

Cambridge Centre
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**Places
for People**

Understanding supply, demand and investment in the market for retirement housing communities in England

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Contents

1. Executive summary	1
2. Specialised housing for older people: from residential care homes to retirement living communities	5
3. Constraints to the supply of retirement housing communities ..	16
4. Constraints to investment into retirement housing communities	24
5. Constraints to the demand for retirement housing communities	29
6. Conclusion and recommendations.....	48
7. References	51

1. Executive summary

The aim of this report is to review the existing evidence to provide an understanding of supply, demand and investment in the market for retirement housing communities in England.

The increase in the proportion of older people has been described as “one of the most significant social transformations of the twenty-first century” (United Nations, 2015). As we age, what we need from our homes can change. However, older people are a very heterogeneous group, and there is diversity in what we need from our homes as we get older. Currently in the UK, only just over 3% of all households made up of older adults move every year, with most of these moves being within mainstream housing, rather than moves into specialised housing for older people (Hammond 2018). Many people do prefer to age in their existing home, but for those who seek a new home to meet their changing needs, their choices can be limited. The supply of specialised housing for people as they age is relatively low in the UK. This report identifies numerous constraints to supply, investment and demand in the market for specialised housing for older people, and for retirement living communities in particular, and makes a number of recommendations.

A notable point about supply identified in this report is that retirement living community development is unviable in many areas outside of London and the South East of England. Coupled with the fact that the majority of house moves made by older people are relatively local, this constraint to supply reduces housing options for those living elsewhere in the country, particularly home owners who do not qualify for assistance with housing costs. Unless the viability of retirement community development can be improved and the supply of mid-range retirement properties be raised, these households will have very little choice around moving in later life.

The report draws attention to an additional gap in the market for retirement housing in England. Due to a range of supply, demand and investment factors, those most likely to be able to access specialised housing when moving are social renters and wealthier home owners. Home owners with modest access to wealth have far fewer options, should they wish to consider moving to specialised housing in later life. Addressing this ‘rightsizing gap’ (Hammond 2018) will require that constraints to supply, demand and investment in the market for retirement housing are addressed in combination.

However, we observe a lack of a strong strategic vision of housing for older people, at both national and local authority levels. Some commentators feel that national frameworks fail to

emphasise the importance of specialised housing for older people (Best 2020). According to the Chartered Institute for Housing, national legislation places 'limited requirements on authorities' to promote specialised retirement housing development (House of Commons 2018: 50).

The market for retirement housing also faces numerous viability constraints. The development of retirement housing is more costly than the development of general needs housing, making it harder to compete with other developers when bidding for land. The House of Commons CLGC (ibid: 64) argue that national planning policy should be amended in order to 'give greater encouragement to the development of housing for older people and ensuring sites are available for a wider range of developers.' Additionally, developers face inconsistency in the planning frameworks used by different authorities, creating disputes about planning obligations and undue complexity throughout the development process. Without stronger leadership and encouragement from national and local planning policymakers, and greater clarity in planning frameworks, the supply of retirement housing may not increase.

On the demand side, numerous barriers exist that could deter people otherwise interested in retirement living from moving. Creative thinking may be required from national and local governments, as well as from house builders, housing providers and financial institutions, in order to remove or redress some of these barriers to demand. These barriers include financial constraints related to the cost of specialised housing, the fees and charges associated with retirement housing, the cost (and practicalities) of moving in later life, and concerns around implications for inheritance. The leasehold nature of much retirement housing may act as a deterrent to moving for people considering selling their existing home. There are also emotional barriers that may prevent moves in later life, as people can have a strong emotional attachment to their current home, and cultural or social barriers, such as the fact that people do not necessarily plan ahead to ensure against declining health in old age, but instead tend to prioritise the 'continuous present' (Aitken et al 2020).

It is important to challenge common assumptions about the housing preferences of older people currently informing policy and industry discourse around downsizing. For example, this report gives evidence to show that most older movers do not chose to move into smaller housing. This means that typical retirement living typologies such as one-bedroom flats should be part of a much more diverse housing offer for older people. The report reflects on the heterogeneity of preferences amongst older people, and reminds us that there are 'multiple ways of ageing' (Burgess and Quinio 2020: 11).

The report makes a number of recommendations that may help to reduce the numerous constraints to supply, investment and demand in the market for specialised housing for older people, and for retirement living communities in particular.

Recommendations

At the national level

- National government should build a strong, clear vision about housing for people as they age.
- National frameworks could be used to promote consistency across different local authorities, for example in the definition and application of planning use classes, site allocation, and assessment of local need.
- Greater clarity is required around the strategic objectives of government for housing and ageing. For example, greater clarity is required around the joint priorities of 'downsizing' and 'ageing in place', and how these priorities can be best implemented at the local level.
- Given the short supply of specialised retirement housing options, housing conditions could be improved in the longer-term through the application of higher and/or more widely applied accessibility standards in mainstream housing development. The MHCLG consultation on accessibility of new homes (MHCLG 2020a) will hopefully lead to the introduction of a national mandate for a higher minimum standard for all new homes across the industry.

At the local level

- Local authorities should give the necessary priority to housing for older people, through the creation of clear strategic and local plans and guidelines for developers.
- Collaboration between local authority planning, social care, health and housing teams could allow for better planning around retirement housing. For example, retirement housing may make savings possible within health and social care budgets. Greater collaboration between different departments might allow these savings to be considered when negotiating planning obligations from retirement housing developers.
- Access to suitable sites for retirement housing development, and overall supply, might be improved by taking measures to redress its viability constraints. For example, this might take the form of a 'social care credit' applied on planning charges for specialised housing developments.

- Local authorities should make their local requirements explicit, engaging with developers and housing providers in order to ensure that planned development is suited to local need.

Housebuilders and housing providers

- Housebuilders and housing providers may need to better acknowledge the diversity of needs and preferences of older people. In particular it may be a misconception that older people prefer to move into smaller properties. Housebuilders are encouraged to provide a diverse range of different housing typologies for older people. The 10 HAPPI design principles provide guidelines for the production of high quality specialised housing (HCA 2009, Best and Porteus 2012, 2016, Porteus 2018, Best and Martin 2019).
- Retirement housing in the UK may have an image problem, and providers are advised to tackle this head-on. As well as diversifying the retirement housing offer, this can be done through engagement with civil society groups to gain a better understanding of the aspirations and preferences of different older people. Rather than drawing on stereotypes of old age, providers face the challenge of recognising older people as a complex and heterogeneous group of consumers with diverse aspirations.
- Reflecting a shift across the leasehold housing sector, providers are advised to guarantee longer leases on leasehold retirement housing. This can give purchasers greater security of ownership and more confidence in the long term value of their home.
- Housing providers are encouraged to provide clarity and transparency around all fees and charges associated with retirement housing contracts.

Civil society

- In the field of housing and development, the voice of older people themselves is conspicuous in its absence. We support the recommendation of Best and Porteus (2016) for the creation of a well-resourced representative body made up of, and speaking for, older people themselves, with the scope to address housing as an issue of particular importance.

2. Specialised housing for older people: from residential care homes to retirement living communities

This section describes the different housing options that are available to older people living in England. This is done partly in order to provide a clear definition of private retirement living communities, the market for which is the topic of this report. These communities are one type of specialised housing amongst many other residential options for older people. Since the market for retirement communities is affected by the development and availability of other housing options, it is important to frame it within this broader context. This section therefore provides a brief survey of residential options for people as they age.

Housing provision operates under slightly different governance frameworks in England and Wales, Northern Ireland, and Scotland. The focus of this report is specialised housing provision in England, but sometimes statistics are used which refer to the UK as a whole.

This section also addresses the lack of clarity around different housing options for older people. Since the turn of the century these options have diversified and there is now an 'almost bewildering choice' (HCA 2009), with different types of specialised housing offering a range of building typologies, different additional services, management, contractual and pricing arrangements (EAC 2015). Unfortunately, there is a lack of consistency in how these different models are labelled.

This lack of clarity and consistency around different specialised housing options can affect the market for retirement communities. Firstly, it can create confusion for potential consumers, making decisions around moving more difficult; secondly, it creates complexity for planners and developers, slowing the development of retirement communities and constraining supply; and thirdly, it impedes the creation of clear, rigorous datasets about market supply and demand.

1. Mainstream, institutional, and specialised housing for older people

Mainstream housing

Mainstream housing, designated under the planning use class C3, provides single household 'dwelling houses' which can serve as primary or secondary residences. Most mainstream housing is designed to suit 'general needs'. Some is adapted or designed to take specific needs into consideration, for example through the use of home adaptations in pre-existing

housing (RCOT 2019), or using technical accessibility and wheelchair use standards when developing new housing (MHCLG 2020a).

However, the mainstream housing stock presents particular challenges for people in later life. As much as 95% of mainstream housing lacks basic accessibility features for people living with physical disabilities or experiencing physical difficulties (Age UK 2015). Much of the mainstream stock is old, meaning that older people can face particular challenges keeping their homes warm and in a safe condition (House of Commons 2018).

Part M (Access to and Use of Buildings) of the Building Regulations sets minimum access standards for all new buildings. Part M includes optional technical standards for accessible and adaptable homes and wheelchair accessible homes, and these broadly incorporate the Lifetime Homes criteria and the Wheelchair Housing Design guide into the Building Regulations. The 2013-14 Housing Standards Review found an array of different codes, standards, rules, regulations and guidance applied in different parts the country. The overlapping standards were complex, counter-productive and sometimes contradictory, confusing local residents, councillors and developers (MHCLG 2020a).

In June 2019, the Government announced its intention to consult on accessibility of new homes. The consultation considers how to raise accessibility standards, recognising the importance of suitable homes for older and disabled people. In particular, it considers how the accessible and adaptable standard for homes (known as M4(2) in Part M of the Building Regulations) and the wheelchair user standard (known as M4(3)) are currently used as optional technical standards (MHCLG 2020a).

Residential or institutional care homes

Residential care homes are designed for people who cannot live independently, and instead live in accommodation that is provided as part of a broader service that also includes the provision of care services and facilities. These are designated under the planning use class C2, for 'residential institutions'. Such institutions include residential homes, which provide care on call, nursing homes, which provide 24-hour nursing care, and specialised care homes, which provide care for specific needs, such as for those living with dementia (HCA 2009, Best and Porteus 2012).

Specialised housing for older people

'Specialised housing' is an umbrella term for housing that is designed specifically for older people. It is often provided by institutions like housing associations, but does not qualify as institutional accommodation, as residents live independently within their own separate

homes. Much like mainstream housing, specialised housing might be flats within a dedicated block, or separate houses, but in a setting that takes the particular needs of older people into consideration. It is sometimes classed alongside all other mainstream housing under planning use class C3, and sometimes as C2 alongside residential care homes. In each case this is determined by the local authority, but there is no consistency on this point across the UK.

