



# Can self-funders afford housing with care? A guide for providers and commissioners

This is a summary of the *Housing with Care Affordability Guide*.  
The full Guide is available to download from:  
[www.housinglin.org.uk](http://www.housinglin.org.uk)

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This is a Summary of the full Housing with Care Affordability **Guide**, which aims to help providers and commissioners of housing with care (HWC) understand affordability from the perspective of self-funding residents (prospective and current). It covers:

- extra-care and very sheltered housing;
- retirement villages (sometimes mixed-tenure and/or with a care/nursing home on site);
- assisted living developments (private sector HWC);
- housing for social rent, full and shared ownership (leasehold), market rent;
- housing association, charitable and private sector providers.

The full **Guide** draws on extensive research with self-funding HWC residents and with commissioners and providers and:

- provides detailed analysis and explanation of the complex factors and issues that affect the affordability of HWC for current and future self-funding HWC residents;
- includes perspectives and experiences of older people and their families, and also providers and commissioners concerning affordability of HWC;
- sets out the policy considerations and implications for local authorities and providers of the issues affecting affordability of HWC for current and future self-funders and their families.

The full **Guide** will also be of importance to those organisations participating in the Department of Health Care and Support Specialised Housing Fund, bidding to develop specialised housing for older persons and people with disabilities particularly where potential residents will include self-funders of housing, care and other services.

The full **Guide** draws on outputs from recent Joseph Rowntree Foundation funded research and resources from the Housing Learning and Improvement Network:

- ***Affordability, Choices and Quality of Life in Housing with Care*** (2012);
- ***Whose Responsibility? Boundaries of roles and responsibilities in Housing with Care*** (2012);
- The New Policy Institute report ***Affordability of retirement housing in the UK*** and ***JRF Findings: Who can afford retirement housing?*** (2012);
- ***Strategic Housing for Older People: Planning, designing and delivering housing that older people want*** (2011);
- the forthcoming ***Housing LIN Technical Brief-Funding of Extra Care Housing*** (2013).

The full **Guide** seeks to provide an understanding of the affordability 'maze' self-funders face based on the issues and evidence from our *Affordability, Choices and Quality of Life in Housing with Care study* and from discussions with commissioners and providers as part of developing this guide. Particular attention is given to how the policies and practices of local authority commissioners and providers affect and impact upon the affordability of HWC for self-funders.

## **Why affordability matters**

Commissioners and providers need to understand the impact of commissioning decisions and costs on self-funding residents, not only because of the impact of costs and affordability on their current and prospective residents, but also because of:

- future cuts to welfare benefits/State funding;
- “run-outs” for care charges (i.e. residents who “run out” of savings and become entitled to public funding);
- more owner-occupiers seeking social rented HWC;
- most new HWC being private or mixed-tenure;
- more HWC residents self-funding housing, support and care.

The way that HWC is commissioned, funded and operated has a tendency to make the affordability for self-funders a matter of considerable complexity. Affordability is influenced by a range of commissioner and provider-driven practices and factors including:

- local authority policies and practices, or an absence of them, in relation to commissioning, procurement and contracting;
- the funding that is available for housing, care and support within HWC;
- the ways in which care and support services are provided and the way that they are charged for;
- the emerging thinking and application of ‘personalisation’ to HWC;
- different ‘models’ of HWC in the social, charitable and private sectors;
- Policies and practices, or an absence of them, in relation to meeting the on-going costs of HWC and the exit arrangements if this becomes necessary.

## **Who are ‘self-funders’?**

Self-funders are defined as tenants and owner-occupiers paying some or all the costs of their housing, care and support, including people with a personal budget. Many social tenants are full/partial self-funders, because their age/income/savings exclude them from any/full benefits and state help. Not all leaseholders will be self-funding (except for the initial purchase): for example, some may be entitled to full benefits if all their equity has gone into a shared or full ownership lease.

The guide is focussed on costs and income in relation to self-funders rather than making judgements about what ‘should’ be affordable.

## **Resident decision-making and affordability**

Residents (and their families) consider affordability in three stages:

- affordability at the outset;
- continuing affordability over time and as circumstances change;
- leaving HWC (and getting equity out, or letting the property, for owner-occupiers and their families).

Families are often important in making decisions to move into HWC, especially for older people who are buying; some also help with purchase price or on-going costs. However, they may be especially concerned about longer-term revenue funding and exit arrangements.

