



Quality and choice for older people's housing: what can a new Private Rented Sector offer?

The past two years (2012-2013) have seen a growing interest in the potential role of a 'new PRS' in delivering quality housing and greater tenure choice ... with media interest, conferences and reports, a government Private Rented Sector Taskforce and funding for Build to Rent. This interest comes from a wide range of players, including housing associations, developers, new private rented sector (PRS) businesses, investors, thinktanks and charities.

But PRS housing for older people has been missing from the debate so far. Why shouldn't PRS initiatives and funding models be broadened to encourage inclusive inter-generational communities for older people as well as families and younger people?

This is the first of two Briefings, exploring whether the PRS could extend the choice of housing options for older people who prefer to live in all-age communities. Briefing 2, Market rent in retirement and extra care housing: a new offer for older people?, looks specifically at market rent in specialist retirement and extra care housing.

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Introduction

Is now the right time for exploring what the private rented sector can offer older people? Who might provide market rent options for older people in mainstream housing?

This Briefing asks:

- whether the mainstream Private Rented Sector (PRS) can offer a positive option for older people and help to build age-friendly communities;
- what role the PRS might play in encouraging some people to downsize and move to more suitable housing in later life;
- whether older people are on the radar for investors, developers, landlords and others within the mainstream PRS;
- how far the PRS is considered when local authorities are setting out their strategic plans for housing, care and support for older people; and
- what could/should central policy do to ensure that PRS is a positive housing option for older people?

What do we mean by private or market-rent housing?

In these two Briefings, we are defining private or market-rent housing as non-subsidised housing available to anyone with sufficient income, in contrast to social housing that:

- has received a capital subsidy;
- is allocated according to housing need; and
- is let at 'social' or 'affordable' (ie 80% of market) rents.

Demographics, downsizing, the under-occupation debate and the growth of the Private Rented Sector

We hear a lot about older people "hoarding housing" and the need for older people to downsize; yet this approach not only risks blaming older people but also over-simplifies the complex decisions older people face, often with limited alternative and affordable housing choices, especially across different tenures.

We also hear a lot about the growth of the private rented sector (PRS), which is now the same size overall as the social rented sector in England (both now house 18% of the population: Wilcox 2013). Between 2001 and 2011, the PRS more than doubled (from 2 million to over 4 million households). Yet, the focus within this has been on younger people and families: 'Generation Rent' who are unable to get on the property ladder and find themselves 'stuck' in the PRS. Older private renters risk being 'hidden' within this and not considered as a 'market'.

Grainger PLC is one of the largest private landlord companies. In a recent report, after discussing 'Generation Rent', they discuss standards across the PRS, and the needs of older people:

"The greatest shift in housing demand over the next century is likely to revolve around the needs and demands of an ageing society rather than the plight of first-time buyers ... There is a huge opportunity now to raise standards. It is also surely possible to have something designed better than a typical developer's scheme that is sold off to

individual buy-to-let investors who show little care or consistency to the community of tenants afterwards ... people are living longer and the challenges of dealing with the housing needs of those in later life will become ever greater...

(Grainger 2012 pages 5-7).

The House of Lords Select Committee on Public Service and Demographic Change report 'Ready for Ageing?' argued that central and local government, housing associations and house builders need *"urgently to plan how to ensure that the housing needs of the older population are better addressed and to give as much priority to promoting an adequate market and social housing for older people as is given to housing for younger people."* (House of Lords 2013)

In addition, the Dublin Declaration 2013 on Age-Friendly Cities and Communities includes a commitment to *"Promoting and supporting the development of inclusive communities that include housing for older people"*.¹

Of all the households who rent privately, 23% are headed by someone aged over 50 (Savills 2013). For lifelong private tenants this often relates to their housing histories: many single people were unable to access council housing or owner-occupation when younger (Carlton, Pannell *et al* 2003), and have remained into old age as a declining number of longstanding regulated tenants (the old protected pre-1989 tenancies), often in poor quality housing (Shelter 2002). But recent growth has come from people moving into the sector in mid-life or later life, often by choice. Future demand may come from those who for various reasons have never been owner-occupiers.