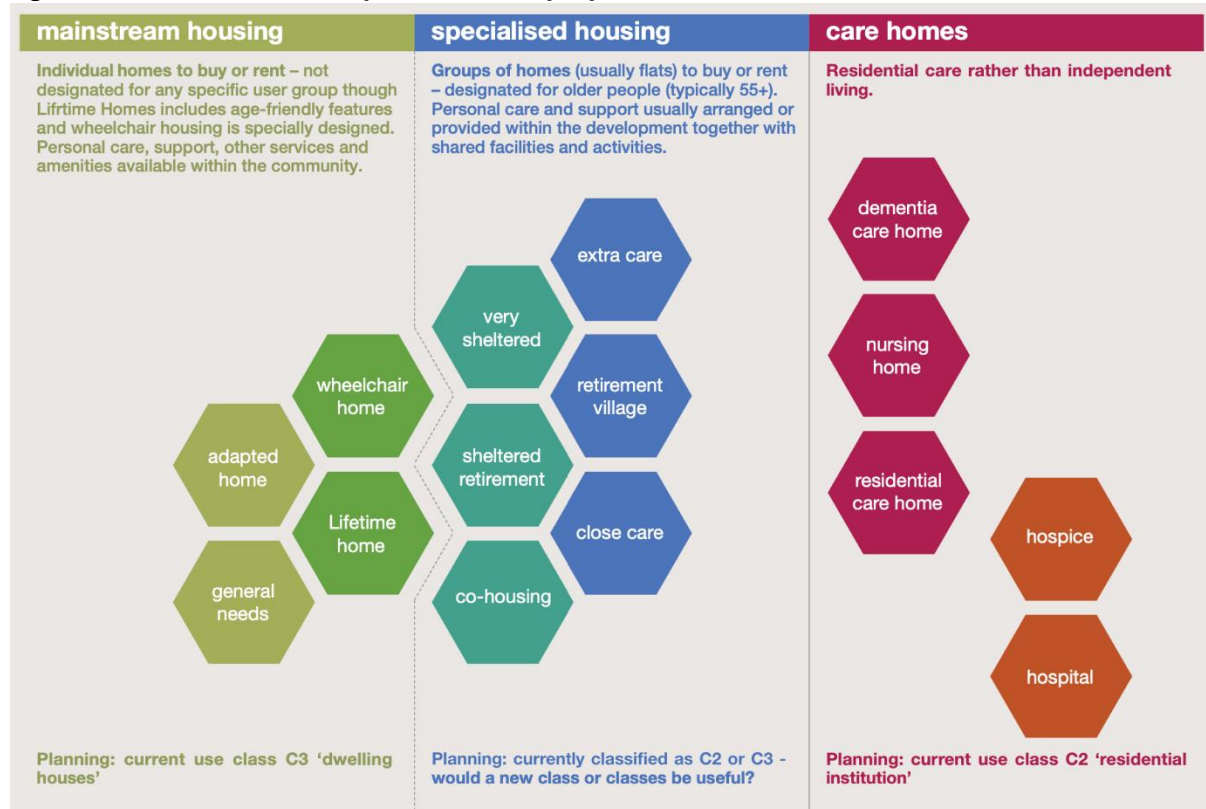
Unlike residential care homes, specialised housing options do not include the provision of care as part of housing provision. However, specialised housing providers often offer the option to access support and care within the home. It can therefore be more straightforward to access care in specialised housing than in mainstream housing. Care services are usually offered through a separate care provider or agency working alongside the housing provider.

Specialised housing is also sometimes referred to under the umbrella term of 'service-integrated housing' (Howe et al 2013), 'housing with care' (CQC 2015), 'supported housing' (in the case of public provision, MHCLG 2020b), or simply 'retirement housing' (Aldridge et al 2012, Knight Frank 2018). It can be sub-divided according to tenure. Most options are available for private rent, for owner occupation, or for social and affordable rent.

Different types of specialised housing

Robinson et al (2020: 344) have described the landscape of specialised housing for older people in the UK as 'A flexible suite of options ... centred on promoting independence and well-being'. The range of different housing options for older people has diversified in recent years, with huge variation now existing in terms of the physical buildings, the additional services offered, as well as in management, contractual and pricing arrangements (EAC 2015). This offers more choice for people who would like to move out of mainstream housing, but who would like to continue living independently (Robinson et al 2020). One drawback of this increasing diversity, however, is that categorising different types of specialised housing is far from straightforward. Aside from creating ambiguity and confusion around moving for older people themselves (Howe et al 2013), and complexity for the planning process, this also acts as a barrier to the creation of rigorous statistics (EAC 2015).

Figure 1: Different residential options for older people



Source: Best and Porteus 2012: 12

Different options include:

- **Sheltered housing / retirement housing:** independent living (own front door). May include: 24-hour alarm system, warden, lounge, programme of activities.
- **Assisted living / very sheltered housing:** Independent living with managed care and support services. Features as above, may also include: meals, domestic help, assisted bathing.
- **Extra care housing:** Independent living with managed on-site care and support services. Features as above, may also include: hairdressing service, 24-hour staff.
- **Close care housing:** Independent living with on-site care and support, linked to a care home.
- **Retirement villages:** Large developments (often 100+) with a range of housing types and levels of care and support (sheltered, very sheltered, extra care, close care and nursing care) on one site.

These definitions are taken from the All Party Parliamentary Group (APPG) on Housing and Care for Older People's second report on 'Housing our Ageing Population' (Best and Porteus 2012). However, it is important to note a lack of consistency in the language used to describe

different specialised housing typologies (Howe et al 2013). The types listed above are not comprehensive categories. Many providers refer instead to three categories of specialised housing, distinguishing between housing 'without support', 'with support', and 'with care' (Aldridge et al 2012):

- **Housing without support:** age-restricted (and therefore not mainstream housing) but offers no other services.
- **Housing with support:** might have some communal facilities, and dedicated housing managers.
- **Housing with care:** might offer more extensive on-site facilities, including the option of personal care offered by an on-site provider.

A lack of consistency around industry terminology can create ambiguity and confusion around the different types of housing that are available, the services that can be expected, and the contractual obligations involved. Nevertheless, it is important to distinguish between different types of specialised housing, particularly when these terms are used in statistical datasets (see Section 1.3).

Retirement living communities

Retirement living communities are large, independent living developments of specialised housing, designed for people aged 55 and over (Brio Retirement no date). They provide accommodation alongside on-site facilities and communal spaces which might include a lounge, gym, restaurant, café, or landscaped outdoor spaces. Personal and health care is often available on site for those who want this option. Many have a 24-hour on-site staff presence, or offer services like home help (Evans 2009).

Retirement living communities usually denotes private tenured housing, although they can offer a mix of rented, privately-owned and shared ownership properties (Evans 2009). Privately owned homes in these developments are usually leasehold, meaning they are subject to a service charge and other fees payable to the freeholder or housing provider, in order to pay for on-site facilities and services.

Retirement communities are a distinct type of specialised housing. Nevertheless, the market for retirement living is affected by the development and availability of different residential options for older people. For this reason it is important to consider the market for retirement living with this broader frame.

2. Supply of specialised housing for older people

Specialised housing as a proportion of the overall housing stock

Figure 2: Regional summary of specialised housing supply in England

	Popn. 75+ (000)	HOUSING WITH SUPPORT			Units per 1,000	HOUSING WITH CARE			Units per 1,000	ALL SPECIALIST HOUSING			Units per 1,000
		Rent	Sale	All		Rent	Sale	All		Rent	Sale	All	
East Midlands	314.60	36209	4942	41151	130.8	3441	881	4322	13.7	39650	5823	45473	144.5
East of England	421.28	41559	15820	57379	136.2	5317	1140	6457	15.3	46876	16960	63836	151.5
London	423.52	40854	10173	51027	120.5	5494	508	6002	14.2	46348	10681	57029	134.7
North East	178.04	17971	2400	20371	114.4	2727	182	2909	16.3	20698	2582	23280	130.8
North West	497.89	51992	10832	62824	126.2	6639	1858	8497	17.1	58631	12690	71321	143.2
South East	640.12	50438	34194	84632	132.2	6601	3636	10237	16.0	57039	37830	94869	148.2
South West	455.23	37771	20093	57864	127.1	4707	2389	7096	15.6	42478	22482	64960	142.7
West Midlands	390.63	31878	10209	42087	107.7	7891	1865	9756	25.0	39769	12074	51843	132.7
Yorkshire & The Humber	383.68	33144	5165	38309	99.8	3997	749	4746	12.4	37141	5914	43055	112.2
England	3704.98	341816	113828	455644	123.0	46814	13208	60022	16.2	388630	127036	515666	139.2

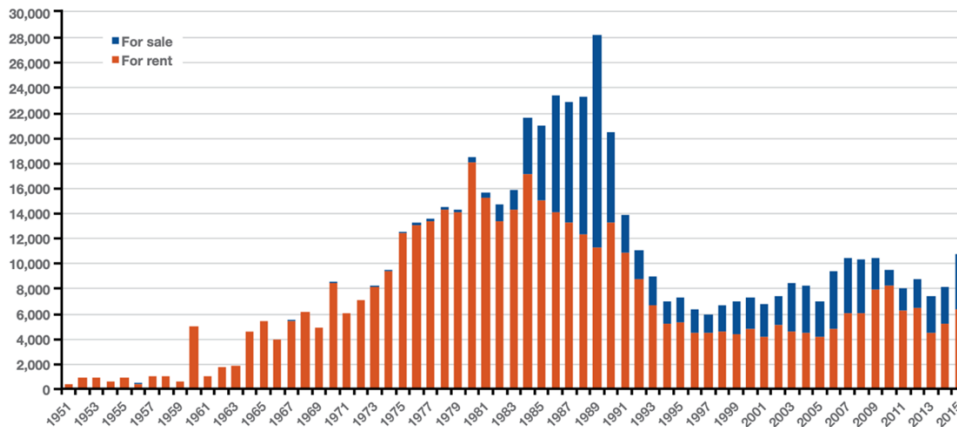
Source: EAC 2015

The number of units of specialised housing for older people has been estimated at 726,000 in the UK (Savills 2018) and 515,666 in England (EAC 2015, Robinson et al 2020). These statistics use two categories: 'housing with support' and 'housing with care' (see Figure 2). Knight Frank (2018) measure the specialised housing sector across the UK at 725,000 units, which makes up 2.6% of the total UK housing stock.

Changes in the landscape of supply

The supply of specialised housing for older people was strongest in the 1970s and 80s, when the number of homes built specifically for older people reached up to 30,000 per annum. This number dropped away in the 1990s, and reached a low point in 1997/8 (see Figures 3 and 4). This means that more than half of all specialised homes were built and last refurbished before 1990 (Savills 2018). Supply has been rising in recent years and is now closer to 10,000 units per year which, while nothing like previous levels, is much higher than during the 1990s and 2000s (ibid).

Figure 3: Number of specialised housing units (categorised as sheltered and extra care housing) built by year in the UK

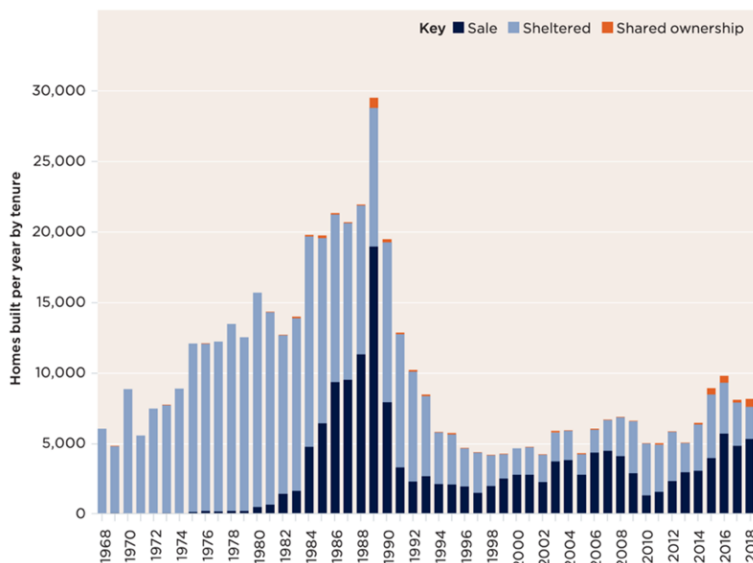


Source: Best and Porteus 2016

Nevertheless, Savills (ibid) observe that if specialist housing provision in the UK were to become comparable to international benchmarks, supply would need to be raised to 1.2 million specialised homes in total, in order to accommodate 15% of all households aged 65 and over. This would require increasing supply by 65% (ibid).

