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# The role of the planning system in delivering housing choices for older Londoners

Cambridge Centre for Housing and Planning Research,  
Three Dragons, Land Use Consultants and Heriot Watt  
University.

December 2012

**MAYOR OF LONDON**

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## **Disclaimer**

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# Executive summary

This study is a 'think piece' to look specifically at the role of the planning system in helping to ensure that older Londoners have a choice of homes that they can afford and which meet their requirements for different sizes and types of dwellings in high quality environments. A policy for older Londoners will be a key input to a wider policy development process across London.

The research set out to provide estimates of the future demand for and supply of specialist housing for older Londoners and to identify the challenges and potential barriers to delivery. Methods included modelling supply and demand, analysis of borough policies and practice and an extensive review of existing research. Three workshops were also held with providers and other stakeholders to 'reality test' the emerging findings and discuss potential solutions.

## The context

- While London is a 'young' city it still faces an ageing population over the period to 2031. The proportion aged 85 and over will almost double during the period.
- Only around 10-15% of older households appear likely to want to move into specialist older persons schemes and the average age for moving into specialist accommodation has risen.
- Most current specialist housing is in the social rented sector, whereas most of the future requirement for such housing is likely to come from home owners.
- Although many older home owners in London could afford to buy a one bed sheltered flat there are competing pressures, such as the need to pay for care. Extra Care housing is more expensive and is not as affordable to many home owners.

## Key findings

### *Identifying supply and demand*

- Newbuild provision of retirement housing in London is patchy and has only averaged a net increase of just under 1,200 units a year in the last two years.
- Some boroughs currently have a surplus of affordable sheltered housing but all have a shortfall of owner occupied older persons' housing; and the modest demand for shared ownership from older households is also not being met.
- Specialist older people's housing is more expensive to develop than mainstream general needs housing, principally because it provides more communal space which requires more land per unit but does not generate revenue.
- Overall, it is estimated that according to the model of potential future demand London may require 2,000 – 2,350 new specialist older people's housing units each year over the period 2011-2021.

- Our analysis found that this can be broken down broadly into 1,500 owner occupied units, 500 shared ownership units and up to 350 new affordable units.
- Depending on whether existing levels of provision are maintained and on levels of need among older Londoners, the capital may also require 500 new bedspaces p.a. in care homes, with differing borough requirements.
- Monitoring of new supply of older people's accommodation is difficult as there is no agreed, up to date definition of specialist housing for older people in terms of Use Class C2 or C3. There is inconsistency in classifying new schemes as C2 or C3, partly because of the lack of an agreed definition but also because many local authorities do not seek affordable housing contributions on C2 development, so developers find it economically advantageous to classify the development as C2.
- The move from a dwelling based financial contribution to one based on floor area such as CIL adversely affects the viability of retirement housing because of the high proportion of communal areas relative to saleable units.

#### *Planning; the instruments*

- The London Plan and the Housing Supplementary Planning Guidance (SPG) together set out how planners can use the planning system to deliver additional specialist housing for older people.
- All new housing developments are entered into the London Development Database as either C2 (care homes, nursing homes) or C3 (general needs housing).
- Section 106 contributions are sought on developments in order to make a development acceptable in planning terms. Affordable housing section 106 contributions are generally sought on all C3 development but are less often sought on C2 development.
- Where schemes are not viable due to the burden of S106 contributions, S106 sometimes can be reduced or removed in order to ensure delivery of specialist market housing.
- The Community Infrastructure Levy (CIL) is being introduced across London. Social housing (including affordable rent, social rent and intermediate) units have relief from the Levy, but all other development could be liable for CIL payments (including private C3 retirement housing and private C2 care homes) depending on individual borough charging schedules. Boroughs may seek to levy lower CIL rates on older peoples housing (regardless of use class) but only where borough level viability evidence supports this.
- Schemes aimed at the upper end of the market are more likely to be viable because the target clients will be able to afford the higher costs.

#### **Conclusions**

- Most older Londoners will age in their current home and will need support systems to enable them to do so at reasonable cost. New homes should be built to suitable standards and

facilitate the provision of Lifetime Neighbourhoods which help reduce isolation and maintain activity.

- A small minority will choose or need to move to specialist housing. At the present time that predominantly equates to social housing. The current limited choice of appropriate market housing to rent or buy could be improved by a clearer understanding of demand; better information to older potential movers; increased opportunities for new specialist supply; and the application of a process of viability appraisal which recognises the additional cost issues associated with the development of new specialist housing for older people.
- The core conclusion is that if older Londoners are to have greater choice of housing, there will need to be some offset to the higher costs of provision of specialist housing in order to make schemes viable. This will need to be established through a viability appraisal.

### **Main recommendations**

- There needs to be a better understanding of the economics of development of specialist housing for older people compared with general needs housing as viability is a barrier to delivery. The GLA should explore how this can be incorporated into viability testing.
- Planning and housing departments should work with their commissioning departments to ensure that they have a joined up assessment of the housing needs of older Londoners. There needs to be a better monitoring of current and future specialist housing provision in the light of the lack of robust information at present. The Market Position Statements being developed by boroughs may help in this regard.
- Boroughs need to ensure that their local plans adequately reflect the needs of older people, perhaps going beyond the requirement in government's Strategic Housing Market Assessment guidance note.
- All purpose built housing for older people which provides self contained accommodation and their own lockable front door (whether within a block of flats or a group of houses) should be classed as C3 units. Units without these attributes should be C2 units.
- The Mayor now has control of the Affordable Homes Programme in London formally administered by the HCA. This provides an opportunity to ensure that affordable housing products are developed that meet London's older people's needs.

Detailed recommendations are set out in section 7 of this report.

# 1. The Challenge

- 1.1 It is well known that the population is ageing as people are living longer (although not always healthier) lives<sup>1</sup>. The age profile of Londoners has typically been significantly younger than that of the rest of the UK but current population projections suggest that it is ageing faster than the national average. By 2031 London's population aged 90 and over is projected to double, while those aged 65 and over will increase by 31 percent.
- 1.2 At the same time, there is a perception of a lack of supply of suitable specialist housing for older people in London. Expectations are changing and certain types of sheltered accommodation in the affordable sector, such as a bed sitting room with shared facilities or a flat on or above the first floor without a lift, are now seen as outdated and can be hard to let to frail older persons. It is widely perceived that private sector specialist housing is in short supply and can be unaffordable to many older people.
- 1.3 The 2011 London Plan places a new emphasis on the quality of housing for older Londoners and the Mayor would like the needs of older people to be recognised with 'joined-up' strategies and new policy approaches, including new supplementary planning guidance. The evidence suggests that a genuine choice of homes that everyone can afford is required, with a better match between what people want and need and what is supplied.
- 1.4 In this context, the GLA commissioned a 'think piece' to look at the role of the planning system in helping to ensure that older Londoners have a genuine choice of homes that they can afford and which meet their requirements for different sizes and types of dwelling in high quality environments.
- 1.5 London faces particular constraints in that while older people need a wide range of housing options to meet their varying needs at different ages, the availability of such options is highly constrained. As a result many people end up 'staying put' in property that is not suited to their needs or have to move away from their locality, friends and family because the only suitable accommodation for them is out of the borough, or even outside London (see Appendix 1 for research findings on older people's housing options). While London requires more housing in general in order to meet the projected growth in population, and more housing that is affordable, within this there is also a need for more housing options for older people that currently are not being provided. The planning constraints on the provision of older people's housing are discussed in Section 4 while the other constraints are discussed in Section 5 and 6.

## Definitions

- 1.6 An issue identified from the start was the definition of 'older people'. One definition is that of retirement age, traditionally assumed to be 60 for women and 65 for men. However, this definition is changing in line with European legislation to enable people to continue work beyond age 60 or 65. Many people are still fully employed after they have reached the official retirement age. At the same time, early retirement has become much more common. The model of future specialist housing requirements in London used in this report takes an age of 65 and over as its baseline, with a further breakdown for 75 and over. The findings of the model are presented in Section 3 with further details in Appendix 3.
- 1.7 A second key issue that emerged during the research was a lack of consistency in using definitions of housing for older people. This is not least because older people have varied needs and

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<sup>1</sup> Residential Research: 2010 Retirement Housing Report, Knight Frank LLP, 2010.



preferences and cannot all be grouped together as requiring specialist housing (most will not). This lack of consistency permeates the literature and compounds difficulties for planners in classifying proposed schemes for older people's housing in a consistent way across London. This issue is discussed in greater detail in Appendix 4.

- 1.8 Section 3 explores the future requirements for and supply of specialist housing for older people in London while Section 4 explains the role of the planning system in enabling wider housing choices and the viability of delivery of new types of specialist housing in the London context.

## 2. Methodology

2.1 The methodology comprised the following elements:

### **Review of policy, legislation, and guidance**

2.2 National, regional and local planning policy was reviewed. The national context included the National Planning Policy Framework, the Localism Act, the Public Health White Paper, the Marmott Review and the Dilnot Review. The London Plan sets out the regional planning policy framework for London and the London Housing Strategy sets out affordable housing investment policy. Finally, a review of local planning policy approaches in the London borough's Development Plans was undertaken. We examined London borough Core Strategies, Housing Strategies and Older People's Strategies where these were available on their websites and followed up with telephone interviews where information was lacking. The review informed the rest of the project, particularly feeding into the questions to be asked in the email survey and the topics raised at the stakeholder workshops. Findings are presented in Appendices 1, 2, 4 and 5.

### **Email survey**

2.3 We undertook an email survey of the London boroughs and selected stakeholders in order to explore how housing for older people was perceived at local level and to examine the nature of provision across the city. The review of policy and evidence informed the questions asked, which were intended to fill gaps in our knowledge and to provide a more up-to-date picture of policy, implementation and provision.

2.4 We used SurveyMonkey, an online survey facility that is easy for respondents to use.

2.5 Candidates for survey were contacted via:

- London Housing Federation
- NHF specialist supporting people group
- All London Councils
- Retirement Housing Group
- HIAs
- HBF Older Person's Group (including McCarthy and Stone).
- ARHM
- EROSH
- ARLA

2.6 The survey was sent to the following groups for wider distribution:

- Local authority housing officers
- Local authority planning officers
- Registered providers
- Private providers
- Home Improvement Agencies

### **Stakeholder consultation**

2.7 Three workshops were held with stakeholder representatives in order to gain further understanding of the issues surrounding the provision of specialist older people's accommodation and to road-test the emerging findings and recommendations. These stimulated a discussion around potential recommendations for better use of the planning system to encourage and/or help provide a broader range of housing choices for older people. Consultation meetings were also

held with several specialist architects and developers on the planning issues associated with the delivery of specialised housing for older people in London.

### **Analysis of existing data**

2.8 In order to produce estimates of future demand for housing by older people, particularly those groups that are growing the fastest, notably the 'older' elderly (aged 80 plus), a range of existing datasets were interrogated. On demand and need, the recent GLA population and household projections by age and household type and the 2008 London Strategic Housing Market Assessment were analysed to provide a baseline and a benchmark for future growth. The English Housing Survey provided data on occupancy and affordability.

2.9 In order to produce estimates of the likely future supply of specialist older person's housing, data from the Elderly Accommodation Counsel and the HCA was complemented by an analysis of data from the London Development Database (LDD). The LDD contains information on all planning permissions granted in Greater London collected as part of the process of monitoring the London Plan. This includes planning application data relating to housing for older people, including residential institutions, sheltered housing and specialised housing.

