



housing&care21

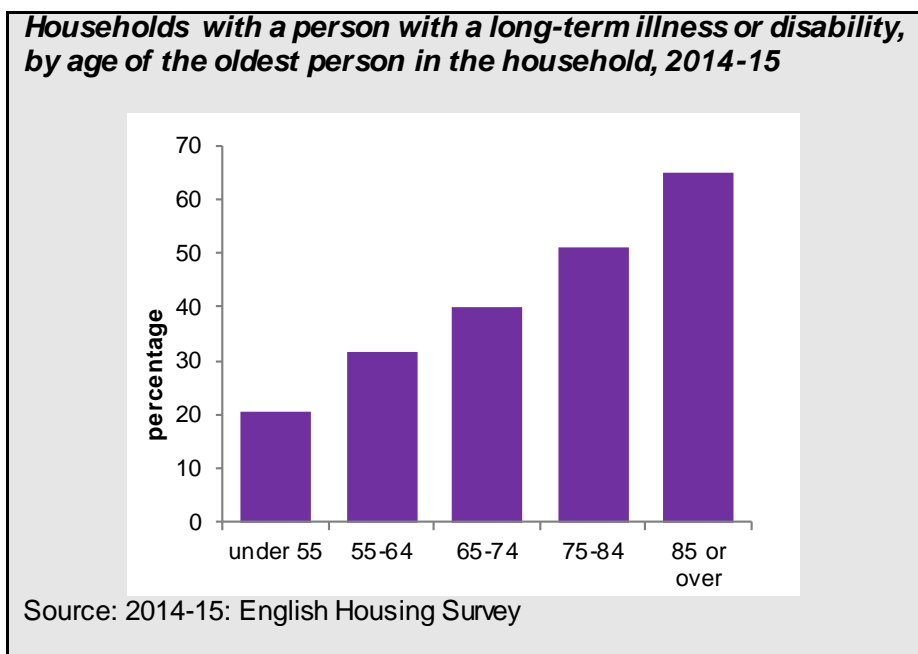


## Anchor, Hanover and Housing & Care 21 housing associations Submission to Communities and Local Government Select Committee inquiry into housing for older people

- 1) Anchor, Hanover and Housing & Care 21 are the three leading providers of sheltered housing in England. Together, we provide services for almost 100,000 residents. We welcome the Select Committee's inquiry into housing for older people because there has not been sufficient understanding of, and policy focus on, suitable housing for this rapidly increasing section of the population.
- 2) We highlight the following key messages:
  - We know there will be a **big growth in the population of older people** with long term conditions – this issue will only increase.
  - The **provision of specialist housing is relatively small**, the market is fragmented and some of the current stock needs to be improved.
  - There is a **poor awareness** of the range of specialist housing available and media coverage often creates a negative image, discouraging people from moving.
  - Specialist housing is a **successful prevention model** that is proven to reduce the pressure on health and social care, achieving savings for the public purse.
  - **Right sizing** can make a significant contribution to the wider housing market by freeing up larger homes and releasing equity.
  - **Housing associations** already contribute much of the specialist housing and are keen to work with government to develop new homes and create new models.
  - The existing arrangements for funding the housing related support costs for older people in sheltered and extra care need to be reviewed but we do not believe that the **Local Housing Allowance (LHA) cap is the right tool** to use to determine local housing benefit costs.
  - There is a great need for more specialist housing for older people. **There is the need for:**
    - A national strategy on housing for older people that recognises the value of specialist housing, joins up services and government departments and drives the provision through appropriate incentives.
    - Better integrated planning at a local level to meet local needs.
    - A planning system that recognises the value of housing for older people.
    - Delivery of more good quality homes to tackle the proportion of homes across tenures that do not meet the decent homes standard.
    - Stability of funding in terms of rental income, government support to help individuals meet their housing costs and grant funding targeted at the development of housing for older people.

## The adequacy of provision of homes for older people and the challenges people face in accessing housing which meets their needs

- 3) 16% of the population in England and Wales is aged over the age of 65<sup>i</sup>. The **older population is our fastest-growing demographic group**. The ONS states that from 2014 the number of people aged 75 and over is projected to rise by 89.3%, to 9.9 million, by mid-2039. The number of people aged 85 and over is projected to more than double, to reach 3.6 million by mid-2039. This increase in the numbers of older people means that by mid-2039 more than 1 in 12 of the population is projected to be aged 80 or over. The graph below illustrates how the proportion of people with long-term illness or disability increases with age.



