



STRATEGIC INNOVATION & PEER LEARNING
In housing, health, care and support

TOOLKIT

PRIVATE SECTOR MODELS OF DEVELOPING WITH LITTLE OR NO SUBSIDY

March 2011

Factsheet

Housing Support Unit

‘Expanding choice, sharing risk and reward’

A PRIVATE SECTOR MODEL FOR EXTRA CARE HOUSING

Overview:

Traditional funding methods for ECH provision will clearly no longer be viable in today’s economic environment. In the new environment it will be important for all stakeholders to work in partnership and share the development risks and rewards. A key element to success will be offering a choice of ECH housing options to a growing population of older people with wide ranging needs and aspirations. This factsheet discusses the issues involved and identifies potential solutions for addressing what has become a vastly different development environment for Extra Care Housing.

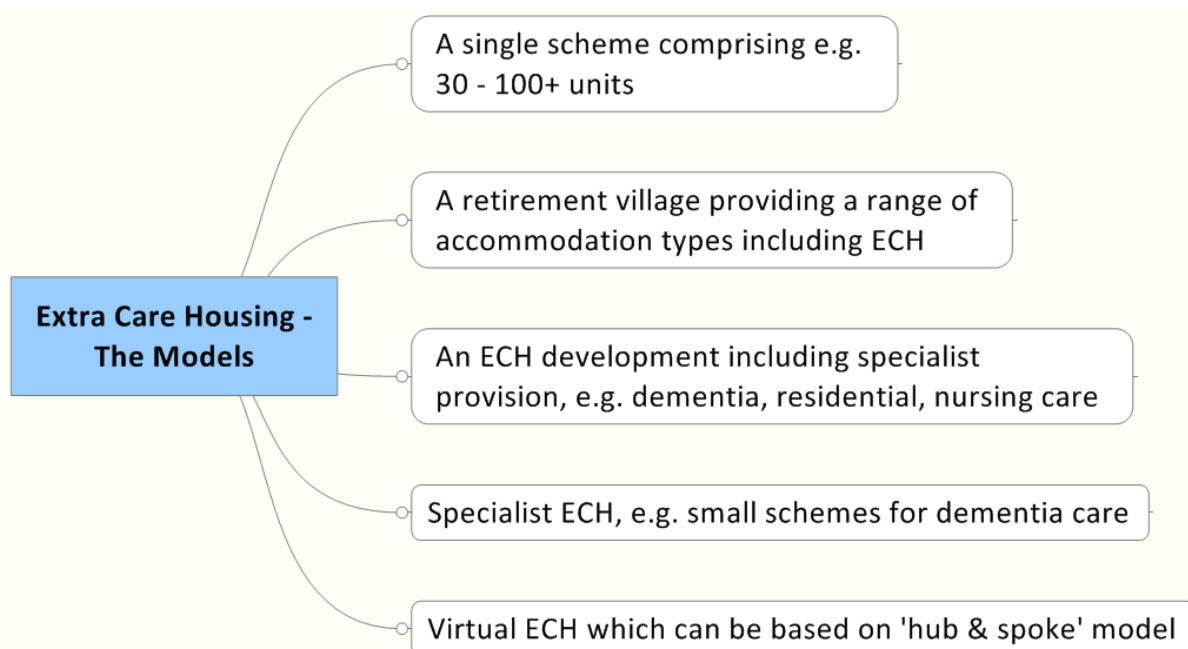
Acknowledgements: The HSU would like to thank all those who contributed to the development of this factsheet, particularly the private sectors contractors/developers and ECH specialists.

1. Background to the factsheet

This factsheet has been produced by the Housing Support Unit (HSU) which was established in 2009 to bring together commissioners and providers across housing and adult social care in the South West of England to determine how best the region could meet the demographic challenges surrounding accommodation for older people. In early 2010 the 'Use of Resources' project sponsored by ADASS and the Department of Health (DH) South West was set up and comprised three work stream topics, i.e.: Reablement, Customer Focus and, Accommodation. Subsequently it was agreed that the work of the HSU and the 'Use of Resources' accommodation work stream should be integrated and this factsheet has been prepared to support this, given that Extra Care Housing (ECH) is acknowledged as a key component in diverting people from accessing higher forms of accommodation based care provision.