While overall supply has dropped, the range of specialised housing options available has proliferated since 1990 (HCA 2009). Most units before this point were defined as 'sheltered housing' (ibid). While this was still the largest segment of the specialised housing offer in 2012, the range expanded to include 'very sheltered', 'extra care', 'close care' and 'retirement villages', amongst others (Best and Porteus 2012).

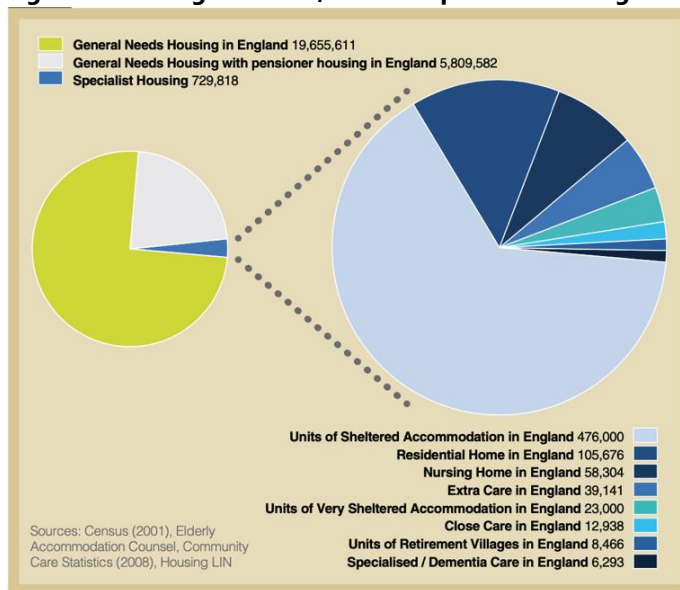
Figure 4: Comparing the tenure of retirement homes constructed over the past 50 years



Source: EAC 2015, Savills 2018

Traditionally, sheltered housing implied that a housing manager would be available on-site at each scheme. However, increasingly this service has been provided remotely, with scheme managers serving numerous different schemes at the same time. This has created a gap in the market for those who prefer the 'personal touch' that an on-site staff presence provides (HCA 2009). With a more extensive package of services, retirement communities can help to serve this particular segment of the market.

Figure 5: Housing in the UK, with the specialist housing sector slice broken down by type

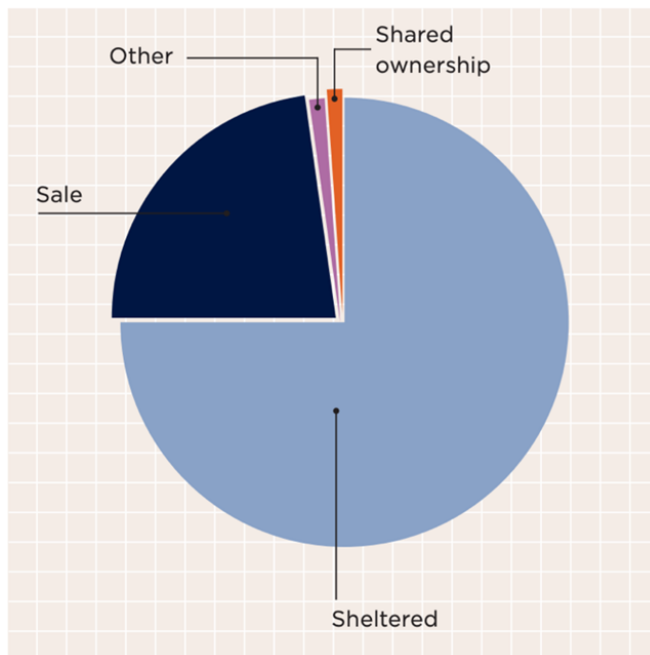


Source: HCA 2009

Tenure statistics in specialised housing

Over recent years, the tenure composition of specialised housing for older people has also started to change. In 2010, the specialised housing market could be subdivided into 80% for rent and 20% for ownership (Aldridge et al 2012). However, new specialised housing supply has been increasingly for ownership, with over half of the units built from 2014-18 being for leasehold sale (Savills 2018). The number of shared ownership specialised properties is also growing, but is relatively new and makes up a small percentage of the market: 5% of the stock built from 2008-18 (ibid).

Figure 6: comparing tenures across retirement homes



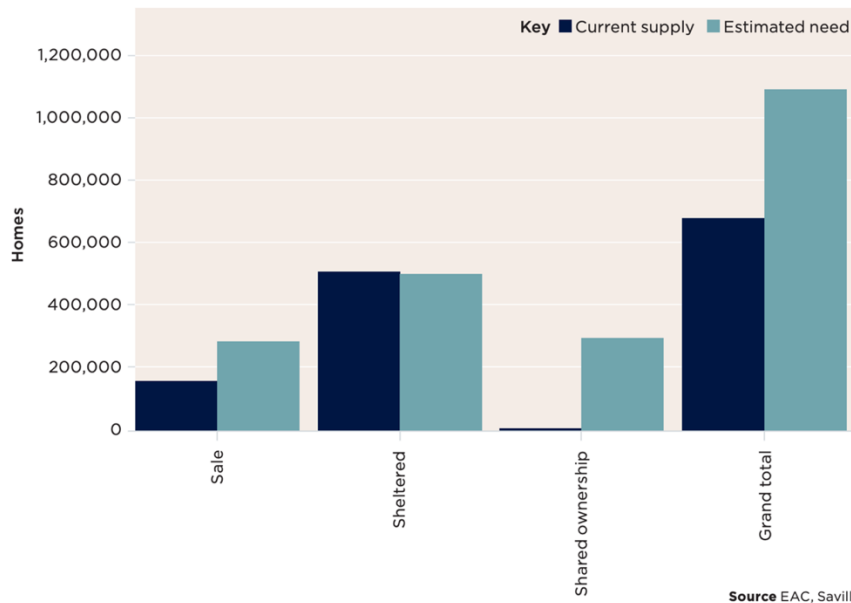
Source: Savills 2018

3. Demand in the market for retirement living communities

Very few households move in later life. Most continue to live in their mainstream, adulthood homes (Burgess and Quinio 2020). Of the 3.4% of older adults who do decide to move, most do so within mainstream housing, rather than into specialised housing for older people (Hammond 2018). This implies that there is not currently huge demand for specialised housing options. However, this low number of moves may be constrained by the low supply of such homes and poor distribution throughout the country (see Section 2), as well as demand-side barriers (see Section 4). Between one quarter and one third of older people are consistently found to express interest in moving to a new house (Beach 2016, House of Commons 2018, Knight Frank 2018). These figures suggest that moving to a new house may be popular in theory, but that older people are deterred from making such moves in practice.

Demographic trends reveal an ageing population across the UK (ONS 2019) with those aged 65 and over rising from around 10% of the population in 1950 to 18% in 2018. These trends are often used to evidence rising demand for retirement housing (e.g. Knight Frank 2018). However, rising numbers of older people will not necessarily result in rising demand for specialised housing. If barriers to supply and to demand are not addressed, older people may continue living predominantly in the mainstream housing stock.

Figure 7: Market potential by tenure: comparing supply against need in England and Wales



Robinson et al (2020) for example have observed ‘a notable implementation gap’ between the stated priorities of policy in England around housing and ageing, and the kinds of housing options that are actually available to older people. New housing supply is largely small first-time buyer or family housing. National policy frameworks can fail to prioritise building for people that are seeking to move in order to accommodate their particular lifestyles, needs and preferences associated with getting older.

4. The market for retirement housing communities: a policy problem

Official projections show that the UK population is ageing (ONS 2019), and that there will be as many as 12 million people in England aged 65 and over by 2026 (Knight Frank 2018). These people will live for longer, spend more time in retirement, and may be far more likely to seek out specialised housing.

The level of supply of specialised housing for older people presents a policy problem, preventing people who would like to move out of the mainstream housing stock from doing so. For those 12 million older people projected to be living in England, there currently exists around 515,666 units of specialised housing (EAC 2015, Robinson et al 2020). This supply is now relatively old and unevenly distributed throughout the country. Supply has started to rise in recent years, but is still far behind projections of need, and is still mostly built in London and the South East.

There appears to be a particular shortfall in specialised properties for sale. The number of leasehold retirement properties has risen in recent years, and now makes up almost 25% of all retirement homes in the UK (see Figure 6; Savills 2018). But 79% of people aged 65 and over are home owners, and 74% own their homes outright, compared to 6% who live in the private rented sector and 16% in the social rented sector (MHCLG 2020c). If older home owners do not wish to move into renting, the retirement housing options available to them are relatively narrow.

3. Constraints to the supply of retirement housing communities

This section addresses the impact that various supply-side issues can have on the market for retirement housing and communities, as well as potential interventions to address these supply-side issues.

In their report on housing for older people, the Communities and Local Government Committee (CLGC) of the House of Commons (2018) reported evidence that the shortage in supply of specialised housing for older people, across all different types of housing in this category, could be as much as 15,000 to 25,000 units a year. Viewed a different way, by 2035 the shortfall could reach 400,000 units (ibid).

The supply of privately developed retirement housing for sale might be considered particularly low in relation to the number of older people who own their own homes, and who are therefore unlikely to qualify for social rented accommodation (ibid). In their analysis of tenure split across the specialised housing sector, Savills (2018) show that most retirement housing – around three quarters of total supply – is for rent (while categorised as ‘sheltered housing’, in this case this is used to indicate rental properties, see Figure 6). But the majority of people, including in later life, own their own homes and may prefer to continue doing so. 75% of people aged 55-64 are owner occupiers, rising to 78% of those aged over 65 (Best and Martin 2019). This age group are also highly likely to be satisfied with these arrangements, with 96% of households headed by someone 65 or over stating that they were satisfied with their current tenure (MHCLG 2020c). While the supply of retirement housing for leasehold sale has grown in recent years (Savills 2018) there is a relative shortage when compared with the extent of people who own their own homes. There may be a particular shortage of retirement living options for sale for those who cannot afford some of the more expensive, higher-end housing-with-care options (House of Commons 2018).

A further supply issue is the geographical distribution of retirement housing for sale across England. Of all specialised housing schemes in London and the South East, as many as 40% are for sale; this number drops to 12% in the North East (Robinson 2020). While the supply of leasehold retirement properties is rising, this is constrained to areas where older movers can access more housing equity, making development more viable (Savills 2018). A disproportionate number of successful development sites can be found in the southeast of England; by contrast, private retirement communities are relatively undersupplied elsewhere. This is a particular problem given that a large proportion of older people throughout the country are home owners. Given that the rate of owner occupation is high throughout the

country, the uneven distribution of retirement housing for sale means that options are very restricted for those living outside of the South East.

A relative shortfall in the supply of private retirement housing can have knock-on impacts on the scale of demand. Given that the overall supply of this kind of housing is relatively small, this also means that there is not yet a great range of different housing types, styles or locations to choose from. People may have very specific preferences informing their decisions around both housing and the availability of care. A lack of options can therefore act as a disincentive to some potential consumers. The dispersal of retirement housing across the country could also negatively affect demand. A lack of retirement options in some parts of the country could mean that people cannot find houses close to their friends, close to family, or with good access to their chosen neighbourhoods. As the House of Commons CLGC (ibid: 30) reported: 'Quite simply, older people who would like to move will be deterred from doing so if they cannot find a property that they would like to live in.'

