

# Older Person's Housing Group



**NATIONAL  
HOUSING  
FEDERATION**

# The case for developing specialist older person's housing

We are exploring the context in which those looking to build much needed older person's housing are operating.

We will look at the advantages of building more homes for older people and the barriers which are making it increasingly difficult to do so. We have shared the experiences of housing associations who explain what the opportunities and barriers discussed look like in reality.

## What problem are we trying to solve?

England is facing an acute shortage of specialist housing for older people alongside a growing aging population. By 2035, the number of people over the age of 60 in England will reach 29% of the entire population.<sup>1</sup> Also, the number of households headed by someone 65 and above will likely more than treble by the late 2040s.<sup>2</sup> This will increase demand for housing for older people and, without appropriate provision, place unsustainable strain on the housing market and health services.

We need a coherent strategy for addressing this issue, as older people generally have greater care and support needs than the wider population, so they require integrated housing, care and support solutions. People are also living and working longer and so the nature of demand and housing need will evolve with time. To meet demand we must develop homes according to these needs and do it sustainably. To put this into context, we need to build 38,000 new homes for rent for older people per year (of this, 21,000 should be social rented housing to take older, low-income renters out of the private rented sector) and nearly a third of this should be extra care or sheltered accommodation.<sup>3</sup>

Yet the supply of affordable older person's housing declined over the five years up to 2021 (261,000 down from 268,000 in 2017).<sup>4</sup> We must address this falling supply and the barriers to development that providers face.



## Why is housing the solution?

The combined services that specialist schemes offer provide a holistic, person-centred experience. This leads to better health and wellbeing outcomes for residents and has wider social and economic benefits. With the appropriate funding and planning system in place, providers can address the national shortage of specialist housing for older people and capitalise on these benefits.

1. <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/2014basednationalpopulationprojectionstableofcontents> (this is 5% higher than 2020)
2. [https://www.housinglin.org.uk/\\_assets/Resources/Housing/Support\\_materials/Other\\_reports\\_and\\_guidance/HAPPI-5-Rental-Housing.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Other_reports_and_guidance/HAPPI-5-Rental-Housing.pdf)
3. <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/appg/appg-for-ageing-and-older-people---report-on-decent-and-accessible-homes-for-older-people.pdf> [https://www.housinglin.org.uk/\\_assets/Resources/Housing/Support\\_materials/Other\\_reports\\_and\\_guidance/HAPPI-5-Rental-Housing.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Other_reports_and_guidance/HAPPI-5-Rental-Housing.pdf)
4. SDR 2021 (includes new build, acquisitions, conversions, disposals, sales, demolitions)

# What are the social and economic benefits of specialist older person's housing?

Housing with integrated care and support reduces the likelihood that residents will need to go into hospital or residential care. It also reduces re-admission rates. This means less stress on health services and better access for others in more immediate need.

Across England, the cost to the NHS as a result of poor and ill-suited housing is estimated to be £1.4bn. Of this, around £513m is spent on first year treatment for those aged 55 and over who occupy the poorest quality dwellings.<sup>5</sup> **If every one of these people were housed in appropriate specialist housing, annual savings of around £3,000 per person could be made for the public purse.**<sup>6</sup>

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# £3,000

per person could be made for the public purse.

Research published on the specific social value of sheltered housing makes the advantages it brings clear:

- Savings worth £300m are made each year from reducing the length of in-patient hospital stays.<sup>7</sup>
- These savings are possible due to the element of care already in place. Compared to the general older population, sheltered housing residents are easily able to transition quickly from in-patient stays to home.

Housing with care schemes also have positive cost outcomes for health care services, largely due to the provision of 24/7 onsite care. Research has found that the cost to local authority commissioners of providing care and support through the extra care model is around 17.8% less (roughly £1,222) per person than providing the same care in the wider community.<sup>8</sup> Extra care schemes also help to foster a safe and socially inclusive space for older people. The provision of communal facilities and social activities can help to combat loneliness and reduce the potential cost of mental and physical inactivity. One provider estimates that at least £3000 is saved annually per resident for the NHS and other stakeholders where they offer activities that serve to counteract loneliness (additional to the annual savings of £6,700 per person that is also delivered for those in their extra care schemes).<sup>9</sup>

The commissioning model for extra care schemes has moved away from funding a 24/7 presence and towards supporting individual needs. This can lessen both the quality of care and residents' satisfaction and result in unfunded staffing costs for the care provider, making it challenging to keep the schemes viable.<sup>10</sup>

People in the UK **living with dementia** is set to **double by 2040**.

