



WinckworthSherwood

Holding Back the Years
The Rise of Retirement Villages

Contents page

5. Introduction
8. Survey Results
10. Holding Back Development
11. What's Holding the Market Back?
12. "How Government Can Help?"
14. Barriers to Older People Moving Into Retirement Villages
15. What Holds Older People Back
16. Bungalows Are Best
17. Preferred Location
18. The Very Best Facilities
19. What's Important?

20. This Year, Next Year, Sometime, Never !
22. Retirement Villages - A View from the Over-50s - YouGov Survey
24. A Resident's View
26. Operator's View – Churchill Retirement Living
29. Regional Government Perspective - Team Gloucestershire
30. A Funding Perspective - JLL
33. Conclusions
35. About

Introduction

The housing market in the UK is very different to that of other English-speaking nations. Yet UK retirement living developers and operators must look at the USA and Australia with some degree of envy when they see there a buoyant and growing retirement village sector.

The concept of a retirement village is still in its infancy in the UK, with a preference for smaller retirement communities.

This is why Winckworth Sherwood and the Housing LIN (Learning and Improvement Network) commissioned this survey: to explore the views, concerns, hopes and aspirations of those developing, funding and living in retirement homes and communities, with an eye to the future of retirement villages.

The close ties we build over a lifetime in our own homes, our neighbourhoods and our social circles are difficult to break. The rapid increase in property values often leaves homeowners wanting to pass on that wealth to their children and grandchildren, rather than spending it on a home that (for many) may be far better suited to their physical needs.

Unlike the US or Australia, there is little or no culture of downsizing in our later life housing. More common is a "crisis move" into a more formal care setting and not of our choice. But, as recognised in the Select Committee inquiry report on Housing and Older People¹, there is more that central and local government, as well as our sector, can do.

1. <https://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/parliament-2017/housing-for-older-people-17-19/publications/>



The current revenue environment makes it very difficult for operators to create new homes and charging structures that leave everyone happy. Care is expensive and not adequately funded. Operators have responded with schemes for the active elderly only, or by lower cost entry points, with monies recouped when an occupier passes away.

The planning regime in England and Wales makes it very difficult for later life housing developers. The recent refresh of the National Planning Policy Framework² is welcome, but the creation of a dedicated Use Class Order for retirement and later life homes alongside clearer guidance from government, with a requirement for local plans to reflect this need would help.

Central government continues to obsess about first time buyers, forgetting the ever growing demand for later life housing. We firmly believe that an individual's last home should be the pinnacle of their housing journey and not one of compromise – and government housing policy needs to reflect this. It is not just about Help to Buy for younger people; we need also to think about Help to Move for people in later life.

Social attitudes are changing, and with that we are on the edge of an exciting future for new contemporary models designed to meet a range of lifestyle choices, as set out in RIBA's recent book on Age Friendly Housing³, and a greater diversity of tenures of retirement living from outright sale and affordable rents to shared ownership and privately rented schemes. We hope you find this report of interest.



CHARLOTTE COOK

Partner,
Winckworth Sherwood



JEREMY PORTEUS

Managing Director,
Housing LIN

²<https://www.gov.uk/government/collections/reviced-national-planning-policy-framework>

³<https://www.ribabookshops.com/item/age-friendly-housing-future-design-for-older-people/91915/>

