



## Hatching a plan for older people's housing

At a time when planning should be raising its game to meet the needs of an ageing society, the Government is progressing changes to legislation and funding for housing which will affect future approaches - for better or worse. However, the planning system and development plans should be an important mechanism for developing policies to meet older people's housing needs. This viewpoint looks at the future role of planning in this changing context, suggesting that a comprehensive review of planning practice relating to older people's housing could help meet housing needs across all generations.

Written for the Housing Learning and Improvement Network and planning publication by **Debbie Shanks**, a policy planner and trained surveyor working for Durham County Council.

*The views expressed are her own and not those of her employer.*

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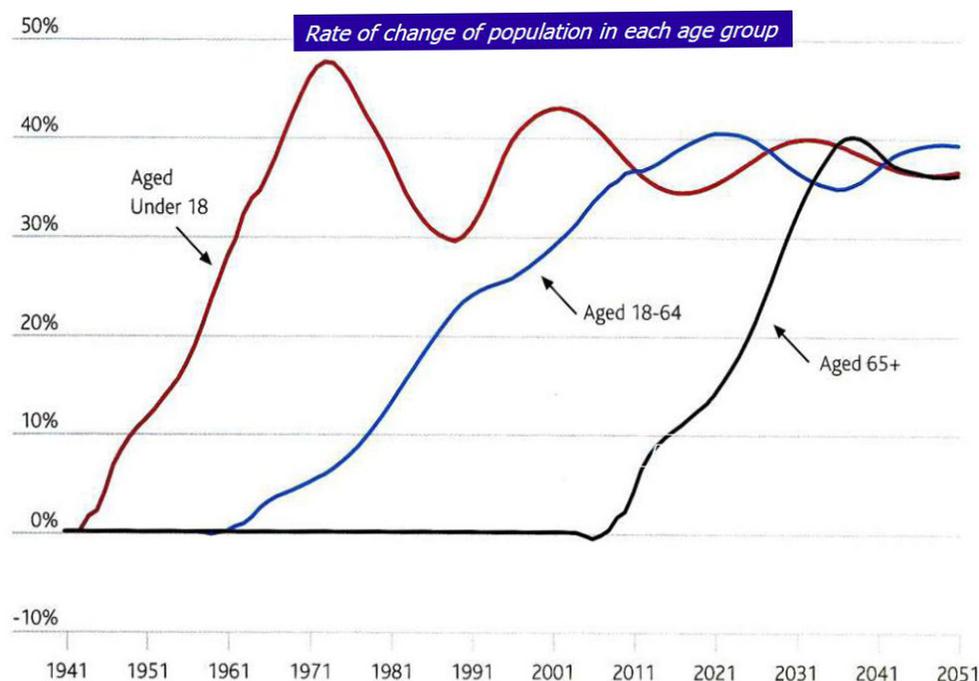
## Introduction

The planning system and development plans should be an important mechanism for developing effective policies to meet older people's housing needs. However, at a time when planning should be raising its game to meet the needs of an ageing society, the Government is progressing changes to legislation and funding for housing which will affect future approaches – for better or worse. A discussion of the future role of planning in this changing context seems timely.

Whilst many professionals would argue that there hasn't been enough talk about the ageing of our population, there has been even less about related household growth. Most older people, of course, live in small households, alone or as a couple. Latest household projections suggest that a substantial 77% of household growth in England to 2037 will be in households aged over 65. Indeed, by 2037, over a third of all households are expected to be in this age group.<sup>1</sup> This has particular implications for the many service, welfare and health providers that deliver services by household. It also has significant implications for the type and quantity of housing needed.

