Woodchester Valley Village: How we turned a disaster into the first mutually owned retirement village

Early this year, I attend the Housing LIN's annual conference, 'People Powered Change: A Festival of Ideas'. I subsequently spoke at a CARLEX / Leashold Knowledge Partnership roundtable discussion on the important issues affecting the development and management of leasehold retirement housing in the UK. I was asked to talk about the unique Woodchester Valley Village near Nailsworth, Gloucestershire, as someone who has experienced the worst and the best of living in a retirement village.

This case study for the Housing LIN is adapted from my presentation and covers the key issues affecting this fledgling sector where, for example, a key issue is the total unsuitability of current leasehold law, which was designed for a different set of circumstances. As a result, when applied to retirement villages with additional services often, and for understandable and seemingly rational reasons, the unintentional result, I hope, is the removal of rights from those who commit themselves to buying a retirement home.

Written for the Housing Learning and Improvement Network by **Professor Peter Wilson**, former Chairman of the Woodchester Valley Village Residents Association and founding chairman Woodchester Valley Freehold Ltd, a not for profit social enterprise.

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Background

Woodchester Valley Village was created in 2002, and was the product of a developer with vision. Nestled in Woodschester Valley, adjacent to Woodchester Mansion and park, and close to Nailsworth in Gloucestershire, it has 72 homes ranging from studio flats, through terrace housing, to four bedroom detached homes. Importantly, most have their own front doors opening on to gardens and a beautiful landscape. Front doors are a critical factor to which I will refer later.

In 2010, the developer went into administration creating a very uncertain future and stressful situation for the elderly residents. Inevitably, speculators circulated the village adding to resident worries.

Anxious to secure their futures, the majority of the residents, who had already bought their leases, decided to try to take control of their futures. This meant raising upwards of £2million to buy the village and turn it into the first mutually owned retirement site in the country. A particular concern of the residents was the 10 per cent exit fee, payable to the Freeholder, on sale. As a mutual, we realised it would be possible to reduce it to 1 per cent, which offered a benefit to those who supported going mutual. Other benefits would include the right to decide how the village was run, what services would be provided and reduced costs and/or better services as no-one would be taking a profit. In other words, the means to command value for money. The arrangement with the developer we bought off predates the Law Commission's consultation on event, or exit fees, in leasehold retirement housing.

A Social enterprise

At Woodchester Valley Village we have created a mutual, not for profit, social enterprise. The retirement village has two simple aims. Firstly, to provide an environment in which to enjoy an active retirement, and, secondly, for later in life, to provide support services to sustain independence, and so dignity, for as long as possible.

Move at 70 – an ideal time

A decade ago, when I was 70, my wife persuaded me that our hillside garden would become beyond our capability to maintain. I emphasize my view was that: 'it would become'. At the time, she said 'was'. My wife urged that we addressed our possible needs fifteen years forward rather than wait until they arose and possibly at a time when we may be unable to make our own decisions about our lives, or indeed of managing the process of moving house. She added 'and we are only moving once'.

So in 2006 we bought a three double-bedroomed end of terrace house, with a conservatory for growing plants, where the village management offered property and garden maintenance and, to meet possible longer term needs, a restaurant for meals, twenty-four-hour on-site staffing for care, landscaped gardens to relax in, and a minibus to take us about when we could no longer walk or drive into the pretty, fair-trade town of Nailsworth. When on holiday, our home would be cared for. An added bonus was that there was a Care Home on the site should we ever need it.

The choice of property was central to the lifestyle we wanted at 70, but it had to be sustainable at 85 plus. The active elderly do not want small flats. They expect space to entertain – family and friends – and to continue their hobbies. I now realise my wife was right. The ideal time to move into and benefit from the freedoms of a retirement life style living is in the early 70s, but the choice must meet anticipated possible needs at 85.

Profit before lifestyle

Regrettably, our choice, although almost right in terms of property, was defective – so much for fair-trade! It soon emerged that the developer was more focused upon the profits of new build, and the 10 per cent transfer fee he could collect whenever his tenants departed, than upon maintaining cost effective services and maintenance. Why should he worry about cost effectiveness when however much he spent he could add 10 per cent for profit? The bigger the spend, the greater his profit.

Soon after we moved in and the last new property was sold, fellow residents began to feel exploited. They felt that maintenance was not good, the gardens were suffering, charges could not be justified, and we had no control over the quality and range of services as they declined. Even the Care Home was closed. A maintenance backlog was developing and no funds seemed to be available. The Residents' Association confronted the issues and, in the quagmire of leasehold law, spent money and personal time, yet made little headway.