- 4) Only 2% of the national housing stock is specialist housing for older people. There is an **inadequate supply** of specialist housing to meet the increasing need. The International Longevity Centre (2016) calculated that there could be a sheltered housing gap of 160,000 homes by 2030 if current trends continue<sup>ii</sup>. By 2050, the gap could grow to 376,000. Whilst the Government has set a housebuilding target, there should also be a target for the number of new specialist homes for older people.
- 5) The majority of older people own their own homes with the proportion of those in the social rented sector increasing with age.



- 6) **Sheltered housing** is a term covering a wide range of housing for older people. It commonly refers to grouped housing such as a block or "scheme" of flats or bungalows, often with a scheme manager. For those with greater needs, extra care housing provides additional communal facilities with the provision of planned care together with 24/7 background support in case of emergencies. Larger, village communities offer a range of housing types and services. We know that such specialist provision helps older people **to maintain their independence and reduces the risks of them needing higher-cost social care and health services**. It does this by:
- preventing falls and allowing existing conditions to be managed
  - heading off crises that would otherwise end up in A&E
  - allowing safe discharge from hospital and preventing re-admissions
  - tackling loneliness and isolation
  - providing quality homes that encourage older people to downsize, freeing up larger accommodation
- 7) The **challenges** that generally discourage older people from moving are:
- The stress of moving;
  - Lack of choice of suitable and affordable housing;
  - Lack of awareness of older people's housing and the various options, including understanding the costs;
  - The cost of moving that can be more significant for older people who may see this as 'lost' money when they meet the costs from fixed savings;
  - The emotional cost of moving and clearing possessions and the perceived loss of memories;
  - The physical energy needed to pack, unpack, etc and to deal with legal matters, utilities, etc;
  - The threat of losing a pet if moving to accommodation that does not allow pets to be kept;
  - The need for quick decisions and actions.

- 8) Some local authorities and housing providers aim to tackle these barriers by helping people with the moving process. There needs to be a national approach to incentivise people to move to housing that meets their needs and helps the housing market across all tenures.
- 9) Current **nomination arrangements** with local authorities for social rented homes tend to be focussed with either the housing authority or the adult social care authority. We would welcome the opportunity to explore new approaches that bring together local stakeholders across health and social care to agree the approach that will deliver shared key outcomes and maximise the value of sheltered housing.
- 10) There is a built in disincentive to right size for those who have significant money tied up in their home. The value of the home is not considered when calculating the contribution to the costs of care but if someone frees up some of this capital, these savings are included within the calculation. Capital released through the sale of a person's home should receive additional protection if we are going to help to get the market moving.

### **The adequacy of current planning policy and Government initiatives in England in meeting the housing needs of older people**

- 11) The current planning system does not positively promote the delivery of appropriate housing for older people. The recently published Housing White Paper recognises the need to improve the planning system to support increased delivery. However, it did not consider the specific issues relating to housing for older people.
- 12) Strategic housing needs assessments do not sufficiently recognise the value of housing for older people in encouraging downsizing and reducing pressures on public services. As a result, most Local Plans do not have policies to address those needs. The Housing White Paper recognises the need to introduce a standardised approach to assessing the need for new homes but this should include the requirement for a target for the delivery of housing for older people.
- 13) Generally, housing for older people is more expensive to develop due to design features and additional space. As land prices are such a significant element of development costs this leads to a bias towards general needs housing. This could be tackled by a specific land use category for housing for older people so the land value would reflect the intended use. As local authorities identify a target for housing for older people they would allocate sufficient land for this use.
- 14) Another solution could be the use of exceptions policies to deliver housing for older people on land that has not been allocated for housing development, in a similar way to policies to deliver affordable housing. Many communities recognise the need for suitable housing for older people so they may be willing to support an exceptions site.
- 15) There is no consistency between planning authorities around how sheltered and extra care housing is classed as a land use. The Use Classes Order makes a distinction between residential institutions (Class C2) and dwelling houses (Class C3). The Government should produce guidance on which use class for housing for older people to avoid prolonged consideration for each application.
- 16) The planning system includes disincentives that should be removed to encourage development. For example, most local authorities require Section 106 or Community Infrastructure Levy contributions on the development of housing for older people. These

contributions should be removed for types of development that show the greatest benefits to health and social care services.