The 2011 Census shows that in England and Wales, around a quarter of older households (aged 65+) were renting. Of these, 4.4% were private tenants; 18.8% were social tenants. However, there is significant regional variation and there are some PRS 'hotspots', including:

- areas with higher house prices, especially London (e.g. 13-15% in Kensington & Chelsea and Westminster) and the south-east;
- desirable coastal areas (e.g. 7-8% in Bournemouth, Brighton & Hove and Southend-on-Sea);
- some cities (e.g. Manchester) which have a higher proportion than their surrounding areas;
- some rural areas, such as parts of Cumbria and North Yorkshire (over 8%).

Who is providing PRS housing?

The main PRS providers are still small-scale buy-to-let landlords, but following the Montague Report (DCLG 2012) to encourage large-scale investment, a few private sector companies and some housing associations are beginning to develop larger-scale PRS housing.

There has been an explosion of interest in a "new PRS" during 2012-13, but with the main emphasis on housing younger working-age people and families. Savills (2013) report that *"PRS buyers are competing with developers for open market sales, even in the crowded London land market. Essential Living, be:here and Fizzy have been the most active aggregators of land destined for the PRS market. Housing associations have also become an active buyer group of both land and standing stock. Just this year, they have acquired over 2,150 PRS units and invested £275m in the sector."*

¹ For further information about the UK Network and UK Urban Ageing Consortium visit: www.bjf.org.uk/age-friendly/about-age-friendly

As Louise Leaver, Head of Social Housing Finance at Winkworth Sherwood says in the recent CIH/WS Law (2013) briefing on the PRS:

“Market rent is seen by many as a solution to the growing problem of the lack of decent housing within the reach of average income households who are not eligible for social or affordable housing ... [and] as an expanding, but as yet an undeveloped, sector in the UK.”

Two Housing LIN Viewpoints (Sutherland 2010, 2011) have looked at opportunities for downsizing into mainstream and specialist housing, alongside an earlier factsheet which suggested an emerging PRS extra care market (Miller 2010). There is concern over whether the UK's existing PRS is appropriate for an ageing population, because of insecure tenancies, landlord reluctance to provide adaptations and one-third of the PRS stock failing to meet the Decent Homes Standard (Shelter 2002; Foundations, undated; IPPR North 2014). However, there remains a need for greater choice – including market rent:

“... if we can develop a more European approach to private rent with more institutional investors and long term managers, the sector could become much more attractive to older people, and has considerable potential to expand.” (Sutherland 2010)

Our parallel Briefing 2, for the Housing LIN, considers the role of specialist older people's housing for market rent (Pannell and Blood 2014) and there is certainly a role for specialist housing, such as sheltered/ retirement housing, or housing with 24/7 staffing and on-site care. However, many older people want to remain living in mixed communities and have an aversion to 'age segregated' housing and communities, and even a fear of 'ghettoisation' (Balzalgette and Salter 2013). The Demos report, *The Top of the Ladder* (Wood 2013), surveyed 1,500 over 60s: more than half (58 per cent) were interested in moving. A quarter of these potential 'movers' expressed interest in moving to a retirement property, which suggests a significant level of interest in moving to alternative mainstream housing.

Large-scale new PRS housing developments: housing associations and private sector initiatives

Housing associations have been the first to raise finance to build and let large developments designed specifically for market-rent. This is defined as non-subsidised housing available to anyone with sufficient income, in contrast to housing that receives a capital subsidy and is allocated according to housing need for 'social' or 'affordable' (ie 80% of market) rent.

Market rent examples in London and southern England include:

- **Genesis's** mixed-tenure Stratford Halo (winner of the Development of the Year in the 2013 United Kingdom Housing Awards), with 401 of the 706 homes for market rent: on-site facilities (available to all ages and tenures) include 24/7 concierge service, gym and car club (CIH/WSLaw 2013), and the development also includes Amber Court, providing 65 units of social rent extra care housing, let to older people and to younger people with learning disabilities;
- **Thames Valley Housing's** Fizzy Living, with 180 London properties aimed at “aspirational young professionals” (CIH/WSLaw 2013; City A.M. 12 July 2013);
- **A2Dominion's** new acquisitions of city centre and waterside apartments in Southampton and Bristol: their purchase of apartments at Centenary Quay, Southampton was the first to benefit from Round 1 of the government's Build to Rent funding (Savills 2013).