In 2010, the developer/private landlord ran out of funds, the creditors closed in and, as previously mentioned, administration speculators circled the village. By then I had become chairman of the Residents' Association and I was determined to take back control of my life. As we could not sell our home (would you have let your parents buy into the village, not knowing who owned the freehold?) I decided that we must buy the village. Fortunately, other leaseholders agreed with me, my and their background experience helped, and I had wonderful support from neighbours.

Our solution

It was a long process, requiring commitment and perseverance, to convince fellow residents and the administrators that we, silver oldies average age about 80, could run our own village. Ultimately, faced with the alternatives, the response from my fellow residents, aged 67 to 90, and with limited means, but fearful they would not be able to sell their home to meet the cost of possible terminal care, was fantastic. However, without the professional and financial support of some of their families who dug deep into their pockets, we could not have raised the money required.

For the elderly leaseholders their concern was the 10 per cent transfer fee, so, as mentioned above, reducing it to 1 per cent for those who offered an interest free long-term loan roughly equivalent to 5 per cent of the purchase price, was an attractive proposition. A 5 per cent loan now saved a 9 per cent payment later. The money raised by these loans helped towards raising almost £1million, but left us well short of what we needed to buy the village and provide working capital. Further to this there was a capital levy to meet substantial legal costs and to address maintenance arrears.

A further £¾m was raised in unsecured loans from a few residents and their families at 6.6 per cent interest, but they were offered the hope of priority and early pay back if we could sell off peripheral assets. What was sought was serious financial commitment to an idea. To their credit, we finally got support from 90 per cent of the leaseholders that mutuality with no shareholders was a great idea, even though an unproven one. In the end, only 4 leaseholders refused to join in. Importantly, we involved the staff throughout the process. They were partners in our social enterprise.

The greater challenge was convincing the main creditor, a Swiss Bank, that we were capable of managing ourselves, and under our management they had a better chance of recovering some of their loans made to the former freeholder. That took some time, but here again the families rallied round, offering their professional skills – accountants, surveyors, solicitors, press officers, interior designers, and, after almost three years of hard work, on Trafalgar Day [21 October] 2013, the bankers agreed to our suggestions. We went mutual with a not for profit company owning the Freehold, but facing urgent maintenance costs upwards of £200,000/250,000.

From scratch we had to establish protocols and procedures to manage our estate, our staff of 16, and, most importantly, to create strategic structures to enable everyone to be part of the decision-making processes without empowering 72 leaseholders individually to give orders to staff, especially the gardeners.

Managing individual leaseholders was, and still is, a skill demanded. However, after three years of self-management, I believe we have found a model, a structure, which works. Furthermore, with a growing interest in senior co-housing and mutually managed leasehold retirement housing, we can share some of the lessons we have learned along the way.

Lessons learned

Would I do it again? Yes, but I hope not! However, I would love to create a mutual village from scratch because it would then be possible to apply most of the lessons learnt from the experience.

Our major problem was that we bought an existing village and, because a very few leaseholders choose not to join in, we could not rewrite the Lease. In my opinion, in some aspects the allocation of costs is still unfair and we could have done better in drafting the Lease to ensure that the need to run a business was not slowed down by the democracy of mutuality.

Two negative aspects to which it is hard to find a solution. Firstly, as a mutual a few leaseholders feel that they individually own the village and can occasionally give contractors orders, thus undermining the role of the Village manager. The belief that they own the village has also led a very few people to decide that they can disregard the terms of the lease. At the end of the day, any mutual with a turnover of £0.5m and responsibility for over £15m assets is a business which must make timely business decisions, even if each time a minority is unhappy, as they will be, with decisions such as the choice of replacement shrubs or the position of a street light. Even so to summarise it is important:

- To think of the leaseholders as members who want to participate rather than residents who have to be looked after.
- Having appointed Directors, to ensure that they are empowered to make decisions. They, the directors, can always be changed at the year end.
- Choose Directors to provide a balance of skills and to that end draw heavily, up to 50 per cent, from the families of members . However, always have a Leaseholder, i.e. member, as Chairman and a strong contingency of members, but keep decision making groups small. Otherwise decisions get delayed or just not made.
- To recognise that the biggest task for any Chairman of a mutual is managing people. His task is to keep most people on side, most of the time, and to find an effective balance between being democratic, and running a successful business. Not easy.
- To encourage villagers, who are not Directors, to get involved in organising events/activities/outings/property viewing, and not to rely on staff to do it for them. The benefit is to themselves and to the older, and/or more fragile, members.
- To communicate regularly with the families of members because they care for their parents and like to know what is going on and may be encouraged to be involved. Open up the social activities to them and their friends.
- To integrate the village and its members into the local community, and finally;
- Not to rely upon an (often distant) external managing agent, as few have experience beyond property management and the key to success is a good village manager given the authority to ensure the quality and cost effectiveness of the services, activities and support offered. My advice is use very local professional firms, suppliers and trades people - especially a good accountant - and, when the need arises, an experienced property maintenance adviser. It will save time and money and those retained become ambassadors of the village and share ‘ownership’, as does employing local staff in maintaining and improving upon what has been achieved.