Scarcely a single local authority is unaffected. Whilst rural and suburban authorities will see more change than cities that attract the thrusting young, differences will usually only be to a degree which ranges from significant to extreme. So in the North East, the latest ONS projections suggest urban Newcastle is expected to see a 74% growth in households over 65, whilst in more rural County Durham it will be over 100%.<sup>2</sup>

No-one involved in service planning can be surprised. Predicting the growth and distribution of older people has always been the easy part of household and population projections. The ageing of the baby boomers and their increasing longevity has long been charted (see graph below), showing particularly dramatic growth from 2007, and with this set to continue until beyond 2050.



Source: Pensions Commission analysis based on a synthetic model of the England and Wales population

1 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections>

2 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections>

The social case for more housing for older people in the face of an ageing population seems beyond challenge. There is a roll call of related costs if older people can't move to more suitable housing for want of choice, including: more delayed discharges from hospital if older people's housing is unsuited to their disability; more falls, cold weather deaths and illness caused by unsuitable homes; more time and cost to caring professionals supporting independent living whilst addressing circumstances like unsuitable bathrooms; more working relatives with families who have to care for ageing parents as well as maintaining their large family homes; more money needed for housing adaptations from the pressurised social care fund; and more social rented retirement houses needed when a health crisis hits older home owners, rendering their own homes unlivable.

An attempt to put a price on all these additional health and social costs would indeed be illuminating. They are certainly relevant to any case for planning policies that require more older people's housing. However, the market case for enabling older people to 'downsize' also seems compelling.

## **The Housing Market**

Future demographic change is, of course, of critical importance to development plan preparation, but so too is Government planning policy. Current government policy requires all planning policies for development to be viewed through the cold, hard lens of viability and deliverability in the marketplace. The housing market and all factors that influence it are therefore the backdrop to the progression of all planning policies related to housing.

It has long been recognized that the British housing market is particularly unresponsive to demand, under-delivering for decades on quantity and choice. The much respected Barker Review of housing supply investigated the reasons for this, looking at the planning system, the development industry, and development finance in 2004, a number of years before the recession. It concluded that a minimum of 260,000 houses were needed each year, with only 175,000 being delivered at that time.<sup>3</sup> However, it did not specifically look at the characteristics of the housing market as it affected older people, or the role they might play.

Looking at the way the housing market has responded to older people's housing needs over decades is telling – and not encouraging. Bungalows have formed a small and ever diminishing part of the housing stock, making up 10% of the stock in 2011, but a tiny 2% of new builds between 2011/12.<sup>4</sup> They are now largely built as a result of affordable housing requirements or by self-builders who are generally older people building for retirement. Whilst a substantial amount of flat development has taken place, accounting for 49% of all new builds between 2011/12, much of this has been singularly unsuited to older people.<sup>5</sup> Flat schemes are often concentrated in parts of cities with few older people or built to a standard format of up to four storeys that exclude lifts. Traditional family housing has made up the remainder of development, with a few specialist providers also building a limited number of private or social sheltered and extra care schemes.

More positively, some homes have been built to 'Lifetime Homes' standard<sup>6</sup>, a building standard that can be applied to any new home to make it adaptable to people's needs as they age; for instance, by providing a level access entrance. Such homes are generally built as

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3 Barker Review of Housing Supply 2004

4 Source: Property Type at 2011/2012, valuation office

5 Source: Property type at 2011/2012, valuation office

6 [www.housinglin.org.uk/Topics/browse/Design\\_building/AccessibleDesign/LifetimeHomes/](http://www.housinglin.org.uk/Topics/browse/Design_building/AccessibleDesign/LifetimeHomes/)

a requirement of planning policies. However, coverage of policies and levels of requirement (varying from 5% to 100% in London) bear little relationship to relative numbers of older people across the country, with around half of local authorities in England having no requirement. The 'Lifetime Home' standard has recently been replaced by an equivalent optional building regulation standard that can only be applied through a development plan where it can be shown to be viable.<sup>7</sup> Whilst the standard does add a small amount to the cost of building a house, there is little sign of builders positively marketing this product to older purchasers to recoup costs and increase profitability – adding to perceptions that builders just don't see the market opportunities related to older buyers.