The low supply of retirement housing in the UK does not necessarily imply a shortage of suppliers interested in retirement housing provision. ARCO (2020a) reported that only 11% of planning applications submitted to local authorities for the development of new retirement housing schemes actually resulted in those schemes being built and opened. Particular constraints to the supply of private retirement homes for sale could include:

- a lack of suitable sites for retirement housing;
- difficulty competing with other land uses when bidding for land;
- national legislation and nationwide planning considerations, including the need for consistency between local planning authorities in planning use classes for retirement housing; and
- local planning policies and practices, including assessments of need and the creation of local plans;

This section addresses these constraints in turn, as well as addressing various interventions that could be used to enable a greater range and volume in the supply of retirement housing. These interventions include:

- changes to national legislation;
- changes to local planning policies and practices; and
- building expertise about retirement housing within local planning authorities;

1. A lack of suitable sites

Locating suitable sites for development of retirement housing can be a challenge. A site must meet several conditions if development of private retirement housing is to be viable. Firstly, it must be in an area with suitable demand for retirement housing. This depends on demographics; in addition to the Strategic Housing Market Assessments (SHMAs) provided by local authorities, developers may need to carry out their own demographic studies in order to determine the level of local demand. Secondly, it must be in an area with suitable professional capacity. A retirement housing scheme should be accessible to staff who will provide care, housing management services, and manage on-site facilities on a daily basis.

Finding sites for retirement housing development within urban areas can be a particular challenge. The Chartered Institute for Housing have noted that infill sites are more likely to be close to local services, amenities and transport facilities, which can make an important contribution to the wellbeing of older people (House of Commons 2018). However, smaller infill sites are not always viable for private retirement housing development. Retirement housing developers usually prefer larger sites, because of the development potential for creating more units of housing.

Lastly, local house prices and income levels can constrain the development of private retirement housing. Each developer will have calculated the sale price required in order to make development viable. Where local house prices or incomes are relatively low, this can preclude development. This also constrains the national distribution of retirement housing (EAC 2015). As many as 40-50% of owner occupiers aged 65 and over may not be able to afford to purchase retirement property and, notably, these households live largely outside of London and the South East (Robinson et al 2020). Unless the viability of retirement community development can be improved and the supply of mid-range properties be raised, these households will have very little choice in their options around moving.

Even once these conditions have been met and a suitable site has been identified, there are further challenges involved in securing sites for development. These relate to the costs of development. The development of retirement housing is more costly than the development of general needs housing, making it harder to compete with other developers when bidding for land. The Home Builders Federation (House of Commons 2018: 54) have identified several factors that play into this:

- less saleable space as a result of communal areas;
- larger gross internal area, as a result of communal areas, attracting higher community infrastructure levy (CIL) and Section 106 charges;

- lack of pre-sales (the communal areas must be complete and operating before anyone moves in);
- little or no phasing;
- a cost to the developer when units remain unsold as they must maintain all services; and
- higher build costs.

CIL is charged according to the physical size of a development, in square metres. It does not vary according to the different land uses proposed by developers, and therefore treats all development equally. Since mainstream developers face lower costs, and may be able to charge higher prices per square foot of development, they may be able to make larger offers for suitable sites. Competition with other developers for brownfield sites in town centres can be particularly fierce (ibid).

Access to suitable sites for retirement housing development, and overall supply, might be improved by taking measures to redress these viability constraints. This could be done on the grounds that retirement housing contributes public benefits and saves local public expenditure elsewhere. For example, this might take the form of a 'social care credit' applied on planning charges for specialist housing developments (House of Commons 2018). Another mechanism to level the playing field between specialist and mainstream housing developers is a reappraisal of the best value principle. For example, Sunderland City Council have observed that when considered over the long term (10-15 years), retirement housing development has the capacity to create greater savings in their adult social care budgets than the value of the land for development (House of Commons 2018). This means that planning permission can be granted for retirement housing that would not be able to compete against mainstream development in the shorter term.

2. Inconsistency around planning use classes

Many commentators have observed a lack of clarity and consistency around how privately developed retirement housing should be classified, for the process of land use planning (Housing LIN 2011, Pannell et al 2012, House of Commons 2018, ARCO 2018, ARCO 2019, ARCO 2020a, Savills no date).

Sometimes, specialised housing for older people is classified under land-use class C2 for 'residential institutions'. C2 land uses include residential care homes and nursing homes, but also boarding schools, residential colleges and training centres. Classification under the C2 use class can reduce the additional planning obligations required from developers, such as

affordable housing contributions. However, the guidance about the type of care and housing provision needed for a specialised housing development for older people to be classed as C2 is inconsistent throughout England. This creates uncertainty about whether retirement schemes will qualify as C2 developments (and therefore qualify for lower planning obligations), or whether they will be classed under land use class C3, as mainstream residential development (and therefore be required to provide a higher level of planning obligations).

Some local authorities classify retirement housing as C3; others classify it as C2 (House of Commons 2018). This lack of consistency can create disputes about the planning obligations that retirement housing providers are required to deliver (Pannell et al 2012), and slows down the process of gaining planning consent (ARCO 2020a).

There is consensus that it would be helpful to clarify the definition and treatment of privately developed retirement housing in the planning system use classes.

Ball (2011) argues that the requirements for affordable housing from retirement development should be removed altogether. This is because retirement housing can help to create affordability in the mainstream housing stock, if more owner occupiers take up this option and make their previous housing available on the market.

ARCO (2020a) have suggested either that a new, dedicated use class be created for the retirement community model, or that a clearer definition be offered for when retirement communities fall into the C2 use class.

ARCO (ibid) argues that the primary consideration should be to account for the very specific viability considerations that affect the cost of retirement housing development, such as those identified by Home Builders Federation (House of Commons 2018: 54), listed above. Acknowledging these viability constraints to the development of retirement housing, and creating accommodations for them in the planning obligations required, could level the playing field with mainstream housing developers.

3. Lack of a strategic vision for older people's housing

At the national level, some commentators feel that national frameworks fail to emphasise the importance of specialised housing for older people (Best 2020). According to the Chartered Institute for Housing, national legislation places 'limited requirements on authorities' to promote specialised retirement housing development (House of Commons 2018: 50). Pannell

et al (2012) advocate for an explicit national housing strategy for specialised housing for older people in order to encourage local authorities to be more proactive when drawing up their local plans. The House of Commons CLGC (ibid: 64) also argue that national planning policy should be amended in order to 'give greater encouragement to the development of housing for older people and ensuring sites are available for a wider range of developers.'

At a local level, local plans could be used to encourage the supply of specialised housing for older people, including for private sale. The House of Commons CLGC (ibid: 65) recommends that all local plans should identify a target for new housing development specifically for older people, identify a range of different types of housing to be built (including accessible homes, extra care housing and smaller mainstream homes), and identify appropriate well-connected sites for this development. Best (2020) proposes that planners allocate sites exclusively for specialised housing, and designate a proportion of newly developed housing on major sites exclusively for older people.

However, some planning authorities can fail to plan for older people's housing altogether (House of Commons 2018). The House of Commons CLGC (ibid) reported evidence from the housing provider Habinteg suggesting that more local planning authorities do not feature specialist housing for older people in their local plans than those who do:

On the question of whether local councils plan for this form of housing, the answer is largely no, which is a real shame. There are three reports we always refer to, one by the HCA in 2014, which found that just 14% of local councils were planning for retirement housing across all sectors. There was also a Barton Willmore study in 2015 that said only 20% of councils were doing it, and an Irwin Mitchell study that said only 10%, so we think the figure is somewhere between 10% and 20%. (ibid: 52).

Local frameworks may need to be more explicit about the importance of specialist housing for older people, if they are going to encourage its development. Examples of good practice include Central Bedfordshire Council, which has published information about its strategy on housing for older people, local area demographics and market opportunities in a dedicated 'investment prospectus' aimed at developers (LGA 2017). Their strategy is to create 'an attractive proposition promoting investment in housing solutions for older people' (ibid: 28), and includes inviting housing developers to propose 'offers' that will be attractive to older people.

Building relationships between local authority commissioners, developers and housing providers can also help to bring forward specialised housing schemes that respond to local

need. Where local planning authorities can communicate with housing providers in order to make their requirements explicit, this can help to achieve local strategic objectives around specialised housing. For example, authorities can encourage development proposals to draw on the design principles outlined by the Housing our Ageing Population Panel for Innovation (HAPPI) (HCA 2009, Best and Porteus 2012, 2013, Porteus 2018, Best and Martin 2019). These ten design criteria emphasise light, space, ventilation, outside space and ongoing adaptability, amongst other things, thereby promoting the development of good quality, sustainable, specialised housing.

The House of Commons CLGC (2018) propose that the inclusion of retirement housing within local plans could be aided through greater collaboration between local authority planning, social care, health and housing teams. For example, retirement housing may make savings possible within health and social care budgets. Greater collaboration between different departments might allow these savings to be considered when negotiating planning obligations from retirement housing developers.

4. Weak local assessment of retirement housing need

SHMAs are assessments of housing need undertaken by local authorities. An SHMA should create a clear direction for local housing policy by pointing towards the different types of housing required, using both demographic and market datasets.

However, there can be gaps in the datasets used to create SHMAs (Pannell 2012), and there is poor guidance about which datasets are the most accurate and robust (House of Commons 2018). Some sources of information base their estimations of need for retirement housing on population increases over the next decades, without considering current shortfalls in supply (ARCO 2020a). Some assessments do not adequately consider the housing needs of all older people, and instead only look at the need for social rent or affordable retirement housing options (House of Commons 2018). Local authorities could therefore fail to pick up on a broader need for specialised housing options, such as private retirement villages. This can result in a failure to send a market signal to developers, and result in lower overall supply of retirement housing, including of private retirement housing.

ARCO (2020a) have proposed that a common model for assessing the need for retirement housing should be created. This would consider the number of units of retirement housing required at the local level, and across all tenures. The Home Builders Federation have recommended that assessments should also be broken down according to residential

classification (House of Commons 2018), which might indicate different levels of housing need across different planning use classes.

Birmingham City Council, Worcestershire County Council and Central Bedfordshire Council have been identified as having good practice in the assessment of housing need (ibid). For example, Central Bedfordshire have commissioned a series of independent surveys, sourcing data about the housing needs of older residents across all housing and tenure types. This has led to an assessment of need for 3650 units of specialised housing and 5400 units of mainstream housing for older people. Improving the assessment of housing need could help to encourage developers and increase the supply of specialised housing for older people.

5. Lack of resources at local authority level

ARCO (2018) agree that planning for retirement housing could be improved by building awareness amongst local authorities about housing-with-care and its benefits. This could have positive effects for the creation of local plans, local housing strategies and assessments of housing need. The knowledge and expertise of local planning officers might be strengthened through the use of more consistent language within the sector, and by building trust between planning authorities and retirement community operators (ARCO 2020a). Since some developers have reneged on commitments to build C2 retirement schemes, or failed to deliver services promised as part of their planning consents, better mechanisms for enforcement in the case of non-compliance might strengthen trust (ibid).

However, lack of resources at local authority level can act as a barrier to such improvements and to the development of retirement communities (ARCO 2020a):

The lack of resources in planning departments was making the timely progression of planning applications difficult, despite planning officers' best efforts. This could be traced to a challenging financial settlement for local authorities, and participants were in favour of better resourcing of local authorities' planning departments. (ARCO 2020a: 6).

If constraints to the supply of retirement housing are to be overcome, local authorities will need to address the viability constraints to retirement housing development, build consistency around planning use classes, produce and share strong strategic visions for older people's housing, and strengthen the assessment of local retirement housing need. These tasks require time, capacity and resources.

4. Constraints to investment into retirement housing communities

The process of acquiring investment for provision of retirement housing is different depending on the tenure to be provided. Since these markets are interdependent, it is important to understand investment across the sector in order to address constraints to investment into retirement living communities.