2.10 With regard to the planning application data, information was provided by the LDD in three main data sets:

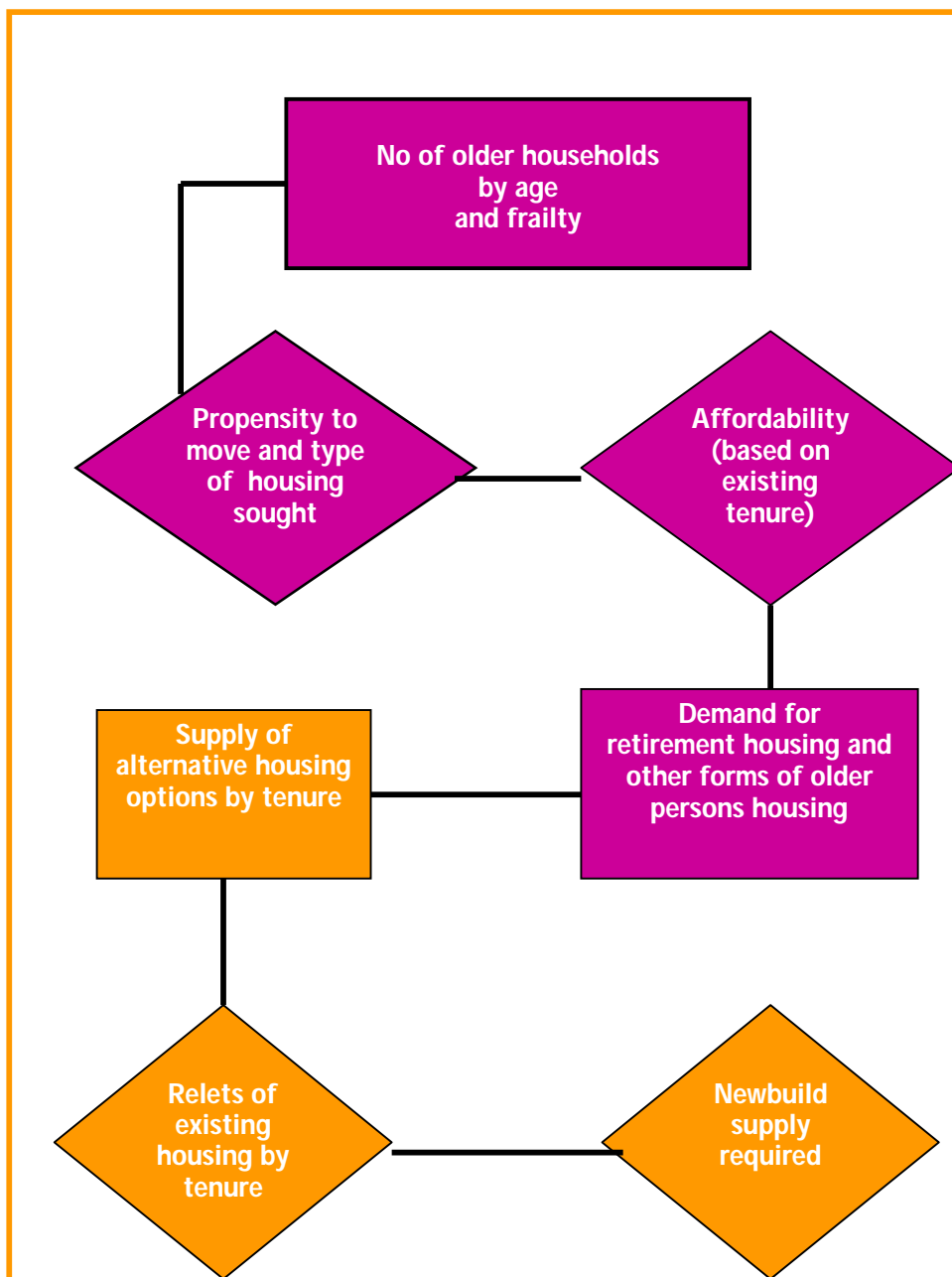
- Applications relating to residential institutions;
- Applications relating to sheltered housing;
- Applications relating to general needs housing.

### **Modelling**

2.11 In order to produce estimates of future demand and supply of older people's housing, the data were fed into a forecasting model which members of the team had developed for the Retirement Housing Group and which was made available for this project. The key characteristics of the model are summarised in the chart on page 12.

2.12 A distinctive feature of the model is that it enables the user to sensitivity test the impact of changes in key assumptions. It can also operate at both London wide and borough level. The findings from the modelling are presented in section 3 below. Further details of the modelling, the assumptions and the findings are given in Appendix 3.

Figure 1 Supply and demand forecasting model



Source: Retirement Housing Group

### Viability appraisal of different types of specialist housing

2.13 The economic viability of different types of specialist housing for older people was appraised using the GLA affordable housing viability toolkit – a residual valuation model. Full details are given in Appendix 6.

### The scope for shared equity for older people

2.14 Further modelling was conducted by Professor Glen Bramley to explore the scope for and affordability of shared equity products for older people. This analysis is presented in Appendix 7.

## 3. Requirements and supply

- 3.1 In line with the rest of the country, London faces an ageing population over the period to 2031. In 2001 older Londoners (aged 65 and over) accounted for 12.2% of the total population of Greater London. By 2031 they will account for 12.9% of all Londoners. The proportion of the population aged 85 and over will increase from 1.5% of the total in 2001 to 2.2% in 2031.
- 3.2 As the age of the population increases, so will the proportion of people with a disability. The average number of years people survive with a long term illness is increasing to an average of 5 years for both men and women<sup>2</sup>.
- 3.3 Older people are more likely to under-occupy their homes than younger people. By the age of 50, 60% of owner occupiers in London have 2 or more spare bedrooms. Social and private renters are much less likely to under-occupy – comparable figures are 17% and 28% respectively<sup>3</sup>.
- 3.4 The average age for moving into specialist older persons' housing has increased. Movers into retirement housing are now likely to be in their 70s and 80s rather than, as previously, in their 60s and 70s<sup>4</sup>. In the period to 2021 it is anticipated that it is households aged 85 and over who are most likely to consider a move into specialist accommodation. However, because the number of 65-84 year olds exceeds those aged 85 and over by a factor of 7:3 the 65-84 age group will continue to make up a significant proportion of total demand for specialist retirement housing.

### Downsizing

- 3.5 Many people want to remain in mainstream housing, and it appears that more people would consider "downsizing" if more suitable homes that they could afford (across the full range of tenures) were available – homes designed to support them as they age<sup>5</sup>.
- 3.6 Research evidence shows that health improves and care needs fall when older persons with age related impairments move to more accessible accommodation<sup>6</sup>. The shortage of suitable options for specialist housing can lead to people having to move unnecessarily to residential care at a cost to the individual or the public purse of around £26,000 a year<sup>7</sup>.
- 3.7 However only a small proportion of older households are likely to want to move into specialist older persons' accommodation. Research for the Housing Lin<sup>8</sup> found that in England fewer older people move to specialist older housing than in many other countries such as the USA, Australia or New Zealand.

### Supply of specialist retirement housing

- 3.8 The bulk of specialist retirement housing is currently in the affordable sector. Across Greater London 81% of specialist older persons provision is in the social/affordable sector. Proportions range from less than 5% market housing in Camden, City of London, Hackney, Hammersmith,

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<sup>2</sup> Government Actuary's Department, ONS see chart 2 of Appendix.

<sup>3</sup> Commissioned table based on 2001 census

<sup>4</sup> Commissioned Research for Retirement Housing Group.

<sup>5</sup> Croucher K (2008) Including Housing Choices and Aspirations of Older People, Research from the New Horizons Programme, DCLG.

<sup>6</sup> *Some social consequences of remodelling English sheltered housing and care homes to extra care* Wright Tinker et al in Ageing and Society Jan 2009

<sup>7</sup> Downsizing for older people into Specialist Accommodation Janet Sutherland Viewpoint 19 Housing LIN 2011

<sup>8</sup> Downsizing for older people into Specialist Accommodation Janet Sutherland 2011

Haringey, Islington, Lambeth, Newham, Southwark and Wandsworth to 33% or more in Barnet, Bromley, Harrow and Redbridge.

- 3.9 Not all home owners can afford to buy specialist retirement market housing, and even fewer can afford to buy Extra Care where service charges are higher. Providers and organisations who provide assistance and advice to older people who are looking to move also spoke about the need for a shared ownership/shared equity product (both mainstream and specialist). The research identifies (Appendix 2) that there is a very considerable “squeezed middle”; those older people who do not have enough equity and/or income to meet their changing needs as they age, and do not qualify for assistance in housing or support *“Retired nurses and teachers cannot afford to move in the private sector and are not eligible for support from the state sector”*.<sup>9</sup> The need for shared equity is likely to increase with growing demand for Extra Care housing and greater expectations that individuals will pay for personalised care.<sup>10</sup> See also Appendix 1 for further discussion.
- 3.10 Newbuild provision of retirement housing is patchy. Combined analysis of the LDD and HCA data would suggest that total specialist provision for older persons is of the order of 2,100 units over three years or 700 units a year. Given that it seems probable that the LDD is under-recording total provision of specialist older persons housing because it is not always possible to identify it as such, we also made use of First Stop (Elderly Accommodation Counsel) data on total provision of older persons accommodation in London to arrive at an estimate of net new provision. We compared First Stop data on older persons’ specialist housing provision for final quarter 2009 and final quarter 2011. This showed that total provision in London had risen from 56,533 units to 59,175 units, an increase of 2,587 units or just under 1300 units a year. New provision took the form of 1957 affordable units and 630 market units over two years. Only 7 London boroughs (Barking, Croydon, Haringey, Havering, Islington, Southwark and Wandsworth) showed an increase of more than 10 market units a year.

### Modelling demand for specialist retirement housing

- 3.11 We modelled potential demand for specialist retirement housing in 2011 and 2021 using the following assumptions which are based on past trends in actual behaviour (see Appendix 3 for details). The demand for shared ownership was modelled separately (see Appendix 7 for details)

#### Assumptions

- 15% of over 75s and 2.5% of over 65s seek to move to retirement housing
- Of these, all social and private renters move into affordable retirement housing. 85% of home owners move into outright purchase of retirement housing and 15% of home owners move into shared ownership<sup>11</sup>.
- All existing retirement housing is assumed to be fit for purpose and to remain in use until 2021. We also sensitivity test assuming that 50% of social rented retirement housing is either decommissioned or let to persons who would not qualify under the relatively cautious criteria we have adopted above.<sup>12</sup>

<sup>9</sup> Downsizing for Older People into Specialist Accommodation, Housing LIN Viewpoint 19, 2011

<sup>10</sup> Overton L (2010) Housing and Finance in Later Life, Age UK

<sup>11</sup> We have used data from the English Housing Survey to look at the size of property (and hence equity held) by older home owners at borough level and have found that 85% of older home owners in London could afford to buy a newbuild 1 bed sheltered flat. There is therefore a minimum of 15% of all home owners who could only afford a shared equity product and this proportion may well be higher if account is taken of consumer preferences and other calls on household expenditure.

<sup>12</sup> Robust data on stock condition and occupancy of affordable older persons housing is not readily available across London. The 50% figure was quoted by two London boroughs and accords with experience by districts outside London who have undertaken stock condition and suitability surveys.

- 10% of over 85s require accommodation in a care home (based on the current national position<sup>13</sup>). We sensitivity test at 5% of over 85s requiring accommodation in a care home. This assumes that current policies to increase home care and provision of Extra Care are successful in reducing demand for care homes by 50%. Actual performance is likely to fall between these two extremes.
- Supply of care home beds remains at its present level.
- We have not attempted to distinguish between demand for sheltered housing and demand for Extra Care. No evidence has been produced which would enable us to develop firm criteria for allocation of households between the two products and considerable doubt has been expressed by providers that Extra Care provision will continue at its present rate of delivery and in its present form. We do think it is important for the GLA and individual boroughs to ensure that new specialist provision is to appropriate standards and that there is a wide range of provision within individual boroughs. Subject to these caveats we can see a role for both sheltered and Extra Care.

## Results of modelling supply

### High supply scenario

3.12 The main findings if one assumes that none of the affordable stock is unfit (the High Supply scenario) are that;

- All boroughs have a shortfall of owner-occupied older persons housing
- The modest but definite demand for shared ownership is not being met
- All boroughs except Tower Hamlets have a surplus of affordable units
- In this scenario supply and demand in London are broadly in balance but there are severe mismatches by tenure and borough.

### Low supply scenario

3.13 The main findings if one assumes that 50% of the affordable stock is unfit (the Low Supply scenario) are that:

- No boroughs have an overall surplus of retirement housing.
- All boroughs have a shortfall of owner-occupied older persons housing.
- The modest but definite demand for shared ownership is not being met
- 12 boroughs have a surplus of affordable units (assuming that 50% of affordable units are **not** fit for purpose).
- There is a London-wide shortfall of some 20,000+ units of specialist accommodation in 2011 rising to 23,600 units in 2021.

3.14 Table 3.1 below shows the annual need for new provision by borough and tenure based on both the high supply and low supply scenarios. The actual condition of the stock can be expected to lie somewhere between these two scenarios and will vary between boroughs.