2. Introduction

From the outset it should be stressed that there are a range of developments which can be described as ECH and these include:

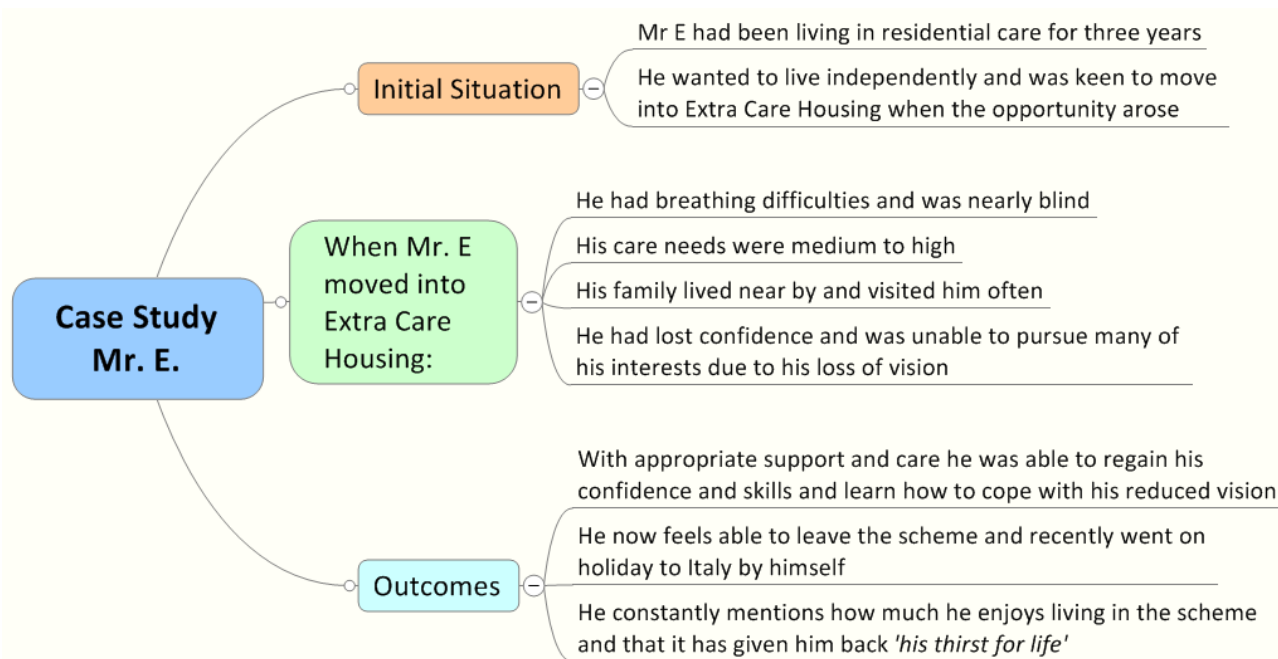


Although the models vary the key ECH features have generally been accepted to be:

- A self contained and fully accessible home
- A property where the occupier has an assured tenancy or is a leaseholder
- Having 24 x 7 care and support services within the building
- The ability to provide an alternative residential care
- Having a range of facilities that can be used by all the residents within the building and possibly older people living in the nearby community.

It should also be emphasised that ECH not only represents alternative solution to residential care for people relocating from their own home; it can also offer advantages for existing residents of residential

care moving out of the provision. There are already many examples of where the latter has proven to be successful and one of these is summarised below.



It is submitted that ECH can play an important part in the provision of a range of housing for older people irrespective of whether their new home is for rent, shared ownership or outright sale. In addition, ECH provision will also assist in the South West of England’s agenda for reducing Local Authority care budgets by diverting funds from residential care provision while enabling people to maintain their independence for longer.

Related to the above is the fact that the majority of the stock built to date has been for social rent, although there are a minority of developments for sale providing forms of ECH which are called, for example, ‘assisted living’ or ‘close care’. ECH for social rent has been supported by public funding and this has been derived in the main from the Housing Communities Agency (HCA), the Department of Health (DH) and Local Authorities (LAs) with remaining funding coming from individual Registered Social Landlords (RSLs), utilising private equity. Although the element of public funding for individual schemes has varied it has been as high as 65 – 70% in some developments.

Figure 1 below takes the estimated number of units of ECH currently available in the South West of England and measures this against the current estimated 75 plus population.