1. Investment for affordable retirement housing provision

In England, new affordable housing, including retirement housing, qualifies for grant funding from Homes England (in Northern Ireland, Wales and Scotland, this funding comes from the devolved governments). Grant funding from Homes England involves a restriction on the rents that can be charged from resulting development. Any grant funding contribution to a retirement housing scheme will mean that properties are classified either for social or affordable rent, and rents capped at the amount stipulated by Homes England.

In 2015, the government announced an intention to cap the amount of rent that social housing providers could charge to the amount stipulated by the Local Housing Allowance (LHA). An in-depth discussion is beyond the scope of this report (see Wilson 2018 for details); the important point for retirement housing provision was that those drawing on public investment could not charge more than the basic social rent set for housing benefit recipients living in the mainstream housing stock. With the additional viability constraints of providing communal facilities and other factors playing into the cost of retirement housing development, providers argued that building specialised housing would become unviable (Housing LIN no date). The requirement to set rents in line with LHA was delayed in 2016 and later removed for specialised housing (Wilson 2018). Rents could be charged at 'affordable' levels (i.e. 80% of market rent), improving the viability of affordable specialised housing development.

Homes England do not fund 100% of new, affordable, specialised development, but the support made available to housing development through public subsidy can serve to reduce the risks associated with investment. Private investment can therefore be drawn in to make up the difference.

Nevertheless, this can be a matter of trade-offs and balances, from the perspective of both investors and those providing new housing. While ensuring that rents charged by housing

schemes receiving grant funding are always affordable, the rent cap acts to limit the level of investment that can be sourced for affordable retirement housing development from private capital markets, which typically require a return of around 5%. Retirement housing schemes offering affordable housing typically create a return of around 4.5 – 5.5%, leaving very little room for the returns that private investors require.

But the backing of low-risk capital investment from the state means that, while affordable housing development may not offer high returns, it offers a good risk profile. The certainty created by public funding is enhanced by the length of the Homes England funding programmes, which guarantee flexible funding to recipients over five years. Investments are backed by real, physical assets. Affordable retirement housing provision offers additional security because, being regulated, development is predicated on achieving slower, steadier, perhaps more sustainable growth than much private development. Putting less pressure on growth can have the effect of reducing the risks associated with development.

With a combination of clear demand for affordable housing, a strong approach to risk appraisal and support from local authorities, the affordable housing sector may offer a particularly attractive investment for funds looking to invest in low risk propositions over the longer term. While many investors will prioritise higher returns, others may be prepared to invest in social housing development in order to exchange quick returns for long term security.

Sourcing funds for affordable rental provision is certainly not straightforward; all investors seek returns that must be factored into the viability of provision. Some larger housing providers and operators build both private and affordable retirement housing schemes, and are able to raise investment from private capital markets in order to source funding for use across their entire operation. This allows affordable housing provision to be cross-subsidised by private housing provision, acting as a conduit for private investment into the affordable retirement housing sector.

2. Investment for private retirement living communities

A particular challenge in raising investment for private retirement community provision is that it does not offer a short investment horizon. Retirement living community development is time-consuming relative to other residential development, partly due to the supply constraints already outlined in Section 2: finding and surveying sites can be a complex and time-consuming process; the planning process can be delayed by factors like disputes around planning obligations, taking years before development can proceed. Development

itself can be time-consuming relative to other residential development, meaning that 12-18 months can pass before the first units of housing are sold. Delays are common and can extend this timeframe even further.

From the perspective of a private investment fund, this is a long investment horizon in which to receive no returns, particularly when compared with the shorter investment horizons to be found elsewhere in the property industry. The shares of most investment funds in the UK are traded on the London Stock Exchange, and while the average holding period for shares can vary, it can be as short as 30 days. This means that private investors are under pressure to pursue a short-term investment horizon, in order to attract the necessary funds for investment.

Just like the development of affordable specialised housing, retirement communities represent a trade-off for investors. The risks of a long-term investment horizon are also compounded for retirement communities, where the pool of potential buyers is more restricted than for other private residential development (Savills 2018).

Savills (ibid) explain that this has often driven up the price of private retirement housing, attracting capital through the guarantee of higher returns over the long term: 'retirement housing providers have compensated [...] by building higher specification homes with lots of shared amenities, driving value'. This creates a premium product that is restricted to more affluent households, often those with access to more extensive housing wealth (ibid).

The mismatch between the low risk, high returns and short-term investment horizon sought by many private investors and the nature of retirement community development, means that private retirement living providers face a particular investment challenge when not building for this high-end market. It constrains the market for mid-range retirement housing, which does not qualify for grant funding but which aspires to offer a less expensive product than many high-end schemes. It limits the housing options available to those with limited wealth who do not qualify for public assistance (ibid); in particular, this includes many home owners outside of London and the South East of England.

3. Alternative forms of capital investment

Patient capital

'Patient capital' is a general investment term for companies which deliberately invest funds over this longer-term, avoiding short-term or speculative investments (The Investment Association 2019). Patient capital is usually associated with investment trusts and pension funds, which typically have longer investment horizons than other types of funds.

Examples of 'patient capital' investment trusts operating in the property sector include:

- Civitas Housing Advisors Limited: Civitas Social Housing
- Ground Rents Income Fund plc
- Impact Healthcare REIT plc
- ReSi Capital Management Limited Residential Secure Income plc
- Sigma Capital: The PRS REIT plc
- Target Healthcare REIT plc
- Triple Point Investment Management: Triple Point Social Housing REIT plc

A trade-off in the timescale of investment is usually made on account of other long-term objectives. This is not always a higher return. Those working in partnership with retirement housing providers to raise equity for development and provision may have greater success raising capital from funds with long-term investment objectives such as the delivery of social value.

However, an emphasis on social value means that many 'patient' investment trusts operating in the real estate sector prioritise investment into social housing assets, rather than private provision (e.g. Triple Point 2019). This may be additionally attractive because of the security that state-backed housing development provides.

Public investment

This section has outlined the particular funding challenge for development and provision of mid-range private retirement housing. Compared to provision of both affordable and premium specialised housing, raising investment for this market can be more difficult. Public funding for private housing is not currently available, but a case could be made for public investment into retirement housing on social grounds, as well as with regard to public savings.

Perhaps the most politically expedient argument for some form of public investment into private retirement housing provision is economic. Retirement housing can relieve the demand for public services used by older people. Being designed with various different specific needs in mind, specialised housing is often warmer, safer and more accessible than much of the mainstream housing stock. This can lead to better health outcomes, for example by reducing the number of people who fall over badly at home or require hospital admission, or by allowing hospital patients to be discharged without concerns about their home environment (Best and Martin 2019). Savills (2018) estimate that this creates savings of between £928 and £1543 per person per year. ARCO (2020c) estimate that by 2030, extending retirement community provision above current levels to accommodate 250,000 people could generate up to £5.6 billion savings for the UK's health and social care systems.

Making this argument requires that the thinking around public finances joins the dots between social care, health and housing budgets. If older people are given more options for accessible housing and flexible access to care, such as that provided in the retirement community context, this may replace some of the demand for more costly interventions.

A second argument for increasing public investment into retirement housing can be made on social grounds. Retirement communities have the potential to improve residents' wellbeing by building a sense of community through shared facilities, activities and events (Evans 2009). For those looking to live in specialised housing, and who are interested in this model of community life, this model is one amongst many that offer welfare benefits in later life. By increasing the range of housing options available to older people, it makes it easier for those who would like to move in later life to do so, thereby also increasing supply in the mainstream housing market (Best and Martin 2019, ARCO 2020c).

But the social benefits that could be derived from increasing the range of private specialised housing available are crowded out by the market (Robinson et al 2020). There is therefore an argument for reframing these benefits as public social goods, and to 'create space outside of markets where social values can prevail' (ibid).

5. Constraints to the demand for retirement housing communities

This section considers the effect that demand-side issues can have on the market for retirement housing and communities, as well as potential interventions to address these demand-side issues. Recent research has focused on how to help the sector stimulate the demand side of the retirement housing market (Beach 2021).

The retirement community offer in the UK is often compared with that in other countries, where this kind of housing is considered popular and successful, such as New Zealand and Australia (e.g. Beach 2016, ARCO 2020b). In these countries, around 6% of older people live in retirement communities, whereas in the UK this number is much lower, at 0.5% (ARCO 2020b). Indeed, as Burgess and Quinio (2020) observe, very low moving rates in general amongst older people in the UK has earned them the nickname 'Generation Stuck'. Past statistics have shown that in the UK, only around 3% of all households made up of older adults move every year (Pannell et al 2012: 27). More recently, this figure has been given as 3.4%, with most of these moves being within mainstream housing, rather than moves into specialised housing for older people (Hammond 2018). This low number of older adults moving into retirement housing has been explained by the fact that the majority of older people do not want to move, preferring instead to remain where they currently live for as long as possible (Park and Ziegler 2016).

However, data on this issue presents a more complicated picture. When the National Housing Federation (NHF) asked people to rate different accommodation options if they could no longer live independently in their own home, 80% selected downsizing to a smaller, more manageable home (NHF 2011). The House of Commons CLGC have reported evidence from Demos that polling 'consistently comes up with roughly the same sort of percentages [...] between a quarter and a third of older people are interested [in moving to a new house]' (House of Commons 2018: 23). The International Longevity Centre-UK also found that a third of older people would like to move (ibid). This figure rises to one in two when considering home owners specifically (Beach 2016).

These figures suggest that moving to a new house in later life may be popular in theory, but that older people are deterred from making such moves in practice (Burgess and Quinio 2020). This section asks about these deterrents: why do so few older people move into new homes in later life in the UK? Why is the demand for retirement community housing in particular smaller in the UK than in other countries? What are the constraints to demand for

retirement housing? And could these factors be addressed, in order to raise effective demand for retirement housing?

1. Contradictory policy agendas? Downsizing and ageing in place

Downsizing

A policy agenda around 'downsizing' has emerged in recent years, promoting the benefits of moving to new, more 'appropriate' housing in later life (Burgess and Quinio 2020). It is suggested that moving to a smaller, cheaper or more 'suitable' property can enhance the quality of life for many older people (Abramsson and Anderson 2016). For older people themselves, downsizing may enable greater independence, for example allowing people to move out of oversized houses which do not meet their accessibility needs in later life. Downsizing into retirement housing can carry the additional benefits of providing help with housing maintenance, utilities and other bills (Park and Ziegler 2016).

Various societal benefits have been associated with downsizing. Individuals who chose to downsize may require less social and medical care. Policies promoting downsizing could therefore reduce demand on adult social care budgets (Lagergren and Bataljan 2000, cited in Abramsson and Anderson 2016). A further societal benefit often associated with downsizing is that when older people move into smaller properties, they can free up the supply of larger, family-sized housing (Burgess et al 2017). Downsizing is therefore seen as a means of addressing the under occupation of the mainstream housing stock (Best and Martin 2019). This has been framed as an issue of social justice, with younger families prevented from moving to larger housing because of its occupation by older people (Beach 2016).

From a planning and housing perspective, this policy agenda is used to promote greater provision of purpose-built specialised retirement housing of various types (Hammond 2018).

Ageing in place

'Ageing in place' policies promote the benefits associated with growing older at home. This is based around the common argument that older people prefer to live in their own homes for as long as possible (Park and Ziegler 2016).

Sometimes the emphasis is placed on people's preference for living in ordinary, mainstream housing (Tinker 1994, cited in Phillips et al 2001). Specific policies enabling people to age in place in mainstream housing include physical improvements and adaptations within the home, local support services, and the provision of domiciliary care. The fact that most people

prefer to stay in their own homes as they age, combined with the fact that most people live in general needs housing, means that policy discourse around ageing in place can seem to contradict that around the need for older people to downsize.

Sometimes the discourse on ageing in place emphasises living independently, as opposed to moving into residential care (Davey et al 2004, cited in Wiles 2011). This means that 'ageing in place' does not necessarily preclude moving or downsizing to new property. The ability to remain living in one's own community in later life, perhaps receiving domiciliary care or perhaps moving into specialised retirement housing, is prioritised in this case.