A2Dominion's acquisitions are an example of volume house builders "allocating early blocks to PRS because tenants create vibrancy, onsite visibility and demand for amenities and services, which helps to attract homebuyers and support sales values". (Savills 2013)

It isn't all in the South though, or all for younger people: **Places for People** have recently acquired 1,800 rental units from three large companies (including Urban Splash developments). Their portfolio includes retirement housing now managed by **Girlings Retirement Rentals** (see case study in our Housing LIN Briefing 2, on specialist retirement housing). Savills comment that "For an investor such as PfP, that has been investing in the sector for 10 years, these strategic acquisitions offer strong performance prospects bought with the benefit of a discount to owner occupier values and high yields" (Savills 2013).

Inside Housing, the housing sector's weekly trade magazine, reported on the discussion of a panel of experts on new PRS initiatives (in partnership with be:here and Assael Architecture: Inside Housing, 1 November 2013).

"It's really quite a core part of our investment strategy," said Mary Parsons, PfP group executive director: "Everybody told us there wouldn't be a market [in letting to older people]. But with changing circumstances - either disability, a bereavement or whatever - they were moving into [our market rent] properties because their care needs had changed and they needed a more suitable property. It's in quite specific locations and it is meeting quite a specific need; it's not for people who have rented all their lives necessarily, but it gives them the choice of the right property in the right location."

(Inside Housing 2013)

Private sector developers and providers include be:here and Essential Living, focusing mainly on London and the South East.

Be:here is **Wilmott Dixon**'s new product with schemes (due in 2015) aimed at "aspiring young professionals". Simon Chatfield, operations director, outlined plans for a large-scale build-to-rent business to meet "a gap in the market" and far removed from the "roguish stereotype of the individual private landlord". Management will be by local housing associations, with Poplar Harca managing the first scheme: Chief Executive Steve Stride (also CIH Vice President) commented: "From a housing association perspective I'm interested in the link to place making and regeneration in city areas. [Once] you get young professionals [renting privately] you get a mix in the community far quicker ... We have a very large landbank, most likely up to 3,000 [homes] is the potential ... [to use] the PRS ...to make an impact in our area". (Inside Housing 2013) Is there not a role too for older people in terms of place-making and getting a community mix, as at Stratford Halo?

Essential Living is aiming for 5,000 homes over ten years, with the first schemes due for completion in 2017 and promising:

- "gathering areas, social venues, meeting rooms and fitness facilities";
- "inviting and social environments, creating connections among tenants and their neighbours";
- "around-the-clock service, plugged-in locations and convenient amenities [to] make renters' lives easier";
- "the ability to access locations and lifestyles they wouldn't be able to obtain as buyers";

- “access to numerous local community-based amenities, like green space, retail, culture and support services” ;
- and to “select sites in places where councils and locals are eager to work with us to deliver the homes they need” (see www.essentialliving.uk.com).

Whilst some locations are clearly aimed at younger professionals (eg Canary Wharf), others could also attract over-50s (including downsizers), creating mixed communities.

Essential Living’s offer, and Stratford Halo’s 24/7 concierge service and on-site gym reflect facilities provided in many retirement villages; A2Dominion’s apartments are in similar locations to those chosen by some downsizing ‘empty nesters’ who move into vibrant city centres. Examples include apartments and townhouses at Finzel’s Reach and other waterfront locations in Bristol (source: interviews for Pannell, Aldridge and Kenway 2012). Essential Living told us at the recent WS Law PRS conference (November 2013) that they are interested in letting to anyone who can afford the rent, not just young professionals.

What is the demand for PRS housing from older people?

There is some evidence of significant and increasing demand for PRS housing from older people. The HomeLet Rental Index (October 2013; <https://homelet.co.uk/>) data showed that, over the previous 12 months, half of the UK’s regions saw an increase in the percentage of retired people moving into a new rented home, alongside a 7% increase in former homeowners aged 66-70 moving into a rented property.

The New Policy Institute (NPI) study of downsizing and under-occupation (Pannell *et al* 2012) analysed English Housing Survey data (2006-2009) on who moved and who didn’t. Around 200,000 older person households (age 55+) moved each year (3% of all older person households). Of these, 28,000 moves were into private rented housing, with a turnover (7%) nearly twice that amongst owner-occupiers and social tenants, reflecting both the insecurity of tenure of most private renters, and those who chose it as a stopgap (as discussed below, page 7). Around half the moves were from one private rented property to another; the other half were ‘tenure swappers’ (probably more from owner-occupation than from social rent). Private tenants who moved were also likely to be people who have downsized. Three-quarters (74%) of moves were into one- or two-bedroom dwellings, whereas nearly half (45%) of ‘non-movers’ had stayed in their three- or four-bedroom dwellings.