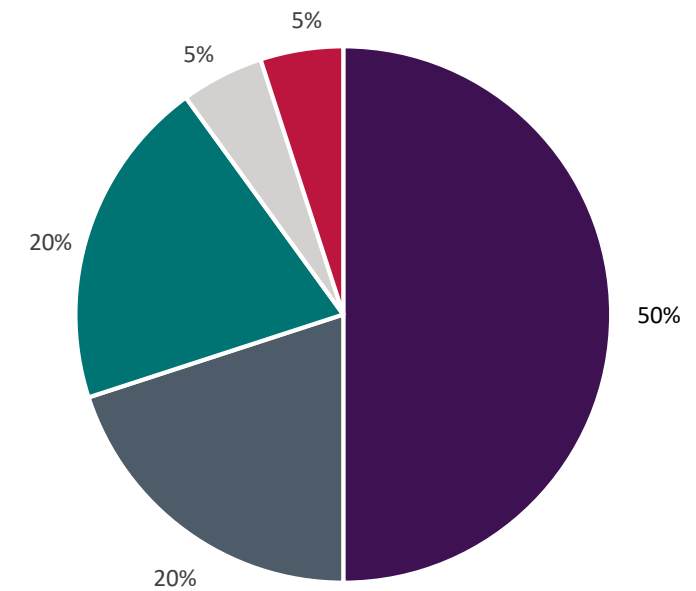


Survey Results

In the summer of 2018, Winckworth Sherwood surveyed over 300 members of Housing LIN – the leading knowledge hub for housing, health and social care professionals in the UK – to explore opinions on retirement living and, in particular, the future prospects for retirement villages.

Our survey seeks to better understand the appetite for dedicated retirement villages in the UK, the barriers to development, locations, the facilities they need to offer, and the likelihood of retirement villages taking hold in any meaningful numbers.

Breakdown of Survey Recipients



- Housing Operators
- Commissioners of Health/Care Services
- Other Housing e.g. Developers, Architects and Consultants
- Academics, Charities and Voluntary Organisations
- Other, including Users and Care Providers

Holding Back Development

Land costs and availability (28%) and lack of funding (22%) are the two key factors seen as holding back development. A further 13% of respondents each cited development costs and an immature market.

The question of resale and services charges was also raised by a number of people surveyed, alongside the lack of information from operators.

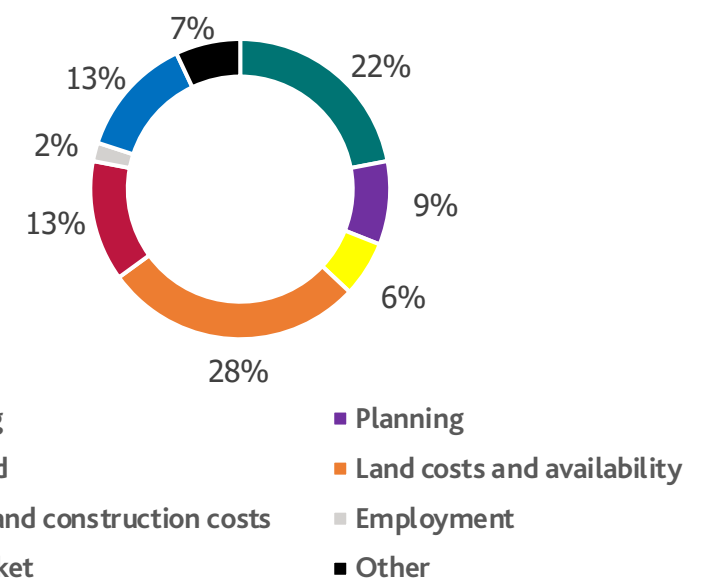
One 75-year-old told us that whilst she and her husband remain together they want to continue to “enjoy the house and garden” in which they have lived and raised a family. She went on to say that if on her own she would consider moving to a retirement village, but questioned how easily it would be for relatives to sell such a property at a later date.

Our respondents also told us that retirement villages are often seen as “high end” or just for the “top of the market” and not affordable for those on middle or low incomes. That is perhaps a matter of perception that operators need to address.

Concerns over ‘mono-culture’ were raised by a number of respondents, with others suggesting that mixed retirement villages – where older people can live with their families – might be a more suitable alternative.

What’s Holding the Market Back?