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<sup>13</sup> Source POPPI

## Key conclusions

- across London there is an annual need for new provision of 1,541 owner occupied units and 465 shared ownership units over the period 2011-2021.
  - If **all** the affordable stock is fit for purpose and occupied by older persons with age related impairments there is no need for any additional provision of affordable units. However, many local authorities say this is not the case as much of the stock is outdated and/or unsuitable for people with age-related impairments.
  - If **50%** of the affordable stock is either not fit for purpose or occupied by persons who do not have age related impairments then there is a need for 361 newbuild affordable units a year.
- 3.15 If we compare current (2011) demand for care home beds with current (2009) supply there is a Londonwide shortfall of 5,300 care home beds assuming that in line with national averages 10% of over 85s and 2% of persons aged 75-84 require a care home bed.
- 3.16 If demand continues at the same level by 2021 and there is no increase in supply then by 2021 there will be an overall shortfall of over 8,000 bedspaces. If demand for care home beds falls to 5% of over 85s and 1% of persons aged 75-85 then there is a surplus of care home beds but this situation will only arise if there is considerably increased provision of Extra Care housing and improved provision of care services in general needs and other specialist housing (including improvements in the ability to cope with late stage dementia outside a care home setting which is unlikely given the projected increase in dementia).
- 3.17 See Appendix 3 for the detailed findings and scenario testing.



**Table 3.1 Annual potential demand for specialist older persons housing by borough and tenure 2011-2021 (high and low affordable housing supply scenarios)**

	pa				pa			
	Shortfall/Surplus High Supply				Shortfall/Surplus Low supply			
	Sale	Shared Ownership	Rent	All	Sale	Shared Ownership	Rent	All
<b>B&amp;D</b>	41	10	-42	9	41	10	16	67
<b>Barnet</b>	69	26	-78	18	69	26	14	110
<b>Bexley</b>	17	21	-69	-32	17	21	0	38
<b>Brent</b>	86	21	-14	94	86	21	47	154
<b>Bromley</b>	56	30	-121	-35	56	30	-10	76
<b>Camden</b>	42	8	-104	-54	42	8	-8	42
<b>City</b>	na	na	na	na	na	na	na	na
<b>Croydon</b>	85	29	-129	-15	85	29	-12	103
<b>Ealing</b>	101	23	-53	71	101	23	29	153
<b>Enfield</b>	55	23	-62	16	55	23	13	91
<b>Greenwich</b>	62	14	-60	16	62	14	29	105
<b>Hackney</b>	26	6	-74	-42	26	6	11	43
<b>H&amp;F</b>	32	6	-103	-65	32	6	-13	26
<b>Haringey</b>	45	9	-156	-103	45	9	-45	9
<b>Harrow</b>	63	21	-51	32	63	21	5	88
<b>Havering</b>	57	22	-82	-3	57	22	-7	72
<b>Hillingdon</b>	82	20	-65	38	82	20	6	108
<b>Hounslow</b>	50	13	-31	32	50	13	27	90
<b>Islington</b>	20	5	-14	11	20	5	36	61
<b>K&amp;C</b>	49	10	-8	51	49	10	55	114
<b>Kingston</b>	39	13	-83	-31	39	13	-20	32
<b>Lambeth</b>	44	9	-117	-64	44	9	-14	39
<b>Lewisham</b>	30	9	-41	-2	30	9	21	60
<b>Merton</b>	66	16	-23	60	66	16	20	103
<b>Newham</b>	40	7	-50	-4	40	7	16	62
<b>Redbridge</b>	21	20	-60	-19	21	20	5	47
<b>Richmond</b>	52	15	-23	44	52	15	19	86
<b>Southwark</b>	31	6	-18	19	31	6	51	87
<b>Sutton</b>	22	13	-78	-42	22	13	-8	28
<b>Tower Hamlets</b>	26	5	6	36	26	5	54	84
<b>Waltham Forest</b>	47	13	-41	19	47	13	22	81
<b>Wandsworth</b>	31	10	-130	-89	31	10	-25	17
<b>Westminster</b>	56	11	-77	-10	56	11	27	94
<b>LONDON</b>	<b>1541</b>	<b>465</b>	<b>-2051</b>	<b>-46</b>	<b>1541</b>	<b>465</b>	<b>361</b>	<b>2366</b>

# 4. Planning Policy and Viability

## Introduction

4.1 The Mayor's London Plan seeks to take better account of the needs of London's older people as a whole. In the context of an ageing population, planners need to be able to plan for sufficient specialised housing for older people to meet projected needs. Therefore key objectives of the research were to identify any barriers to delivery stemming from the planning system, in terms of policy, practice and cost implications, and to explore ways to address them by providing tools that the GLA and the boroughs could use to improve their older person friendly policies.

## The national policy framework

4.2 Section 6 of the NPPF, *Delivering a wide choice of high quality homes*, urges local planning authorities to:

- *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*

4.3 Para. 159, *Housing*, states:

*Local planning authorities should have a clear understanding of housing needs in their area. They should:*

- *prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
  - *meets household and population projections, taking account of migration and demographic change;*
  - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
  - *caters for housing demand and the scale of housing supply necessary to meet this demand;*
- *prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.*

## Older people's housing policies in the London Plan

4.4 The London Plan already addresses the issues identified by DCLG. The Mayor has identified older people's housing requirements as one of the most important planning issues for London and there are numerous references to the housing needs of older people and how these should be addressed. They include paragraphs 3.6, 3.44, 3.48, 3.50 and 3.51. The London Plan recognises that that planning system can be used to ensure the delivery of different types of specialist accommodation/services for older people through the use of section 106 agreements.

- Paragraph 3.51 of the London Plan states that in view of the scale of the projected growth in London's older population and the housing affordability issues it raises, this Plan supports boroughs in seeking application of the principles of its affordable housing policies (policies 3.10-3.13) to the range of developments – including those falling within Use Class C2 – which cater specifically for older people.

- 4.5 The draft Housing SPG set out how these principles will work in practice through s106, however, this could be clarified to detail how section 106 agreements can be used to both ensure that large residential schemes deliver older persons housing to meet need and also to ensure that proposed older person schemes are delivering the right type of housing to meet the identified need (including affordable older persons accommodation/services ). Paragraph 3.1.35 notes that the London Plan '*recognises that, in appropriate situations e.g. where development capacity is limited and the proposal would not otherwise meet the spectrum of need identified through the LDF for an area, a borough may wish to address the negative impact of a specialist development (whether C2 or C3) and, with the developer, seek to make it acceptable through a S106 agreement applying the principles used in affordable housing policy. The Plan provides a transparent, consistent mechanism to enable boroughs to do this, by providing pan London criteria. In testing whether such contributions should be sought, boroughs should therefore take account of:*
- *site circumstances*
  - *development viability*
  - *needs assessments*
  - *availability of development capacity*
  - *relevant public subsidy*
  - *the need to encourage rather than restrain development, and*
  - *promotion of mixed and balanced communities'.*
- 4.6 The way in which these principles can be applied most effectively will vary with local circumstances and will require close integration between planning and other borough strategies to meet social needs. Such an integrated approach will also be required to address the needs of other groups which may require similar accommodation-based supported care services as well as hostels, refuges and foyers.
- 4.7 This research has shown that there is a particular issue for the “squeezed middle” in accessing appropriate older persons accommodation/services and the use of section 106 requirements for products targeted at this group could particularly help address this issue e.g. for the different types intermediate/affordable housing products suggested in appendix 2.
- 4.8 These principles suggest that for specialist housing for older people, a purely mechanistic approach to application of section 106 is not appropriate. It is particularly important, that the use of section 106's to ensure the delivery of particular types of older peoples housing does not render schemes unviable. Viability appraisals is crucial in determining if such requirements are realistic.
- 4.9 A review of planning and housing policies in the London boroughs found considerable variation in the degree to which they explicitly mentioned the treatment of specialist housing for older people in their development plan documents (see Appendix 5 for more details). However, many did have up to date Housing Strategies which explicitly set out the need for older people's housing, even if this was not yet in their local plans. This may be a reflection of the approach suggested by government guidance on the preparation of Strategic Housing Market Assessments. While the evidence in Section 3 of this report showed that relatively few specialist units had been built in recent years, it may also be that these policies have not yet had time to take effect. The London Plan and the draft Housing SPG could usefully provide additional detail on how boroughs can deliver greater housing choice for Londoners as they grow older.

## Planning barriers to increased provision of older people's housing

4.10 The research found a number of barriers to increased delivery. These may be summarised as:

- A problem of definition and interpretation with respect to the use class categories for the various specialised housing options available for older people.
- Boroughs do not always appear to have detailed understanding of the needs of their older people and appear to be prioritising the housing needs of older people despite having older people's housing strategies and policies in many cases<sup>14</sup>.
- Insufficient account is being taken of the viability issues associated with housing for older people.

These are discussed in more detail below.

### Barrier 1 Definitions

4.11 The draft Housing SPG broke housing needs for older Londoners into the following three categories:

- Mainstream housing (general needs with no specialised features, lifetime homes, wheelchair accessible).
- Specialised housing for older people (sheltered, very sheltered/assisted living, extra care, close care and retirement villages).
- Registered care homes.

#### *Use Classes C2 vs C3*

4.12 There is debate about whether specialist housing for older people should be Use Class 2 or 3. The definitions of housing in the Use Class Orders do not reflect the three-way breakdown suggested as an option in the draft Housing SPG. In the absence of a separate class for specialist older people's housing, some developers try to get specialist schemes classed as C2 in order to minimise S106 contributions because they think S106 will make schemes unviable. In some cases they succeed. As a result there is inconsistency across boroughs in the way they define and classify housing for older people.

4.13 Specialised housing for older people such as sheltered housing or extra care housing could be Use Class 2 because it provides residence-based care and support but could also be recorded as Use Class 3 because it provides self contained self-catering accommodation. There is a widely held view that the needs of those older people currently living in schemes classed as sheltered housing could equally be met by general needs housing provided the units were built to wheelchair accessible housing standards and to Lifetime Homes standard. Against this is the 'human heart' or personal touch issue. Older people are often living alone and can become isolated, so that a resident warden provides the human contact that is not available in general needs housing. On this view, sheltered housing would be Use Class C2. However, this is further complicated by the fact that resident wardens are being removed from many local authority schemes.

4.14 To help address this problem we have developed a typology of older people's housing together with draft guidance notes which set out how planning authorities should approach issues such as viability and S106 contributions in relation to older people's housing (see Appendix 8).

4.15 The Housing Learning and Improvement Network (Housing LIN), an independent 'knowledge exchange hub' for housing, health and social care practitioners, has recently issued a useful

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<sup>14</sup> See Appendix 4

summary of the debate around this controversial issue<sup>15</sup> which sets out the arguments for viewing specialised housing for older people as either C2 or C3. The debate revolves around two considerations:

- Do all dwellings have their own front door? (C3)
- Is the level of care provided both so extensive and so fundamental a requirement of living in the development that it can more properly be regarded as residential care? (C2)

- 4.16 Extra Care housing is intended to cater for a cross section of older people and to offer the option of on-site care should they need it. It is not intended to cater exclusively for the very frail and the economics of provision of Extra Care housing break down if this group becomes the sole or main occupants.
- 4.17 The approach suggested in the Housing LIN note implies that all purpose-built schemes which provide self contained accommodation with full facilities (their own kitchen and bathroom) **and have their own front door** (i.e. an individual, secure front door with access controlled by the occupier) should be C3 units. The level of personal care provided would then not be a material consideration. There is ample justification for this in planning Case Law (see Housing LIN Viewpoint 20 for examples).
- 4.18 Recent guidance from the Inland Revenue has clarified the tests which they deem appropriate to decide whether accommodation is C3 (exempt from VAT) or C2 (eligible for VAT). To be classified as C3 a dwelling must
- Be designed as self contained living accommodation
  - Cannot be accessed directly from any other self contained living unit
  - Constructed in accordance with valid planning permission
  - Each unit can be sold separately from any other unit
  - Each unit can be used separately from any other unit<sup>16</sup>
- 4.19 This approach implies that Extra Care, Assisted Living and all other permutations of retirement housing with personal care and/or support which also have a front door and other self-contained facilities should all be treated as Use Class C3. They would potentially be eligible to pay S106 and affordable housing contributions as residential rather than institutional development. But they would also be subject to viability tests which would often restrict what could be requested in terms of section 106 contributions.
- 4.20 Where schemes incorporate an on-site, in-house care home (e.g. for dementia or nursing care), that element of the development would be classified as C2 but the rest of the scheme would be classified as C3 in terms of units or homes.
- 4.21 The classification of Retirement Villages would similarly be considered on the same basis, as they are distinguished only by scale (i.e. number of homes).
- 4.22 This approach provides a clear cut distinction between C2 and C3 uses which avoids the need for a typology of retirement housing schemes depending on the level of care and support provided and for that typology to determine the financial contribution sought from individual schemes. It has the additional advantage that the same approach can be applied to any future variations or new models of provision that come forward, regardless of changes in arrangements for residential and/or domiciliary care provision or funding – both of which are currently in flux.