The NPI study estimated the tenure requirements for older person households in 2033 as:

- 1 million private rented dwellings (currently 0.5 million)
- 2 million social rented dwellings (currently 1.5 million)
- 10 million owner-occupied dwellings (currently 7 million).

This was based on government estimates of a 41% increase in the older population (from 9.3 million in 2008 to 13 million in 2033), with the 85+ group experiencing the largest percentage growth (more than doubling from 0.8 to 2 million) but the middle age-range (65-74) increasing by the largest number of households (from 2.8 to 4.1 million) and needing more PRS housing. More recent figures predict similar increases: see the recent Housing LIN Viewpoint 56 by Dr Beverley Searle, *A changing market for housing providers*, for further discussion (Searle 2014).

Where are these extra half a million private rented dwellings going to come from? What types of housing should they be? The NPI report comments:

“With a larger number of older person households there will be a greater volume of moves among older person households. Therefore the demand for bungalows and the need for lifetime homes are likely to increase; bungalows because they are popular among older person households and lifetime-homes because they allow the older people that move to them to live there for longer despite changing health needs.”

Why do older people move into (or remain in) private rented housing?

What isn't clear is how much demand for private rented housing is (and will continue to be) because of a positive choice, and how much is fuelled more by problems such as relationship breakdown, debt or homelessness.

Prudential's recent study of retired social and private tenants was widely reported in national media (www.theguardian.com/housing-network/2013/aug/20/rise-retired-renters-property-ladder). It found that 42 per cent of retired renters were former homeowners: of these, two in five said they sold their home to pay off debts, one in five because of divorce or separation, one in ten to boost their retirement income, and others to help their children.

Financial pressures in older age have increased because of low returns on savings, decreasing annuity rates for private pensions, and rising prices for energy and other basic costs: ILC-UK and Age UK's report on problem debt among older people (Kneale and Walker 2013) found that older owner-occupiers with a mortgage were much more likely to be in problem debt. Recent analysis of data from 2008-10 (PFRC 2013) found that one in five of all older households (headed by someone aged 50+) had an outstanding mortgage debt (on their main home): 13% of them were struggling to repay their mortgage, and although mortgage debt reduced with age, nearly one in ten owner-occupiers in their late 60s still had outstanding mortgages. Looking to the future, more people are reaching retirement with often large mortgages: a Financial Conduct Authority report (FCA 2013) estimates that 40,000 households aged 65+ will see their interest-only mortgages mature between 2017 and 2032: half of them will have a shortfall of over £50,000. This raises the question whether many of these older households will prefer – or need – to sell up and rent privately.

Who might be especially interested in PRS housing?

The debate about older peoples' housing is inclined to focus mainly on specialist housing (even though it houses only around 5% of the older population) and uses phrases like “the last move”. But people in their 50s, 60s, 70s (and even older) may not think of themselves in those terms. In our accompanying Briefing 2, we discuss those older people who may prefer or need retirement and extra care housing; many will be older, or with significant health/care needs. Conversely, mainstream PRS housing may be especially appropriate for ‘younger older’ people, as well as those of any age without significant care/support needs.

A recent Housing LIN Viewpoint 54 (Line 2013) suggested the need for incentives to encourage downsizers, and pointed out the “real hurdle for owners in the potential downsizer group ... whether to either sell first, then buy; or buy first, then sell. Not being able to sell in time to buy the desired new home, or not being able to find somewhere suitable to buy in time to complete an agreed sale can be real ‘deal breakers’ ”.

Given the expense and stress of buying and selling, a reformed PRS (with quality housing and longer fixed-term or permanent tenancies) might work well for older owner-occupiers - as well as for existing renters - in a variety of circumstances, for example:

- as part of the downsizing decision-making process – for example for those interested in trying out an apartment rather than a freehold house but who are wary of leasehold (see further discussion in our Housing LIN Briefing 2, Age UK 2010 and 2012, and in Pannell, Aldridge and Kenway 2012);
- for people returning to the UK after time spent living abroad (because of employment or retirement);
- for those who want to ‘try out’ a lifestyle move or enjoy a few years in a city centre, in the country or by the seaside without committing themselves to buying;
- for people who want to move nearer to family for mutual companionship and support (including offering help with childcare), without being tied to a home in another area when their children may move again;
- for those who are moving because of divorce, bereavement or a new relationship, but may not be ready (or able to afford) to buy;
- as with younger people, to take up an offer of employment (as more older people carry on working out of choice or necessity); or
- to develop a latent or new interest (eg access to a wider range of cultural activities in a city centre, after living in the countryside).