Contradictory policy agendas?

These policy agendas each emphasise the deinstitutionalisation of care (Phillips et al 2001). While not necessarily contradictory, the simple message of the first – to move in later life – can seem to contradict that of the second – to stay living at home for as long as possible. Consumer confusion around the distinction between residential care homes and retirement housing may lead some people to avoid both. The lack of a coherent message from central government around housing for older people may also compound the failure to create strong strategic visions on this issue at local authority level throughout England.

It is also important to note that explanations about the various benefits of 'downsizing' or 'ageing in place' come largely from official sources, such as policymakers or interest groups (e.g. ARCO 2020b). While these sources provide strong rationalisations for government, local authorities and housing providers to promote certain housing choices above others, they are not necessarily indicative of the actual demand for retirement housing amongst older people.

2. Financial considerations

Financial constraints may be the most straightforward, 'most obvious' barrier to moving in later life (Beach 2016). As John Galvin, Chief Executive of the EAC has observed: 'A substantial number of clients abandon attempts to move after researching local availability and costs. They conclude that there isn't suitable or attractive alternative housing available locally, or that they cannot afford it alongside the cost of a move itself' (Best and Porteus 2016). The estimated cost of moving to a new house in the UK is £8,451.49 (House of Commons 2018), meaning that for some, moving is just not affordable. Home owners may be able to release equity from their homes, particularly if they are downsizing to smaller, less expensive housing. While this can help with the cost of moving, people may be reluctant to spend

money on surveyors' fees, solicitors' fees, removals, refurnishing and stamp duty, if moving is not urgent (Beach 2016).

The rightsizing gap

Hammond (2018) describes a 'rightsizing gap', in which only the wealthiest 10% and least wealthy 30% of older people have access to 'adequate' housing options in later life. This is predicated on movers' ability to access purpose-built, specialised housing options designed specifically for older people, should they want to. This report has already touched on this middle section of the market, for which finding investment can be a particular challenge (see Section 3). Those living in the social and affordable housing sector, private renters and home owners who qualify for housing assistance may have limited housing options, but this group is the most likely to be able to access specialised accommodation when moving, should they want to (Hammond 2018).

Wealthier home owners may be able to afford luxury retirement housing that is beyond the means of many home owners. Those in the middle, who cannot afford luxury housing options but who do not qualify for housing assistance, need either to buy or privately rent their housing, including specialised retirement options. While retirement housing designed for this segment of the market does exist, the choice can be more restricted.

The cost of receiving care in the home

Those who find themselves in the 'rightsizing gap' also face a particular financial challenge when it comes to the cost of care. Care provision in the UK is means tested. In England, anyone with savings or assets above the value of £23,000 – including housing – will need to meet all care costs themselves, rather than receiving help from their local authority (Age UK 2019).

Unlike residential care homes, extra care housing and retirement housing communities with care do not include the cost of care. Care can be provided on site, often through a care agency that is separate from the retirement housing provider. Those who are entitled to assistance for the cost of care receive it through the local authority. But all those considering purchasing private retirement housing are likely to have housing equity above £23,000, and will not qualify for assistance. For those in the 'rightsizing gap', the costs of receiving care are likely to be considerable (up to £30 an hour and sometimes estimated at around £1,000.00 a week (Age UK 2020), whether they continue to live in mainstream housing, downsize to smaller mainstream housing, or purchase retirement housing designed specifically for older people. These costs represent a significant outgoing, and could disincentivise potential

consumers of private retirement housing from making expensive moves unless entirely necessary.

Charges and fees

One disincentive to moving into retirement housing may be the additional costs and uncertainty associated with leasehold properties. Best and Porteus (2016) argue that this may deter freehold home owners in particular from moving. The leases offered by retirement housing providers normally range from 99-125 years (ibid). Best and Porteus (ibid) recommend that providers guarantee longer leases, in order to provide greater certainty to buyers and sellers around the security of their investment.

Since retirement communities provide various ongoing services and shared facilities in addition to residential accommodation, mechanisms are needed to guarantee their continued funding. The additional costs are usually borne by the freeholder and charged to residents as a service charge. Event fees (sometimes called exit fees, or deferred management fees) are an additional charge to residents, payable to the freeholder on vacation of the property. They are popular with developer operators who manage sites over the long-term and may therefore seek a longer-term funding model. They may also be popular amongst those serving the middle market, who do not wish to charge a premium up front, but instead to allow residents to defer some of their housing costs (ibid).

There is little consistency in the ways these fees are charged. They can be charged on sale, inheritance, equity release and subletting (ibid). Event fees are often charged at a percentage of the current value of a property, meaning the exact charge is unclear in advance. This percentage can also vary hugely, ranging from 1-30% of the value of the property (ibid). These unknown and inconsistent costs may act as a substantial deterrent to those otherwise interested in retirement living.

In order to address the uncertainty created by event fees, the Office of Fair Trading have recommended the following terms (cited in Best and Porteus 2016):

- The fee should be payable on final sale only – not on other events.
- It should be certain.
- It should not be a percentage of an assessed open market value.
- It should be transparent from the outset, with details provided in a Purchaser's Information Pack.

Other recommendations include that housing providers give clear and precise marketing literature and legal documentation to all purchasers, as well as checking that the financial implications of these materials have been fully understood before purchase (ibid).

The government has previously committed to restricting ground rents to zero for new leases to make the process fairer for leaseholders. MHCLG announced in January 2021 that this will also now apply to retirement leasehold properties (homes built specifically for older people), so purchasers of these homes have the same rights as other home owners and are protected from uncertain practices (MHCLG 2020d).

Asset-based welfare

In recent years, the number of housing transactions throughout the UK has declined (CML 2017). It is not only older people who are not moving into new homes. But neither is it mostly first-time buyers: recent reductions in household mobility (400,000 fewer transactions each year) are 80% made up of people who would have moved with a mortgage (ibid).

Falling numbers of transactions and moves may be a symptom of rising demand for housing, not in terms of housing space or housing need, but in terms of its asset-based welfare benefits (Montgomerie and Budenbender 2015). Asset-based welfare describes the function that housing can play as a store of wealth (Prabhakar 2019). As Burgess and Quinio (2020) observe: 'In the context of a rolling back of the state, an increasing use of private equity as a source of welfare, and poorer social safety nets especially at retirement age, means that older people can be pressured to downsize in order to release equity they have accumulated and finance their later life. In reverse, the same argument can be used to explain why a large proportion of older people are reluctant to downsize, and choose to keep their large family house in order to transmit housing wealth to their children.'

This could contribute to demand for general needs housing, to its value, to demand for more housing space than is related to housing need, to reluctance to sell, to low transaction rates, and to relative disinterest in other forms of housing. The housing-based equity and welfare benefits associated with mainstream, general needs housing are so great that these may constrain the demand for retirement housing. This is not only something that affects the retirement housing sector; it is a feature of the housing system as a whole. Efforts to address the 'under occupation' of mainstream housing by older generations (Best and Martin 2019) may also need to consider the role of housing-based equity in peoples' decisions around moving.

Financial advice

Aldridge et al (2012) propose that better information and advice should be provided to older people about retirement housing options, about the range of different products on offer, and about access to financial help with housing and care costs. In particular, they argue that information on the eligibility for help from the state should be made clearer and more consistent.

The House of Commons CLGC (2018) draw attention to the complex, interrelated financial considerations that older people usually have to consider, including pensions, mortgages and equity release. Advice on these issues is often fragmented, meaning that older people can face separate lengthy processes in order to obtain advice around one decision, such as moving into retirement housing (House of Commons *ibid*). Interventions for streamlining financial advice for older people include the creation of a single financial guidance body, legislated by the Financial Guidance and Claims Bill (2018).

Tenure diversification

Different tenures confer different benefits to residents of retirement housing, and may therefore have an impact on market demand. For example, leaseholder arrangements can, in some circumstances, mean that the value of individuals' property assets are not taken into consideration when assessing eligibility for help with care costs. This may act as an incentive for some home owners to enter shared ownership retirement housing contracts.

Savills (2018) argue that the greatest area for growth in retirement housing may be in the provision of new operating models and tenures, such as providing more privately rented retirement homes for those who have less housing equity and who cannot afford to buy. Some private sector housing providers have expressed concern that providing mixed tenures in retirement housing developments can reduce saleability (Pannell et al 2012). Nevertheless, successful models include the Extra Care Charitable Trust's retirement villages in the Midlands, and the Joseph Rowntree Housing Trust villages in Yorkshire and the North East (*ibid*). In addition, there may be scope for more private rental accommodation designed specifically for older people (*ibid*).

Local authorities and Homes England may be particularly encouraging of mixed tenure retirement housing development, including a mix of social and affordable properties for rent and shared ownership properties for sale. However, these types of development may not help to fill the 'rightsizing gap' identified by Hammond (2018) and outlined in Section 3 of this report.

Financial incentives

Alterations to stamp duty land tax are the most commonly referenced financial incentives to encourage the purchase of retirement housing (Park and Ziegler 2016). Such interventions include stamp duty free sales or stamp duty holiday periods (Pannell 2012). However, the House of Commons CLGC (2018: 61) argue that providing older home owners with an exemption from stamp duty would be difficult to uphold on political grounds: 'Many older home owners are likely to receive a capital gain when they move that will cover the cost of the stamp duty payable on their new home. In addition, we believe that an exemption would be extremely difficult to implement'.

Other possible financial incentives for older people to move into private retirement housing include part-exchange, council tax reductions, packages to cover the cost of removals, legal and estate agents' fees, or savings vehicles specifically designed for saving for future care needs (Pannell et al 2012).

3. Individual preferences and requirements

This section considers the individual needs and preferences that may affect people's decision to move in later life. These factors are highly personal, and may be associated with people's perceptions about specialised housing for older people, or their own desires and aspirations for retirement. At the end of the section, potential interventions are discussed which might help to address these factors.

Why do people choose not to move in later life?

Asking about the factors that prevent people from moving or downsizing in later life, Beach (2016) identifies three factors that stem from individual's own preferences and requirements: the emotional factor, the nuisance factor, and the hospitality factor. Other commentators have also pointed to the significance of local social networks, which can prevent people moving large distances.

The emotional factor

The strength of people's emotional ties to their existing adulthood home can deter them from moving in later life (Hammond 2018, House of Commons 2018). When studying barriers to downsizing, Beach (2016) found that nearly one in three (28%) of his respondents gave this as a reason that they were not intending to move. Interestingly, in Beach's study, the number of people who reported emotional attachment as a deterrent from moving rose in older age groups, up to 38.6% of those aged 75+. This may be because this generation of

older people have been less mobile than subsequent generations, are more likely to have lived in the same house for much of their adult life, and may be unused to the idea of moving (ibid).

Beach also points out that, in addition to the actual house, people fill their homes with possessions of sentimental value. The prospect of going through possessions and scaling them back could be a significant emotional deterrent, particularly if moving entails downsizing to a much smaller property.

The nuisance factor

Moving house can also be disruptive and stressful in a practical sense (Park and Ziegler 2016). Demos (House of Commons 2018: 24) have noted that moving home can be 'an exhausting process' regardless of age: 'Getting into the loft and unpacking A-level textbooks from your kids that are still there is pretty daunting. Downsizing requires getting rid of some of your stuff. It requires putting it on eBay, giving it to charity shops and packing it. The practical issue is a major issue for old people'. Moving home also requires engaging with estate agents, solicitors and banks. It requires making detailed financial calculations and decisions that have lasting impacts. It requires house hunting, and may involve putting your own home on the market for others to see. All of these aspects of moving require time and resources, and may be particularly disruptive to people with work or caring responsibilities (Beach 2016).

