover, continued austerity presents its own challenge. In particular the evidence suggests:

1) The scale of population change has massive implications for social landlords, especially as their current middle aged and elderly population are disproportionately vulnerable to poor health, economic insecurity and social isolation. This generates very significant business risks, both for day to day operations and current spending, and for asset management. These risks are compounded by the reliance of much of associations' support for vulnerable older people on local authorities, who have been hardest hit by fiscal austerity.

2) If ways can be found to take advantage of them, there are also positive trends: a large proportion of the older population are

not significantly disabled, and (especially owner occupiers) have a solid asset position; and, from a very low base, employment among those over 65s is increasing rapidly.

3) There is a very considerable way to go, however, before it would be possible to argue that associations are generally ready for an ageing population: while awareness of the trends is generally good, the actual scale of them may not have hit home, and many associations have yet to prioritise strategic responses over the short to medium term. The current pipeline of new specialist units is way smaller than the growth in the older population would suggest is needed.

4) The reasons for the lack of preparation go beyond the sector itself, and involve local government, NHS, and central government which sets the policy and funding frameworks for them and the housing sector.

The UK is not alone in needing to wrestle with these issues. In fact, some developed countries (for example Germany and Japan) will see even more pronounced population ageing.²⁰ Their scale, expertise and ability to plan for the long term could allow housing associations to meet the challenge. The second section of this report offers some suggestions for how the sector, government and others could respond more effectively.

Part 2: Meeting the challenge

Part 2: Meeting the challenge

2.1 What the sector can do

Many in the sector are planning for a sustained period with limited or no grant. Austerity is also seriously curtailing the ability of agencies and local authorities to support older people. The ability of housing associations therefore to meet the challenges of coping with an ageing population will lie in their own hands. Even if additional funding was to return, housing associations will need to understand their tenant population (and how it might change over time), make important decisions on their stock and have long-term investment and service delivery plans in place.

Understanding customers

To be able to make plans on service delivery and likely investment need, housing associations will need to know who their future tenants are and how many there will be.

For any social landlord, the older resident population of the 2030s will be a mix of:

- *People who are already residents:* Some current residents will no longer be alive, and others will have chosen to move elsewhere. But many current older and middle aged residents will not want or be able to move elsewhere, and landlords will either have to meet their needs in their current property, another general needs property, their own specialist housing, or assist with a move to another provider's specialist housing
- *People moving into their properties:* Landlords have more control over this element of their future population - the number and characteristics of new

- residents can, to an extent, be determined by whether landlords invest in new or adapted housing, and in what tenure mix

The diagram below (figure 12) is a simple model for how the current resident population will evolve into the 2030s.

Using their own resident data and published official data on demographic, health, economic and social trends, any landlord should be able to produce a model for how their population will evolve over the next 20 years.

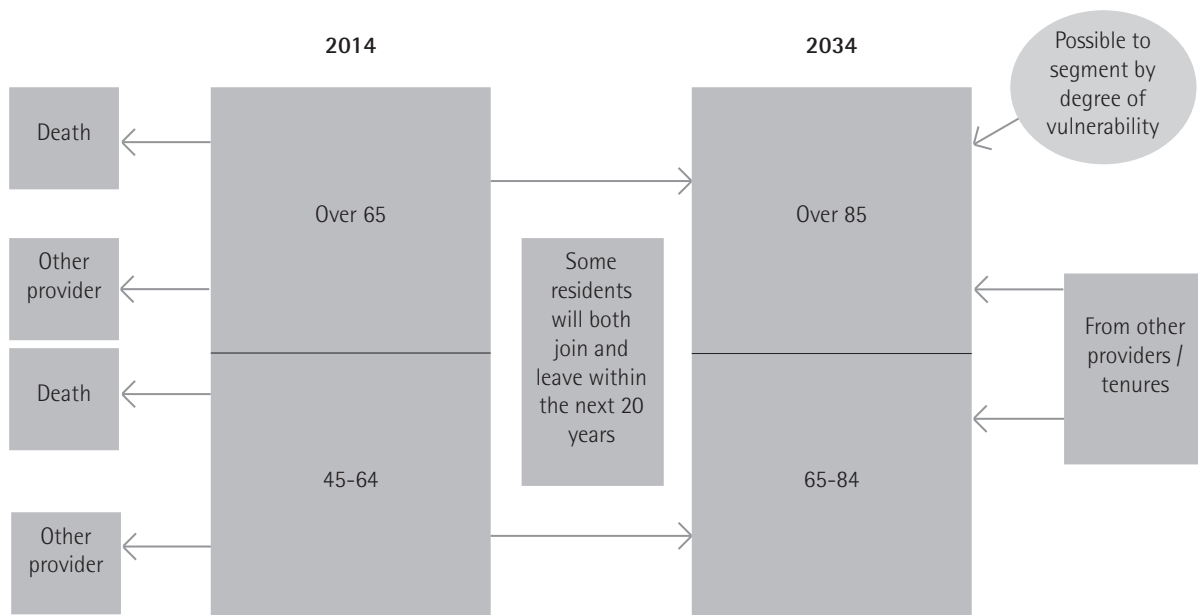
To inform such choices there is good published data about future population and household trends at the local authority level.