Fig. 1 - Amount of ECH in the South West by authority

	Current No. of ECH Units	75 Plus population (2010)	No. per 1,000 aged 75 plus	No. required to meet DH objective of 25 per 1,000 75+
Bath and North East Somerset	157	16,000	9.8	400
Bournemouth	359	18,000	19.9	450
Bristol, City of	600	28,100	21.4	703

	Current No. of ECH Units	75 Plus population (2010)	No. per 1,000 aged 75 plus	No. required to meet DH objective of 25 per 1,000 75+
Cornwall	180	54,800	2.2	1,370
Devon	138	82,400	1.7	2,060
Dorset	252	52,300	4.8	1,308
Gloucestershire	590	54,200	10.9	1,355
Isles of Scilly	0	250	-	6
North Somerset	254	21,100	12	528
Plymouth	216	19,900	10.9	498
Poole	126	15,600	8.1	390
Somerset	799	55,200	14.5	1,380
South Gloucestershire	700	20,100	34.8	503
Swindon	177	13,500	13.1	338
Torbay	45	16,300	2.8	408
Wiltshire	211	40,500	5.2	1,013
SOUTH WEST	4,963	508,250	9.76	12,706

Clearly the number of units currently falls far short of the DH objective of 25 places per 1,000 and population growth will make this more challenging. Should there be no growth in ECH provision in the South West the number of units will fall from around 10 per 1000 aged 75 plus currently to 5.6 per 1000 aged 75 plus.

3. Potential private sector models – an analysis

It is clear that the current model of developing ECH with significant public funding will not be viable in the future and therefore ensuring that ‘private sector’ models are developed will be vital if the need for specialised housing for older people is to be met. This will entail turning the current model ‘on its head’ whereby more housing for sale is included within developments to address financial viability issues and also meet the demands of homeowners who require care and support services but wish to remain in the same tenure as they age.

3.1. An overview

As illustrated above there is a range of developments that can be described as ECH and, in parallel, there are many funding options that can be adopted when consideration is given to developing ECH with little or no grant. The developers / contractors with whom we have spoken as part of this research all agree that the model chosen will be negotiated by the partner organisations on a case by case basis. It should also be recognised that developing ECH with little or no grant with RSL and LA partners represents an evolving ‘model’ and further options and solutions will emerge over time. Some of the mechanisms for potential private sector solutions include the following, which are discussed in more detail in the relevant sections below:

- Funding/ownership & leasing options
- Commercial income generation
- Linked care and support contracts
- Joint Ventures
- Long term revenue return/reinvestment plans

- Cross subsidy models
- Funded exit strategies
- Enhanced Section 106 Agreements
- Community infrastructure contributions.

3.2. The essential components

Although the options may appear complex there are opportunities to develop further stock which will **'expand choice'** for older people. Also, those housing providers who have procured ECH in the past already appreciate that each development is different. Clearly private contractors and the social sector have been working together to provide ECH over the last 10 – 15 years but now if significant development opportunities are to be realised the nature of the partnership will need to change whereby both parties **'share the risks and the rewards'**. So what are the top two areas that embody challenges?

- True partnership working
- Cultural change.

3.2.1. True partnership working

It could be argued that the current economic climate has resulted in RSLs and developer/contractor partners needing to work together more closely if they are to meet their aims and objectives. What they both have in common is a lack of public subsidy. The RSL can no longer build ECH which is predominately for rent as it will not stack up financially and the developer/contractor has fewer publically funded contracts (in all sectors not just ECH housing) and so needs to replace that income from another source to satisfy its shareholders. Each of the partners brings considerable knowledge, experience and capability which when combined, can enable schemes and projects to succeed when otherwise they would have floundered. Knowledge and experience includes:

- Strong track record in developing ECH, experience of working with Local Authorities, e.g. housing and planning
- Strong brand / reputation in the sector
- Ability to raise finance from investors, robust understanding of the marketplace (market research), revenue income generation (a vital element for the investor) and use of cashflow
- Strong ethos of providing quality services for the customer
- Understanding development & commercial risks
- Understanding of build and whole life maintenance costs efficiencies
- Experience of working with social care teams
- Experience of working with care agencies
- Experience in marketing properties for sale.

There are a number of key factors in successfully achieving RSL / developer/contractor partnerships and these include:

- An open book approach
- Sharing development risks

- Reducing bureaucracy
- Robust market research – understanding the key requirements of the prospective purchasers
- Effective joint working with other stakeholders, e.g. Adult Social Care, Planning Departments, The Third Sector.

3.2.2. Cultural Change

Culture change will be a key element in developing successful ECH in the future and in particular we would draw attention to the following:

- **Recognising that the requirements of the customer are paramount in relation to:**
 - Location
 - Quality of the product, e.g. general specification, size, patios, etc.
 - Price sensitivity
 - Ease of purchase (particularly in relation to shared ownership)
 - A straightforward leasehold agreement (including ease of sale for leaseholder / family)
 - A flexible offering of services with pricing structure
- **Understanding the marketing, including:**
 - Making use of private sector techniques
 - Selling off plan
 - Offering assistance with moving
 - Offering renting opportunities when prospective purchaser cannot sell their property in the short term
- **Design and financial considerations:**
 - The design reflects financial constraints
 - Working with planning departments from the outset
 - Making best use of cross subsidy / Section 106 Agreements
 - Ensuring the return is attractive to the investor
 - Packaging schemes to make the offering more attractive to investors
 - RSL not owning the freehold.