### **Whether more housing designed specifically for older people could help address England's wider housing needs**

- 17) Research by the International Longevity Centre (2016)<sup>iii</sup> found that 9 in 10 65-79 year olds live in under occupied houses, 50% of whom have two or more excess bedrooms. Simultaneously, many young families are struggling to secure larger housing. Encouraging older people to right size can help to improve their wellbeing through a home that is well designed, more accessible and easier to heat and maintain, whilst it can free up much needed family homes, making more efficient use of the existing stock. Nearly two-thirds (64%) of homeowners in one survey<sup>iv</sup> have reported improved wellbeing after moving into specialist retirement housing. Efforts to encourage right sizing should cover all tenures to maximise benefits.
- 18) Some older people have the money / assets to help to support the housing market and stimulate the economy through investment in new furnishings, consumables, etc. There is an estimated £250 billion of equity in older people's housing<sup>v</sup>. Close to a third (29.3%) of those who had downsized or are considering it did or expect to release more than £100,000 in equity (ILC, 2016)<sup>vi</sup>.

### **The extent to which improving specialist housing provision in England could improve people's health and wellbeing, and deliver savings in public expenditure**

- 19) Health and social care services are under great financial pressure. We hope the planned social care Green Paper will help to address these issues. 81% of local authorities cut their spending in real terms on social care for older people between 2009/10 and 2014/15.<sup>vii</sup> Additionally, there are already signs of a shortage of people to work as carers as Europeans leave the UK as a consequence of the reduction in the value of Sterling following the result of the referendum in June last year.
- 20) Demos (2017)<sup>viii</sup> calculated that the annual savings of older people living in specialist housing compared to general needs housing totals £486m. This is based on the results of a range of others studies that indicate the following breakdown of savings, across which there will be overlap so they cannot be simply totalled.

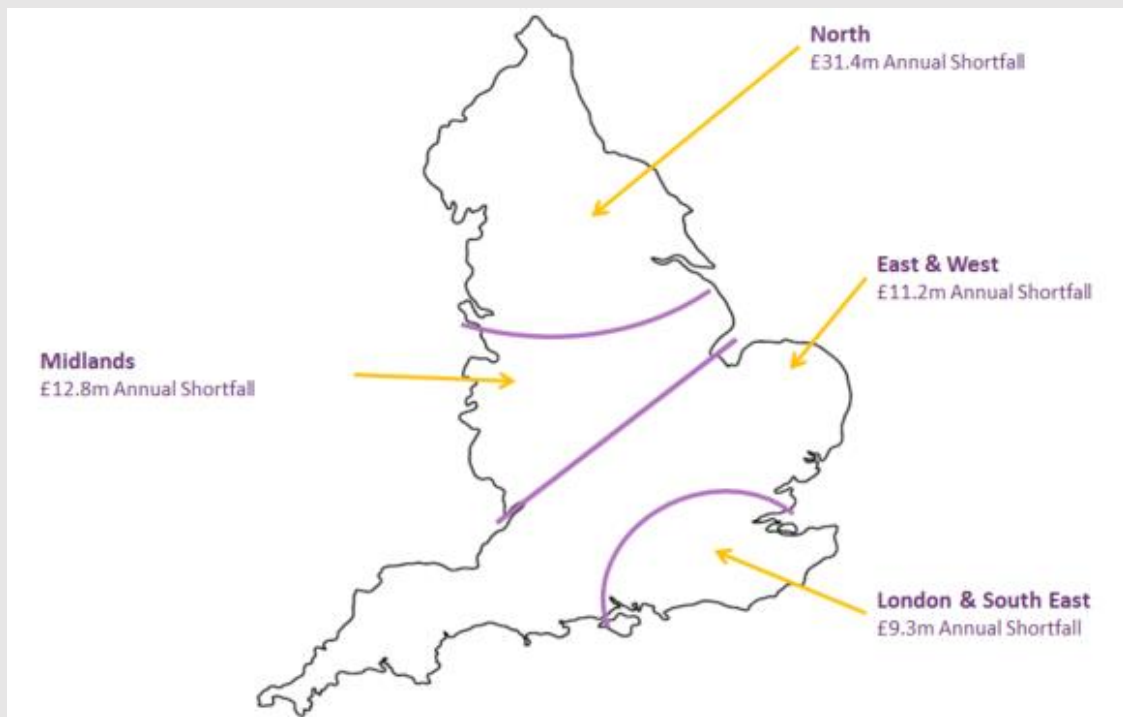
<b>Area of saving</b>	<b>Cost saving</b>
Reducing inpatient stays (all)	£300m
Reducing inpatient stays (following an emergency admission specifically)	£156m
Averting falls – savings to ambulance and A&E	£1.79m
Averting falls – savings to hospital care for hip fractures	£10.98m
Averting falls – savings to post-treatment bed days specifically for hip fractures	£79.5m
Averting falls – savings to all health and social care for hip fractures	£47.3m
Reducing loneliness – reduced health service use	£156.3m
	£17.8m