Some sources of data and information

- Housing LIN, a network supporting organisations and professionals concerned with older people's housing: <http://www.housinglin.org.uk/>
- SHOP (market analysis resources) produced by the Housing LIN: <http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/>
- "What Homes Where": spreadsheet tool for analysing local housing markets based on ONS population projections: <http://www.howmanyhomes.org/5.html>
- POPPI (Projecting Older People Population Information): <http://www.poppi.org.uk/>

Quantitative analysis of this kind only provides part of the picture. Key choices (such as whether and how to reconfigure

Figure 12: Evolution of resident mix



Note: schematic only

current stock, and whether to invest in new specialist stock and in what locations, formats and tenures) also require qualitative insight into the preferences of existing older and middle aged residents, as well as the wider population. The factors which motivate landlords and national and local policy-makers (the objective and practical needs of different categories of older people) may not be the same as the subjective motivations of current and potential residents (Where would I like to live? What sort of lifestyle do I want?)

LiveSmart

A lack of demand for its older people's housing led Affinity Sutton to undertake research with people not yet in retirement which helped it develop LiveSmart – its service for older residents.

The research showed that older people find safety, security, good facilities and outside space as appealing attributes. It also showed that being part of a community of people of similar age was low priority – suggesting that most people like living in mixed communities. The perceived advantages of moving into retirement housing were the added security and opportunity to make new friends, while barriers included the high costs and the fact that many were satisfied in their current home.

LiveSmart schemes offer an updated and modern environment with an on-site concierge service, an intercom in each room, remodelled community facilities and Wi-Fi, to reflect more closely the aspirations of prospective residents.²¹

Recommendations

If they have not already done so, housing associations should model the evolution of their older resident population over the next 20-30 years, and of the older population across tenure in the areas they operate. They should also engage with current and future older residents on their needs and preferences.

Councils should consider encouraging local housing partnerships to develop analyses of population change over the next 20-30 years to provide a context for providers' individual business planning and for local partnership strategy development involving housing, social care and health.

Understanding investment needs

An ageing tenant population will create additional pressures for investment. The impact of an ageing population should therefore feature in housing associations' long-term business plans. Quantitative analysis, and listening to customers and the wider population, alongside asset management information, should all provide a good basis for investigating future investment needs. Such investment need might be based on (amongst other things):

- How much of the general needs stock is suitable for older people, and up to what degree is it suitable with simple, low-cost, adaptations
- The extent to which the size of the future older population is likely to create a case for significant reshaping of current general needs stock – for example apartment blocks with stair-only access
- What proportion of new general needs stock should be

built to the Lifetime Homes standard (and the trade-off between doing so and planning for individual adaptations down the line)

- The extent to which existing specialist housing (especially older people's housing developed some time ago) remains viable, taking into account its structural state and the extent to which it meets the aspirations of current and future older people; and options for it, including refurbishment, re-provision or disposal
- The business case for maintaining or increasing the stock of extra care and other housing with care models, taking into account both the affordability of development in the light of future rental income and the viability of providing continuing support services for residents in such settings (see below)

Recommendation

If they have not already done so, housing associations should review their asset and investment planning in the light of quantitative analysis and consumer feedback.