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<sup>15</sup> *Planning Use Classes and Extra Care Housing*, Housing LIN Viewpoint 20. [www.housinglin.org.uk](http://www.housinglin.org.uk)

<sup>16</sup> Taken from Revenue Brief 47/11 quoted in *Estates Gazette* 4 February 2012

- 4.23 There are two potential problems with this approach. The first is that in the case of flats a developer might try to claim that the front door is defined as the door to the building and so claim that the dwellings are C2. To avoid this the Housing SPG should clarify that self-contained accommodation with its own front door explicitly excludes entire blocks of flats from being classed as C2.
- 4.24 The second is the issue of monitoring. This research has already identified monitoring as a problem. Classifying older people's housing as C3 implies that it will not be monitored separately from other general needs housing. A modification to the way the London Development Database records all planning permissions could address this issue and wider monitoring issues at the same time. However, it is recognised that this is problematic procedurally and might place an increased burden on London boroughs at a time of reductions in public spending.
- 4.25 An alternative would be to treat specialist housing for older people as *sui generis* and record it separately, even though there are no plans to create a separate use class for such housing. This might prove less onerous in monitoring terms.

### **Barrier 2 Prioritising the housing needs of older people**

- 4.26 An interrogation of London borough planning and housing policies and strategies, including Older People's strategies, showed that many authorities have undertaken research into older people's needs, including housing needs. Even so, at this point only 14 current Core Strategies (both adopted and draft) include planning policies for older people's specialist housing. Others tend to include a general statement of intention 'to facilitate the appropriate amount of specialist and supported housing to cater for the homeless, the vulnerable and the elderly' (taken from Tower Hamlets CS, but similar statements can be found in many Core Strategies)<sup>17</sup>. Only one mentioned excess supply of traditional residential care homes (Enfield) but many describe changing expectations of older people as requiring a remodelling or replacement of outdated sheltered social housing.
- 4.27 However, these findings may not necessarily reflect current intentions. Some Core Strategies were adopted as early as 2008, and are currently under revision, while others have not yet been adopted. This means that plans reflect different policy priorities.
- 4.28 There may also be a problem of implementation and indeed monitoring. Even where plans include specific mention of the need for additional specialist housing for older people, and, in some cases, where there are housing strategies for older people, the output of such housing remains low (see Section 5 on supply). If they are recorded as C3 then they will not show up as specialist housing for older people. And even if there is increasing interest it may be too early for some new developments to appear in the monitoring statistics.

### **Barrier 3 Understanding the viability issues associated with older people's housing**

- 4.29 Compared to general needs housing, specialised housing for older people requires more land for communal facilities (typically 25-40% of gross developable area), and land is particularly scarce in London. Even sheltered housing requires accommodation for a communal space, warden or staff room. Any further provision of care as in, for example, very sheltered/assisted living, extra care and close care, requires proportionately more space, reducing the revenue-earning area

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<sup>17</sup> See Appendix 5 for more information on borough policies and strategies



compared with mainstream housing. This makes it difficult for specialist housing to compete with general needs housing as the additional cost cannot normally be recouped in the market.

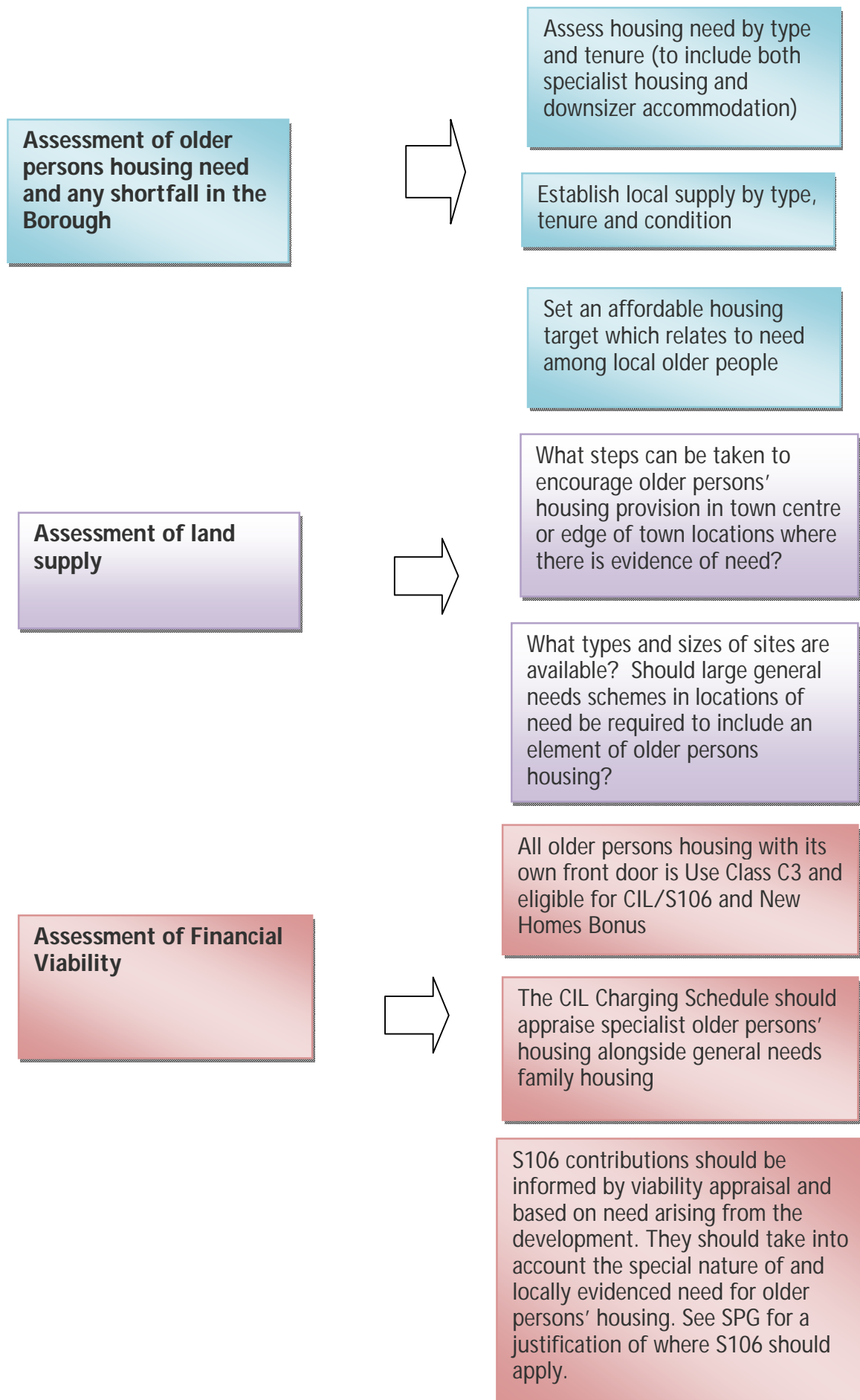
- 4.30 A viability appraisal was undertaken as part of this research (see Appendix 5) based on costs excluding S106. On this basis it would seem that retirement housing will generally, but not always, be unable to compete with general needs housing in the housing land market while Extra Care housing will generally not be able to compete in the land market. Thus the issue with respect to achieving specialist housing is how differently it is treated with respect to S106 and CIL rates.

### **Developing a planning strategy to meet older persons needs**

- 4.31 Our research would suggest that London boroughs might look to adopt a more pro-active approach to planning policy if they wish to increase the supply of older persons housing. Such a strategy would comprise a three stage approach which is summarised in the flowchart opposite. The three key stages are:

- Assessment of older persons housing need
- Assessment of availability of land of appropriate site sizes and in appropriate locations (eg town centre or edge of town)
- Assessment of financial viability and impact of CIL/S106 and affordable housing requirements

**Figure 2: Developing a planning strategy to meet older persons needs**





### **Assessment of need for older persons housing**

4.32 There are various models which enable local authorities to assess potential demand and need for older persons housing. A borough based analysis was undertaken as part of this research (reported in Appendix 3). This analysis was based on household propensity to move<sup>18</sup> and takes account of current supply and potential demand by tenure. An alternative approach is to focus on the proportion of the population who have a Long Term Limiting Illness or are unable to perform Core Activities of Daily Living. This approach is useful for predicting what proportion of the population need varying levels of care but less good for predicting the type of accommodation they will want or need to live in. This is because for all except the very frail, care can be provided in their own home, whether that home is general needs housing or specialist accommodation. Moves to specialist accommodation are often motivated by factors such as isolation, bereavement or a wish to move closer to family rather than being specifically related to increased levels of frailty and this is particularly likely to be the case for the owner-occupiers who make up the bulk of the population of older Londoners.

### **Developing Local Plan policies to facilitate older persons' housing provision**

4.33 Individual boroughs will wish to specify in their Local Plan and Older Persons Housing Strategy the types of older persons' housing provision which they wish to see in their area. This approach should be based upon up to date evidence of local market need for the various options available. It should aim to set out the type and number of all specialised housing models, including tenure, size and mix of dwellings required in the local area over a plan period, using the typology and variables set out in Appendix 8.

4.34 Consideration should also be given to aligning Local Plans with local Joint Strategic Needs Assessment and Health and Wellbeing outcomes (eg anticipated social care and/or health 'dividend' by reducing demand on residential and nursing care).

### **Downsizer accommodation**

4.35 Our research has also identified the considerable benefits which could accrue in terms of releasing under-occupied family housing if an increased choice and supply of downsizer housing were made available and targeted at older home owners and renters. We set out in the attached typology (Appendix 8) various different types of downsizer housing which could be provided.

4.36 Simply increasing the range of house types available is in itself beneficial but it may also be appropriate to consider whether certain housing developments or units within general needs developments could be restricted to older persons (e.g. over 50s), that is, specialist housing. Boroughs should not seek to impose these requirements upon mainstream developers but should give favourable consideration to such schemes should they come forward where there is evidence of local need and demand.

### **Locational requirements**

4.37 It is widely recognised<sup>19</sup> that older persons' housing is most appropriately situated in town centre or edge of town locations. This is particularly important for the specialised housing options identified within the typology but is also likely to increase the attractiveness to consumers and therefore the price of downsizer housing in their area, because of easy access to local services etc. One possible policy approach to overcome this is to allocate sites specifically for older persons' accommodation.

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<sup>18</sup> Except in the case of moves to care homes which were based on the proportion of the total population currently resident in care homes

<sup>19</sup> Housing markets and independence in old age: expanding the opportunities, p33 Michael Ball, May 2011

- 4.38 Analysis of the Londonwide SHLAA suggests that in some parts of London a significant proportion of total housing land supply is derived from sites which are larger and more complex than could be utilised by retirement housing provision alone. In such circumstances London boroughs when preparing masterplans or Neighbourhood Development Plans could seek to encourage a proportion of the site(s) to be allocated to older persons' housing.

### **Lifetime Neighbourhoods**

- 4.39 It is important that planning policy at borough level recognises the vital role of lifetime neighbourhoods (LTN) in improving quality of life for older Londoners. By providing access to a range of services, facilities and open space in an environment that is safe and overlooked to provide passive surveillance as appropriate, LTNs create places that are inclusive and attractive for both the older residents themselves and their visitors. The distinctive character of the neighbourhood and the civic places where people can meet contribute to aiding recognition of familiar features and creating a strong social and civic fabric. By improving accessibility and security in a quality environment, LTNs encourage older people to spend time outside their homes, maintain activity and socialise, all of which is good for health, both physically and mentally, and so reduces costs to the public purse. As the proportion of people with dementia increases, LTNs can support people in the early stages to continue to live in the community.

### **Land supply**

- 4.40 Preliminary analysis of recent housing provision in Central London suggests that only a limited number of larger sites come forward<sup>20</sup>. Specialist older persons' housing schemes normally need to be a minimum of 40-60 units<sup>21</sup>, although if a scheme acts as a Community Hub smaller schemes can be possible. It is likely that in Central London land supply is as big a problem as scheme viability compared with General Needs housing. This will be less of an issue in either the inner or outer suburbs, although there might be problems in particular parts of a borough.
- 4.41 In some circumstances it is possible for large general needs schemes to include an element of older persons' housing which could be targeted at downsizers or provided in the form of specialist older persons' provision. This is already happening at Kings Cross Central in Camden and at Kidbrooke in Greenwich and it may be that this is a key way that specialist provision can be incorporated into new development in Central and Inner London.
- 4.42 There is also evidence to suggest that some larger Extra Care and sheltered schemes are being provided as part of the redevelopment of existing local authority owned sheltered schemes (examples include Camden and Kensington and Chelsea). Land supply however looks likely to remain an obstacle to provision of specialist older persons' housing in Central London.