What do older people think about private renting?

Two studies for Help the Aged (now Age UK) interviewed older tenants: despite some problem areas (especially for pre-1989 regulated tenants), private renting also offered positive advantages:

“For many of the respondents, private renting meant that they could decide where they wanted to live, rather than being subject to an allocation process that might place them in an area they considered to be undesirable ... Many older people have, for good reasons, strong views on where they would like to live: within a reasonable distance of amenities; close to support networks of friends and family; away from areas thought to be insecure in terms of crime; and in reach of stimulating leisure pursuits. Social housing cannot always deliver accommodation in a preferred location.”

(Rugg and Croucher 2010, page 23)

This echoes the findings of our earlier research: for example, one couple living in a spacious 2-bedroom PRS detached bungalow for over a decade “had rejected a move to a housing association sheltered scheme, where the rent would have been the same or higher, and the accommodation much smaller” (Carlton, Pannell *et al* 2003, page 34).

Anyone aged 60+ is likely to have some memory of PRS scandals dating back to the 1950s and 60s, with notorious landlords including Rachman and others. When Help the Aged commissioned research into the PRS in 2001, the project was to examine ‘*The harassment and abuse of older people in the private rented sector*’ (Carlton, Pannell *et al* 2003): the title reflects what the charity expected us to find. We certainly found some very poor practice (especially in pre-1989 regulated tenancies, and at the bottom end of the market where older

single men were being housed in poor quality houses in multiple occupation, let out as single or shared rooms). However, extensive interviews in six case-study areas (with 38 private tenants and 36 agency staff) revealed a much more nuanced picture than the title suggests. Some tenants had excellent relationships with their landlords. Many preferred the PRS to the alternatives; some had failed in other tenures (both owner-occupiers and social tenants); others were excluded from social housing (eg because of local connection requirements, or former tenant arrears).

Income, capital and affordability

Increasingly, some older people may still be working (especially the younger age cohorts, and also depending on health, and employment prospects). However, most older people rely on state retirement pension and benefits, occupational or private pensions, and savings/ investments (income and draw-down) to fund their housing costs, other living costs (and perhaps support and care in later life). Owner-occupiers can in theory release capital by using equity release products, though many are reluctant ; selling their home and renting is another form of equity release. Others may prefer to release income by letting out their property and using the rental income to pay rent, thus also keeping their equity intact (see examples of older people who have done this in our accompanying Briefing 2).

The DWP Pensioners' Incomes Series shows average net and gross incomes for 'quintiles' (20% slices) across the income distribution from the poorest fifth to the richest fifth, before and after housing costs.

Table 1: Weekly Pensioner Incomes (before housing costs)

Weekly net income	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	Overall mean
<i>Single pensioner</i>	£129	£180	£224	£280	£391	£256
<i>Pensioner couple</i>	£221	£313	£399	£524	£815	£497

Source: The Pensioners' Incomes Series 2010-11, DWP (Table 4.1 page 57)

Couples have nearly twice as much income as single pensioners across all the quintiles. These figures include younger pensioners, many of whom are better-off (because of earnings and higher occupational/private pensions) than older pensioners.

There is more detail in other DWP tables (see Copeman and Pannell 2012, pages 15-16 and Annexe 5: data from DWP 2010-11). For example, in the top quintile there are twice as many recently retired single pensioners and couples compared with those aged 75+, and there are more single females than males in the lower quintiles.

The Institute for Fiscal Studies looked at future incomes in retirement for people aged 50+ for the Joseph Rowntree Foundation and others (IFS 2012). They calculate that a fifth of the population aged between 50 and State Pension Age will see their income on retirement fall by more than 20%, but four-fifths should achieve a replacement rate of at least 80%, because of increased retirement income from sources other than pensions. The calculations include savings, expected inheritances and entitlement to means-tested Pension Credit, and an imputed value for owner-occupation because of the opportunity to release capital by equity release, downsizing or selling and renting.