Potential sources to pay for the costs of HWC include a range of benefits and help from the state, and the older person's existing and potential financial resources from other sources, including income and savings, family help (cash and kind) and equity release products.

### **State help: welfare benefits and help with support and care costs**

The benefits system and State help do not provide a reliable income floor for HWC residents, because there are 'trapdoors' caused by:

- ineligible costs;
- different savings limits for different benefits/State help; and
- different eligibility for help depending on tenure (with owner-occupiers and private tenants usually entitled to less help than social tenants).

HWC prospective and current residents who are under state pension age are already disadvantaged compared with those entitled to pensioner benefits, and this gets worse with proposed changes.

Help with care costs is different in each UK country; assessment methods vary between different local authorities. The commissioning and funding of 24/7 support in HWC and the existence (or not) of Supporting People funding will impact on scheme viability and also on affordability for residents.

### **Conclusions**

Much of the work so far about HWC has focused on affordability and cost-savings for commissioners and the impact on providers, but almost nothing on the impact on residents and especially on full and partial self-funders.

From our *Affordability, Choices and Quality of Life in Housing with Care study* found evidence to suggest that local authorities typically consider affordability in terms of costs to *their* budgets, and rarely in terms of affordability for self-funding HWC residents. However the role of local authority commissioning is likely to change as more self-funders enter HWC particularly as many social providers develop more mixed tenure schemes.

For providers affordability is a key consideration. In the private sector this has always involved the affordability of the cost of purchase as well as the on-going costs of living in HWC. The anticipated growth in mixed tenure HWC, with social providers needing to sell units to make schemes viable, will mean that affordability for self-funders of both purchase costs and on-going costs is an essential consideration for all types of providers.

Providers will need to understand the 'tipping point' for affordability of rents (whether 'affordable' or private market rents) and of service and support charges as well as variable costs (such as for care) within HWC to identify the on-going affordability 'thresholds' for different groups of current and potential HWC residents.

## Suggested policy and practice measures

Based on the evidence from our full **Guide**, our *Affordability, Choices and Quality of Life in Housing with Care study* and the *NPI affordability study*, the following policy and practice measures are suggested to make HWC an affordable option for more self-funding older people:

- Providers will need to offer a range of financial incentives to make purchasing into HWC an attractive and more affordable option;
- Providers need to give transparent and comprehensive information about the costs of living and the charges in HWC, including comparison with the likely costs of a person living in their existing property and the potential costs of residential care;
- Commissioners and providers should ensure that all residents including self-funders have access to expert benefits advice and information;
- There is a need for a wider range of options for self-funders to release equity once they have moved into HWC;
- Providers should ensure that exit arrangements from HWC are not financially unattractive to potential residents; commissioners should ask about exit arrangements when commissioning HWC schemes for sale or shared ownership;
- Commissioners should recognise that providing funding for support can help to make HWC affordable for some self-funders;
- Commissioners and social HWC providers should seek to find mutually acceptable solutions to the funding and delivery of the 24/7 element within HWC that takes account of the impact on affordability for self-funders;
- Commissioners will increasingly need to understand and 'model' the affordability of the full costs of HWC, in the private and social sectors, for partial and full self-funders in order to strategically influence and encourage HWC that is affordable across all income/wealth cohorts of the local older persons population;
- Commissioners and social HWC providers will need to work closely to assess and manage the effects of procurement and personalisation policies in terms of their impact on affordability.

## Note

The views expressed in this paper are those of the authors, and not necessarily those of the Housing Learning and Improvement Network. We are also grateful to the Joseph Rowntree Foundation who funded the research and agreed to jointly publishing this report.

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## About the Housing LIN

Previously responsible for managing the Department of Health's Extra Care Housing Fund, the Housing Learning and Improvement Network (LIN) is the leading 'learning lab' for a growing network of housing, health and social care professionals in England involved in planning, commissioning, designing, funding, building and managing housing, care and support services for older people and vulnerable adults with long term conditions. For further information about the Housing LIN's comprehensive list of online resources and shared learning and service improvement networking opportunities, including site visits and network meetings in your region, visit [www.housinglin.org.uk](http://www.housinglin.org.uk)

The Housing LIN welcomes contributions on a range of issues pertinent to housing with care for older and vulnerable adults. If there is a subject that you feel should be addressed, please contact us.

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