### *Financial viability and S106 and CIL requirements*

- 4.43 Retirement housing has less revenue-earning floorspace than general needs housing. Development costs are broadly comparable and may even be higher where specialist fitments are required, but revenues and hence residual land values are lower.
- 4.44 **S106:** In most cases a careful viability appraisal should pick up any need to reduce S106 requirements in order to achieve retirement housing. Boroughs are already taking a more flexible approach to S106 requirements for individual schemes and are recognising that these

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<sup>20</sup>Westminster had only 3 Large schemes completed in 2009/10 and the AMR comments that " a majority of housing delivery in Westminster tends to result from small schemes of fewer than ten units, resulting from minor redevelopments." (Westminster AMR) Camden's AMR provides a table on potential site supply which shows only 4 sites over 5 years which are capable of delivering 40-100 general needs units (AMR page 56 Table 17).

<sup>21</sup> See the Extra Care Housing Toolkit produced by the Care Services Improvement Partnership on the Housing LIN website.

need to be appropriate to the type of development proposed and its ability to divert an uptake of publicly funded services and facilities.

- 4.45 Section 106's can also be used to ensure that older persons' needs are delivered. This could be in terms of actually providing specific older person accommodation on site or contributing to a fund for services for older people. This is a legitimate use of section 106 as it can make a development acceptable in terms of addressing the identified needs of an area. This research has shown that there is a particular issue for the "squeezed middle" in accessing appropriate older persons accommodation/services and the use of section 106 requirements for older persons housing products could particularly address this issue.
- 4.46 However, the use of such requirements should not constrain delivery and thus must be subject to viability testing.
- 4.47 **CIL:** In line with government policy London boroughs are moving away from a S106 only based system of financial contributions to the inclusion of a CIL based system. Local Authorities and the Mayor of London in setting their CIL will produce a charging schedule which details the level of CIL contribution required per square meter for different types of development to contribute to infrastructure development. The CIL regulations detail what type of development has relief from the CIL and this includes affordable housing. **The move from a dwelling based financial contribution to one based on floor area adversely affects the viability of retirement housing because of the high proportion of communal areas relative to saleable units.**
- 4.48 CIL is not negotiable and specific elements of CIL cannot be omitted for individual schemes. CIL can however be set at a reduced or nil level for different types of development at the point when the CIL charging schedule is drawn up. In setting a CIL, local authorities are required to set rates which do not put development in their area at risk and to have regard to the full range of different types of development. This means that viability testing is an important part of developing a CIL.

*By providing additional infrastructure to support development of an area, CIL is expected to have a positive economic effect on development across an area in the medium to long term. In deciding the rate(s) of CIL for inclusion in its draft charging schedule, a key consideration for authorities is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing CIL upon development across their area. The CIL regulations place this balance of considerations at the centre of the charge-setting process. In view of the wide variation in local charging circumstances, it is for charging authorities to decide on the appropriate balance for their area and 'how much' potential development they are willing to put at risk through the imposition of CIL... In their background evidence on economic viability to the CIL examination, charging authorities should explain briefly why they consider that their proposed CIL rate (or rates) will not put the overall development across their area at serious risk.*

*(Community Infrastructure Levy Guidance, sections 7-8. March 2010)*

- 4.49 When undertaking the viability appraisal to support the CIL, boroughs should ensure that they have tested the viability of retirement housing (both sheltered and Extra Care for rent and sale) and that they take this into account when setting CIL rates.
- 4.50 The Mayoral CIL has already been set, as have those for Redbridge and other London front runners. In these instances there is therefore currently no further scope to vary the CIL. The

Mayoral CIL applies to all types of housing and does not offer scope for distinction between older persons' and general needs C3 housing. However, it has been set at low rates<sup>22</sup>.

### *Affordable housing*

- 4.51 Our research has shown that the housing choices open to older Londoners and the affordability governed by their financial resources are different to the challenges faced by younger households seeking general needs accommodation. **Older Londoners are overwhelmingly home owners (65-70% of households) but the existing stock of retirement housing is predominantly social rented (81%).** Whilst existing SHMAs have dealt in detail with the housing needs of younger Londoners and have identified significant need across London for affordable housing, they have not always dealt in similar detail with the housing needs of older Londoners
- 4.52 Market Position Statements<sup>23</sup> (MPS) for older people prepared by local authorities with adult social care responsibilities (including London boroughs) are intended to facilitate the market (public, voluntary and private) to ensure a sufficient supply of accommodation and services. MPS should bring together data from the JSNA, commissioning strategies and market and customer surveys in order to inform and stimulate the market. London boroughs should be encouraged to consider MPS as well as their SHMA as useful evidence of need.
- 4.53 Home ownership percentages among older people and the nature of the stock of retirement housing vary considerably between boroughs and each borough should carry out its own assessment of potential demand for older persons' housing by tenure. The modelling tool used in this research enables this to be done simply and cost effectively and allows for sensitivity testing of key assumptions. It can be obtained from the Elderly Accommodation Counsel who provided the raw data on housing supply.

### *Financial viability and S106 and CIL requirements – policy conclusions*

- 4.54 When preparing the evidence base for their Local Plan and CIL Charging Schedule, boroughs should be able to demonstrate that they have given full consideration to the special circumstances which distinguish retirement housing from general needs housing, taking into account:
- Type and level of need for retirement housing within the borough
  - Likely level of older persons' affordable housing provision based on local need and tenure profile
  - Anticipated S106/CIL requirements from older persons' housing
- 4.55 They should set S106/CIL and affordable housing targets for retirement housing which reflect local need and financial viability and the level of priority which is accorded to retirement housing provision within the borough, recognising that the London Plan has identified the importance of providing wider housing choice for older Londoners and that over the next 20 years over 85s are the fastest growing sector of the population.

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<sup>22</sup> The rates are £50/sq m for zone 1, £35 for zone 2 and £20 for zone 3 and beyond (April 2012).

<sup>23</sup> Housing LIN SHOP Resource Pack

# 5. Resources

## Capital and revenue funding

- 5.1 London's older population is increasing at a time when public funding is reducing and less accommodation is being provided for older people than in the past.
- 5.2 New approaches are needed to address these challenges, and a failure to do so could lead to increasing demands on the health and care budgets as well as reducing quality of life. There could also be increasing numbers of older people living alone in family sized homes unless suitable housing is built to encourage them to downsize.
- 5.3 There is clear evidence that appropriate older people's housing can help to reduce the growing pressures on care and health budgets<sup>24</sup>. Recognising the savings that can be made by provision of appropriate housing, there is a need to develop joined up strategic approaches covering housing, care, health and planning. The Mayor of London could help to facilitate this.
- 5.4 Funding issues differ depending on tenure and market sector.

## *Squeezed middle*

- 5.5 There are very few options for the large number of owner occupiers without a significant asset value and/or income<sup>25</sup>. Developers of middle value retirement housing say that they cannot develop in Central and much of Inner London as land values are too high and they find it hard to compete with other potential uses such as high density homes sold off plan. Most existing schemes for sale in Inner London are aimed at those with high levels of equity, and those seeking middle value homes may need to look in outer London boroughs. Our own viability appraisal suggests that even in Outer London, specialist housing cannot compete with general needs housing for the land that is available. As a result, private schemes cater only for the upper end of the market.
- 5.6 The two main options for the 'squeezed middle' are shared ownership, where on HCA funded schemes they can buy up to 75% of the value of the new home from the sale proceeds, or shared equity. The availability of these schemes is limited,<sup>26</sup> and some people are excluded from HCA funded shared ownership because of too high an equity value of their existing home (although they may be able to purchase resales). The national HCA programme for older people's shared ownership is small (191 homes were sold to older people in 2009-10 out of a total of 3,000) and even smaller in London.
- 5.7 A few developers offer shared equity sales of varying percentage shares. Research outside London suggests that 20% of older owner occupiers cannot afford to buy outright but most of them could afford an 80% shared equity product. This may not be the case in all areas of London because average house prices are so high, which suggests a lower proportion shared equity product, may be needed to meet need in some parts of London.
- 5.8 Further research could be undertaken to identify whether this level of HCA funding accurately reflects demand, or whether there is scope to expand the level of shared ownership and shared equity schemes in the public and private sectors to offer a range of attractive options (mainstream and specialist) for owner occupiers of limited means.

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<sup>24</sup> CLG (2009) Research into the financial benefits of the Supporting People programme

<sup>25</sup> Overton L (2010) Housing and Finance in Later Life, Age UK

<sup>26</sup> HCA data compendium 2011 (and see Appendix 2 for more details)



### *The private rented sector*

- 5.9 Currently only 3.5% of older Londoners live in the private rented sector<sup>27</sup>, but as the sector expands in the longer term more people may grow old in it. Many of those entering sheltered housing in the social sector come from private renting.<sup>28</sup>
- 5.10 The design of homes for private rent and willingness of landlords to agree to disabled adaptations also act as barriers to tenants' continued occupation as they grow older.
- 5.11 Attractive private rent specialist schemes could be a good alternative to ownership or care homes for some self funders, particularly for those needing a move later in life, if they could offer some security of tenure.
- 5.12 Further work could be undertaken to explore the scope to attract providers into this market, linked to equity release or insurance schemes to fund care.

### *Affordable housing*

- 5.13 From April 2013 housing benefit recipients of working age in the social rented sector will be affected by an under-occupation penalty which reduces housing benefit according to the number of spare bedrooms. This will affect people of working age in the social sector, including those in their late 50s and early 60s, who, while they may fall within local definitions of older people, will not have reached state retirement age. This means older "downsizers" within the social sector are now in competition for smaller units with households of working age that are trying to move because of changes to Housing Benefit if they occupy additional rooms.
- 5.14 The introduction of 'affordable rent' housing (to be let at up to 80% of market rents) by the 2011-2015 affordable homes programme could also reduce the ability for older people to downsize in to more suitable accommodation as it maybe priced at significantly higher rents than their current social rented homes. However, the London investment programme has allowed flexibility for supported housing so it can be let at a rent closer to target rent, in addition the programme also allows for beneficial moves i.e. those under occupying moving on a target rent.
- 5.15 Also as more housing association accommodation is relet at "affordable" rents, flats offered to downsizers may be more expensive than their current home.

### *Provision of specialist housing*

- 5.16 There is a wide range of differing kinds of specialist housing across all tenures, and there is a need to consider how to make these models work better to become housing of choice. There are also new models, including some inspirational examples from Europe<sup>29</sup>. All schemes require revenue funding for care and support services, and in the private sector these may be funded through a service charge and/or an insurance payment (see para 5.43). For many people the affordability of service charges is a key factor influencing their decision to move.
- 5.17 In the affordable sector, new schemes will be let at affordable rent, and the ceiling for affordable rents of up to 80% of market rent must include service charges, which some providers are increasing in order to replace lost Supporting People revenue. This can threaten the viability of some schemes; particularly when compared to the viability of a general needs

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<sup>27</sup> GLA, December 2011

<sup>28</sup> CORE, 2010

<sup>29</sup> HAPPI Housing our Ageing Population: Panel for Innovation, HCA (2010)

scheme on the same site. However, there are financial benefits from the provision of specialist housing for older people as evidenced in the HCA report.<sup>30</sup>

- 5.18 Now that the GLA has taken over the London Homes and Communities Agency's (HCA) programme, there is a new chance for a thorough review of the current HCA programme of housing for older people. This would provide an accurate picture of what is happening and is likely to happen to future provision. Currently it appears that there will be far fewer new specialist affordable schemes for older people in the near future, although the HCA has been seeking to maintain 10% of its programme as supported housing.

#### *Sheltered public sector housing*

- 5.19 Much of the current sheltered stock was constructed up to 50 years ago, with a high proportion of bedsits, a lack of lifts and some sharing of facilities such as bathrooms. Where these schemes are well located, they can be popular with "younger old" and may house people from the private rented sector or older homeless from hostels. However such older schemes can become hard to let, particularly when they are restricted to those with mobility, care and/or support needs because they are not suited to meeting such needs.
- 5.20 It is difficult to find the funding where sheltered housing is in need of substantial modernisation works and thus some of this is being decommissioned, either to be used by a different client group, or for demolition. Yet as the ability to fund new schemes diminishes, bringing older stock up to date may be a cost-effective option of maintaining supply.
- 5.21 The role of sheltered housing has changed as residential wardens have been replaced with floating support and personal care budgets. Increases in service charges have led some who self fund and are not eligible for Housing Benefit to perceive schemes as unaffordable. Maintaining a mix of residents becomes more difficult, and schemes can then become less attractive to new residents.