Dr Searle's Housing LIN Viewpoint 56 examines housing wealth across the generations: she points out that over a quarter of housing wealth is owned by younger people (under 65) in the top income quintile. There are huge disparities: housing wealth is concentrated in London and the South East, and the value of housing wealth for over-65s ranges from negative equity to homes valued at £1m+. Our other Briefing 2 also includes further data on property values. However, although many older people could sell and release capital with which to pay rent, or let out their home to gain rental income, this varies greatly across and within regions and by income, gender, age and other variables.

So what does all this tell us about affordability of market-rent housing for older people? Pensioners in the upper quintiles have significantly more weekly gross income from occupational pensions and from savings/investments, so are more likely to be able to afford market rent housing without needing to rely on any help through benefits. In contrast, those in the two lower quintiles derive most of their income from state pension and benefits, and very little from occupational pensions or savings, so would almost certainly need help from benefits to access market rent, unless they release equity from selling their home, or get other help (eg from family members). Single people and older pensioners are less well-off than couples and younger pensioners. Equity is not spread evenly across income quintiles, regions/nations or other variables.

Benefits, affordability and incentives

There has been a lot of publicity about the extent to which the Housing Benefit (HB) bill has gone up because of the increasing numbers of people of all ages living in the PRS (an increase of 900,000 in ten years: IPPR 2014). If older people need help from HB to pay rent, most will be limited by Local Housing Allowance (LHA) limits, which vary greatly (eg weekly 1-bed LHA: over £250, central London; under £80, parts of northern England). This is discussed in more detail in our accompanying Briefing 2, because there are some differences for specialist housing.

The recent Housing LIN Viewpoint 54 (Line 2013) suggested that alongside government's 'entry level' incentives such as 'Help to Buy', we should also consider 'exit level' incentives to help older people to downsize. So is there a role for using PRS housing to this end?

As shown in our discussion of incomes in retirement, many older people could afford to rent privately from income and/or capital: a reformed PRS with longer rental periods and more certainty about rent increases would help with this. However, others may need help from HB. In theory it could make sense if an older person in a larger social-rented house was able to 'downsize' into good quality and secure PRS housing (retirement or mainstream) even if the HB cost were to be higher, but LHA offers no flexibility at present. In their response to the Communities and Local Government Select Committee on the Private Rented Sector (DCLG, October 2013), the Coalition rejected the suggestion of greater flexibility in LHA limits, despite the problems created by the boundaries of Broad Market Rental Areas.

One initiative that has attracted a lot of publicity (and praise from government) is the London Borough of Redbridge FreeSpace scheme. The pilot scheme moved older owner-occupiers into social housing and the local authority then leased the house for a family. For further details, see EAC FirstStop's Practice Study (O'Shea 2013) which includes indicative levels of net income generated from the FreeSpace scheme for older owner-occupiers living in six different English boroughs / areas. The Redbridge FreeSpace team has now established a network of local authorities interested in this programme. Variations on this theme involving PRS options could be an interesting development for local authorities and housing associations to explore – after all there are many private sector leasing schemes already (as discussed in CIH/WSLaw 2013).

Improving performance, quality and supply in the PRS: Coalition government initiatives

Most private rented housing is provided by small buy-to-let landlords (Scanlon and Cochan, 2011), but recent interest has focused both on improving this sector, and especially on the potential for large new-build developments, supported by government initiatives and funding (DCLG 2012), including:

- a PRS Taskforce whose core mission is to kick-start the new private rented sector in the UK;
- the £1 billion Build to Rent fund;
- up to £10 billion in loan guarantees to build new homes specifically for private rent.

In their response to the Communities and Local Government Select Committee on the Private Rented Sector (DCLG 2013), the Coalition rejects an overhaul of legislation concerning the PRS, but summarises progress to date. Round 2 of the government's Build to Rent Fund aims to create a new PRS catering for "an ever widening group of tenants offering both flexibility and stability [with] tenancy lengths which cater for the development's local market". The emphasis is on longer tenancies which are "better suited to families", but with no mention of other groups, including older people. Plans for the future include an undertaking to produce (with tenants, landlords and letting agent/property management groups):

- a PRS Tenants' Charter;
- a 'family friendly' model tenancy agreement with the possibility of longer fixed-term tenancies and rent review clauses to provide both landlords and tenants with greater financial certainty;
- a code of practice on rented property management;
- a summit with mortgage lenders to consider "how best to remove the restrictions currently in place which prevent landlords from offering longer tenancies where tenants want them".