3.3. The models

As stated above new build ECH provision will vary according to the requirements of the neighbourhood, the availability and cost of land and the opportunity to access finance. We have not included here a detailed discussion on contracts for care and support as this is not the purpose of this factsheet.

Note: It is possible that care and support services in mixed tenure schemes will probably operate on, for example, a core service at night with a 'menu of services' during the day and that the services will be purchased privately or via a personal budget.

3.4. The tenure split

It is well known that most of current ECH provision is for social rent while the majority of older people are homeowners. Research has indicated that most people wish to remain in the same tenure as they age. However, as can be seen above the values of older people's properties vary considerably and in addition others need to release equity. Therefore the tenure split and the pricing mechanisms in new developments will also need to vary. It was interesting to note that those who took part in the research had considered these issues and discussions around models identified the following potential tenure solutions:

- 33% outright sale; 33% LCHO; 33% social / market rent
- 50% social rent and 50% for sale
- 70% for sale and 30% social rent.

This said it will be appreciated that individual development opportunities need to be evaluated in terms of key factors that can have significant impact such as demographics, location, land values and potential sales returns.

3.5. Making the model stack up with little or no public subsidy - the yield for investors

If the model is to stack up financially with little or no grant, one approach is to package the scheme as an opportunity for investors which may be pension funds, banks or private individuals. It is vital that the arrangement provides a yield for the investors, which we understand at present needs to be in the range of 5.5% to 6.5%. Without sufficient yield the development will not be attractive given other potential market uses for equity.

A related issue concerns valuations and the following comment from a specialist in ECH highlights the issues involved:

'[There are] the issues in the market around valuations and the ability to raise debt finance against the model at present. While some top end private developers are achieving sales values around 15% to 20% above equivalent general needs products, it is proving more and more difficult to get accurate valuations on intended schemes moving forward. This is partly because of the lack of understanding the majority of Valuers have over the product and the added value that services and facilities can create.'

There is confidence that private sector models could work well in an area where land values are high and selling prices robust, even allowing for land to be bought at market rates. However, in low rental areas or where the expectations of landowners are high, it is more difficult to ensure that the required yields can be obtained and therefore it is more difficult for the model to work without some form of subsidy. This subsidy could be derived from the following sources:

- Free land (Section 106 Agreements)
- Cross subsidy from the sale of another site(s) – land packages
- Selling part of the site for higher cost properties
- Commercial income generation - develop retail/leisure units, e.g. on ground floor with separate entrance for residents

Note: VAT may be payable in some circumstances and professional advice should be sought

- Locate social / well-being facilities within the development (e.g. GP surgery, treatment facilities, coffee shop, libraries, educational facilities)
- A percentage of residents diverted from residential care with an ASC revenue subsidy covering a proportion of rent.

3.6. *How can the model be constructed to meet the needs of the RSL and the developer/contractor?*

There options being considered include:

- **The contractor funds the up-front costs. This is a tax efficient model known as the ‘golden brick model’ whereby the contractor:**
 - Buys the site on behalf of the RSL
 - Funds the build up to ‘first brick’, e.g. ground works and foundations
 - The development is sold to the RSL with the contractor receiving interest
 - *Note: VAT advice should be sought*
 - The contractor completes the build for the RSL using stage payments or payments based upon valuation.
-
- **An option for a development with an equal split between outright sale, LCHO & market rent:**
 - The developer/contractor or RSL takes the sales risks, although sometimes these will be shared
 - The RSL funds the build of the LCHO element and so holds that percentage of the equity
 - The developer agrees with the investment fund to purchase the rental units
 - Either the investment fund or the developer will fund the project to practical completion
 - The funder and operator agree lease terms on the rental properties
 - Upon practical completion, the investor leases the rental properties back to the RSL
 - The RSL pays the rental income to the investor which represents their yield
 - The challenges:
 - Works well in high land value areas but may require some subsidy in other areas
 - The location must be suitable which may add to the cost of the development
 - The building must be able to allow the investor to realise the asset if required
 - True partnering on capital and revenue funding is essential
 - It may be necessary to build a small number of one bedroom properties to make the model stack up (85% - 2bed; 15% - 1bed).
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- **An option for a 50 / 50 for sale and social rent model relies on:**
 - Real partnership working
 - Influencing the design to improve marketing and efficiency in relation to the building
 - Robust marketing strategy
 - Realistic pricing
 - Good location
 - Developer takes the risk until 6 to 9 months after completion
 - Unsold / unreserved properties sold back to the RSL
 - Any loss is either:
 - Shared 50/50 between the partners
 - 100% by the developer (will expect to take 100% of profit)