Developing the service offer

Associations currently provide support for vulnerable older residents. These may be bundled up with specialist accommodation, like extra care, or provided for residents in general needs stock. Associations also provide a range of services, aimed at older residents or on the resident population more generally, which address health and well-being, employment, digital inclusion and other needs. In many cases, they involve harnessing volunteer activity from residents or the wider community. Such services may be funded internally or from public sector or charitable sources.

The growing older population is likely to increase demand for high levels of support for those who have become physically frail or have developed dementia – both specific support services and greater and more complex demands on housing management functions, including tenancy and income management.

At the same time, as our survey and round table participants made clear, the availability of local authority and other external funding for such services is becoming ever more limited, and for the foreseeable future, will become even more difficult.²²

One particular strength the housing association sector can bring to local provision for older people is an ability to develop offers combining appropriate housing solutions and care and support. For example, social landlords may be able to provide both short term specialist housing and care and support for people recovering from acute illness or hospital treatment, and a longer term housing solution with a lower level of support and care once they have recovered and been rehabilitated. For people with dementia and other progressive conditions, support and care can be provided in the general housing stock, so long as their condition allows them to remain living there (with a planned and managed transition into extra care or residential care when necessary).

These issues make it vital for the sector to think radically about services and how they are funded:

- For existing and new developments in which high levels of support and care are provided, are there changes to physical layout and the way services are provided which can reduce cost, for example through a differentiated care and support offer which limits the highest level of service to those with the most acute needs?
- Are there models of support which are as effective but less costly than current models. For example, can more use be made of peer and community volunteers? Can care and support be better configured to focus, wherever possible, on slowing down the pace at which residents become more dependent?
- Should social investment support for people of working age be re-focused towards longer-range prevention of vulnerability in older age – for example, healthy living to reduce the risk of long-term disabling conditions, or helping over 45s secure and maintain employment?
- Can services be funded differently? The Better Care Fund is intended to embody a 'deal' between councils and the NHS in which investment in care in the community reduces calls on emergency and acute health care. Could associations make a robust case, locally or nationally, that improved support offers would reduce pressures on the NHS? Could these service offers extend to the wider local population, as well as landlords' own residents? Is there a place for social impact bonds or other financing mechanisms?

Riverside's LiveTime programme seeks to provide older people with a network to ensure that they have all that they need to live a full and active life, focusing on four areas: getting the basics right; physical wellbeing; social wellbeing; and connections with communities and society. There is a strong emphasis on co-design and delivery with older people.²³

Liverpool Housing Trust has won CIH's Housing for Health and Wellbeing Award for its comprehensive approach, including both physical investment (for example energy efficiency) and the provision of services to encourage healthy living, all linked to local health and wellbeing targets, and with strong leadership in local partnership working.²⁴

Midland Heart's Cedarwood is a new service, based within a refurbished ward at Good Hope Hospital in Sutton Coldfield, which accepts recently discharged patients from the hospital who require a little extra support in building up their mobility and independence before returning home. Benefits include savings to the NHS through fewer days in hospital and faster rehabilitation.²⁵

Erimus Housing's Gateway development in Middlesbrough, in partnership with rehabilitation services provider Keiro Group, provides 'transitional housing' (self-contained housing units) on the same site as a rehab unit, enabling recovering patients to regain independence. Erimus can assist with permanent housing options once residents are ready for them.²⁶

Recommendations

If they have not already done so, associations should review radically their support and service offers for older residents, and the way their social investment offer for working age residents

could contribute to longer range prevention of ill-health and vulnerability in older age.

The National Housing Federation, Local Government Association, Association of Directors of Social Services, NHS Alliance and Foundations Trust Network should consider setting up a collaborative project to explore the potential for housing services to reduce pressures on council care and NHS acute and emergency services, and for innovative financing mechanisms to fund them.

To build or not to build?

A crucial strategic question for housing associations is how to reflect the increasing number of older households in their development strategy. As older households account for so much of the growth in households, meeting their needs obviously needs to be factored into planning for new provision. As associations increasingly adopt mixed tenure development strategies in order to make their new social housing provision viable this could include properties for market rent or sale. However, there is a choice about how to do so, each involving both potential benefits and challenges. One possible answer is, of course, a mix.