- 21) Specialist housing can appropriately meet the needs of those with dementia through good design, targeted services and the creation of supportive communities.
- 22) There is an increasing reliance on informal carers. Improved housing could reduce the reliance on these informal carers, improving the quality of life for the individuals and allowing people to otherwise contribute to the economy.
- 23) The Institute of Public Care (2012)<sup>ix</sup> notes “the weight of evidence through case studies, audits and research, shows that there is an unequivocal health gain to be made through the provision of all types of retirement housing”.

### **The availability of finance to help older people 'right size' in retirement, and the impact of the cap on Housing Benefit from April 2017 on the development of specialist housing**

- 24) There are a range of initiatives to encourage people to 'right size'. However, these are largely local initiatives with very little consistency across local authority areas. The most successful initiatives should be rolled out nationally in a similar way to the products aimed at encouraging first time buyers. This could be supported by the production of guidance and the employment of specialist advisors.
- 25) The cost of developing new specialist housing should be reduced by the provision of greater amounts of grant funding, reducing the costs of borrowing required by housing providers. Additionally, available public land should be targeted at developing housing for older people that delivers the greatest benefits for health and social care. The Treasury should issue simple, clear guidance to public bodies on how to consider land release in terms of wider public value, rather than just a short term focus on achieving the highest immediate receipt.
- 26) The Government's current **proposals for to the funding for supported housing** introduce a number of significant risks and uncertainty. 'Top-up' funding is proposed to allow local authorities to commission support services but the **majority of the costs that may be covered by the top-up are building related costs**. Local authorities face great pressures on their budgets so we are concerned that they will reduce the funding available that helps older people to meet their housing costs and maintain their independence.
- 27) Under these proposals, **74% of the rented homes we provide will have a shortfall between the Local Housing Allowance (LHA) and the actual rent and service charge**. The impact will not be evenly distributed across the country. The map below shows the difference between current rents and services charges and the LHA for our three organisations. This would lead to uncertainty of income in those areas with a low LHA, discouraging development in those areas.

**Shortfall between housing charges and LHA  
(Anchor, Hanover and Housing & Care 21)**



- 28) The proposals would also introduce additional **complexity for older people**. It is likely that many tenants could receive financial support from four different funding sources for their housing and care costs; Housing Benefit, Supporting People funding, adult social care commissioning and the new 'top-up' funding. Here is just one case study of the potential impact.

**Case study**

*Helga, 88, from Hull, moved to her one-bedroom sheltered accommodation at the recommendation of her GP because of ongoing health issues.*

*Receiving the state pension, Helga is budget-conscious with limited expenditure outside of normal living costs. She uses a tripod walker and has limited mobility. While she has failing eyesight, arthritis, osteoporosis and carpal tunnel syndrome, since moving into her home property her health has improved and she now enjoys a more socially active life with other residents on the estate, including weekly coffee mornings in the common room.*

*Helga's monthly housing charges amount to around £470. Although she is in receipt of Housing Benefit she still has a shortfall of some £13 a month, which isn't ideal but is still manageable. Under the Government proposals, Helga would potentially have an increased shortfall of some £35 per week, meaning she would need to find an additional £167 per calendar month when coupled with her current shortfall.*