Beach (ibid) found that the 'nuisance factor' was a significant deterrent to moving or downsizing in later life, with 29.1% of all respondents, and 40.0% of those aged 75+, citing this as a reason they were not considering a move.

The hospitality factor

Moving into specialised housing for older people often entails downsizing to a smaller property. But older people may value having additional space to enjoy. The preference for larger housing in later life can be connected to a desire to have room for guests and visitors, for a separate study, or for engaging in hobbies and activities outside of the main living rooms. As Beach (ibid) observes, this has implications for how we qualify under-occupation. Rooms that qualify as 'unoccupied bedrooms' may not simply be wasted space.

Local social networks

Other factors stemming from individuals' personal preferences that can prevent them from moving or downsizing in later life include the desire to sustain social networks with neighbours and others in the immediate community (Park and Ziegler 2016). As many as

90% of households headed by someone aged 65 and over have reported that they are satisfied with the area in which they currently live (MHCLG 2020b). In terms of demand for retirement housing specifically, this factor will curtail demand from those who do not live close to retirement schemes. While the number of purpose-built retirement communities across the UK is growing, these are often concentrated in the South of England, where the returns from development are higher and improve viability. This means that demand for retirement housing may be particularly constrained in other parts of the UK.

What factors are important for those who do chose to move or downsize in later life?

For those who do chose to move in later life, the decision can be driven by a wide variety of different requirements, preferences and aspirations. The diversity of reasons for moving, and preferences about moving, shows that older movers should not be seen as a homogeneous group (Burgess and Quinio 2020). Since the demand for retirement housing is highly varied, a range of different options are required in order to meet demand.

Beach (2016) observes that the majority of moves made by older people are relatively local at just over four miles, suggesting that neighbourhood and local social networks are a significant factor for older movers. For those who chose to move to retirement communities, Evans (2009) writes about the importance of a sense of community, built through a range of organised events, activities, and communal facilities. Both established friendships and more fleeting social interactions can contribute to a sense of social identity and belonging (Robertson et al 2008, cited in Evans 2009). If retirement villages hope to generate a sense of community, everyday social encounters should be considered in their design.

Hammond (2018) argues that decisions around moving in later life are driven by the potential for positive change and improved quality of life. This may mean that people do not consider moving until their current circumstances start to have a detrimental effect. Once the choice to move has been made, Hammond (ibid) suggests that movers can be divided into two different groups: those who are guided more by their aspirations, and those who are guided by accessibility requirements. Aitken et al (2019) suggest an even more diverse range of drivers. In their study about the 'pull factors' that influence older people's decisions about moving to specialised housing, Aitken et al found that different people prioritise very different factors. Some are drawn to the potential for care services on site; others look for luxury features; others are attracted to environments that are detached from normal neighbourhood settings; still others are attracted by the social possibilities of living in retirement communities. Other researchers argue that most older people would prefer mixed-aged communities (Phillipson 2012), with age segregation seen as both undesirable and unsustainable (Rogers 2014). This research underscores the heterogeneity of preferences

amongst older people, and compounds the argument made by Burgess and Quinio (2020: 11), that there are 'multiple ways of ageing'.

This diversity challenges common assumptions about older people's choices around moving, such as the lifecycle explanation for downsizing. The lifecycle model frames equity release as one of the most important factors when older people are considering moving, and predicts that most older people should therefore choose to downsize to a smaller property (Burgess and Quinio 2020). Burgess and Quinio's (2020) findings contradict this however, showing that neither the size nor the price of property are amongst the first considerations of older movers. Rather, they found that priorities around moving in later life range from the desire for a change of location, changes in relationships, the desire for a more manageable property, or the desire to live closer to adult children. Those who do move in later life cannot be straightforwardly thought of as 'downsizers', and will not necessarily prioritise smaller, cheaper properties, or the prospect of equity release.

Acknowledging this diversity has called several researchers to use the term 'rightsizing' rather than 'downsizing' in relation to moving in older age (Park and Ziegler 2016, Hammond 2018). This removes assumptions about the kinds of moves older people are likely to make, and focuses instead on the specific needs and aspirations that individuals prioritise when deciding where to live: 'whether this is a home that is more easily accessible, more conveniently located, more energy efficient, and/or easier to maintain' (Park and Ziegler 2016: 10).

Responding to older people's diverse needs and preferences, in order to raise the effective demand for retirement housing

The heterogeneity of older people's preferences, requirements and aspirations for their housing in retirement means that a range of different housing options are required in order to meet 'a broad spectrum of need and aspiration' (Aitken 2019). Park and Ziegler (2016) argue that housing for older people should therefore become less specialised, rather than more so. Creating a range of different kinds of housing for older people will in part be an issue of raising supply. This could also improve the geographical distribution of retirement housing throughout the UK, addressing the concerns of those who want to maintain social networks and live close to their current neighbourhoods. Issues relating to improving the supply of retirement housing are addressed in Section 3.

Diversifying retirement housing development

In order to accommodate the diverse preferences of those looking to move in retirement, ARCO (2018) recommend that retirement housing products be diversified. However, ARCO

also warn against creating undue complexity within the market, and stress the need for a common language and consistent institutional frameworks. Coordination between different retirement housing providers may help to diversify the retirement housing offer without adding to the complexity of the market. Equally, early collaboration with local authorities can make providers aware of the development already coming forward in an area, and ensure that their own offer serves different needs and preferences.

Phillipson (2012) suggests that specialised retirement housing options might be provided within specialised, integrated, mixed age-communities and co-housing environments, in order to attract those who prefer to avoid age-segregation. Co-operative housing and inter-generational housing schemes are all options that might attract individuals who are looking for co-living communities in their retirement, but who would prefer to avoid age-segregated communities. Other examples include the provision of specialised housing and care facilities alongside other community infrastructure such as nursery schools. This can encourage the creation of mixed-age communities in order to avoid 'old-age ghettos' (HCA 2009: 26).

Help to move

Pannell et al (2012) suggest that practical help with moving could remove some of the stresses associated with moving in later life. Help to move services are often provided in the social and charitable sector, by local authorities and registered social landlords who would like to encourage tenants to move into smaller properties (Shelter 2010, Clarke et al 2010, 2011, Monk et al 2009). Private companies also exist which can help older people with the practical and emotional work involved in moving house, from sorting through possessions, selling various items, sorting out utilities and other household items, as well as the process of removal and arrival itself (House of Commons 2018).

Examples of help to move schemes in the social and private sector:

- Seamless Relocation provides an individually tailored and paid-for relocation service in both private and social sectors (Pannell et al 2012);
- McCarthy and Stone's 'Smooth Move' service offers help packing, de-cluttering, transportation, unpacking and handymen to help with tasks in the new home, as well as help with the costs of moving (House of Commons 2018);
- Grand Union Housing Group's 'incentive to move' scheme offers tenants practical support with moving;
- London Borough of Redbridge FreeSpace pilot project; and
- FirstStop advice service.

4. Cultural perceptions around retirement housing in the UK

Prioritising the continuous present

Hammond (2018) argues that decisions around moving in later life are driven by the potential for positive change, improved quality of life, and improved social status. This emphasis on positive change implies that people may not consider moving until they start to perceive their current circumstances negatively. It also means that, when people are happy in their current housing, it may not occur to them to make alternative plans for the future. Without knowing exactly what accommodations might become necessary, people are more likely to base their housing decisions around their current needs and preferences. Indeed, Hammond (ibid) found that 41.1% of people expressed no desire to move when asked only one year in advance of relocating.

The fact that people do not necessarily plan ahead to ensure against declining health in old age reflects a propensity to prioritise the 'continuous present' (Aitken et al 2020). Amongst those choosing not to downsize to smaller property, Beach (2016) found that the most frequent reason cited was that people 'could still manage the necessary housework, maintenance and/or bills'. While people are managing where they currently live, they may be unlikely to consider planning ahead for future health and care needs. Research has shown that 'older people', often categorised as those aged 55 and above, do not usually think of themselves as old, but think of 'older people' as those aged 85 and above (Burgess et al 2017). People aged 55 and over may be as likely to look for housing which can accommodate their own elderly parents, as that which will accommodate their changing needs around ageing in the future.

In their analysis of moving amongst over 55s in England, Burgess and Quinio (2020) found that a minority of older movers actually 'downsize' to smaller or less expensive properties. They cite survey data reporting that three quarters of older people buying new-build housing chose property with three or more bedrooms, and that almost half chose property with four or more bedrooms. These figures suggest that older people's decisions around moving may be less about the need for smaller, more manageable property in order to cope with the physical constraints of growing older. People may in fact be prioritising their continuous present.

By contrast, public and policy discourses about the benefits of specialised housing for older people often frame it as a choice for the future. By 'planning ahead', older people are encouraged to take responsibility for their own changing needs as they age (Park and Ziegler

2016). By selecting housing with care before care is actually required, individuals can avoid using emergency medical services and can 'live independently for longer' (London Borough of Waltham Forest 2015, LGA 2017). This draws attention to specialised housing as a means of planning for declining independence and health, rather than as a positive choice about the present.

The benefits associated with retirement housing are often framed as societal: people who choose to move to retirement housing are less likely to move into residential care homes, thereby reducing demands on public health and adult social care budgets. Retirement housing is also seen as a solution to the problem of under-occupation (LGA 2017). This frames retirement housing as a policy tool for better social organisation, rather than a personal choice. The policy discourse around the social benefits of retirement housing may actually serve to create associations with ill health and approaching death rather than life. This may compound the 'the esteem factor' (Beach 2016), whereby individuals avoid moving into specialised housing because of how it might be perceived by others.

Cultural associations with specialised housing for older people in the UK

The history of specialised housing for older people in the UK may have contributed to its image problem. In contrast, in the care home market, private retirement communities form part of a 'relatively new fledgling industry' (ARCO 2014: 5). But expectations around the quality of retirement housing in the UK may have been lowered by the poor quality of many sheltered housing schemes built during the 1960s, 70s and 80s. Phillips et al (2001: 189) argue that these schemes were often provided within a framework that was ageist and fostered dependency. Many retirement housing schemes continue to lack adequate storage space, ventilation, and private outdoor space (Park and Ziegler 2016). Other concerns include the management and governance of retirement housing schemes, with fears around the accountability of managers, and residents' ability to raise concerns (ibid). While retirement housing has been proposed as an antidote to many of the problems associated with traditional specialised housing options, it is nevertheless often associated with these problems, rather than being seen as an alternative.

The culture of specialised housing for older people in the US and Australia

Demand for retirement housing in the UK is often compared with that in other countries, like the USA and Australia, where this kind of housing is considered more popular and commercially successful (e.g., Beach 2016, ARCO 2020b).

The cultural context of these countries may account for some of this disparity. For example, Williams (2005) points out that the population of America is far more mobile than the UK population. The huge distances that people often travel in order to move can completely disrupt their social networks; people may therefore be more likely to seek out 'ready-made' communities with local social capital and support networks.

The USA also places less emphasis on the need for older people to live independently in their own homes as they age (Hanson 2001). Within US legislation, greater emphasis is placed on access to personal care in a residential setting. Those requiring assistance at home are not entitled to domiciliary services to the same extent as in the UK. Conversely, the UK discourse around the merits of 'ageing in place' and a preference for domiciliary care over residential care may have created a context in which all specialised housing for older people, including retirement communities, are seen as something to be avoided.

There may be a discrepancy between cultural perceptions around housing with communal facilities in the UK and the USA. In the UK, with its traditional single-family housing, communal arrangements have often consisted of bed-sits and house-shares, and connoted lower social status. In the US, multi-unit housing developments are more common, and are more likely to include communal facilities like a gym or a pool, conferring higher social status (Williams 2005).