Housebuilders' continuing lack of commercial appetite for the older persons' housing market is surprising in the context of an ageing population. On the demand side, around 77% of households over 65 are owner occupiers, generally owning outright.<sup>8</sup> Admittedly, this group moves less than half as frequently as other age groups before the recession – around 3% of households aged 65-75 moved compared to 8% aged 35-44. However, focused conversations with estate agents suggests that this lack of mobility is often highly related to available choices, or lack of them – chicken and egg. Agents recount tales of older people taking their houses off the market because they could not find an alternative property in their locality or of a race to sell when a suitable property became available.

It is perhaps easy to understand this situation in the pre-recessionary time of housing shortage when anything would sell and did. Builders didn't need to branch into an unknown market aimed at older people. But the sharp shock of the recession has changed everything. Massive constraint on liquidity and mortgage lending has meant that housebuilding, far from accelerating, has decreased significantly. But if mortgage constraint is now the name of the game, what is bad news for the housing market should be good news for older people. An older person downsizing to a suitable bungalow, flat or lifetime home could achieve two moves on the back of one mortgage – making mortgage availability go much further. An older person moving from a family home that is too big releases cheaper second hand housing to the market for families and younger first time buyers – freeing up the stagnant housing market created by their lack of mobility.

So current circumstances in the housing market suggest that housebuilding which enables older people to downsize should now be the silver lining in the post recessionary cloud. Indeed, relevant professionals in the housing field are increasingly reinforcing this message<sup>9</sup> – but still no signs of change!

## **Can the Planning System Help?**

So what can the planning system do? Can it put pressure on understandably risk averse housebuilders to deliver a range of housing choices for older people? At the time of writing there appears to be no reason why it cannot. The Government's National Planning Policy Framework 2012 (NPPF) and associated guidance currently asks Councils to plan for a mix of housing based on current and future demographic trends – and we know that a main demographic driver is a fast ageing population. It highlights that the need for more older people's housing is now 'critical', advising Councils to assess the need for suitable types of housing, like bungalows, along with the need for more specialist housing like sheltered and extra care. It also specifically asks that plans consider the housing needs of older people.

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7 Building Regulations optional standard M4(2) Category 2, Accessible and Adaptable Dwellings

8 <https://www.gov.uk/government/statistical-data-sets/tenure-trends-and-cross-tenure-analysis>

9 See RICS Policy Paper 2015 and Council of Mortgage Lenders Manifesto 2015

Despite this seemingly positive context, there is little evidence to suggest that plans are including relevant policies. In part, this relates to the complexity of plan preparation that can routinely extend over many years. If an issue, like older persons' housing, is overlooked early on, it can be supremely difficult to correct at a later stage. In part it is due to a lack of robust emphasis being placed on this by Government, through statements from the conference floor, briefings, examples of best practice, and decisions by Government Planning Inspectors at plan inquiries. In part it is to do with a lack of joined up relationships between planning, social care, and health – for instance, most planners will be unaware of the very relevant 'universal duty' embodied in the Care Act 2014 to prevent, delay or reduce the development of care and support needs. In part, it is also due to older people's understandable lack of engagement and pressure on this issue in a complex planning process.

And now planners must consider radical changes being progressed to grant funding, to planning law in the Government's Housing and Planning Bill, and to associated planning guidance/regulation, all aimed at expanding owner occupation. They seem likely to have a significant impact on the housing choices of older people – and not necessarily for the better. They include:

### ***Starter Homes:***

A 'starter home', as originally defined in the Housing and Planning Bill, is a home for a first time buyer aged under 40 which is made available for sale at 20% less than market value, with the purchaser able to later sell at full price after five years. The Bill, which is close to enactment, along with a recent consultation on changes to the NPPF, propose including 'starter homes' in the definition of 'affordable housing'. The Bill and associated consultation on regulations, also propose a legal requirement on Councils to deliver a national minimum requirement of 20% of starter homes related to any planning application for housing schemes. The planning consultation goes further, proposing that starter homes should also be permitted on former industrial land, brownfield land and sites adjacent to rural areas where housing might not generally be considered.