DCLG expects that more institutional investors will lead to longer tenancies, because they are motivated by yield, in contrast to small buy-to-let landlords who are after capital appreciation. The response quotes Genesis's Stratford Halo development (discussed above) which offered market-rent tenants up to five year tenancies. Most buy-to-let landlords are restricted to short-term assured shorthold tenancies by their mortgage lenders, although there is some movement (e.g Nationwide's buy-to-let product allowing up to 3-year tenancies). However, even three years is short: most older private tenants would probably prefer longer fixed terms, or lifelong assured tenancies. Assured shorthold six-month tenancies are usually recommended by letting agents (even if there is no mortgage, e.g. for an inherited retirement apartment). Although DCLG's main interest is for families, older people's needs should be considered too.

Andrew Stanford heads the government's PRS task force. It is interesting to note that older people were on his radar at the recent Inside Housing event (though there has so far been no funding allocated to this sector): he described how demand from pensioners in Canada prompted institution-backed landlords to create a bespoke product specifically for them: "We definitely shouldn't miss retirees from this" (Inside Housing 2013). Furthermore, following the recent Demos report (Wood 2013), there has been some media interest in mainstream PRS and opportunities for older people.

Local authority initiatives to work with and improve the private rented sector

When researching the PRS for Help the Aged over a decade ago (Carlton, Pannell et al 2003), local authorities were already starting to develop landlord forums to improve quality in the PRS, and this has now grown in importance.

At the recent Inside Housing event, David Shepherd, assistant director of Bradford Council, explained that as well as looking at two build-to-rent schemes, he was already *“interested in improving standards in the existing private rental market, in what is largely a cottage industry ... A lot [of buy-to-let landlords] are seen [by councils] as not the greatest partners to work with, but they do face a lot of problems. They can’t necessarily access the right kind of finance, or get the right advice”* so like many authorities, he expressed interest in incentivised accreditation schemes for private landlords (Inside Housing 2013).

The recent CIH/WSLaw Briefing (2013) on market rent includes discussion on private sector leasing schemes and social lettings agencies, which are often targeted specifically at groups who would have difficulty accessing the traditional private rented sector.

Research over the past decade or more has emphasised the need for better information and advice on housing choices for older people, as discussed in more detail in our Housing LIN accompanying Briefing 2.

Local authority-led initiatives to improve quality of, and access to, private rented housing: Leicester and Leicestershire Homefinder

The Homefinder Scheme has been set up to help and support people to find a suitable privately rented home in Leicester and Leicestershire, in partnership with eight local authorities. As well as providing advice, help and support services on one site, it also aims to promote good practice and raise standards in the private sector by keeping tenants, landlords and letting agents up-to-date with current legislation: see www.homefinder.uk.com

When interviewed for this Briefing, the site had only been running two months, with 4,000 hits in month 1 and 6,000 in month 2. The site is very comprehensive, and makes clear the potential PRS offer to older people. There are bungalows and retirement apartments for private rent, and logos include “LHA-friendly” (ie within Local Housing Allowance limits and will accept people on benefits) and “no letting fees” (ie landlords letting direct and not through an agent). The aim is to provide the user-friendliness of sites like Rightmove and Zoopla but also to offer much more.

The role of local authorities: Commissioning and planning issues

Although local authorities are supposed to use Strategic Market Housing Assessments to plan for the future needs of older people, there has been concern that they are not well developed, as reported by respondents in the NPI report for JRF and Shelter (Pannell *et al* 2012). We point out that Strategic Housing Market Assessments (SHMAs) could be used to negotiate delivery at specific sites with specific provision for older people. Two respondents (private sector and a planning officer) suggested that local authorities could link the provision of housing aimed at older people (specialist or non-specialist) to many planning agreements, and maybe even drive down the overall valuation of land assets. Developers, consultancies and local authorities

also suggested a broader definition of 'best value' when disposing of land assets/sites; this could reduce one of the 'input' costs for developers (although this would need to be managed to ensure that the reduction was passed on to customers, rather than being absorbed as additional profit). See also discussion in the recent LIN Viewpoint 58 (Ross 2014).

In our NPI report, a local authority social services commissioner suggested:

"... using land assets in partnership with for example private sector developers to deliver housing schemes for older people ... finding a way of developing effective private/public housing delivery partnerships is what will make the difference in terms of delivering the widest range of housing choices with the right mix of affordability."