#### *Extra Care sheltered public sector housing*

- 5.22 The number of new Extra Care schemes in the pipeline has fallen substantially since the Department of Health funding programme came to an end. Many schemes are wholly social rent, funded by the HCA, but others include shared ownership, some include private sale as well, whilst some are rented privately.
- 5.23 For cost reasons, ideally there will be a mix of frailty with some more active, younger old in Extra Care schemes. But the pressures on adult social care budgets mean that the proportion of very frail people nominated by local authorities in affordable schemes is often higher than originally intended. One authority told us that the new Extra Care schemes in their borough with facilities to encourage independent living are 'being wasted' because they are being filled entirely with people with high dependency needs. Some adult social care authorities find the rent charged too expensive, and voids can be a problem. Linked to this, pressures on Supporting People and other revenue budgets can reduce the social activities on offer. This can mean that some of the communal spaces are not well used, raising the question of whether the original concept remains valid. Pressures on revenue budgets make it hard to maintain schemes to the level of service provision originally intended, and pressures on capital budgets mean that few new schemes may be built to the standards of those earlier schemes in receipt of public funding.
- 5.24 Where schemes are of mixed tenure, private purchasers (whether outright or as shared owners or with shared equity) may be put off buying into a scheme with social tenants, particularly where

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<sup>30</sup> Financial benefits of investment in specialist housing for vulnerable and older people, Frontier Economics analysis for the HCA.

the social tenants are predominately frail. The model also faces challenges as HCA grant rates per person are now much reduced, and extra care schemes are expensive. In some schemes that depend on cross subsidy from sales, there is now a tendency to separate the tenures and to include a smaller proportion of affordable rent in order to make the scheme more attractive to owner occupiers.

- 5.25 One potential new model to provide mixed tenure Extra Care without social housing grant involves an owner purchasing a flat and signing an agreement to buy a care package from the on-site provider. This could enable the developer to offer 80% sale 20% affordable by cross-subsidising the development using the surplus from the revenue stream from the care. This model can only be offered legally by private developers and housing associations.
- 5.26 A few private developers are exploring the potential for wholly market Extra Care or Assisted Living schemes, which in some cases are linked to retirement homes. These schemes are for self-funders with substantial assets in the upper end of the market and the problems outlined above would be unlikely to apply as long as residents were able to self-fund.

#### *Pan London approaches*

- 5.27 Some of London's boroughs are too constrained in terms of land supply to plan an effective range of provision, and there would be benefits to pan London and sub regional approaches. Some local authorities are reluctant to support schemes that will "import" older people into their boroughs who might call on their stretched adult social care budgets. While most people wish to remain in the same area, some older people wish to move from one borough to another, for example, to be closer to family support, or to find an affordable solution, and traditionally some people have moved to outer boroughs from central London as they age. The Seaside & Country Homes scheme is an example of an approach which offers older people vacating family sized social rented homes the chance to move out of London. Now that the Mayor has taken responsibility for the scheme,<sup>31</sup> the potential scope to expand it can be explored.
- 5.28 New models of procurement for complex schemes are needed. Competitive dialogue is expensive and may not deliver the desired outcomes while OJEU tendering rules may not be suitable for schemes that need a partnership approach. One solution is for neighbouring authorities to join together in a framework agreement. See Appendix 2 for further discussion of joint approaches.

#### *New models of housing for older people*

- 5.29 As expectations change, new models of older people's housing are required, offering a wide range of choice of both mainstream and specialist housing covering the full range of affordability. Design should be flexible to allow for changing needs and service delivery models but should follow best practice. This could include schemes that provide a range of services acting as a hub for the wider community, and co-housing schemes, where older people work together to create their own housing scheme. These are popular in northern Europe and the USA, but have not yet taken off here, although they promise great potential for self organised solutions to housing, and can encourage people to downsize at a younger age<sup>32</sup>.
- 5.30 Models of "hub and spoke" may be appropriate for the future, where support facilities are provided in the heart of a community, perhaps with private and affordable specialist provision adjacent, but providing a wide range of facilities to the wider community. This is compatible with high density, inner city living. It is suggested that developing these models may be a key to the future, as proximity to a hub would enable people to live in more mainstream housing (e.g.

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<sup>31</sup> London Housing Strategy consultation draft 2011, page 24

<sup>32</sup> HAPPI report, HCA, 2010



built to Lifetime Homes Standard and in Lifetime Neighbourhoods) and could overcome the need for much communal space in schemes, and therefore attract more public and private sector provision of older people housing. It might also give confidence to developers who are nervous to take on the role of providing care and support, if these are seen to come from an adjoining facility. It could also facilitate small infill provision of new schemes in some locations.

- 5.31 More specialist schemes will be needed to address the needs of the increasing number of people who will become very old, and suffer age related impairments such as dementia. While all schemes should be culturally sensitive, there may be a need for some culturally specific schemes in certain boroughs to address the wide diversity of London's older people.
- 5.32 To enable as many people as possible to access new housing schemes, they can be linked to equity release products and forms of shared equity. Consideration should be given to creating a new product to encourage shared ownership for older people and to encourage providers to offer the opportunity for older shared owners to staircase down to release equity. Proposals to attract private institutional investment, and pension fund investment into new models should continue to be developed.

#### *Tackling the existing stock*

- 5.33 On the basis of past trends, around 90% of older people will continue to prefer living in their current home and there is a need to identify ways of funding improvements to the existing housing stock, to ensure that it is fit for purpose, energy efficient and can support people as they age. More investment is required in aids, adaptations, assistive technology and support services so that older people remain safe, supported and independent<sup>33</sup>. Self funders must have access to appropriate advice and trustworthy equity release/loan products should be made available to enable them to fund adaptations.
- 5.34 Ways of using the existing stock more imaginatively should be encouraged, and local authorities can develop policies to promote alternatives. Homeshare schemes (with safeguards) can provide affordable accommodation in a spare room in return for help with the older tenant or homeowner<sup>34</sup>.

#### **Equity release**

- 5.35 In London, 65% of older people aged over 65 own their homes<sup>35</sup>, yet many are on low or restricted incomes from pensions and savings. Equity release is a way of enabling them to 'spend' some of the value of their property while they continue to live in it. The equity released is either in the form of a lump sum or an income. In principle it could be an attractive option for those who wish to continue living in their own home, as it can fund adaptations and repairs which make the home suitable for the older person to continue living there well into old age. The funds, if sufficient, could potentially be used to fund care as support needs increase as people get older.

#### *Problems*

- 5.36 There are a number of problems associated with equity release<sup>36</sup>.
- Older people have poor perceptions of equity release products because of its earlier reputation for poor value products

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<sup>33</sup> Good Homes in which to Grow Old, Local Government Group, July 2010

<sup>34</sup> See Homeshare International website; also Share and Care ([www.shareandcare.co.uk](http://www.shareandcare.co.uk))

<sup>35</sup> Integrated Household Survey tenure by age and borough, 2011

<sup>36</sup> Age UK Housing and Finance in Later Life, 2011

- Older people are often reluctant to 'spend their children's inheritance' although some would like to help their children now
- The equity release market is still quite small with only about 25,000 home owners nationally concluding equity release deals each year, yet its potential size is clearly much larger
- Equity release is currently mainly used as capital (e.g. to fund home improvements) not to fund care and support
- For older welfare benefit claimants, releasing equity may adversely affect their benefit entitlement
- Many people who could otherwise consider releasing equity by downsizing may not have sufficient equity to purchase a suitable house to support their independence in old age, such as people who exercised the Right to Buy or where leasehold conditions are unfavourable
- Older people lack information and knowledge about equity release

### *The range of equity release products*

- 5.37 The most common equity release products are the 'Lifetime Mortgage' or 'Home Reversion Plan' where a share of the home is sold to a mortgage provider in return for a tax-free cash sum, a regular income or a facility to draw down money to an agreed ceiling when required. Products vary according to value of property and age and health of owner. A range of schemes exist with different interest rates and loan criteria so independent financial and legal advice is essential<sup>37</sup>. Loans are repaid by a lump sum (capital plus interest) on death or sale of property.
- 5.38 The government's Housing Strategy<sup>38</sup> includes a proposed equity release scheme to enable older owners to fund repairs and adaptations. The government is currently working with the financial services industry to try to create new financial products linked to advice, which they propose would be provided via local authorities. How this is done needs careful consideration, as local authorities cannot legally provide financial advice.
- 5.39 Options for benefit recipients are currently limited. The Joseph Rowntree Foundation has piloted a new product from Just Retirement called the Home Cash Plan with three local authorities<sup>39</sup>. The pilot in one of the three local authority areas had only 20 enquiries which resulted in 10 solutions that were not reached through equity release. Despite this poor response in the pilot authorities, the new product is now being offered by Age UK Enterprises, FirstStop and SAGA. Now that it is in the mainstream it has found a wider market, with 1,200 enquiries in the first 9 months. The pilot local authorities found it hard to access the target group of Right to Buy purchasers, and the leasehold industry requires a minimum 70 year lease whereas many Right to Buy leases are now much less than this.
- 5.40 The HCA's programme of shared ownership for older people might appear to have potential but in London there were only 2 bids for funding such schemes in the 2008-11 bidding round (producing just 20 units each). The programme is targeted at people with equity from a previous home (with a maximum 70% of the value of the new home). It has now been taken over by the Mayor.<sup>40</sup> Some associations see it as riskier than traditional shared ownership, as sales can be slower and re-sales in such a specialist market can be difficult. There is little public knowledge of it as an option at present, and more publicity could help overcome these problems.
- 5.41 Some developers offer shared equity but only on a limited portion of sales, as it affects their cash flow and borrowing capacity. Such shared equity is not generally targeted at older people.

<sup>37</sup> FirstStop Guide to releasing capital from your home, EAC 2011

<sup>38</sup> Laying the foundations: a housing strategy for England, CLG, 2011

<sup>39</sup> Overcoming obstacles to equity release, JRF, 2006

<sup>40</sup> London Housing Strategy, 2011

## Models to pay for care

- 5.42 Some alternative models to enable older home owners to pay for care have been developed, mainly at the top end of the market where house values are higher.
- 5.43 Audley Retirement provides schemes whereby people can buy a home and then if income is needed subsequently to pay for services or care, they can access equity release or a lifetime mortgage or Audley Retirement can take a charge on the property which is repaid on death / sale.
- 5.44 Extra Care Charitable Trust is piloting 'Care for Life' on one new scheme<sup>41</sup> whereby people can contract to cover all their future care and support needs with either a single upfront payment, a smaller upfront payment plus annual payments, or an upfront payment plus a future payment (on death / sale).
- 5.45 At the JRF Continuing Care Retirement Community (Hartrigg Oaks) the new property may be signed to JRF after purchase in return for a home for life with no nursing care costs<sup>42</sup>.
- 5.46 Sunshine Care schemes take the equity from the sale of the home to pay for care until resident dies (actuarial estimates ensure costs are covered).
- 5.47 Age UK has argued that care and support in later life has reached financial breaking point<sup>43</sup> and that once the government's spending cuts have taken full effect, a million older people in England with care-related needs will receive no financial support from public or private sector agencies. How to fund care in the future is the subject of the Dilnott Commission report and the recently published social care White Paper<sup>44</sup>, but whatever model is adopted, public funding will continue to be important. Equity release can only help those who have some equity, not those on low incomes in social or private rented housing.

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<sup>41</sup> ECCT 'Care for Life', 2011

<sup>42</sup> Residents' views of a Continuing Care Retirement Community, JRF, 2003

<sup>43</sup> Care in crisis: causes and solutions, Age UK, May 2011

<sup>44</sup> Caring for Our Future, 2012

## 6. Other factors to consider

### Staying put

- 6.1 A range of factors combine to lead people to stay put rather than move to a more suitable property.<sup>45</sup> These include
- Attachment to the home and neighbourhood
  - Need/wish to be close to family and friends/ support networks
  - Unable to afford suitable alternative
  - Lack of knowledge of suitable alternatives
  - Inertia and dislike of upheaval
- 6.2 For older people who are able to do so, staying put in the family home is a popular option. When property values hold up and there is a lack of suitable alternatives, selling up and downsizing to a smaller, more manageable property better suited to particular needs, or moving into institutional housing such as care or nursing homes are often considered a last resort option.
- 6.3 There are a number of consequences for older people in terms of 'staying put' which can potentially be alleviated by a move to more specialist non-institutional housing:
- Increased isolation
  - Difficulties with day-to-day tasks
  - Greater reliance on healthcare services
  - Failure to manage / maintain their property
- 6.4 For a larger number of older people, 'staying put' also has wider consequences in terms of under-occupied multi-bedroom houses that could better suit families.
- 6.5 By encouraging the development of specialist and mainstream accommodation attractive to older people, the GLA can begin to secure the choice of housing sought by London Plan Policy 3.8 and enable downsizing to release family homes and ease overcrowding. However, in the UK home owners tend to hold onto their housing equity as insurance against future costs including care. Government decisions regarding future arrangements for paying for care are likely to be a key factor in influencing behaviour. The London Housing Strategy could explore ways to address this issue.
- 6.6 Financial assistance to enable older Londoners on low incomes to continue to live independently is limited and will be further restricted. As the number of older Londoners increases, funding will go to a smaller proportion, putting pressure on the ability to stay put and making a move to more suitable accommodation a negative, rather than positive, choice.
- 6.7 The 'squeezed middle' are those who are not eligible for financial assistance and, if homeowners, cannot realise sufficient equity to purchase a more suitable property. The range of options for older people should include consideration of the cost effectiveness of helping people to stay put compared with the cost of building new homes. Housing provision should include tenure/ funding options that will be affordable for the squeezed middle. Shared equity schemes are not always well known or properly understood and equally, mainstream lenders

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<sup>45</sup> Managing underoccupation: a guide to good practice in social housing, DETR, 2001

perceive them as high risk. New mechanisms such as the London Rebuilding Society equity reversion scheme<sup>46</sup> have considerable potential to enable older home owners to access funds for essential repairs without the anxiety of making repayments in a conventional equity release scheme.