**Two thirds** do not live in the specialist housing.

5. <https://ageing-better.org.uk/publications/home-and-dry-need-decent-homes-later-life> (referenced in 'Understanding the social value of an Anchor Hanover tenancy')
6. [https://www.housinglin.org.uk/\\_assets/Resources/Housing/Support\\_materials/Other\\_reports\\_and\\_guidance/Financial\\_benefits\\_of\\_investment\\_in\\_specialist\\_housing\\_FINAL.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Other_reports_and_guidance/Financial_benefits_of_investment_in_specialist_housing_FINAL.pdf)
7. <https://demosuk.wpengine.com/wp-content/uploads/2017/06/Sheltered-Housing-paper-June-2017.pdf>
8. [https://www.housinglin.org.uk/\\_assets/Resources/Housing/OtherOrganisation/Commission\\_housing\\_with\\_care\\_and\\_support\\_report.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/OtherOrganisation/Commission_housing_with_care_and_support_report.pdf)
9. <https://anchorv3dev.s3.eu-west-2.amazonaws.com/documents-pdfs/Sonnet%20Social%20Impact%20Report%20June%202020%20Final%20.pdf>
10. Guinness submission to HSC inquiry into social care funding and workforce July 2020

We know that as a population we are continuing to live longer and as a result there are more people suffering from illness associated with aging. There are an estimated 850,000 people currently living with dementia in the UK, a number which **is set to nearly double by 2040. Of these people, just under half a million do not currently live in specialist housing designed to cater to their needs.**<sup>11</sup> Provision of this type of housing can significantly reduce pressure on wider health and care services as the cost of treating a patient with dementia is over £20,000 per year.<sup>12</sup> The reduction in experiences of loneliness through sheltered and extra care schemes can also help to combat the onset of dementia in older people as the correlation between the two is significant.<sup>13</sup> Despite this, the National Planning Policy Framework currently makes no mention of whether specialist developments should be built for those living with dementia, or even whether such housing should be integrated into wider communities.

## What are the benefits for older people?

The wider social and economic benefits are compelling and so is the improvement in quality of life that specialist housing offers to older people. Residents can retain a degree of independence whilst also feeling connected and cared for in a secure community.<sup>14</sup>

The supply of genuinely affordable homes in England is limited. Therefore, as our population ages, there will be even greater demand for homes in the private rented sector, where costs are generally higher and far fewer homes meet the Decent Homes Standard (social housing has the lowest rate of older people living in unsuitable accommodation of any tenure<sup>15</sup>). Studies have shown that 48% of private renters who are currently 65 or over believe that the high cost of renting means that they will not be able to afford to retire.<sup>16</sup> Demand in this space will also be increased by owner-occupiers looking to downsize.

The provision of affordable specialist schemes with appropriate support can help to alleviate this demand. They can provide specialised care and support for those whose housing need has changed and can reduce the chances of older people falling into rent arrears and suffering tenancy breakdown.

11. [https://www.housinglin.org.uk/\\_assets/Resources/Housing/Support\\_materials/Reports/HCOP\\_APPG\\_Dementia\\_Housing\\_and\\_Care\\_Inquiry-LowRes.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/HCOP_APPG_Dementia_Housing_and_Care_Inquiry-LowRes.pdf)
12. [https://www.housinglin.org.uk/\\_assets/Resources/Housing/Support\\_materials/Reports/HCOP\\_APPG\\_Dementia\\_Housing\\_and\\_Care\\_Inquiry-LowRes.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/HCOP_APPG_Dementia_Housing_and_Care_Inquiry-LowRes.pdf)
13. New Economy Manchester Unit Cost Database v.2.0, updated April 2019
14. The NHF's report with Housing LIN demonstrates this effect through a series of case studies which attest to the positive impact that specialist housing provision can have on individuals' social lives and wellbeing <https://www.housing.org.uk/globalassets/files/long-term-delivery-of-supported-housing.pdf>
15. SMF analysis of English Housing Survey 2010/11 and 2011/12. [https://www.housinglin.org.uk/\\_assets/Resources/Housing/Support\\_materials/Other\\_reports\\_and\\_guidance/HAPPI-5-Rental-Housing.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Other_reports_and_guidance/HAPPI-5-Rental-Housing.pdf)
16. <https://anchorv3dev.s3.eu-west-2.amazonaws.com/documents-pdfs/Sonnet%20Social%20Impact%20Report%20June%202020%20Final%20.pdf>

# What are the barriers to building more homes for older people?

Despite the clear benefits, providers are often unable to move forward with the development because of a range of barriers (some of these barriers are explored in practice in the case studies below):

## Planning complexity

The process around decisions over developer contributions requires streamlining. The planning system also needs to specify national build targets for specialist housing for older people and to mandate that accurate and up-to-date housing needs assessments are built into local plans. It is positive to see the updated National Planning Policy Framework recommend that size, type and tenure of housing needed for different groups should be assessed and reflected in planning policies. However, this needs to be a requirement rather than a recommendation, and assessment of need for those living with dementia should be incorporated into this.

