



## Getting down to it: A possible way of facilitating downsizing for older people

*Written by Rachel Terry, independent consultant and a member of CIH's Influence Board*

The Housing and Care for Older People APPG's Inquiry Report "The affordability of retirement housing"<sup>1</sup> highlights the very large number of older people interested in downsizing – 8 million people over 60 in 7 million homes. The small percentage that achieves it each year suggests that there are many perceived obstacles to moving, one of which is the lack of suitable housing, particularly on new build schemes.

Many older people would like to find a suitable smaller property near to where they live. They see new developments going up but when they visit the show house, the rooms are small and there is little storage space. They need a lifetime home meeting HAPPI standards<sup>2</sup>. How can developers be persuaded to change their product range?

With government incentives to build for first-time buyers, and higher returns on bigger properties for affluent families, developers have little need to focus on appropriate properties for older people. Why take the risk on anticipating demand from purchasers with a home to sell who may be anxious about the implications of downsizing?

A way round this would be if a housing organisation were to identify actual need, commission the new houses from a local developer, and underwrite the sales. One way of doing this with little risk would be for the organisation to buy the older person's existing property before commissioning the new home<sup>3</sup>. At the time of commissioning the new property, they would have to have a legal commitment from the older person to buy the new property when it is available.

This might be possible to achieve if the housing organisation were to buy older people's homes at open market value and rent the homes back to them at a commercial rent. The older people would then not have the hassle of trying to co-ordinate the purchase of a new (to them) property with their sale. Once renting, with money in the bank, they could survey the market for an appropriate property on the market or discuss with their new landlord the commissioning of a property in a local new build scheme.

Such a downsizing service for older people would require a trusted housing organisation willing to spend time fully understanding the older person's requirements. They would need to be well briefed about the local housing market and housing options. A suitably qualified financial adviser would also need to be

---

<sup>1</sup> [www.housinglin.org.uk/pagefinder.cfm?cid=9401](http://www.housinglin.org.uk/pagefinder.cfm?cid=9401)

<sup>2</sup> <http://www.housinglin.org.uk/HAPPI>

<sup>3</sup> Note: The housing organisation would need Financial Conduct Authority regulation to offer the sale and rent back service

involved to ensure that the older person's decisions are based on independent financial advice.

The housing organisation could work with local charities such as Age UK and Citizens' Advice to publicise and give information about the downsizing service. GPs and district nurses could also be a trusted source of information about the service. At local consultation events for new housing schemes, developers might find it worthwhile to publicise the downsizing service.

Older people seriously interested in downsizing could be given information about what might be possible and what it would cost. Once they know what they want and can see that they can afford it, the decision to sell their property at full market value (less cost of sale and purchase) might not be too difficult. Renting their own home while they embark on the final selection and purchase of their new home may be seen as attractive.

For the housing organisation to afford to purchase the properties at open market vacant possession values, they would need government funding in the form of an equity loan sufficient to lever in 100% mortgage finance on the remaining share. Such funding would be consistent with the government's policies of Help to Buy and support for the private rented sector.

To be financially attractive, the government would need to agree to waive the Stamp Duty Land Tax (SDLT) on the purchase of the older person's home. SDLT would be paid when the property is later sold on the market.

It is acknowledged that such a service would have a cost to the older person. Paying for the information and advice, plus the cost of paying the housing organisation's purchase and sale costs, would need to be weighed against the opening up of options that would not otherwise be available.

Housing associations specialising in housing older people, might be prepared to pilot such a downsizing service in a convenient locality for them if the government were to waive SDLT on such purchases and provide a sufficient equity loan for the purchases to be financed without access to other security.

This would have the advantages for government of boosting the supply of housing and releasing family housing on to the market.

**Published on Wednesday, 21 October 2015 by the Housing LIN**

*For further resources on 'freeing up accommodation - a downsizer market', visit the Housing LIN's dedicated webpage at: [www.housinglin.org.uk/Downsizing](http://www.housinglin.org.uk/Downsizing)*