*Helga is concerned at the prospect of the change in her financial situation, indicating she would struggle to find the additional £2,000 per year that would allow her to live on the estate.*

- 29) Like most housing associations, Hanover, Housing & Care 21 and Anchor borrow against future rental income when arranging new loan finance. Lenders assess creditworthiness and factor in circumstances that may lead to volatility or a risk of default. Lenders offer loan terms based on the perceived level of risk within the borrowers cash flows.
- 30) The sector is already absorbing the **impact of the 1% reduction in rents** for each of 3 years that is removing capacity to invest in maintaining homes and building new homes. This will reduce the planned income for our three organisations by £7.4m each year by the end of the 3 year period.
- 31) These uncertainties introduced by the Government's funding proposals almost guarantee that the **cost of loan finance will increase**. Higher price loans lead to cash leaking outside the business model into the hands of commercial lenders. In short, it means fewer homes can be built.
- 32) This is **not the appropriate time** to implement such changes for housing for older people given:
- the planned Green Paper on adult social care;
  - the consideration of the pensions triple lock;
  - the impact on health and social care; and
  - the roll-out of Universal Credit.
- 33) Each of these elements has a strong dependency on the other so to change and destabilise one element in isolation could **undermine a truly integrated solution** in the future and limit options.
- 34) We understand that the existing arrangements for funding the housing related support costs for older people in sheltered and extra care need to be reviewed. Further, that devolving some of this money to enable councils to shape local provision is consistent with the wider social policy context. We understand that the Government is seeking to ensure that the cost of supported housing provides value for the public purse, and would encourage a wider consideration of this issue which we are keen to participate in.
- 35) However, we do not believe that the LHA cap is the right tool to use to determine local housing benefit costs. It was not designed for this purpose and its use in in this context will lead to inequity and inconsistency across the country. For people on fixed incomes, living in areas where market rents are low, access to sheltered housing in particular will become unaffordable. Quite apart from the human impact that this will have, the effect of this will be to increase pressure on already very hard pressed social care services because many older people will no longer have access to sheltered housing with its emphasis on prevention and wellbeing.
- 36) We are very pleased to note the growing recognition of the importance of social care and the planned Green paper. We firmly believe that the role that housing already plays, as well as its potential, should be considered alongside the Green Paper and that any funding solution can only be developed following this and the roll out of Universal Credit.



## Whether a national strategy for the support of housing provision specifically for older people is needed

- 37) The contribution of housing for older people to the overall housing market has not been sufficiently integrated into policy development. The increasing number of older people, the breadth of the sector and the impact on public services (especially health and social care) mean that a specific national strategy is needed. Focusing on helping older people to move, and understanding what the barriers are in order to overcome them, will help all generations as it will release larger properties across tenure type. We welcome the commitment to explore the role of housing for older people in the recently published Housing White Paper and it would be appropriate for this to deliver the national strategy.
- 38) The national strategy should pull together the evidence around the market and recognise the value of the range of housing types. It should set national definitions and key priority outcomes to drive integrated policy development. These outcomes could also provide the basis for the development of an appropriate funding mechanism for housing for older people to deliver new supply whilst giving stability for existing provision.
- 39) Bringing together government departments, providers and other stakeholders would allow the national strategy to identify key housing models and methods of funding that would maximise the benefits to individuals and the health and social care system.

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<sup>i</sup> Office for National Statistics (2013) *What does the 2011 Census tell us about older people*

<sup>ii</sup> International Longevity Centre (2016) *The state of the nation's housing, an ILC-UK fact file*

<sup>iii</sup> International Longevity Centre (2016) *The state of the nation's housing, an ILC-UK fact file*

<sup>iv</sup> McLaren, J., Hakim, M., Heald, J., & Levitas, H. (2003) *A Better Fit: Private sheltered housing and independent living for older people*

<sup>v</sup> The Smith Institute (2012) *Making the most of equity release: perspectives from key players*

<sup>vi</sup> International Longevity Centre (2016) *The state of the nation's housing, an ILC-UK fact file*

<sup>vii</sup> King's Fund (2016) *Social care for older people, home truths*

<sup>viii</sup> C Wood, Demos (2017) *The social value of sheltered housing*

<sup>ix</sup> Institute of Public Care (2012) *Identifying the health gain from retirement housing*