## The lack of sufficient data and coordination between local authorities

The true nature of current or future housing need is often not captured in local assessments. **In fact, only 44% of local authorities have an up-to-date local plan.**<sup>17</sup> As a result, for housing associations, working with partners to meet housing need is difficult and often fraught with risk. Accurate assessments of local housing need should also form a part of the processes of new Integrated Care Systems to help them to deliver on their purpose of securing positive health and wellbeing outcomes. A robust understanding of need is key to securing the longer-term funding guarantees that can support the development of costly schemes.

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## Low grant rates and a lack of long-term assurances

Funding streams need to have a degree of flexibility built in so that they are accessible to a range of potential commissioners and can be adapted to be used strategically and to respond to local need. This also means long-term assurances over revenue as well as capital funding. Funding streams need to also factor in the significant additional costs associated with older person's housing delivery. The provision of mobility facilities, communal spaces and telecare systems, for example, add to the challenges of making a scheme viable. Grants should therefore also be partly ring-fenced for older person's housing.

## Prohibitive land and build costs

The inflated potential cost of land for development, as well as soaring material costs for construction (which have outpaced CPI for most of the last eight years<sup>18</sup>), can also risk schemes' viability from the outset.

17. <https://altairltd.co.uk/wp-content/uploads/2022/06/Manifesto-for-Change-Older-Peoples-Care-in-Social-Housing.pdf>

18. CEBR costs analysis for NHF

## Our asks

To address the pressing need and to capitalise on the opportunities, the development of specialist housing for older people must be based principally on local need.. Investment must be sufficiently comprehensive, flexible and sustained to allow for providers, local authorities and commissioning bodies to have the confidence to plan for development.

To support this, the government should publish guidance on how housing for older people should be considered when calculating the objective assessment of need at local authority level. This should be a requirement separate to that for other housing need. National build targets should also include a minimum proportion or number of units specifically for older people.

### **Our asks for older person's specialist housing are summarised below:**

1. There should be a national strategy on housing provision for older people.
2. As part of the strategy, the government should consider introducing a national target for older people's housing.
3. There need to be sufficient grant rates to support land and build costs and consideration for ring-fenced funding for older people's housing.
4. Funding needs to be flexible and have long-term assurances for revenue as well as capital funding.
5. Clear guidance should be published on how housing for older people is considered when calculating the objective assessment of need.



# Case studies

**Housing associations face many barriers in developing specialist housing for older people. We've highlighted some of these in a series of case studies from NHF members.**

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## **Building strong relationships with key stakeholders is vital – Johnnie Johnson Housing Trust**

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At its Fulwood Drive scheme in Doncaster, Johnnie Johnson Housing Trust identified a series of issues and key barriers to progress in its development.

Having agreed terms for the design spec of the development in July 2020 (to include a mix of one and two bed apartments and bungalows), the team identified a need for a redesign to take into account emerging good practice for older person's housing. There was also a desire to better reflect wider ambitions around the Future Homes Standard and net zero.

In January 2021, a bid for funding via the Homes England's 2016-21 Affordable Homes Programme (AHP) programme was refused as the proposed delivery time extended beyond the end of the programme. A second bid was successful but saw low grant levels, a need for internal subsidy and an affordable rent requirement. This threw up challenges around viability (net zero targets) and affordability (levels of rents and service charges). Additional challenges arose as the developer increased costs for mechanical and electrical specification works and could not consolidate them due to market increases. As a result the developer said it would not be able to meet the Future Homes Standard.. Added to this were broader concerns around delays to development.

The Johnnie Johnson team always looks at lessons learnt. The team has recognised the need for better preparatory scoping of the projects, but there are still questions around how to account for environmental and legislative changes during the process. The team has a clear vision, brief and specification for the development of independent living schemes, but the current landscape of increased costs, low grants and a growing expectation to provide pose challenges to delivery. The team is building strong relationships with key stakeholders to ensure that they share and understand the vision for older person's housing. Through this engagement, as well as the support from the board and partners, Johnnie Johnson is looking forward to building the next independent living scheme of the future.

