



PRS – STILL THE MISSING OPTION?
Workshop for Housing LIN Conference

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PRS – Still the Missing Option?

- 】 Try our quiz while we wait for everyone: there are prizes

- 】 Hands-up exercise: Are you already offering, promoting or funding market rent housing for older people?
Or thinking about doing so in the future?

- 】 Introduction:
 - 】 demand and supply: what has changed since 2014?
 - 】 barriers and overcoming them: new opportunities

- 】 Discussion

- 】 Summing up



Is PRS still “the missing option”?

- › Prevailing mindset on tenure & older people (both mainstream and specialist housing) has been:
 - › rental options = social housing
 - › market options = home ownership
 - › + perhaps some shared ownership for ‘in-betweeners’
- › Missing option has been private/ market rent
- › Under-researched, still not always on the radar
- › But compared to our LIN conference workshop & Briefings in 2014, how far is this starting to change ... and why?

Demand: Overall

- » Push factors can include divorce/relationship breakdown, financial issues, ineligible for council/RP rented housing
- » Pull factors can include greater accessibility and flexibility of renting compared to purchase
- » Some evidence on likely increasing demand from national data
- » Other changes (e.g. future post-Brexit retirees may have to return to UK?)



Demand: Specialist Retirement/Extra Care Housing

- » Givings and extra-care providers with existing market rent offer report high demand
- » Feb 2017 LIN survey found more evidence of demand, from older people's forums, local authorities, providers
- » Demos 'downsizing' research (2013): 60% of respondents (aged 60+) interested in moving; of these, 25% interested in buying; 25% interested in renting (if lifetime Assured Tenancy)
- » More recent national research (e.g. on 'downsizing') has only asked if people want to buy!

Barriers and Overcoming Them

- » The marketing pitch
- » Don't want to do it or don't know how to do it?
- » Is it sexy enough?



 So...

- » Who is doing it and how?
- » What are you offering?
- » Can you offer it?
- » What are you offering?
- » At what price?

You either love it...

Still a new product

- › Uncertain
- › Unavailable
- › Unknown



...or you hate it!

Barriers: finance

Main barrier has been difficulty finding long-term finance to fund market rental option, esp. for specialist housing

Retirement village/extra care developments:

- › Charities/RPs: social/affordable rent, shared ownership, outright sale; often cross-subsidy
- › Private developers/providers: outright sale





Opportunities: finance

- › Long-term investment now available for new PRS developments: rental stream attractive
- › More interest, funding from abroad (examples)
- › OP housing and PRS: identified as future growth areas, compared to other mature asset classes
- › PRS target market currently young professionals, but some interest in mixed PRS communities
...
- › ... 2017 first market rent retirement housing announced

Opportunities: New Business Models

WHO? Examples

- ❏ RPs, charities
- ❏ Local authorities
- ❏ Private sector

HOW? Examples

- ❏ Buy up existing portfolios, acquire through mergers
- ❏ Build new developments

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Financial Barriers - Considerations

- » Income risk – nominations, marketing, demand
- » Rent regulation
- » Benefits
- » Brexit!
- » Saving, SDLT, interest rates!



Development Consideration

Planning policy

Nominations

CIL

% affordable housing

Rent levels

Quality

Unit surges

Services/facilities on site

Investor – steady returns

Marketing Pictures



Marketing Pictures Cont'd



Memorable: The 1982 Yellow Pages featured an elderly man called A. K. Hartley





Discussion Intro Slide for Ideas

We have identified demand, supply, barriers, opportunities

What is your experience ...

» if you are already providing housing for market rent for older people?

» if you are not doing so yet?

» if you have tried, but it hasn't worked for you?

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