- A model with similar attributes could be stacked up with a 70% for sale / 30% social rent by minimising the ancillary aspects and communal facilities so providing additional finance for the properties themselves

3.7. Location of ECH provision

To date RSLs have taken advantage of, for example, Section 106 Agreement land which sometimes is not ideally positioned as it may not be located close to local facilities. In some instances these schemes have been successful but also some have proven to be isolating for residents. With a model where a significant percentage of the properties are for outright sale / shared ownership a good location is a vital component. One participant in the research confirmed that important elements to consider here are that in making decisions on ECH basic *development principles should be adhered to* and that *'discounted land would not outweigh a poor location'*.

3.8. Habitable versus non-habitable accommodation

In considering possible 'private sector models' consideration must be given to the amount of habitable and non-habitable space within any development. Most current schemes offer extensive communal facilities and we must question:

- 1) If the extent of these facilities can be justified; and
- 2) If so how many properties need to be included within a development to justify the significant percentage of non-habitable space.

The participants who took part in the research indicated the following:

- **Minimising communal facilities**
- A potential model is one that may attract older people who would benefit from 24 hour care but do not necessarily want to take advantage of communal areas, although carers' accommodation and a foyer for socialising would be available
- This model could be most appropriate in a location where there are facilities such as shops, banks, cafés, restaurants and other social and medical facilities in the close vicinity
- Reducing the communal facilities could finance larger properties (above DH standards) and provide a higher specification, so increasing popularity among potential purchasers – the NHF research published in 2011 'Breaking the Mould' confirms this view
- However, land prices are likely to be higher influences on the selling price of the properties. This impact could be ameliorated by subsidising the development through, e.g. the sale of sheltered properties which are not fit for purpose, cross subsidising through using value of Section 106 Agreement land elsewhere.
- **Including extensive communal facilities**
- In the future ECH with extensive communal facilities are likely to be restricted to the larger developments, for example:
 - A scheme with a minimum of 100 units
 - Where the scheme is planned as part of a wider development to include, for example, an established community facility which relocates to the new development and possibly also includes health and well-being facilities. It is important, however, that these additional users are signed up as part of the planning process and so are taken into account as part of the risk

assessment for the scheme

- A mixed use scheme which could include significant ECH provision, residential and nursing care. The scale here is likely to be relatively large (150 – 200 homes / bed spaces)
- Larger scale projects where the older people are buying into the lifestyle (as an insurance policy). In this model maybe only one quarter of the residents require care at the outset. Therefore on a 300 unit development (the village concept) just 75 people may need care at the point where the development is opened.

3.9. Other considerations

In the new economic environment there are other issues to be considered and these include:

- The RSL may need to accept that they may not own ECH developments in the future
- The developer may consider compromising on profit levels
- Constructing efficient buildings with low maintenance and lower running (energy) costs will be important
- Ensuring the development is attractive to investors
- Working with planners to reduce the element of communal facilities on developments to enable additional finance to be allocated to the individual properties, so increasing attractiveness for purchasers
- Removing bureaucracy for potential purchasers of shared ownership properties
- Evolving options for potential purchasers who cannot sell their own homes
- Working with people in the local community to develop properties that meet their needs and so address the 'localism' agenda (this could include purchasing HCA land)
- Understanding the opportunities and challenges of charging 80% of market rent for properties.

4. The key drivers – why move towards a 'private sector' model

There are a number of key drivers which will influence any move towards significant levels of provision based on a 'private sector' model for ECH. In this section of the factsheet we highlight three issues which provide an evidence base to support such an approach:

- The economic climate
- An ageing population
- Wealth and tenure considerations
- Health challenges.

4.1. The economic climate

Following the economic downturn in 2008 it has been clear that public funding for ECH over the coming years will be insignificant in comparison to the recent past. The stark reality here is that there will be little capital funding from public sources. Although the DH has announced capital funding of £251m for Authorities with Adult Social Care responsibilities for 2011/12 and 2012/13 this is not 'ringfenced' for ECH and so there is a competitive agenda here. The funding for individual LAs in the South West of England (see Figure 1 below) are to be welcomed but as can be seen they are not sufficiently significant to address the shortfall, even if they are fully allocated to ECH developments.