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## Always allow time for planning permission delays – Housing 21

**For Housing 21, planning permission has proven to be one of the biggest hurdles. The provider has found that local planning authorities are regularly under-resourced and so are unable to meet service standards. This means that estimates for starts on site tend to be pushed back and consequently the cost profile increases due to currently high inflation.**

In some cases, Natural England’s nutrient neutrality requirements are posing further problems for some local planning authorities which compounds the issues around planning permission.

Housing 21 has six schemes where nutrient neutrality has been a specific barrier to development. A new scheme of independent living units in Stalham, Norfolk is the best example, where planning was approved but a formal notice was not issued due to nutrient neutrality issues. This in turn has resulted in open-ended delays and the risk of inflated construction costs, despite having secured grants from Homes England and the local authority.

To alleviate this, both local authority planning teams and locally lead flood authorities need to be fully resourced so that they are able to meet statutory planning time frames. It might be productive allow the planning inspectorate to speed up the process of deciding planning appeals.





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## We need more flexibility in funding schemes – Thirteen Group

**Housing providers like Thirteen Group receive specific funding for specialist provision based on the need group that it will cater for. The development, build and operational costs involved in this type of accommodation (housing for older people being a good example) are often very high and so providers are reliant on consistent occupancy levels. Introducing additional needs groups into the scope of these schemes is seen as a means of ensuring occupancy. However, this is often challenged as the original funding was not designed to cover more than its originally designated group.**

Another concern for Thirteen is commissioners' budgets, which in real terms have reduced year on year. These budgets often operate in silo and are designed to meet specific rather than holistic outcomes. As a result, certain performance measures see some traction, whilst only some outcomes are met and budgets remain under pressure.

Thirteen identified an example of these barriers in practice. -A recent proposal was developed for an NHS step down service called 'Home from Hospital – Step Down Accommodation Service'. This service was designed to streamline the transition from NHS to community settings to prevent re-admission to hospital. It was aimed specifically at older patients who have been deemed medically fit or stable enough for discharge to an appropriate community setting. The plan was to utilise vacant units within Thirteen's stock, such as those in one of the provider's extra care or sheltered accommodation schemes. This could have delivered multiple benefits, such as a positive transition to step-down support, reduced likelihood of hospital readmission, as well as improved self-confidence, self-esteem and sense of achievement for service users.

Unfortunately, the issue of who would fund the scheme blocked discussions between Thirteen, the NHS and the local authority. As a result there was eventually no agreement reached, meaning the project could not be realised. There were also concerns raised about adult social care in one area funding someone from outside of its area because of the location of facilities that would sometimes need to be used. This highlights how insufficient and inflexible funding streams can prohibit the delivery of a provider's plans.

Despite these barriers, Thirteen is committed to developing new and innovative models of housing and care for older people. The group's 'Living Well' approach aims to identify where it can help residents live independently in all settings. It is also optimistic that the drive to bring NHS and social care budgets together will help to alleviate these barriers and will help to focus on the right solutions for older people in the future.

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## Supply grants should be available for regeneration - C&C

**The newly developed and regenerated Grace House, set to open during summer 2022, was co-designed with residents who lived in the previous Dora House. It is a high specification mixed tenure development with larger one and two bedroom apartments, aimed at raising living aspirations for those aged 55 and over in London (featured in a RIBA publication on age-friendly housing design).**

Grace House carries a number of innovations that set a standard for efficiency in affordable solutions of this kind. For example, the scheme features air source heat pumps to harness energy from the air to pre-heat water, providing around 60% of the annual heat demand. Other features include Wi-Fi, smart lighting and technology-enabled care solutions aid communication between residents and staff.

Grace House will also include a number of communal spaces for residents to relax and keep active, a café, salon, and three respite and rehab units are included. To counter the cost of these spaces, some of these facilities are designed for use by the wider community, which in turn brings positive VAT implications.

C&C worked closely with Westminster City Council at all stages of the redevelopment in order to ensure positive outcomes. The council has 100% nomination rights once the ex-residents of the pre-existing scheme that Grace House replaced have returned to their new homes. Additional flexibility with nominations would enable more options to achieve the best use of such advanced facilities across local authority boundaries.

To deliver the scheme, C&C partnered with the GLA who offered £10.7m of grant funding. This funding is vital for regeneration projects such as this one to enable a viable project to be delivered. The problem around the supply of specialist housing for older people has been exacerbated by the lack of grants available of this kind for remodelling or regeneration. In the case of Grace House, progress was possible because the GLA was receptive to information about the benefits that funding for redevelopment offers in the long term. It is true however that not every provider across the country has this kind of relationship with its commissioning authorities.