The related Equalities Impact Assessment to the planning consultation is concerning. Whilst it does not attempt to look at the impact of starter homes specifically on older households, it does assess impacts on the disabled, with a high proportion likely to be older people. It concludes that there will be an adverse impact on households with at least one member that is disabled or long term sick, with an accompanying table seeming to suggest potentially significant adverse impacts. The Equalities Impact Assessment does not, however, discuss how this might contradict, the 'universal duty' imposed on Councils by the Care Act 2014 to prevent, delay or reduce the development of care and support needs. It is equally concerning that the Equalities Impact Assessment on proposed regulations for starter homes has not been published in tandem with the Government's consultation. It could be expected that this too will show adverse impacts on the disabled and long term sick.

A small proportion of affordable housing is currently built for older people, with this being nigh on the only type of non-specialist housing built for them in the current market. Proposals for starter homes now appear to threaten even this. The Government's proposed requirement of 20% starter homes on all housing schemes is likely to have a profound impact on poorer Regions like the North East, where affordable housing requirements can sometimes be 10% or less. It could leave no potential to require any affordable housing at all for older people.

Moreover, if starter homes are favoured on sites usually excluded from consideration for housing, for instance on former industrial sites, this will further prejudice the provision of older people's housing overall, sometimes in places which are ideally located in relation to facilities and services. There is an added danger that if affordable housing for older people cannot be required through planning applications for housing or on other exceptional sites, they will be sought in particularly unsuitable locations outside settlements and remote from facilities and services. High requirements for starter homes could also undermine any planning justification requiring homes to be built to the new 'Lifetime Homes' standard, by generally reducing viability across a housing site.

The House of Lords is concerned about the impact that starter homes will have on meeting all housing needs, including those of older people. At the time of writing it has made two significant and related amendments to the Housing and Planning Bill. Time will tell if these amendments remain in their existing form, after they are batted to and fro between the Commons and the Lords in future weeks. The amendments are:

- purchasers of starter homes will only be able to recoup their full market value (including 20% discount) after twenty years rather than five.
- local housing authorities, in determining affordable housing requirements on housing schemes, will be able to flexibly consider local housing needs rather than requiring predominantly starter homes.

### ***Funding for Affordable Housing:***

Budgetary changes have reduced Registered Providers' rental income by 1% for the next 4 years. Professional commentators predict this will significantly reduce the amount of affordable housing they can provide, including affordable housing for older people. Whilst the Government's spending review has proposed a doubling of funding for affordable housing, it is unclear how much this will offset the reduction in investment by providers.

The Government's new funding regime no longer supports any new affordable housing for rent. Of the 400,000 new affordable homes announced in the 2015 Autumn Statement, half are to be starter homes, 135,000 are to be shared ownership/help to buy, 10,000 are to be rent to buy, 8,000 are to be specialist homes for older people and the disabled, and the remaining 50,000 are existing commitments.

Whilst funding for 8,000 specialist homes for older people and the disabled is to be welcomed, it is extremely modest. It represents only 1,600 per annum across all 318 authorities in England. A proportion of this grant funding can reasonably be expected to fund specialist housing for those with learning disabilities in institutions like Winterbourne View.

Greater focus of future government funding on shared ownership could be a significant opportunity to give older owner occupiers the potential to downsize where there is a gap between the sale value of their home and the value of a new home. It could also help to release housing equity to support living expenses. However, the devil will be in the detail. Shared ownership with a rental element rather than a pure stakeholder interest by a provider is unlikely to be attractive to many older people, particularly in many northern authorities where it does not make financial sense. Moreover, if the whole of any 'affordable housing' requirement is taken up by 'starter homes', none will be left to require any shared ownership for older people.