Holding back development



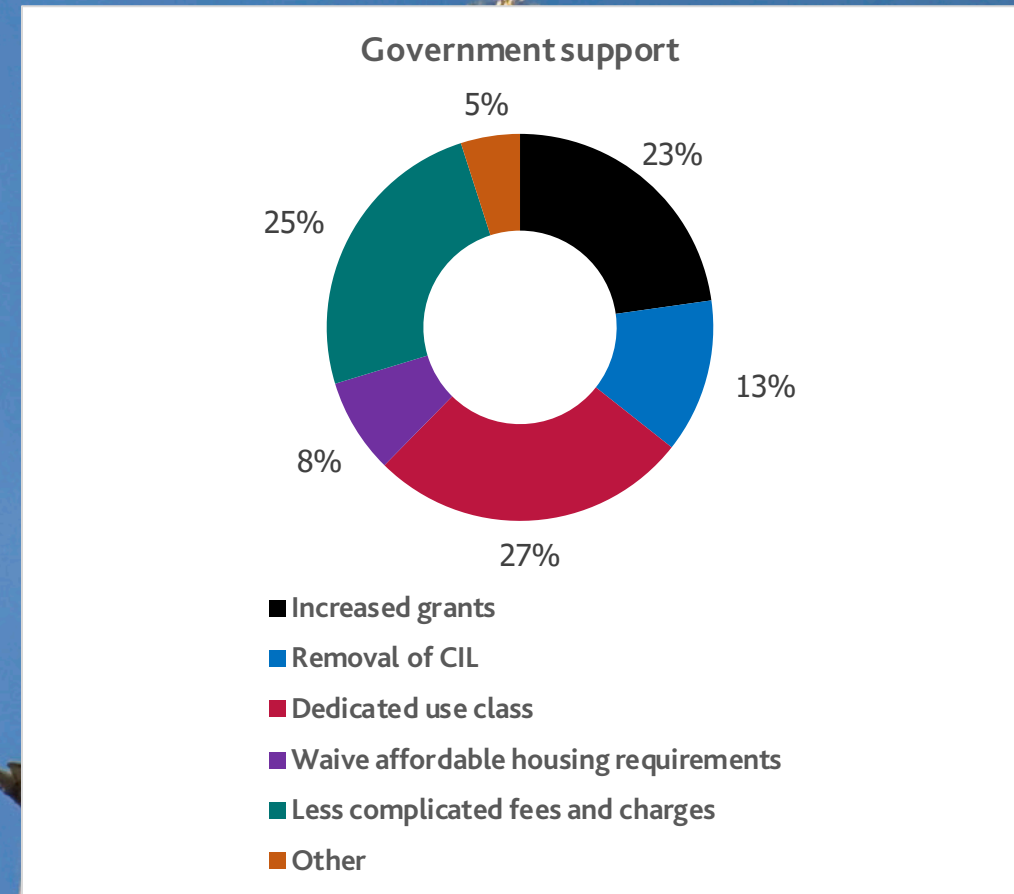
“How Government Can Help?”

Our survey respondents believe that Government has a very clear role to play in encouraging further investment and development in retirement villages.

Just over a quarter (27%) would like to see a separate retirement housing planning Use Class Order. One quarter would like Government to create a less complicated market in terms of fees and charges, and just under a quarter (23%) would like to see increased capital grants from the public sector.

Other suggestions included 13% wanting to see the removal of the Community Infrastructure Levy (CIL) on new retirement village development and a further 8% wanting to see affordable housing requirements waived.

Other suggestions include ensuring housing for older people – whether dedicated retirement villages, assisted living, extra care housing or sheltered accommodation – are incorporated into local plans and to reform leasehold tenure more widely to offer leaseholders greater security and rights.



A New Use Class?

The Town and Country Planning (Use Classes) Order 1987 was last amended in England in April 2015. There has been a subsequent amendment with regards to its effect in Wales in 2016 relating to the classification of housing of multiple occupancy (HMOs).

To further amend the Order to add a new use class or to specify a particular use as falling within an existing use class, it would be necessary for a statutory instrument to be made by a minister within the Ministry of Housing, Communities and Local Government (MHCLG). A change to the Order will typically be undertaken in parallel with a change to the General Permitted Development Order (GPDO) to ensure that permitted development rights keep pace with any change to use classes.

Prior to making any such statutory instrument, MHCLG would undertake a consultation process. In addition, MHCLG would have to undertake a full impact assessment with regards to any such change, so it is not typically a swift process. In any case, MHCLG has recently stated (in its response to the CLG Select Committee) that it does not plan to amend the Use Class Orders.

The Welsh Government is in the process of consulting on the consolidation and replacement of the Order and the GPDO as they apply to Wales, and it would not be surprising if such an amendment was on the cards for England, particularly given the relative age of the Order. That might be a prime opportunity for any such amendment to be proposed.