Fig.3 – DH Capital Grant 2010/11 – 2011/12

Authority	2010 / 2011 funding £	2011 /2012 funding £
Bath & North East Somerset	378,679	385,310
Bournemouth	445,632	450,651
Bristol	1,063,040	1,086,878
Cornwall	1,476,102	1,515,846
Devon	1,847,690	1,893,619
Dorset	984,980	1,005,352
Gloucestershire	1,293,268	1,323,541
Isles of Scilly	7,402	7,549
North Somerset	484,970	499,717
Plymouth	674,072	690,849
Poole	325,572	331,619
Somerset	1,287,069	1,320,630
South Gloucestershire	480,130	493,381
Wiltshire	921,944	946,615

In February 2011, the Homes and Communities Agency (HCA) published its Framework for the Affordable Housing Programme 2011 – 2015 under which £4.5bn will be invested to support the delivery of 150,000 new homes. Investment partners have been invited to submit offers for funding by 3rd May 2011 and the HCA are encouraging programmes to include provision to meet the needs of vulnerable and older people in mainstream housing, supported housing and housing for older people, in both the rented housing and home ownership sectors. However, given constraints on public finance, competing priorities mean that funding innovation in the provision of housing for older people will still be required in order to meet identified needs and projected demand.

But capital funding is just one element in the provision of ECH and other current challenges include:

Revenue funding:

- The outcomes from the CSR has resulted and will continue to result in the requirement to reduce / divert funding from Adult Social Care / Supporting People budgets
- The likely impact of future welfare reform (most notably in relation to Housing Benefit)
- The impact of the introduction of the new affordable rent regime.

Cultural change:

- The need to achieve extensive partnership working across the social and private sectors (among commissioners, housing providers and developers / contractors) to develop solutions which:
 - ‘break the mould’ and meet the challenges of the current economic climate, and
 - In parallel meet the growing aspirations of the population of older people.

4.2. An ageing population

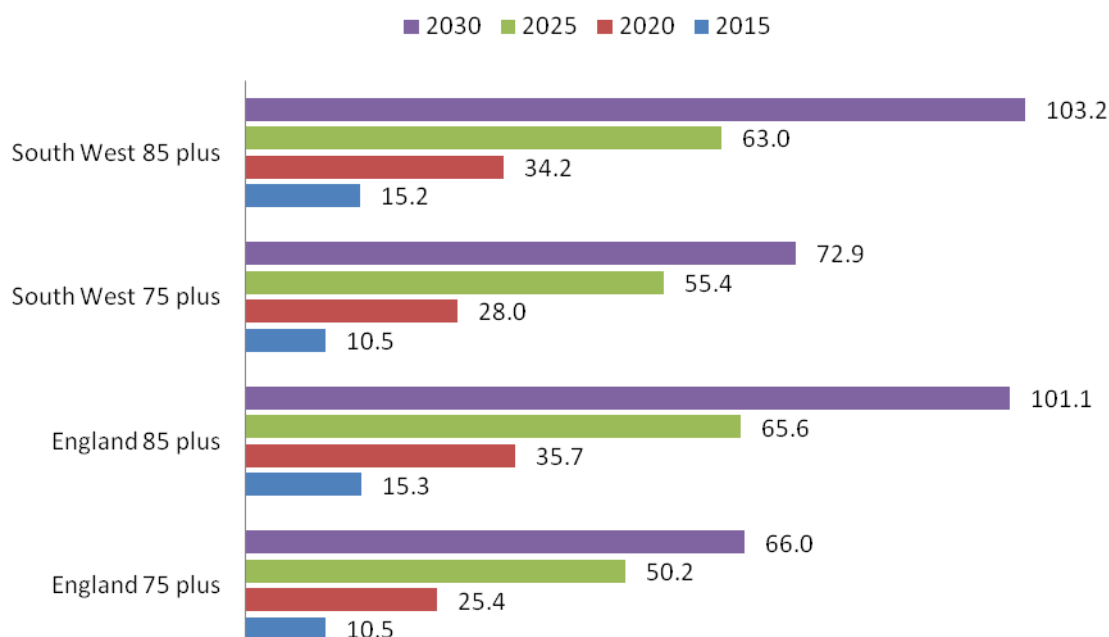
As can be seen in Figure 4, 5 and 6 below there is predicted to be a substantial increase in the 65 plus population in the South West of England over the next 20 years and this is slightly higher than the comparative data for England. As people age the likelihood of their suffering age related health conditions also increases and addressing these issues will be a key consideration in relation to the future development of older people’s accommodation.