- 6.8 Models of housing provision such as Homeshare and Cohousing exist on a very small scale but are valuable in providing companionship and mutual support. They have potential to expand and offer an increased range of housing choices to older people but it is difficult to envisage them becoming mainstream options without policy and financial support.

### **Other groups with special needs in old age**

- 6.9 There are several groups with specific housing or care needs who may require specialist housing in old age. These include people with dementia, people with disabilities, BAME households, the LGBT community and Gypsies and Travellers.

#### *Dementia*

- 6.10 People with dementia (which covers a range of conditions) have an increased risk of physical health problems and will become increasingly dependent on health and social care services and on other people for their care. Currently 23% of people aged 85 and over have dementia. As the population of older people increases so will the number of dementia sufferers. Many people will remain in mainstream housing in the early stages, and there is a need to normalise dementia care in the community.
- 6.11 The majority of dementia sufferers will require specialist care of some kind in the later stages of their illness. They often have both mental and social needs. This poses problems of coordination of care especially in London including some service provision crossing borough boundaries
- 6.12 At present, older people with dementia living in London receive informal care from families and friends, and formal care from a wide range of private sector companies, voluntary and community organisations, public sector organisations and social enterprises. There is a need for more joined-up approaches. Local authorities directly provide a relatively small share of the care market: about 13 per cent in total, but they fund the bulk of provision through commissioned services: around three-quarters of home care, and 80 per cent of residential care. Residential care places are hard to find for people with dementia (London Councils 2008).
- 6.13 The economic cost of dementia is estimated at £23 billion a year, twice as much as cancer and three times as much as heart disease.<sup>47</sup> Over 800,000 people have dementia but many more carers and family members are affected by it with an estimated 1.5 billion hours of unpaid care. About 37% of dementia patients are in long-term care institutions, costing more than £9 billion a year in social care and a further £1.2 billion in health care including hospital stays. Yet research spending on dementia is far lower than that for cancer and heart disease. Recognising this, the government has announced plans for increased funding for research into dementia through the 'national challenge on dementia' from £26.6m in 2010 to to £66m by 2015.<sup>48</sup>
- 6.14 Personal budgets for older people with dementia have been piloted in some parts of London, including Westminster. These allow older people to pay for services to improve wellbeing and to meet individual social interests, as well as meeting care needs. While there are benefits from an

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<sup>46</sup> London Rebuilding Society has a home improvement scheme which renovates homes in return for a percentage of the equity. See [www.londonrebuilding.com](http://www.londonrebuilding.com)

<sup>47</sup> Alzheimer's Research Trust, *Dementia*, 2010

<sup>48</sup> The Guardian 26 March 2012

individualised service, there are concerns about people's capacity to handle budgets, especially given the deteriorating nature of dementia as an illness.

- 6.15 The range of options for people who are diagnosed with dementia is increasing, and the earlier the diagnosis the greater chance of being able to be supported to live in one's own home, perhaps with adaptations and assistive technology. Remaining in a familiar place with appropriate support will help people retain independence for as long as possible.
- 6.16 There is a variety of local initiatives and partnerships which are demonstrating how effective community support can be. Several London boroughs have piloted Memory Services (Including Croydon, Haringey and Westminster) and these can be a cost-effective way of increasing the number of people seen for early diagnosis and intervention. However, provision of support and appropriate services in London is patchy and some people have very little access to support, or are diagnosed too late to benefit from early interventions. London wide initiatives should be promoted to learn from best practice.
- 6.17 Many sheltered schemes cannot provide the level of support that people may need as their dementia progresses, and they will need to move on. Some specialist schemes will not accept people already diagnosed with dementia. Others will accept a small proportion of people with milder forms of dementia, but most cannot guarantee a home for life, and people will have to move to a care home if their dementia progresses, or if their behaviour becomes challenging.
- 6.18 Access to suitable schemes is a problem, particularly if people wish to remain in their community or close to their support network, and this is likely to worsen as numbers increase unless a new range of schemes can be provided. Severe pressures on capital and revenue funding make this difficult, particularly in central London.
- 6.19 Specialist housing that will help remove barriers and support independence for people with dementia needs to meet certain design principles. These include considering how the building can support and assist people with impaired memory, impaired reasoning, impaired ability to learn or acute sensitivity to the social and built environment and noise, or people who experience high levels of stress. Other factors that are desirable include the use of local volunteers to assist in social activities, involving residents with the local community, enabling some of the facilities of the scheme to be used by the wider community, and encouraging local services to be delivered within the scheme (e.g. library). See Appendix 1 for more information about dementia-friendly design.
- 6.20 Schemes should be culturally appropriate. Consideration should be given to the cultural requirements (whether by ethnicity or sexuality) of potential residents when managing schemes and designing environments for dementia sufferers.

#### *Access and disability*

- 6.21 Poorer health and increasing frailty impede the ability to carry on with normal activities outside the home. While the implementation of Lifetime Neighbourhoods can improve that situation over time, this will take time to achieve. In the meantime, while people's physical needs can be met by adaptations, carer visits etc, they may spend long periods of time alone at home, leading to loneliness and even mental illness including depression.
- 6.22 Specialist accommodation for older people, providing communal areas and activities and opportunities for social interaction, can play an important part in combating the negative effects of loneliness and isolation with positive outcomes for the wellbeing of individuals and cost savings to health and social care budgets.



### *Current accessibility standards and the needs of older people*

- 6.23 Under Building Regulations, new homes should be built to a minimum standard in terms of accessibility. The Lifetime Homes Standard is a higher standard than this, and seeks to enable new housing, either from the outset or through simple and cost-effective adaptation, to meet the existing and changing needs of diverse households.
- 6.24 The Government supports new homes to be more accessible or easily adaptable but has not introduced any statutory requirement. The London Plan's policy 3.8 Housing Choice states that boroughs should ensure that all new housing is built to Lifetime Homes standards and ten percent designed to be wheelchair accessible or easily adaptable for residents who are wheelchair users. The London Plan's draft Housing SPG covers Lifetime Homes standards in some depth.
- 6.25 Lifetime Homes are not intended to meet the needs of wheelchair users. Purpose-designed wheelchair standard housing involves more prescriptive and detailed design and specification to provide increased space, choice and flexibility and enable greater independence for people with more complex or distinct needs. The London Plan housing standards set out in the draft Housing SPG provide fuller consideration of Lifetime Homes standards and include a new section on wheelchair housing standards.
- 6.26 The main health related reasons why existing homes become unsuitable as people grow older are falls, dementia and vulnerability to cold. Sight loss is a particular issue for older people: most health conditions that lead to sight loss are associated with ageing. Design features to alleviate problems encountered due to sight loss and other age related impairments are not specifically addressed by Building Regulations or Lifetime Homes Standards.
- 6.27 Health and mobility can change gradually and unpredictably as part of the ageing process – a fact that applies both to people with no previous disability and to disabled people who may find that growing older brings additional health challenges. Design features that help older people to remain independent include the position of power points and heating controls, tap and door handle design, positioning of lighting and mobility vehicle ('scooter' or 'buggy') storage and charging.
- 6.28 The London standards and guidance are intended to encourage provision of enough space in dwellings to ensure that homes can be flexibly used by a range of residents. They also aim to ensure that space can be sensibly allocated to different functions, with adequate room sizes and storage integrated into the planning. Both of these features are of particular importance to older people.

### *Housing for older wheelchair users*

- 6.29 An estimated 607,200 wheelchair users live in private households (including extra care housing but excluding care and residential homes) in England. In London approximately 12,500 wheelchair user households have unmet housing needs. People aged 65 and over comprise approximately 60% of wheelchair users.<sup>49</sup>
- 6.30 No data is available to indicate whether any change in the London 10% wheelchair accessible target is appropriate to older people's housing. Recent delivery in all types of housing suggests that the current target is achievable over time. Any more detailed assessment would require further investigation of take-up – possibly as part of a targeted survey.

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<sup>49</sup> Mind the Step. Habinteg, 2010 (quoting DCLG statistics)

- 6.31 Ensuring that wheelchair accessible housing goes to wheelchair users is clearly important. The pilots of the London Accessible Housing Register (LAHR) provided information that enabled the allocation of an increased number of homes suitable for people with limited mobility. Bringing social housing designed for older people into the LAHR framework would improve appropriate allocation and use of that stock, as some existing sheltered housing is not accessible while some mainstream housing is. Rolling out the LAHR across London will enable accessible homes to be identified and classified so that the proportion of such homes let to wheelchair users can continue to improve.
- 6.32 The scope of LAHR could usefully be widened to incorporate private sector accommodation, including accessibility information on advertisements for private sale or rent.

#### *Older BAME and other minority households*

- 6.33 Between 2011 and 2031 London's older ethnic minority population is projected to increase compared with the overall population of older people. The increase is striking amongst those over 80 which is projected to almost triple. By 2031 ethnic minorities are expected to make up around a quarter of the over-80 population in London, compared to just 12 per cent in 2011.<sup>50</sup>
- 6.34 The increase in older BAME households will not be evenly distributed. The BAME population is greater in Inner London so this will be most affected as people age in place. Survey evidence shows that BAME pensioners are more likely to live in an extended family environment. Provision of housing for older people is seen as a possible means of relieving overcrowding.
- 6.35 BAME households may have some specific wishes and preferences regarding the design of their homes and specific needs in terms of language assistance. However to a large extent the aspirations of BAME households are similar to those of White British: older people need accommodation they can get around, in areas near to family, social networks and social support.
- 6.36 There is some evidence that older members of ethnic minorities would prefer to live in sheltered housing if there were staff and clients of the same origin<sup>51</sup>. Increasingly, older BAME people are less able to depend on their children and would access day care units and sheltered accommodation if staff were culturally sensitive and religious and cultural considerations taken into account. Some ethnic communities have sought to create their own specialist accommodation for older people (see Appendix 1 for some examples).
- 6.37 HCA support for BAME housing associations has declined in recent years, which may mean that expertise in delivering culturally specific affordable housing is declining and such schemes for older people are less likely to be built in coming years.
- 6.38 Views are divided as to whether there will be a demand for housing for older people from specific ethnic groups as later generations of UK-resident BAME people become more integrated into the wider society<sup>52</sup> and culturally sensitive generic schemes may be more appropriate.

#### **The role of the private rented sector in London**

- 6.39 The private rented sector is set to play an increasingly important role in meeting London's diverse housing needs. At present (2011) only 3.5% of older Londoners (aged 65 and over) are

<sup>50</sup> Older Londoners, Institute for Public Policy Research, 2011

<sup>51</sup> Housing needs and aspirations of older people in Leicestershire Steele, A. Salford Housing & Urban Studies Unit, University of Salford, June 2010

<sup>52</sup> Connecting Communities, Black & Minority Ethnic Housing Needs Research, Southampton Housing Partnership 2006



private renters. This compares with 50% of 16-34 year olds who rent, 23% of 35-44 year olds and 11% of 45-54 year olds. However, the proportion varies across London and in Kensington and Chelsea, for example, more than 10% of over 65s rent privately.