Perceived Barriers to Older People Moving into a Retirement Villages

Top Three Barriers

35% Desire to remain in the family home/ protect current property asset

33% Perception of life in retirement villages/ only living with older people

15% The lack of choice of product available

Sitting just outside of the top three are fears over costs, cited by just 9%.

Whilst not specifically ranked in our survey, inertia cannot be simply overlooked. Many of our respondents stated that the time and hassle surrounding the packing up of a family home puts a lot of people off moving entirely.

Moving is never easy and often viewed as stressful, it is highly unlikely to be easier as you get older.

What Holds Older People Back

Wanting to remain in family home / protect current property asset	35%
Perception of life in retirement villages/only living with older people	33%
The lack of choice of product available	15%
Cost uncertainty	9%
Concerns over making new friends	4%

Bungalows Are Best

Time and again the media tell us that the most desirable property type for later life and retirement housing is the bungalow. Our survey says the same, with 54% of respondents selecting a bungalow, with just 6% opting for a house. 35% favoured a self-contained flat or apartment.

Survey respondents said, however, that they would expect retirement villages to offer a mix of all property types.

BUNGALOW

54%

FLAT

35%

HOUSE

6%

And Where Do We Want Them?

Our survey respondents were very clear, with almost three quarters (72%) saying 'in town'. Just 10% wanted to see retirement homes in the country.

And this is perhaps at the very heart of what is holding back the large-scale development and adoption of retirement villages. Land costs and its availability, our survey reports, are the main cause behind the hold up of development – and this becomes even more acute when buyers and tenants want these villages in the space and cost-restrained town or city/urban centres.

The ideal location, of course, would be a tranquil rural environment yet on the edge of a town with first class transport links – the impossible dream?

Preferred Location

72% In town

10% In the Country

The Very Best Facilities

Both Winckworth Sherwood and Housing LIN have long argued that an individual's final home should be the pinnacle of their housing journey and not one of compromise. Given that, our survey asked for the most important facilities a retirement village should offer.

What's Important?

Space for relatives and friends to stay	22%
Proximity to amenities and transport links	19%
Access to garden or outdoor space	15%
Access to care options	14%
Ease of maintenance	10%
Health and leisure facilities	8%
Communal space	7%
Bars and restaurants	5%

This Year, Next Year, Sometime, Never!

The final question put to our survey asked "how many years will it take for retirement villages to take hold in the UK?"

40% believe we are still some 20 years' away from retirement villages becoming a popular choice, with 36% believing we will only have to wait less than a decade. 6% of our survey do not expect to see them within 40 years, but they will come: just 3% believe we will never see them.

How far off are they?

Still some 20 years' away	40%
Less than a decade	36%
Not within 40 years	6%
Never	3%
Don't know	15%



YouGov Survey

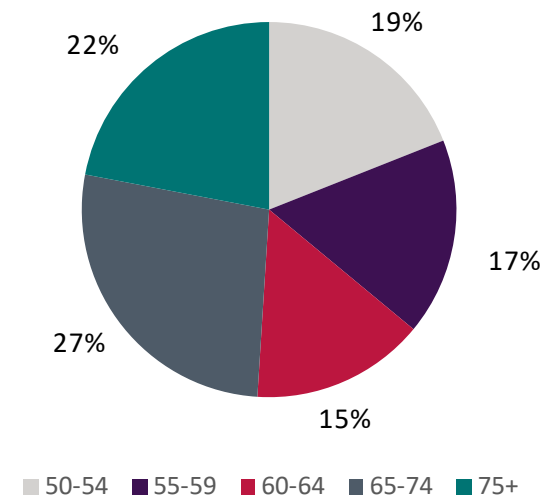
A View from the Over-50s

On 11th November, Winckworth Sherwood and YouGov asked 1,002 men and women aged over 50 for their views on retirement living. Just two questions were asked: would you prefer to live in a retirement facility, and what concerns might you have on retirement facilities. Retirement facilities were defined as retirement villages, gated retirement communities and apartment buildings.