### **Self and Custom Build:**

The Government is seeking to enable much more self-building and custom building through the Self Build and Custom Housebuilding Act 2015 and proposals in the Housing and Planning Bill. They intend to require Councils to promote this type of housebuilding and to ensure, through the planning process, that there are sufficient plots with essential services to meet demand. The majority of self-builders at the present time are older people building for their retirement.<sup>10</sup> It is now probably the main way that owner occupiers can secure a new private home designed for their needs. Support for this sector, which is currently very small, could enable more older owner occupiers to downsize - provided this initiative is promoted and progressed with this in mind.

### **Threats and Opportunities**

This viewpoint demonstrates that the housing market and the planning system are currently delivering a pitifully small amount of housing aimed at increasing the choices of older people. Recent radical changes being progressed for funding and planning affordable housing seem likely, through unintended consequences, to further reduce the trickle of suitable housing being built. The real and exciting possibility that more owner occupied housing for older people could drive higher levels of housebuilding is neither being fully explored nor exploited. At the same time, the real intent of the 'universal duty' in the Care Act 2014 to prevent, delay or reduce the development of care and support needs is being overlooked. Meanwhile, associated savings that could be made to budgets like social care, welfare, and health are not entering into anyone's equations. Greater focus on this issue seems urgent.

Some positive ways forward for planning might include:

- Government commissioning of a post recession report, like the Barker Report, looking at the housing needs of older people and the role that meeting them might play in driving growth in the housing market.
- Government briefings which emphasise the expectation that older people's housing needs should be assessed in development plans and plans should include associated policies aimed at achieving delivery.
- Providing training to planners on assessing older people's housing needs in the context of the housing market and on developing related planning policies. With relevant input from social care/public health.
- Seeking primary legislation to require a minimum proportion of the new equivalent standard to 'Lifetime Homes' across all authorities, set at say, 20%.
- Seeking to include a 'last time buyer' option in legislation alongside the requirement for 'starter homes', perhaps requiring discounted sale products for older people of 20% in perpetuity, restricted to over 55s – ( will also reduce developer risk by spreading across two markets).
- Seeking to ensure that future regulations setting minimum requirements for 'starter homes' are sufficiently flexible to also secure suitable discounted/shared ownership products for older people.
- Taking forward the self/custom build agenda in a way that promotes opportunities for older people to build for retirement, by say expanding the range of kit homes meeting their needs.

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<sup>10</sup> 74% of self builders are aged 45 to 65+: Wallace, A, Ford and Quillgars D, 2013; *Understanding the Changing Landscape of the UK Self Build Market*; University of York and Lloyds Banking Group

- Ensuring Planning Practice Guidance and related Equality Assessments include reference to the 'universal duty' in the Care Act 2014 to prevent, delay or reduce the development of care and support needs.
- Seeking comprehensive costs arising across social care, welfare and public health from long term failure to build appropriate new housing.
- Ensuring that older people and carers with an interest in this issue are given training on how to effectively participate in the planning process.
- Encouraging more media engagement in older people's housing issues, their relationship with planning and how building more suitable housing could benefit all generations.

In this post recessionary period, no-one is winning in the housing market - not older people looking to downsize or young people forced to stay at home with parents or to rent. Enabling more older people to downsize through planning policies which require a suitable range of housing could be a meaningful way to drive housebuilding and help meet housing needs - across all generations.

### **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 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 planning and designing for an ageing population visit: [www.housinglin.org.uk/Planning/](http://www.housinglin.org.uk/Planning/)

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Housing Learning & Improvement Network  
c/o EAC, 3rd Floor,  
89 Albert Embankment  
London SE1 7TP

Tel: 020 7820 8077

Email: [info@housinglin.org.uk](mailto:info@housinglin.org.uk)

Web: [www.housinglin.org.uk](http://www.housinglin.org.uk)

Twitter: @HousingLIN & @HousingLINews