Fig.4 – projected increase in the older population in the South West region compared to England (no. and %)

	2010	2030	Projected increase by 2030 (%)
South West 65 plus	1,037,300	1,609,300	55.1
England 65 plus	8,585,000	12,938,300	50.7
South West 75 plus	508,300	879,100	72.9
England 75 plus	4,113,000	6,825,600	66.0
South West 85 plus	156,100	317,200	103.2
England 85 plus	1,193,000	2,399,200	101.1

Source: Projecting Older People Population Information (POPPI) System

Fig.5 – Projected increase in the older population in the South West region compared to England (%)

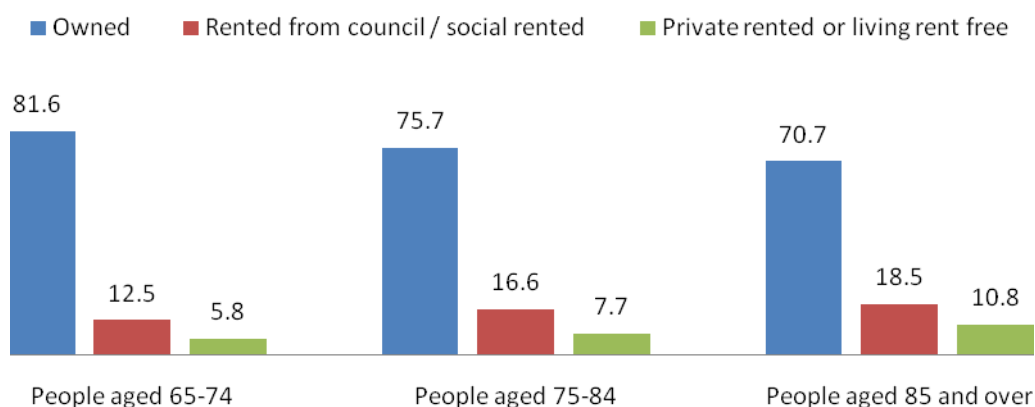


Source: Projecting Older People Population Information (POPPI) System

4.3. Wealth and Tenure considerations

When considering private sector models of ECH it is important to take account of tenure and house prices in the region. Figure 5 below shows that the vast majority of older people in the region are homeowners (with or without a mortgage) and even in the 85 plus age range this represents 70% of that population. Clearly, some older homeowners will have pensions that enable them to live well while others may have capital in their homes but need to release equity to subsidise their daily living. Therefore, when considering private sector models of ECH, it is important to understand that properties with a range of prices will be needed as will the opportunity to purchase via shared ownership.

Fig. 6 – Tenure South West Region – people aged 65 plus



Source: Projecting Older People Population Information (POPPI) System

As shown in Figure 7 below the percentages of people aged 65 plus owning their own homes (with or without a mortgage) varies across the South West region. The lowest rate, 56.7%, is found in the Isles of Scilly where it is likely that ownership of properties by the Duchy of Cornwall has probably influenced the data. Excluding the Isles of Scilly the urban areas of Bristol, Plymouth and Swindon have the lowest rates of home ownership (approximately 67%) with the Shire County of Dorset and the Unitary Authorities of Torbay and Poole registering the highest percentages at 80% plus.

Fig.7 - Home ownership by Authority (65 plus population)

Authority	People aged 65 plus	Authority	People aged 65 plus
Torbay	83.5	Gloucestershire	75.4
Poole	81.4	Somerset	74.5
Dorset	80.8	Bath and North East Somerset	73.7
North Somerset	79.7	Wiltshire	72.0
Devon	78.9	Swindon	67.9
Bournemouth	78.7	Plymouth	67.8
Cornwall	76.4	Bristol, City of	67.1
South Gloucestershire	76.1	Isles of Scilly	56.7

The tables below show the average house prices for the South West Region and authorities. As can be seen there are significantly different prices compared with the overall average and these range from a

detached property at around 330,000 to a flat / maisonette at less than half this figure. At a regional level there are marked differences between the average house prices - for example, houses in Bath are worth almost twice as much on average than those in Plymouth. Clearly these averages disguise differences at a local level but they do suggest that significant numbers of home owners who have paid their mortgage may have equity of £160,000 or considerably less.