Additionally, co-housing communities have been popular in the US since the 1980s and 90s, and cultivated an image of community, social support, interaction and security associated with shared living communities. Co-housing has also been popular across Europe, and spread to Australasia and South East Asia in the 1990s, but has been notably unsuccessful in the UK (ibid). This culture of shared accommodation in the US and Australia may have contributed to more positive cultural associations with purpose-built communities, including those built specifically for retirement.

Private retirement communities in particular may also be more familiar in the American or Australian public consciousness. Private retirement communities have been built in these countries for over 60 years. In the US, retirement communities are often classed as gated communities. Social segregation is often emphasised, within a culture that treats segregation as a symbol of affluence and security (Phillips et al 2001). Marketing materials can draw on

lifestyle images which emphasise social networks, economic aspiration, and geographical location (Judd et al 2014). Conversely, over the last 60 years, most specialised housing for older people in the UK has been provided by the charitable and housing association sector, and has been driven by medical need (Evans 2009).

The retirement housing community typology

Petersen and Warburton (2012) observe how the private retirement community concept started in the USA, travelling to Australia and New Zealand, and only much more recently to the UK. They describe how the architectural typology of the retirement community, with its very large footprint, was also imported from the US context. Australian architectural firms responsible for the design of retirement complexes based their work on developments in Phoenix, San Diego and Las Vegas. The rationalisation given for the large scale of these developments was an ageing population, and the need to accommodate rising numbers of older people. But it may also have been guided by development constraints. Competition for land and the kinds of viability constraints outlined in Section 3 can restrict retirement housing providers to developing sites on the urban fringe. Developers may have a preference for larger sites in order to produce more units of housing, and improve the viability of development. Indeed, as Hanson (2001) has pointed out, the physical size and architectural scale of retirement communities in the US has been driven by the need to reduce capital and continuing costs: 'the single largest challenge architects face in designing these facilities is creating an attractive residential setting that is large enough to meet economy-of-scale requirements for efficient, functional service production' (Regnier et al 1995, cited in Hansen 2001: 44). While the form and style of these developments in the US were supposedly based on demographic trends, they may actually relate to constraints felt by the construction industry.

The British context is different for various reasons. Extra-care housing or retirement community housing with care is different from the American typology which is often called 'assisted living'. Assisted living provides round the clock care for those who need it, and this provision factors into the viability of the scheme for the housing provider. Large complexes with large numbers of units are often required in order to justify the expense that goes into providing skilled care used only by a small proportion of residents (ibid: 44). Extra care residential communities, where care is not provided by the housing provider but by a separate care provider, do not have to factor the costs of care into development viability, and are often therefore much smaller. Retirement housing schemes in the UK are therefore often much smaller than in the US. The provision of 100+ units of housing for older people on one site may not therefore translate perfectly into demand for retirement housing in the British context.

Responding to cultural associations with specialised housing for older people in the UK, in order to raise the effective demand for retirement housing

Information and marketing

Retirement housing in the UK may have an image problem. Beach (2016) suggests that those intending to encourage downsizing should draw on the aspirations of older movers and positive messages about how their lives can be enhanced. The discourses deployed when marketing private retirement housing could benefit from such an approach. In the UK context, specialised housing for older people may carry negative connotations of declining health, increasing dependence, and disempowerment. Retirement housing providers may need to tackle this image problem head-on, using marketing and public relations tools. Research commissioned by Shakespeare Martineau highlighted the disconnect between public and housing provider perceptions of the sector, noting that the public is unsure about the benefits and services provided by retirement housing schemes, often confusing them with care homes and nursing homes to the detriment of the sector, and recommended a benefits, not age-focused, approach to marketing and targeting (Shakespeare Martineau 2021). Decisions around housing moves are complex, and future efforts to connect people to retirement communities will require personalisation rather than a one-size-fits-all approach (Beach 2021). To become increasingly popular amongst older movers, private retirement communities may need to be reframed, not as a responsible choice about the future, but as a chance to improve one's current quality of life. As McCarthy (2009, cited in Pannell et al 2012: 57) points out:

The whole sector, private and social, needs a complete PR job [...] all forms of retirement housing and other forms of housing need to be seen as aspirational by private and social developers otherwise it just won't appeal to the widest number of older people.

Marketing efforts may also need to acknowledge that specialist housing for over 55s is still a niche market within Britain. Even in the USA, Australia and New Zealand, only around 6% of the older population lives in retirement housing (ARCO 2020b). Hammond (2018) observes that brand recognition may be very important for this group of consumers. Rather than creating a product that appeals to diverse preferences, developing a specialised, distinctive brand could help to attract larger numbers of purchasers. Alongside marketing, housing providers may need to provide material to clarify consumers' financial obligations, legal implications and different options provided for housing and care provided under the retirement housing umbrella (ARCO 2018).

Nevertheless, there is a distinct marketing challenge associated with any specialised housing for older people. This is illustrated by Petersen and Warburton (2012), who explored how older people have been represented in promotional material for retirement complexes. They found that, while policy and planning literature often frames older people as frail and dependent on care in order to justify development, subsequent marketing materials often exclude images of frailty and instead present specialised housing as an 'ageless' luxury lifestyle choice. These very different discourses around ageing serve different purposes, each connected more to the interests of housing providers than to older people themselves. Such marketing practices may backfire. Rather than drawing on stereotypes of old age, providers face the challenge of recognising older people as a complex and heterogeneous group of consumers. As Burgess and Quinio (2020) point out:

[...] looking at moves amongst the over 55s in the most recent data, around 330,000 households move a year, of which about 88,000 households specifically downsize [...] The housing market for people aged 55 or over is clearly not just a specialist retirement market, but a very diverse, and potentially very large, market. There is a need to think beyond stereotypes of older home owners in order to fully tap into this market.

Older home owners have substantial equity with which to plan for their retirement: more than 75% of people aged 55 and over own their own home, and four out of five have paid off their mortgage (Burgess et al 2017). The market for building retirement properties could therefore represent a major opportunity for housing providers and housebuilders. But retirees may be resistant to the idea of standardised, specialised products for older people. Most older movers purchase three to five bedroom houses, and often do not buy what they set out to find (ibid). Therefore, retirement housing providers may do well to bring forward a very diverse range of housing for older people (Aitken et al 2019).

Changing the policy narrative

Advocates of retirement housing have sometimes pointed to a failure amongst older people to plan for their future care needs. As Beach (2016) observes: 'More energy may be needed to raise awareness and encourage older people to think of their future needs, rather than waiting until some kind of shock event that could occur later in life that stimulates a change in their housing situation'. Interventions based on this logic include greater provision of information and advocacy around the health benefits of moving into retirement housing. But this also implies that older people are failing to uphold their social responsibilities. Instead, it may be worth recognising that people usually prioritise their 'continuous present' (Aitken et al 2020), and are unlikely to plan for care needs that have not yet become apparent. Various researchers have shown that people are more likely to make moves that suit them now

(Burgess and Quinio 2020). The success of retirement housing should therefore probably not rest on convincing individuals to prioritise their unknown future over the circumstances of the present. There may be a need to reframe the policy narrative around retirement housing as one of enhancing the choices available to older people. Retirement housing might be better framed as a means to exercise agency around ageing, or to continue contributing to family, community and social life in various ways.

6. Conclusion and recommendations

1. Conclusion

This report has identified numerous constraints to supply, investment and demand in the market for specialised housing for older people, and for retirement living communities in particular.

A notable point about supply is that retirement living community development is unviable in many areas outside of London and the South East of England. Coupled with the fact that the majority of house moves made by older people are relatively local, this constraint to supply reduces housing options for those living elsewhere in the country, particularly home owners who do not qualify for assistance with housing costs. Unless the viability of retirement community development can be improved and the supply of mid-range retirement properties be raised, these households will have very little choice around moving in later life.

We have also observed the lack of a strong strategic vision on housing for older people, at both national and local authority levels. The market for retirement housing faces numerous viability constraints. Additionally, developers face inconsistency in the planning frameworks used by different authorities, creating disputes about planning obligations and undue complexity throughout the development process. Without stronger leadership and encouragement from national and local planning policymakers, the supply of retirement housing may not increase.

On the demand side, numerous barriers exist that could deter people otherwise interested in retirement living from moving. Creative thinking may be required from national and local governments, as well as from house builders, housing providers and financial institutions, in order to remove or redress some of these barriers to demand.

It is important to challenge common assumptions about the housing preferences of older people currently informing policy and industry discourse around downsizing. For example, this report has given evidence to show that most older movers do not chose to move into smaller housing. This means that typical retirement living typologies such as one-bedroom flats should be included in a much more diverse housing offer for older people.

Lastly, this report has drawn attention to a gap in the market for retirement housing in England. Due to a range of supply, demand and investment factors, those most likely to be able to access specialised housing when moving are social renters and wealthier home

owners. Home owners with modest access to wealth have far fewer options, should they wish to consider moving to specialised housing in later life. Addressing this 'rightsizing gap' (Hammond 2018) will require that constraints to supply, demand and investment in the market for retirement housing are addressed in combination.

2. Recommendations

At the national level

- National government should build a strong, clear vision about housing for people as they age.
- National frameworks could be used to promote consistency across different local authorities, for example in the definition and application of planning use classes, site allocation, and assessment of local need.
- Greater clarity is required around the strategic objectives of government for housing and ageing. For example, greater clarity is required around the joint priorities of 'downsizing' and 'ageing in place', and how these priorities can be best implemented at the local level.
- Given the short supply of specialised retirement housing options, housing conditions could be improved in the longer-term through the application of higher and/or more widely applied accessibility standards in mainstream housing development. The MHCLG 2019 consultation on accessibility of new homes (MHCLG 2020a) will hopefully lead to the introduction of a national mandate for a higher minimum standard for all new homes across the industry.

At the local level

- Local authorities should give the necessary priority to housing for older people, through the creation of clear strategic and local plans and guidelines for developers.
- Collaboration between local authority planning, social care, health and housing teams could allow for better planning around retirement housing. For example, retirement housing may make savings possible within health and social care budgets. Greater collaboration between different departments might allow these savings to be considered when negotiating planning obligations from retirement housing developers.
- Access to suitable sites for retirement housing development, and overall supply, might be improved by taking measures to redress its viability constraints. For example, this might take the form of a 'social care credit' applied on planning charges for specialised housing developments.

- Local authorities should make their local requirements explicit, engaging with developers and housing providers in order to ensure that planned development is suited to local need.

Housebuilders and housing providers

- Housebuilders and housing providers may need to acknowledge the diversity of needs and preferences of older people living in England. In particular it may be a misconception that older people prefer to move into smaller properties. Housebuilders are encouraged to provide a diverse range of different housing typologies for older people. The 10 HAPPI design principles provide guidelines for the production of high quality specialised housing (HCA 2009, Best and Porteus 2012, 2016, Porteus 2018, Best and Martin 2019).
- Retirement housing in the UK may have an image problem, and providers are advised to tackle this head-on. As well as diversifying the retirement housing offer, this can be done through engagement with civil society, marketing and public relations tools. Rather than drawing on stereotypes of old age, providers face the challenge of recognising older people as a complex and heterogeneous group of consumers with diverse aspirations.
- Reflecting a shift across the leasehold housing sector, providers are advised to guarantee longer leases on leasehold retirement housing. This can give purchasers greater security of ownership and more confidence in the long term value of their home.
- Housing providers are encouraged to provide clarity and transparency around all fees and charges associated with retirement housing contracts.

Civil society

- In the field of housing and development, the voice of older people themselves is conspicuous in its absence. We support the recommendation of Best and Porteus (2016) for the creation of a well-resourced representative body made up of, and speaking for, older people themselves, with the scope to address housing as an issue of particular importance.

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