



Where now for extra care housing- lessons from residential care

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Population ageing is good business, and we have seen unprecedented levels of investment from private companies in care homes, but as markets follow money, we've seen a bias in development of new homes concentrated in southern and more affluent areas.

Last summer, I wrote a [blog](#) for the [Oxford Institute of Population Ageing](#) reflecting on a '[Conversation on Care](#)' seminar which explored the role of the market in the provision of residential care from a variety of different perspectives. In the blog, I speculated on the direction care and housing may take in the future. I wondered at the time as to whether the three-tier system we have in residential care would move towards a hollowed-out two tier system, and whether this too would trickle down to the extra care housing market? After all, the model appears to be very similar, with the same drivers and pressures: local authorities with limited resources for investment and the encouragement of involvement from the private sector.

In the residential care section, you now have the luxury 5-star hotel-style homes with no local authority-funded places and at the other end of the spectrum there are those which provide accommodation to local authority-funded people only. In the middle ground, the mid-range homes with their mix of private and publicly funded residents (the fees of the latter making up the shortfall of the funding for the former) are faced with a choice of racing to the top or bottom and focusing on one client group only. The hollowing out of this system begs the question: where will the middle-tier self-funders go if the 5* residential care places are out of their price range? Extra care housing was the suggestion at the seminar.

Extra care housing, aside from being posited as providing an alternative to costly residential care, offers other benefits. A study by ILC-UK¹ has found it can offer a 'home for life' as in comparison with those remaining at home and receiving domiciliary care, those who live in extra care housing are less likely to enter residential care. In addition, a quarter of extra care housing residents with care needs experienced an improvement in their condition, as exemplified by for example shifts from a high-intensity to a lower-intensity care package. The study also reported the possible cost-saving benefits associated with the lower rate of falls and hospitalisations experienced by extra care housing residents in comparison with those living in the community.

There are, however, a number of issues in presenting extra care housing as the solution, no matter how attractive and positive the outcomes may be. The first is supply and demand: with an ageing population, unless significant investment is made in extra care housing, it is unlikely to be a viable alternative to residential care. As noted by a number of commentators, the construction of specialist retirement housing has been in decline since the late 1980s, and has remained at less than 8,000 units per year since the mid-1990s, with further declines during the recession years.¹ Indeed, it has been reported that only 15 out of the 152 top-tier English local authorities can meet the demand for specialist housing in their

¹Kneale, D. (2011). Establishing the Extra in Extra Care: Perspectives from three extra care housing providers. International Longevity Centre, London: http://www.ilcuk.org.uk/files/pdf_pdf_193.pdf

areas.² Local authorities in a time of austerity and cuts are increasingly unlikely to be able to meet this demand themselves, and some are looking to the private market to make up the short-fall. The decline has previously been attributed to a lack of government provision in subsidised housing and poor understanding of the pressing need for this type of accommodation by planners.³

The former could be set to change with the announcement in the Comprehensive Spending Review (CSR)⁴ that there would be a £400 million investment in specialist housing for older people and those with long-term conditions. However, it seems with the good news comes the bad. As noted in the Housing LIN's first [blog of this year](#), the cuts announced in the summer budget to social housing rents and the proposed cap to Local Housing Allowance levels for Housing Benefit announced in the CSR look set to have an adverse effect on housing association providers of extra care housing.⁵ Organisations such as [PlaceShapers](#) have argued these reforms will put 440,000 vulnerable people at risk as these housing association schemes close, a figure that cannot be off-set with the proposed 8,000 new homes built with the £400 million investment announced in the CSR. Again, the question is then who will provide the supply of extra care housing to meet this demand? It looks very much like it may fall to the private sector.

Will private providers want to opt for private, mixed or low-cost public-funded places only? Where is the incentive to provide mixed units when the councils will pay a much lower fee for their places, which then has to be made up in the fees of other fee-paying service users? Will 'middle-ground' service users even be able to afford private extra care housing fees, inflated to cover the short-fall produced by council places? Do we then run the risk of creating the same hollowed-out system of provision in the extra care housing sector, and where will the people in the middle go? These individuals are likely to be owner-occupiers, but the sale of their home may not be sufficient to get them into high-end extra care housing, especially if their home is low value, as discussed in the aforementioned by ILC-UK report. If there are profits to be made, the market will certainly provide, but the question is whether it will provide for all, and who will provide for those priced out?

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²Samuel, M. (2013). Help for commissioners in tackling big shortfall in extra care housing, Community Care, <http://www.communitycare.co.uk/blogs/adult-care-blog/2013/03/help-for-commissioners-in-tackling-big-shortfall-in-extra-care-housing/#sthash.pbXFDxRK.dpuf>

³Ball, M., Blanchette, R., Nanda, A. & Wyatt, P. (2011) Housing Markets and independence in old age: Expanding the opportunities. Henley-on-Thames: Henley Business School, University of Reading.

⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

⁵<http://www.insidehousing.co.uk/care-crisis/7013331.article>