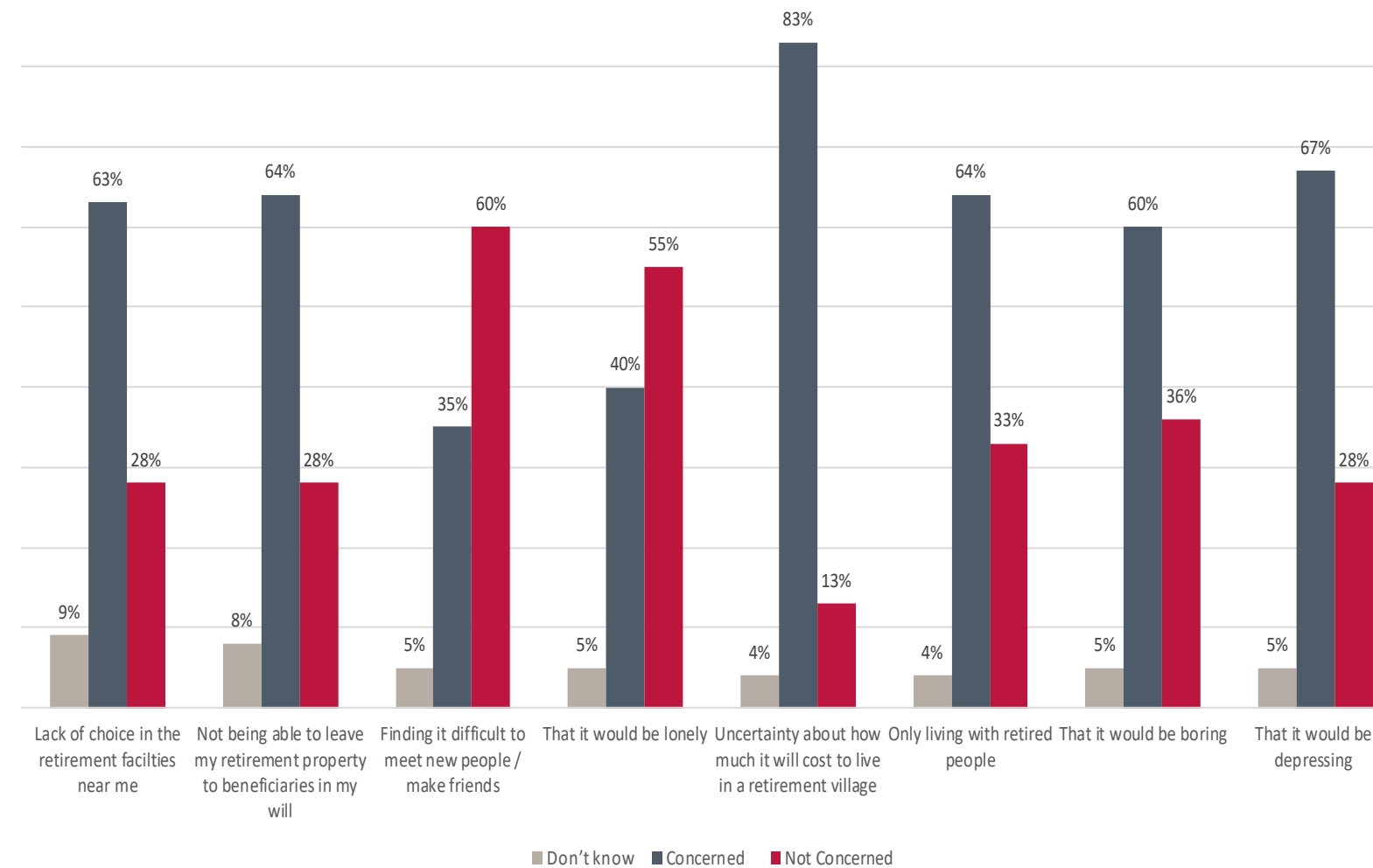
Despite the fact that most people over 50 would prefer not to live in a retirement facility, there were some positive messages which dispel some of the myths often cited. 60% are not concerned about meeting new people and making friends and 55% are not concerned about being lonely.

There are clearly still some barriers and negative perceptions to overcome and retirement living is not for everyone. However, the success of retirement villages in both the US and Australia, and the success of the extracare charitable trust schemes here in the UK gives hope that with the right product choice and positive positioning, change may well come.