Fig. 8– House Prices South West Region

	Detached (£)	Semi-Detached (£)	Terraced (£)	Maisonette / Flat (£)	Average (£)
South West Region (December 2010)	£328,832	£201,331	£180,256	£160,454	£227,341

Source: Land Registry 2011

Fig. 9 - Average house prices by Authority

	Average house price Dec. 2010		Average house price Dec. 2010
Bath & North East Somerset	£289,246	North Somerset	£220,578
Poole	£260,830	Somerset	£208,984
Dorset	£259,987	City of Bristol	£208,459
Wiltshire	£241,738	South Gloucestershire	£207,194
Gloucestershire	£239,760	Torbay	£179,950
Devon	£238,708	Swindon	£172,368
Cornwall	£231,280	City of Plymouth	£154,669
Bournemouth	£223,753		

Continuing on the theme of wealth and access to resources CLG's English Indices of Deprivation 2007 (ID2007) outputs include rankings for what it terms 'Counties', of which there are 150 listed in their data tables. Here, as usual, the rank of 1 indicates the most deprived area and Figure 9 below gives rankings for those that Supporting People used as the Region's composition – except that for the ID 2007 rankings Cornwall and the Isles of Scilly are combined. As can be seen only Bristol is positioned in the bottom third of the 150 Counties, although Torbay and Plymouth are not far from being within this category. However, it should be stressed that the data presented is intended to provide a broad indication of the diversity in terms of deprivation across the region and that examination at lower data output levels, even within the least deprived areas, can be expected to reveal pockets of both extreme poverty and relative affluence.

Fig. 10 – Deprivation Rankings

County area	Ranking	County area	Ranking
South Gloucestershire	141	Swindon	105
Wiltshire	140	Devon	102
Bath & North East Somerset	136	Bournemouth	76
Dorset	125	Cornwall & Isles of Scilly	69
Gloucestershire	121	Plymouth	58
Poole	118	Torbay	55
North Somerset	117	Bristol	49
Somerset	112		

4.4. Health Challenges

As mentioned above people are likely to suffer increased periods of poor health as they age and Figure 11 below shows the predicted increase in a limited range of health conditions that are likely to affect older people. In this instance we would draw particular attention to dementia and falls. In relation to dementia, anecdotal evidence suggests that people with dementia can be supported within ECH provision if they develop the condition following a move into the development as neighbours will accept their situation unless their behaviour becomes severely anti-social. However, people suffering severe dementia will need specialist care and separate wings / pods as part of an ECH complex and this approach can prove to be a viable solution for this client group.

It is well documented that a fall in older age can be the beginning of the 'slippery slope' that leads to people entering higher forms of care. ECH provision can assist here as the properties provide accessible accommodation for those who live within the development. However, arguably the most important factor is using the facilities within the development to provide low level support, advice and reablement services which address the 'prevention agenda' for older people who live in the local community and as a result assist in reducing the incidence of falls.

Fig. 11 - Health and other challenging circumstances for people aged over 75 in the South West Region

	2010	2015	2020	2025	2030
Aged 75+ predicted to have a Limiting Long Term Illness	263,146	290,966	337,176	409,370	456,872
Aged 75+ predicted to have dementia	66,871	75,247	87,253	105,735	126,011
Aged 75+ predicted to have diabetes	59,831	66,393	77,226	93,957	104,550
Aged 75+ predicted to be admitted to hospital as a result of falls	18,705	20,663	23,942	29,068	32,351
Aged 75+ predicted to have severe depression	17,641	19,549	22,674	27,555	30,658

Source: Projecting Older People Population Information (POPPI) System

5. In conclusion

It follows that the above research outcomes emphasise that traditional funding streams for ECH provision will no longer be relied upon given today's economic environment. Given these circumstances the following checklist has been prepared to highlight the key factors to be addressed by partners seeking to develop new ECH provision.

5.1. A checklist for developing ECH with little or no grant

In essence the key considerations in developing ECH with little or no grant are:

- **Shared vision:**
It is vital that the partners share the overall vision, the drivers are complimentary and the partners fully understand what it is they are trying to achieve
- **Location:**

Think about location. Location is of prime importance to all residents but in particular purchasers and must be close to facilities and amenities that people want to use and which can add value to the living experience

- **Land value:**

Land value is key to enabling private sector funded development. It can both enable and prevent developments from happening

- **Market research:**

Thorough market research must be undertaken at a very early stage and will reduce abortive time spent on schemes that will not work

- **Shared facilities / services / commercial opportunities:**

Additional revenue can bring viability to schemes – look at the locality and consider all opportunities not just those connected to older people

- **Additional uses for excess land on the site:**

Consider the site and design carefully and look to maximise the use of excess land and again, don't limit options to older people, think about the whole community

- **Tenure options & mix:**

It is better to compromise on ideals to ensure scheme viability and to work with partners to develop business cases to support the compromise

- **Build cost/ design efficiency and viability:**

Use new technologies and ensure that whole life costings are taken into account at the viability appraisal stage

- **Sustainability:**

Think about community sustainability as well as the green agenda; consider changing aspirations in the future as well as the possibility of needing to use building for alternative purposes

- **Funding:**

Understand and agree yield viability at the outset.