- 6.40 In general London's private rented housing stock is poorly suited to older people as they become less physically mobile<sup>53</sup>:
- It is old – nearly half was built before 1919 to a standard falling below modern requirements.
  - It is more hazardous than owner-occupation – one and a half times as many dwellings with serious hazards.
  - It is less energy efficient, with less insulation, double-glazing and central heating.
  - Many properties are above the ground floor or difficult to install disabled adaptations – about a third are converted flats, a third are purpose built flats, and much of the rest is terraced housing.
  - The sector also contains more fire risks than other housing tenures.
  - About a third of the private rented stock – around 280,000 homes – fails to meet the Decent Homes standard.
- 6.41 The sector differs between Inner and Outer London. In Inner London, some 52% of privately renting households with two or more pensioners occupy housing with the worst hazards. Conditions are better in Outer London where just over a quarter of privately renting single pensioner households live in the most hazardous dwellings. The figure is similar for people with support needs<sup>54</sup>.
- 6.42 In terms of affordability, 2011 London Plan para 3.54 stated that almost one in five London households now live in privately rented homes, often at a cost lower than in the owner occupied sector. Renting can be seen as more easily accessible and affordable than purchase with a mortgage because a large capital sum (typically 30% of the mortgage value<sup>55</sup>) is not required in order to obtain a tenancy. However, renting privately cannot be regarded as an inexpensive option. The RICS Residential Lettings Survey for August to October 2011 and comments from the Association of Registered Lettings Agents detailed in Appendix 1 reported the London rental market to be very active with rents in some areas reaching the highest levels since early 2008. Private rent levels can fluctuate quite rapidly, responding to changes in supply and demand and varying according to property location and condition. In order to rent at a level they can afford, older people on limited incomes may have to opt for a location where they do not feel safe and secure or are isolated from social networks.
- 6.43 There is a small and popular specialist retirement rental market in London. Examples include sheltered properties on Assured Tenancies (providing greater security of tenure) and leasehold retirement housing schemes (marketed as assisted living) where some units are let, often by individual owners.
- 6.44 Girlings is a specialist lettings agency for retirement property offering Assured Tenancies (with service charge and maintenance included in the rent) on most retirement properties, allowing tenants to stay in the property for as long as they wish. Security of tenure is a major selling point. Girlings are also working with local authorities to deliver programmes aimed at targeting under-occupation. Their current London portfolio consists of 100 sheltered properties, mainly with one bedroom and located in outer London.

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<sup>53</sup> Bleak Houses: Improving London's Private Rented Housing, GLA, 2011

<sup>54</sup> Bleak Houses, page 45

<sup>55</sup> Council of Mortgage Lenders

- 6.45 Goldsborough Estates manages leasehold retirement housing developments where some homes are let rather than owner-occupied, either by the management company or by individual owners. This is marketed as 'assisted living' with services such as meals and laundry provided and packages of care available to purchase from an adjacent care home. The properties are attractive to older retired people and those who anticipate a future need for care. Renters tend to move from owner-occupied property within the M25 or to be closer to family.
- 6.46 In the case of both companies, owners' main reasons for letting are:
- Having inherited a retirement property.
  - Being unable to sell the property in the current financial climate.
  - Having bought a retirement property for their own future use.
  - For investment – holding a retirement property for long-term rental yield and capital growth.
- 6.47 Demand is high, growing and is expected to continue to grow. The main reasons for retirement renting are: downsizing, return from abroad, release of capital to fund retirement needs, particularly when other savings or investments are under pressure or generating very little income. Renters tend to move from owner occupation, often to be nearer to family. Other drivers include desire for companionship, security, and more manageable accommodation.
- 6.48 There has also been a recent increase in renting pending purchase which reflect the current state of the property market.
- 6.49 Government policy is to support the continued growth of the private rented sector, starting with an independent review of the sector announced in 2011. This will focus on investment potential, especially from institutional investors, as the sector is currently dominated by small landlords (less than 10 properties). The review may be an opportunity for the GLA to make representations regarding the importance of good standards in the private rented sector to meet the needs of older people.
- 6.50 Several larger housing associations with long experience of property and tenancy management are diversifying or widening the range of services they offer, including moving into developing or managing property for private rent. Some offer long term guaranteed rent leasing to private landlords, while others have been purchasing homes to let at market rates. Others are moving directly into property management for the private sector, including in London.
- 6.51 There are some positive signs:
- Landlords are to be required to comply with minimum energy efficiency standards.
  - New players with higher management standards (housing associations) are entering the market.
  - There is potential for more specialist rented provision.

# 7. Recommendations.

7.1 The main recommendations emerging from this research are grouped according to their potential application. Suggested priority is indicated by the terms High, Medium, Low.

## 7.2 Planning recommendations

### *For the GLA and the London boroughs*

- I To improve consistency and clarity, we recommend that all purpose built housing for older people which provides self contained accommodation and their own lockable front door should be classed as C3 units by LPAs. Units without these attributes should be C2 units. (High)
- II There needs to be a better understanding by planning authorities of the economics of development of specialist housing for older people as compared with general needs housing as viability can be a barrier to delivery. Therefore the GLA should work with the London boroughs and the development industry to establish a common understanding of the economics of development as they affect specialist retirement housing compared with general needs schemes. (High)
- III In line with this, the GLA and the boroughs should recognise that the introduction of CIL by individual boroughs may adversely impact on the viability of older people's housing and, where this proves to be the case, should take steps to mitigate this via greater flexibility in their negotiations over S106 contributions. (High)
- IV Further guidance for planners could be provided in a future iteration of the GLA's Housing SPG and could be linked to London Plan Policy 3.8 Housing Choice which states that when making planning decisions account should be taken of *'the changing needs of London's population and, in particular, the varied needs of older Londoners, including for supported and affordable provision'*. Guidance should seek to encourage those London boroughs who have a shortage of sale and shared equity older persons' accommodation to take steps to facilitate its provision through the planning process. (High)
- V The GLA and the London boroughs should consider how the planning process can be used so that those older households in both the market and the affordable sectors who wish to downsize have a choice of attractive alternative accommodation to move into, thereby freeing up family housing. (High)

### *For the GLA*

- VI A new policy should be included in the London Plan which specifically plans for housing for London's older people based on current and future demographic trends. Such a policy should:
  - Encourage the long-term provision of housing for older people through planning /site briefs and negotiations on individual applications. (High)
  - Encourage Lifetime Neighbourhoods in new and adapted schemes. (High)

- Encourage boroughs to identify the proportion of homes requiring adaptations or retrofitting to improve energy efficiency in each tenure group to support an ageing population. (Medium)
  - Support development of monitoring benchmarks to be carried forward in new SPG for local refinement to guide the on-site provision of older people's housing, or financial contributions for off-site provision, based on local needs. (Medium)
  - Specify what percentage of older people housing should be built to wheelchair accessible housing easily adaptable standards and which percentage to wheelchair housing standard, if evidence shows a need for more or less than the 10% currently required for all housing by Policy 3.8. (High)
- VII The London Housing Design Guide and draft Supplementary Planning Guidance should be amended to reflect the particular needs of older people and how accommodation for older people can make a positive contribution to affordable housing supply targets. (High)
- VIII The GLA should work with the London boroughs to ensure that their housing and planning policies seek to provide housing for older people that is designed to be inclusive and culturally sensitive to all of London's diverse communities. (High)
- IX The GLA should begin to plan for the growth in demand for specialist dementia care resulting from the expected increase in the numbers of people suffering from dementia. (High)
- X The Mayor now has control of the Affordable Homes Programme in London formerly administered by the HCA. This provides an opportunity to ensure that affordable housing products are developed that meet London's older people's needs.

#### *For London boroughs*

- XI There should be more thorough assessment of the future housing needs of older Londoners. LPAs could model their needs using existing data and the next pan-London SHMA could include a section on older people's housing requirements. (High)
- XII Boroughs should consider requiring developers of large general needs schemes to include an element of provision for older persons on appropriate sites – either mainstream for downsizers or as specialist provision depending on identified local need. (High)
- XIII Boroughs should be encouraged to use S106 and perhaps the New Homes Bonus to fund affordable older persons' housing as well as affordable housing, with a split between older persons' housing and affordable housing based on identified local needs. (High)

#### *Monitoring*

- XIV There needs to be better monitoring of current and future provision. GLA and the London boroughs should give consideration to ensuring that provision of older people's accommodation (both housing and care homes) is monitored as a specific category of provision in borough-based AMRs, the GLA AMR and the LDD. This will require a clear

definition of older persons' housing and a definition of care homes which are specifically intended for older people. (High)

## **7.2 Housing recommendations**

- XV In order to help address the problem of the 'squeezed middle' among older home owners, GLA should give further consideration to the development of its own shared equity/shared ownership product and to the provision of improved guidance and advice to older home owners about the range of products that are commercially available. (High)
- XVI London boroughs should be encouraged to:
- ensure that their allocation policies are supportive of the needs of older and disabled people and will not penalise those who refuse offers of social housing on the grounds that design or location do not meet housing, health, access and support needs. (High)
  - provide additional support for applicants, work with other agencies and consider more supportive ways to improve access to wheelchair accessible or easily adaptable properties. (Medium)
- XVII The LAHR classification system should be extended to sheltered housing and the private sector. (Medium)
- XVIII The GLA should establish a pan-London landlord accreditation scheme that can incorporate the Accessible Housing Register rating of accredited properties. (Medium)
- XIX The GLA should lobby the Government for increased powers to enable tenants of private landlords to have disabled adaptations installed. (Medium)

## **7.3 Recommendations for other bodies/integrated/collaborative working**

- XX Most people will continue to live in their own home, and new approaches to retrofit existing homes (as referred to in the London Plan Policy 5.4 para 3.80) are required to make them more energy efficient. The GLA together with other bodies should, where possible, increase funding for adaptations. (Medium)
- XXI The GLA should continue to work with the London boroughs and PCTs/Health and Wellbeing Boards to maximise, integrate and make effective use of public funding for DFGs and other sources of financial support for older, disabled people. (High)
- XXII The GLA should promote a wider discussion about how London can best prepare to meet the increasing level of dementia. This should encourage sharing good practice and innovation. It should consider how to normalise dementia care in the community and help build more supportive communities with a broad range of services for people with dementia to help reduce isolation and enable people with dementia to engage in local activities. (Medium)

## **7.4 Suggested new typology of older people's housing**

- XXIII In order to help clarify discussion of older people's housing, we have developed a typology with definitions (full details are given in Appendix 6). This includes a description of the key

characteristics of each type of housing, a guide to potential residents, an estimate of the likely market size across London (where possible) and the resources and support that might be required with each type of housing.

A brief summary of the typology is given below.

<p>Specialist* older person's housing (Use Class C3) where planning policies to increase supply <b>may</b> be required:</p> <ul style="list-style-type: none"> <li>• Downsizer accommodation</li> <li>• Senior co-housing</li> </ul>
<p>Specialist housing (Use class C3) where planning policies to increase supply <b>will</b> be required and should include separate viability appraisals when setting developer contributions</p> <ul style="list-style-type: none"> <li>• Sheltered accommodation (also called retirement housing)</li> <li>• Extra care accommodation (also called close care, assisted living, very sheltered or continuing care housing)</li> </ul>
<p>Use class C2 – Residential institutions</p> <ul style="list-style-type: none"> <li>• Residential / nursing care</li> </ul>
<p>Housing options using existing general needs housing for which <b>no</b> planning policy is required</p> <ul style="list-style-type: none"> <li>• Staying put</li> <li>• Staying put by sharing</li> <li>• Staying put by taking in lodgers</li> <li>• Staying put by Homeshare</li> <li>• Let to Rent / Freespace</li> </ul>

\*Specialist in that it has an age restriction

XXIV We recommend that the GLA encourages the boroughs to use this typology. The precise level of policy support necessary will depend on locally identified evidence of need. (High)

## 7.5 More research needed

XXV As this research has confirmed that issues remain in terms of identifying who wants the different types of specialist housing for older people and its suitability in meeting their needs, the GLA may wish to consider undertaking further research in the future. (Medium)

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## Chinese

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## Hindi

यदि आप इस दस्तावेज की प्रति अपनी  
भाषा में चाहते हैं, तो कृपया निम्नलिखित  
नंबर पर फोन करें अथवा नीचे दिये गये  
पते पर संपर्क करें

## Vietnamese

Nếu bạn muốn có văn bản tài liệu  
này bằng ngôn ngữ của mình, hãy  
liên hệ theo số điện thoại hoặc địa  
chỉ dưới đây.

## Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি  
(কপি) চান, তা হলে नीचेर ফোন নম্বরে  
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

## Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος  
εγγράφου στη δική σας γλώσσα, παρακαλείστε να  
επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυ-  
δρομικά στην παρακάτω διεύθυνση.

## Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں  
چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر  
پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

## Turkish

Bu belgenin kendi dilinizde  
hazırlanmış bir nüshasını  
edinmek için, lütfen aşağıdaki  
telefon numarasını arayınız  
veya adrese başvurunuz.

## Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى  
الاتصال برقم الهاتف أو مراسلة العنوان  
أدناه

## Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ  
ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ  
ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

## Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં  
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર  
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.