Associations need to decide their development strategy against the background of a generally difficult funding climate for social housing development, with limited grant available, a reliance on higher rents with the accompanying income risks, and the risks associated with mixed-tenure schemes.

There may be scope for deal-making with councils or the NHS, in particular the provision of land at less than market value, (especially if a robust case can be made that the provision reduces pressures on social care or health services).

Location, format and design are critical. Traditional social housing formats may well not be suitable for the preferences and needs of the current and future older population. The two HAPPI reports²⁷ are an important source of evidence and examples of good practice in the UK and elsewhere. The RIBA representative at our round table urged associations to involve architects with expertise in older people's housing well upstream, at the commissioning stage for example, and focus on specifying outcomes rather than starting with fixed views about design. Roundtable participants also emphasised the value of engaging with older residents and the wider population in late middle age and older. This could help develop understanding both of actual needs and aspirations, as well as ways of marketing provision positively to potential tenants and buyers. The Housing LIN's Design Hub contains much useful material on this topic.²⁸

Recommendation

If they have not already done so, associations should make a clear, evidence-based, choice about the way their development strategy should or should not include specific elements catering for older people's needs. Location, format and design should be considered very carefully. Important inputs include market research and discussion with older people, dialogue with the local NHS and councils, and expert professional advice from a very early stage in commissioning.

Different development strategies: potential benefits and challenges

	Benefits	Challenges
Specialist older people's housing (with support along a spectrum between higher and lower needs)	<ul style="list-style-type: none"> • May meet need among current owner-occupiers as well as social housing residents (opportunity for cross-subsidy) • Moves into such housing would release general needs stock 	<ul style="list-style-type: none"> • Availability of finance and development viability • Tension between achieving viability (eg keeping units and communal facilities small) and attractiveness to older people (who often want spare rooms and generous communal facilities)²⁹ • Risks around financing care and support
Smaller units: located and designed so as to be attractive to older people, but not exclusively for older people	<ul style="list-style-type: none"> • Higher proportion of older people interested in downsizing than specialist housing • Catering for that desire would make larger units available • Opportunity for mixed tenure schemes – cross subsidy and social mix • Avoids negative perceptions of specialist housing • Support and care can be provided for those who need them • If demand from older people not high, can be let to younger residents 	<ul style="list-style-type: none"> • Designing in high accessibility adding to costs and undermining viability • May be more difficult and expensive to organise support and care (depends on proportion of residents with high needs)
Development strategy without any specific older people focus	<ul style="list-style-type: none"> • Avoids risk of developing to formats restricted or biased towards particular age group; flexibility to let to all comers 	<ul style="list-style-type: none"> • May leave landlord unable to cater for own residents who want/need to move into smaller/specialist housing • Lost opportunities to meet demand from owner-occupiers with equity to invest

2.2 Issues for public policy

Housing associations are independent social businesses and many are seeking to find their own solutions rather than waiting for public policy to produce an optimal operating environment. Nevertheless, their ability to meet the needs of the older population is critically shaped by the decision-making of national and local government, notably through:

- The funding framework for new social housing development
- Funding for councils generally, and for social care in particular
- Planning – both national policy and councils' local plan-making
- NHS funding and policy

There is a sense, from our survey and roundtable discussion that the sector has to move from general awareness to a strong state of preparedness. There was also a concern about the correct balance between local solutions, developed by councils via Health and Wellbeing Boards and other mechanisms, and a national policy framework sufficiently strong to ensure that differences between places are sensibly based on genuine differences in local needs and circumstances, and not just a postcode lottery. Participants felt that national policy and political leadership is a very long way from tackling the issues fully and convincingly: one spoke of "sleepwalking" into serious problems.

This section suggests some lines of argument which associations, individually and collectively, might wish to advance with government.