In deciding whether or not a proposed development is viable, planners calculate the section 106 contributions and community infrastructure levy they will receive from the scheme based on the assumption that most of the homes will be sold to owner-occupiers. Since market sale homes are generally more valuable than homes for rent, planners typically consider market sale developments a better proposition. The government's PRS task force lead commented that 'One of our key roles is to remind local authorities of the merits of PRS development. It meets demands and so they should promote it through the planning system.' (Inside Housing 2013)

The recent CIH/WSLaw PRS Briefing (2013) pointed out that it "may also be of interest to individuals working in local authority housing strategy or planning departments, who may need to work in partnership with organisations that are pursuing this area of work".

Concluding reflections

So where do we go from here? We suggest that there is scope to broaden the offer of alternative housing to older people but that just as for younger people and families, the downsides of the current PRS need addressing, especially security of tenure and quality. A new PRS could attract some older people, widen their housing choices (location, type of housing and so on) and enable them to release either equity (by selling) or income (by renting out their former home). Either way, more family houses could be released for other households. However, as pointed out in NPI's report for JRF and Shelter, it is only in social housing that there is any guarantee that these 'family houses' will actually be occupied by families, and not just by other older or younger (so-called) 'under-occupiers'.

To achieve a better PRS offer for older people we suggest the following as a start:

Central government and opposition:

- that the Coalition Government and their PRS Taskforce considers the opportunities presented by a wider PRS offer to include older people as well as younger people and families;
- that the market offer for older people is included when considering applications for Build to Rent funding;
- that consideration be given to flexibility over LHA if there are opportunities to release family social housing by use of PRS mainstream and retirement housing;
- that both the Coalition Government and the Shadow Cabinet include a reformed PRS and market rent for older people in their plans for future housing policy, including the opportunity to encourage a better use of existing housing stock and housing equity.

For housing organisations:

- that housing organisations (including CIH and NHF) include the market of older people when discussing the new PRS (eg seminars, conferences, briefings, blogs, articles), remembering the diversity of people aged from 55+ to 100;
- that housing associations bear in mind potential demand from older people for mainstream housing (and not just retirement models) when considering the development and marketing of new PRS initiatives;

For local government:

- that planners consider within new developments the role for market rented housing for older people, including the scope for encouraging the release of larger family housing;
- that older people's housing strategies consider the place for market rent, in addition to owner-occupation, shared ownership and social rent;
- that local authorities consider the scope for releasing land for mixed tenure developments to include PRS housing for older people, including partnerships with housing associations and local government pension funds (see below on the Manchester Housing Investment Fund).

For developers and private sector housing providers:

that developers and PRS providers bear in mind potential demand from older people when:

- discussing potential schemes with local authorities;
- discussing potential schemes with funders (including government) and partners;
- considering the development and marketing of new PRS initiatives;

For investors and funders:

- that the Homes and Communities Agency considers the potential for mixed tenure developments to include housing for market rent that may appeal to older people as well as younger households, in order to build robust and mutually supportive mixed-age communities as well as possible encouragement of downsizing;
- that institutional investors consider the market for PRS housing for older people as a potentially attractive and reliable income stream for the future;
- that institutional investors work with and encourage developers and managers to explore this market segment (in terms of demand, product and location) when designing new PRS schemes;
- that local government pension funds consider the scope for investing in PRS housing for older people, including partnerships with local authorities (see above), for example the Manchester Housing Investment Fund, featured in the Montague Report (DCLG 2012).

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Note

The views expressed in this paper are those of the authors and not necessarily those of the Housing Learning and Improvement Network.

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About the Housing LIN

Previously responsible for managing the Department of Health's Extra Care Housing Fund, the Housing Learning and Improvement Network (LIN) is the leading 'learning lab' for a growing network of housing, health and social care professionals in England involved in planning, commissioning, designing, funding, building and managing housing, care and support services for older people and vulnerable adults with long term conditions.

The Housing LIN welcomes contributions on a range of innovative issues pertinent to housing with care for older and vulnerable adults. If there is a subject that you feel should be addressed, please contact us.

For further information about the Housing LIN's comprehensive list of online resources and to participate in our shared learning and service improvement networking opportunities, including 'look and learn' site visits and network meetings in your region, visit: www.housinglin.org.uk

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