Age of Respondents



In our YouGov survey, participants were asked to imagine that they were moving into a retirement village and whether they were concerned about the following factors:



A Resident's View - Anne and Ian Ardern, Hazelmere Village, Hervey Bay, Queensland,

Ian and Anne Ardern are both in their mid-70s and have spent most of the last decade living in two retirement villages in Queensland, Australia. Here, they share with Winckworth Sherwood and Housing LIN the reason behind their move and their experiences of life in a retirement village.



Hazelmere Village in Queensland Australia offers a mix of 100 one and two-bedroom detached homes set in beautiful landscaped grounds. Each home includes its own garden and driveway, all within an easy walk to first-class communal facilities that include a swimming pool, community centre with outdoor BBQ area, a village workshop, and bowling green.

The village is a short walk to a local shopping centre, and just a few kilometers to a larger town and the stunning Queensland coast.

"We have only recently moved into Hazelmere Village, having previously lived in a much larger retirement village of some 300 homes," say Ian and Anne. "They are a lifestyle choice aimed at the active elderly wishing to downsize and are very popular here in Australia. They provide a great place to meet and make new friends – it is a real community and not just a collection of retirement homes."

Residents own their own homes, paying a monthly charge for the ground rent and the maintenance of communal spaces and gardens. There are no rates to pay or stamp duty on purchases. Owners are free to sell their homes through either the village management company or an estate agent of their choice, keeping 100% of the sale price – there are no exit fees. It is also interesting to note that properties are 'manufactured' or modular, keeping prices low. Properties typically sell, depending on size, for under A\$200,000.

Hazelmere Village includes onsite managers responsible for the upkeep of the facilities, but it is the residents who organise and manage the active village social life. "The village has a residents' committee that arranges and manages a pretty full programme of events," say Ian and Anne. "They are also there to help solve any problems residents might have. It really is up to the residents to be as engaged as much or as little as they want."

Some retirement villages allow pets, and others, such as Hazelmere Village do not. It is a surprisingly controversial issue, as Ian and Anne explain. "Not everyone appreciates a yappy dog or a squawky bird, so in some villages they are not allowed. If you wish to keep a pet you have to choose a village that allows them."

Retirement villages are growing in popularity in Australia. Older family members are encouraged to downsize and use assets and wealth accumulated throughout their lives to enjoy their retirement. Residents in retirement villages in Queensland are protected in law against unfair increases in ground rent through legislation recently introduced.

"Hazelmere Village is a lovely place to live," concludes Ian and Ann. "We have made many new friends and will continue to do so. We would definitely recommend it to others."

More information
on Hazelmere
Village can be found
online at:

<http://www.hazelmerevillagehomepark.com.au/>

Operator's View – Churchill Retirement Living

*Andrew Burgess,
Group Land and
Planning Director,
Churchill Retirement
Living.*



www.churchillretirement.co.uk

Churchill Retirement Living was established in 1994 by brothers Spencer and Clinton McCarthy, the sons of John McCarthy – the McCarthy in McCarthy and Stone. Today it is the largest privately-owned retirement developer in England, with some 130 developments from Penrith to Penzance.

Its retirement communities typically consist of around 40 one and two-bedroom apartments within half a mile of a town centre. Each community includes communal gardens and lounge with a coffee bar, guest suites and a lodge manager.

"Our schemes are aimed at the active elderly and are designed to build strong communities," says Andrew Burgess, Group Land and Planning Director, Churchill Retirement Living.

"We provide high quality homes with a focus on lifestyle. Whilst each community is different, all have a full programme of events for residents, including communal lunches and coffee-mornings, film nights and birthday parties. We also hold antique roadshows, cocktail making classes and even gin and tonic nights."

Typical Churchill buyers are in their late 70s or early 80s looking for greater support to maintain independent living. The reasons behind making the move will be varied but are often needs-based, perhaps being recently widowed, a desire to downsize from a larger family home, or the need for greater support following a fall or injury.

Demand for its homes is growing, but there are real challenges in ensuring delivery. Finding land and acquiring sites sits top of the list.

"We look for sites within half a mile walk to shops or town centre," explains Andrew, "and we are constantly competing against other developers, particularly the budget grocery stores and retailers. Their larger acquisition budgets and lower CIL contributions put us at a real disadvantage."