Housing, care and health: the need for a joint endeavour at local and national level

The Government has shown it recognises that the right housing choices and housing-related services have potential to reduce pressures on health and care. For example, the 2012 Care White Paper includes extensive references to the importance of housing.³⁰ The Care Act 2014 explicitly refers to the provision of accommodation in its definition of a councils' well-being duty, and includes housing providers among those with whom councils must co-operate. Furthermore, the housing sector has been offering evidence on the potential of the housing sector to secure better outcomes and reduce cost pressures.³¹

The Department of Health's guidance to Health and Wellbeing Boards on Joint Strategic Needs Assessment includes references to housing, usually as one item in a list of issues or local roles to be included in analysis and joint working, and specifically suggests that councils might commission Boards to carry out an assessment of housing need.³² However, there is no statutory requirement for the housing sector to be represented on Boards. Boards do not control health budgets (which rest with Clinical Commissioning Groups (CCGs)) so are not in a position directly to bring about the appropriate direction of health resources into housing investment and services. Under the Coalition government, policy leadership has been less strong and comprehensive, most visibly consisting of advocacy for the development of more bungalows³³ – which

is certainly not the only response needed, and is arguably not a particularly useful development.

While good joint working and intelligent use of resources is happening in some places government needs to lead more decisively and promote a much stronger ethos of joint endeavour between health, care and housing. For example, it could:

- Strengthen the guidance to Boards and to CCGs on the potential for housing investment and services to improve outcomes and reduce cost pressures
- Support the development of financing models, including social impact financing, in order to overcome the problem of funding preventive action from budgets under heavy pressure from current demands
- A clear, serious, evidence-based, policy statement along the lines of the 2008 National Strategy,³⁴ updated to reflect developments in health, care, planning and housing policy
- Reform capital funding so the scale and focus of public investment in older people's housing matches more closely the scale of the challenge and the potential benefits for older people and long term public spending pressures (see below).

Investment

The housing association sector is making a strong case to government about the need to tackle the housing crisis, to address the longstanding mismatch between household growth and new development, in all tenures. While the growth in older households is around half of total household growth, new development of specialist housing for older people, of all tenures, falls even further short than new development generally. In addition to meeting demand directly, the provision of more units for older people, both specialist housing and smaller properties suitable for those wishing to downsize, would assist in tackling the housing crisis by reducing the prevalence of under-occupation, across all tenures.³⁵ Such investment also has the potential to reduce public service pressures on social care and health, by increasing the availability of stock which is well-located, easier to manage, accessible and where support and care can be provided more cost-effectively than in much of the general housing stock.

The government supports investment outside London (the GLA controls its own housing capital programme) both through the main HCA investment programme and the Care and Support Specialised Housing Fund, worth £200m over five years³⁶ (the latter funded by the Department of Health). The current housing component of the Better Care Fund (for adaptations) is also very small – around £1.5m per upper tier authority.

Given these concerns the main challenges are:

- The mismatch between the scale of investment needed and current funding is even greater than the mismatch between need and funding for housing generally
- Such funding as the government is providing is directed through two different channels at national level, and in

a way which makes it more difficult than it should be to develop local solutions across health, care and housing in the way the Care Act and Better Care Fund intend

It is time that public sector investment in new housing for older people is on a scale matching the rapidly rising numbers of older people, and is organised more effectively. One approach would be to set up a single, larger, funding stream to support social housing investment for older people, pooling Department for Communities and Local Government and Department of Health resources, and progressively to devolve elements of that into local Better Care Fund allocations, as devolution of capital funding to city regions and other sub-national groupings progresses.

Planning and Housing Standards

The National Planning Policy Framework identifies older people as a specific group in the population for which councils should make provision in their assessment of housing need and planning for new housing.³⁷ Its glossary helpfully makes the point that this should include smaller, accessible general needs housing, as well as specialist accommodation.³⁸ The Department for Communities and Local Government's Planning Practice Guidance offers similar advice, singling out, in line with frequent Ministerial advocacy, bungalows as one type of such general needs housing.³⁹

The outcome of the Government's Housing Standards Review was the inclusion of access standards in the Building Regulations. However, expert opinion was disappointed that the Government did not enshrine a standard similar to Lifetime Homes in all new build. Councils may adopt higher than minimum standards, but this is subject to viability assessment.⁴⁰

Recent research has raised the question whether government, national or local, needs to do more, specifically:

- Creating a new special planning status for older people's housing, like affordable housing
- Recognising the extra costs in developing retirement housing in policies on s106 and the community infrastructure levy (CIL)
- Quotas and incentives for reserving land for older people's housing, linked to joint strategic needs assessment and health and wellbeing strategies for local areas⁴¹

Recommendation:

Traditional social housing is exempt from s106 and CIL. However, adoption of these proposals would improve the viability of mixed tenure schemes, and enable associations to include more social housing in the mix. Such changes could be adopted by councils individually, if they could show a solid evidence base for doing so, or enforced by central government.