So, what of the future?

Today it is perhaps more appropriate to ask the question ‘why, in this country, are 70 year olds not rushing to embrace the freedoms of retirement property living?’ As I read in reports published on the Housing LIN website, in some countries 20 per cent or more of those over 60 move to retirement complexes. For the few who do move in the UK, in my experience the main reasons are distress related. For example:

a) a sick partner, and so the need to be near help;

b) family deciding that parents cannot cope and forcing them to move.

But occasionally there are positive decisions such as:

c) a wish to be near grandchildren, and;

d) those with no near relatives planning for their own future whilst they can.

It is interesting that those with no near relatives make the decisions early. Maybe my wife and I, who have close family living nearby, are exceptional but, I ask, what right had we to neglect the inevitable future and leave the burdens of our ageing to them? I venture to suggest that it is not just the lack of suitable sites and planning approvals which are the factors in the low take-up of leasehold retirement homes. Fear is also a powerful factor:

Fear

The fear factors include:

1. Fear of loss of status in downsizing to a retirement ghetto
2. Fear of leasehold – horror stories in the Media
3. Fear of lack of control over future costs of the annual Service Charge over which there is no immediate, and little effective long-term, personal control
4. Fear of the landlord's right to add to and remove services
5. Fear of not being able to resell if and when money is wanted quickly to pay for intensive care
6. Fear of losing one's independence and, may I suggest,
7. Unsuitable homes – The lack of attractive, suitably designed, retirement homes, with at least a large living room, a study, and two double bedrooms, to attract active 70 year olds, as opposed to the minimalistic flat offering available to those forced to moves in their 80s and which will not appeal to the active in their 70's.
8. And lastly, fear of facing the inevitable. Maybe we retired folk do not wish to acknowledge we will get old, with physical and mental problems, and so do not plan for it, just as many of us fail to make wills and/or set up powers of attorney.

What do people value?

There are several things of note, which include:

- Independence: Own front door onto open space. They do not want a block of flats with doors onto corridors, which can suggest confinement, institutionalization and withdrawal from life.
- Financial assurances that there is control of charges to meet seemingly 'fixed' income in retirement and good prospect of a resale market;
- Power to make decisions which directly affect their lives.
- Living space: Fewer but not smaller rooms. In our mutual village we have found that one bed flats are slow to sell.
- Private space – maybe a small garden, but also village gardens to enjoy.
- Fitness for purpose with the design considering future limits to mobility.
- Long term assurances of companionship.
- Support services when needed.
- Ownership and, with it, the right to participate in decision making.

In my view, there is nothing wrong in developers making a profit from retirement housing, but they do need to rethink what are their customers' needs, if they are to attract the active retired. As outlined in the recent All Party Parliamentary Group on Housing and Care for Older People HAPPI 3 inquiry report, 'Housing our Ageing Population: Positive Ideas', leasehold retirement villagers need the assurance of special legislation and consumer codes, separate from current leasehold law and poor practice, which empowers them to manage their chosen lifestyle. Otherwise, we may have to accept the alternative, which is that retirement villages are just ghettos, half-way houses towards a possible future in a residential care home, which, for the physically and mentally infirm, can easily lead to overcharging and having little say in the way care services are delivered.

The vast majority of those over 60 are not incapacitated and a fifth have, we are told, property and other assets, worth over £1million, whilst many more are pension rich. They are intelligent and will always choose to manage their own lifestyle needs. If they cannot find suitable retirement housing they will stay in their present family homes and later – too old to move – become a burden on social services and "bedblock" our housing.

Note

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

About the Housing LIN

The Housing LIN is a sophisticated network bringing together over 40,000 housing, health and social care professionals in England 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, and
- Raise the profile of specialist housing with developers, commissioners and providers to plan, design and deliver aspirational housing for an ageing population

For information about the Housing LIN's comprehensive list of online resources on housing for older people, visit: www.housinglin.org.uk

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