Planning continues to cause problems, with local authority planning teams simply unaware of the benefits of retirement schemes.

"Parking ratios are almost always questioned," says Andrew. "Our ratio is one to three, given that our locations are close to town centres and that residents are often down-sizing. Local authorities argue that it should be higher and on par with residential development, which just does not make any sense."

"We are having to spend considerable amounts explaining to local authorities, and we now invite representatives back to visit completed schemes."

The lack of resources at the Planning Inspectorate is also keenly felt. Appeals that once took 12 months to resolve are now routinely taking 24 months or more.

The answer may, however, be on the horizon. The Government is expected to publish new and clear guidance to planning authorities on later life housing. It will require them to consider local need when determining planning applications.

There is also another largely unnoticed benefit Churchill's communities bring: a revitalisation of our regional high streets and shopping centres.

"Our residents are often called 'basket shoppers', visiting the shops almost every day," explains Andrew, "and retailers see a real benefit and welcome our homes. It also provides greater social interactions and the opportunities for residents to volunteer and, in some cases, continue to work. We can and do make a positive impact on the high street."

Churchill Retirement Living is not alone in making these claims. Henley Business School and University of Reading found that 80% of retirement home residents visit the shops every day and a further 40% use local facilities, such as libraries and post offices, daily. RIBA too has argued for local authorities to rethink their approach to the high street.

"Local authorities need to better understand the benefit our communities can bring and consider alternative uses for redundant retail spaces rather than insisting it remains only available to retailers," concludes Andrew.



Team Gloucestershire - A Regional Government Perspective

Sara Crofts, Senior Project Manager Housing with Care, and Halaina Gillam, Gloucestershire County Council

Gloucestershire boasts some of the most loved landscapes in England, embracing the stunning Cotswolds and the Forest of Dean, through to the smart regency town of Cheltenham and its near neighbours Cirencester, Stroud and Tewkesbury.

The county is popular with visitors, growing families, second home owners and with those looking to retire. It is no surprise that property prices command a premium.

Retirement communities and villages are an increasingly familiar addition to the housing landscape, albeit aimed more at the top of the market and for the active elderly. But like all parts of the UK, wealth is unevenly spread leaving a patchy provision of affordable later life housing.

Gloucestershire County Council has responded by launching earlier this year a large research and engagement project that will underpin its core housing strategy.

This strategy will embrace and look to promote a more diverse housing offer encompassing later life housing, care and nursing homes, and homes for those with wider care needs. Its aim is to maximise a commitment to housing with care across all age groups and all parts of the county.

The survey has sought the views from all corners of the housing market including local planning authorities, care commissioning groups, charities and private sector developers. It has also been supported by a program of engagement events with residents across the county.

The strategy will filter down to local planning authorities and guide their decision making, making it easier for those wishing to bring forward new schemes.

The golden thread running through this strategy is the need for all housing with care to focus on creating strong communities. Housing must tackle social isolation promoting physical and mental well-being. And this means all parties working together – what is called the Team Gloucestershire Approach.

A Funding Perspective

Funding retirement living schemes remains a challenge for developers, but change is gathering pace.

Retirement living developers face a unique set of challenges when looking to raise funds to bring forward new schemes. The build-to-sell model currently preferred by most retirement living developers leaves them battling between two different credit committees inside the mainstream banks – one focusing on the real estate side of a scheme and the other on a scheme's corporate activities.

"In broad terms, the real estate credit committee cannot look at an operator's corporate activity, and the corporate credit committee cannot consider the real estate aspects," explains Philip Schmid, Director of Healthcare Investment at JLL. "The two are not joined up."

*Philip Schmid, Director –
Healthcare Investment,
Alternatives, JLL ,
<https://www.jll.co.uk/>*



"This leaves retirement scheme developers in an unenviably unique position unable to raise funds against the scheme as a whole – a problem completely alien to build-to-rent or student developers."

The big banks need to rewrite credit policies, but that will take time. The sector will need to help educate the leading banks and provide them with the data they need to inform lending decisions. And in a classic catch-22, more data will not be available until more schemes complete.

A number of challenger banks have identified this as a weak spot in the lending market and responded, but typically offer higher lending rates on what is considered to be an immature market.