Notes

Notes

- 1 *2012-based Subnational Population Projections for England*, ONS, May 2014
- 2 *Live Tables on Household Projections*, CLG, November 2012 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections> (accessed 9 October 2014)
- 3 Example created from CLG household projections via *What Homes Where* modelling tool <http://www.howmanyhomes.org/5.html> (accessed 9 October 2014)
- 4 *Family Resources Survey*, DWP
- 5 *State Pension Age Timetable*, DWP, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/310231/spa-timetable.pdf (accessed 9 October 2014)
- 6 *Older workers statistical information booklet: quarter 2, 2013*, ONS, December 2013
- 7 *ibid*
- 8 *English Housing Survey*, CLG, July 2014, Table FA1201 (F106)
- 9 Assumes 80% of people with memory loss also have mobility problems, extra cost £5,000 per year at 2014 prices
- 10 Derived from *English Housing Survey*, CLG and Families and Households Survey, ONS
- 11 As footnote 9
- 12 For example the DWP's *Family Resources Survey 2012/13* (2014) shows that 33% of social tenants are in receipt of the state pension and 16% claim pension credit (a means tested benefit for those over 65 on low incomes). However, the figures for owner occupiers show 37% claiming state pension and just 4% claiming pension credit.
- 13 *English Housing Survey 2013* (social housing), *Average Incomes, Taxes and Benefits*, ONS (General population)
- 14 *Government Digital Inclusion Strategy*, Cabinet Office, 2014
- 15 *English Housing Survey*
- 16 *Market Assessment of Housing Options for Older People: A report for Shelter and the Joseph Rowntree Foundation*, New Policy Institute, April 2012
- 17 In addition, an unknown number of older people's units without on-site staffing, for example with remote and/or floating support
- 18 *The Top of the Ladder*, Claudia Wood, Demos, 2013
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- 23 http://www.riverside.org.uk/national/find_a_home/independent_living/livetime/about_livetime.aspx (accessed 9 October 2014)
- 24 <http://www.lht.co.uk/2014/01/lht-wins-top-award-for-improving-customers-health/> (accessed 9 October 2014)
- 25 <http://www.midlandheart.org.uk/cedarwood> (accessed 9 October 2014)
- 26 <http://www.erimushousing.co.uk/news/load/Finishing-Touched-to-The-Gateway-at-Middlehaven> (accessed 9 October 2014)
- 27 *Housing our Ageing Population: Panel for Innovation*, HCA/CLG/DH, 2009; *Housing our Ageing Population: Plan for Implementation*, Richard Best and Jeremy Porteus, APPG on housing and care for older people, November 2012
- 28 http://www.housinglin.org.uk/Topics/browse/Design_building/ (accessed 15 October 2014)
- 29 *Housing our Ageing Population: Plan for Implementation*, Richard Best and Jeremy Porteus, APPG on housing and care for older people, November 2012, p11
- 30 *Caring for our future: reforming care and support*, DH, July 2012
- 31 For example, *Providing an Alternative Pathway*, National Housing Federation, January 2013
- 32 *Statutory Guidance on Joint Strategic Needs Assessments and Joint Health and Wellbeing Strategies*, DH, March 2013
- 33 "It's high time for return of the bungalow says Eric Pickles", news article, *Daily Express*, 27 August 2013
- 34 *Delivering Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society*, CLG, December 2008
- 35 *Housing our Ageing Population: Plan for Implementation*, Richard Best and Jeremy Porteus, APPG on housing and care for older people, November 2012; *The Top of the Ladder*, Claudia Wood, Demos, 2013
- 36 Including £40m for London via GLA
- 37 *National Planning Policy Framework*, CLG, March 2012, paragraphs 50 and 159
- 38 NPPF, Glossary p54 definition of 'Older People'
- 39 *Planning Practice Guidance, Housing and Economic Development Needs Assessments*, CLG, September 2013 http://planningguidance.planningportal.gov.uk/?post_type=guidance&p=1376 (accessed 9 October 2014)
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