The market too is responding, with new tenure models emerging.

"There is a real opportunity for operators using rental and registered social housing providers to steal a march into the retirement living sector," says Philip. "And they are already making big strides."

"Housing associations, for example, have long pioneered this space, particularly in housing with care. Grant reductions have made this harder, but housing associations are responding with more mixed tenure models that allow them to continue to support affordable homes. Housing associations have the expertise and the balance sheet to borrow but need to keep a careful eye on adopting the right model. The opportunities are quite considerable."

But it is in the build-to-rent space that perhaps presents the best opportunities for innovative developers.

"A new generation of more socially mobile renters and home owners is emerging, and they are naturally more comfortable with the rental model," explains Philip. "Those in their 50s, for example, may have been prepared to move

around the country and the world with their job and will be more prepared to move to other parts of the country when they retire, perhaps to be closer to friends or family, who themselves have become more mobile."

"They are also more aware of what is best for them in terms of their finances and health, and may welcome the flexibility the rental model offers – for example, wanting to downsize if personal circumstances change, or wishing to move to a new development in another part of the country if family members also move."

Funding build-to-rent schemes is also potentially easier with funders and, ironically, pension funds willing to invest in later life build to rent schemes. Pension funds could be responsible for funding the homes of their pensioners.

But the build-to-rent model still needs to address security of tenure problems to give the reassurance older renters demand and affordability. A mix of short and long-term tenancy options will be needed, together with clarity on costs and charging. The one fixed price model emerging in the build-to-rent sector will undoubtedly help.

The sector is by comparison to the build-to-rent sector tiny, and many developers and operators do not yet have the balance sheet required to borrow enough to develop larger schemes. Lending remains, for the time being, largely the preserve of the challenger banks.

But the retirement sector is increasingly active, the demand is undoubtedly there with new products and tenures emerging, particularly for the downsizers and active elderly. Developers and funders are watching the retirement living sector closely and it will grow quickly and in many different directions.

Conclusions

It is our opinion that large-scale retirement villages, such as those seen in the US and Australia, are unlikely to be a feature of the UK housing landscape for many years. High land costs, the cost of infrastructure and cultural differences – the British reserve – are more likely to result in much smaller, naturally occurring retirement communities.

These smaller retirement communities are likely to serve as hubs for the wider community where services and support can be provided. We are already seeing this happen in retirement homes in rural locations.

The design of these homes will increasingly play an important role in how these communities look and function. We have long argued that our last home should be the pinnacle of an individual's housing journey and not one of compromise. One size does not fit all, and we would expect the product offered to evolve considerably over the coming decades.

What is clear is that national and local Government need to better understand and plan for the rising demand in later life homes. An increasingly active aging population is likely to reshape the property market.



About

About Winckworth Sherwood

Winckworth Sherwood works extensively on the provision of care, supported housing and retirement villages from both the development and provider perspectives, as well as on the management and support of those schemes. Our clients include RPs, local authorities, charities, lenders, private providers and agencies, and management bodies. We know the housing, care and support sectors from all angles. This gives us a unique perspective on the competing issues and ensures we provide strategic advice. We have decades of experience advising housing sector stakeholders and we have pro-actively influenced the development of the social housing sector. We work closely with key trade bodies in developing policy and best practice to help our clients tackle the challenges they face. To find out more visit www.wslaw.co.uk/extracare and follow us on Twitter at [@WS_Housing](https://twitter.com/WS_Housing).

About the Housing LIN

The Housing LIN is a sophisticated network bringing together over 40,000 housing, health and social care professionals in England, Scotland and Wales to exemplify innovative housing solutions for an ageing population.

Recognised by government and industry as a leading 'knowledge hub' on specialist housing, our online and regional networked activities:

- Connect people, ideas and resources to inform and improve the range of housing choices that enable older and disabled people to live independently;
- Provide intelligence on latest funding, research, policy and practice developments;
- Raise the profile of specialist housing with developers, commissioners and providers to plan, design and deliver aspirational housing for an ageing population; and
- To access further information and resources, visit www.housinglin.org.uk and follow us on Twitter at [@HousingLIN](https://twitter.com/HousingLIN) and [@HousingLINews](https://twitter.com/HousingLINews).

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