



HOUSING FOR AN AGEING POPULATION

OUR RECOMMENDATIONS

2023

ACKNOWLEDGMENTS

This report has been produced by Cushman & Wakefield in partnership with the British Property Federation (BPF).

In addition, this report was made possible by the valuable time and support provided by the following members of a dedicated BPF working group.

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FOREWORD

Housing for an ageing population remains a pressing issue following the publication of our 2020 report. Many older people struggle to find housing that suits their needs without relocating and losing touch with places they may have lived in for many years. The urgency of this issue grows each year as supply fails to keep pace with growing demand.

Our previous report made three recommendations: that the UK Government should establish a dedicated Housing for Older People Taskforce; that the UK Government should develop and publish a comprehensive national strategy for housing for older people; and that priority should be given to projects that demonstrate a commitment to achieving the UK's Zero Carbon ambitions.

We are pleased that the first recommendation has now been taken forward by the Government with the launch of the Taskforce earlier this spring, but in order to tackle the range of challenges outlined in this report, the Taskforce must act with urgency.

Our four key recommendations in this report consider the challenge at hand and the potential we have as a sector to work with the Government, to ensure that the demand for older people's housing is met. We must see a clear and concise independent report published by the taskforce, heightened transparency in the sector, urgent planning reform, and the Government must work to unleash the potential investment into the sector with priority given to projects that are net-zero carbon.

I strongly support these four recommendations in this report, which, once delivered, will ensure that current and future generations of our elderly population are able to live with the dignity and comfort they deserve.

I hope that policy-makers and others working to meet the increasing challenge of housing our ageing population, will find this report useful and that the recommendations outlined in this report are acted upon swiftly and decisively.



Melanie Leech
Chief Executive
British Property Federation



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KEY FINDINGS

There are

602,633 

seniors housing units in the UK, but just 88,530 of these homes are in Integrated Retirement Communities (IRCs).

87% BUILT PRE-2010 | **13%** BUILT POST 2010

The UK has developed an average of just

2,617 retirement housing units

3,657 IRC units a year

over the past decade.

Just 1%

of over 65s households live in IRCs in the UK.



19.1%

of the total population is over 65, but this figure is expected to reach **24.1% by 2040**.

There are currently

12.9m people aged over 65 in the UK.

This figure is predicted to rise by **31%** to **16.9m** by 2040.



£6.5BN

in capital committed to the sector in 2020-2023, but deployment remains a challenge.

61%



of the market is retirement housing available for rent through a voluntary or public provider, whereby the majority of voluntary providers are housing associations and not-for-profits, and the majority of public providers are local authorities.

BPF Committee and its members recommend a target of

50,000 new seniors housing units to be delivered each year.

Source: EAC, ONS, Cushman & Wakefield

EXECUTIVE SUMMARY

The UK population is ageing. There are an estimated 12.9m over 65s today, and this is expected to increase to 16.9m by 2040. There is a well documented shortfall of age appropriate homes in the UK and this is only going to get worse. The UK Government need to prioritise the development of seniors housing. It is essential if older people are to live healthier and happier lives for longer. Increasing the number of age appropriate homes will help relieve some of the pressure an already struggling health, social care and housing system is set to face.



IMPROVED AFFORDABILITY IN THE HOUSING MARKET

Increasing the delivery of seniors housing will help improve the chronic shortage of homes in the UK. Cushman & Wakefield's scenario modelling suggests that increasing the annual delivery of seniors housing from 6,300 units to 50,000 units a year would liberate an additional 628,000 mainstream houses.



RELIEVE SOME OF THE BURDEN ON THE SOCIAL CARE SECTOR

Seniors housing, particularly those schemes which offer care, will help reduce the number of older people who need to move into care homes and the number of older people receiving home visits from carers.



PLACE LESS PRESSURE ON THE NHS

Older people are already placing a huge amount of pressure on the NHS. Many over 65s are taking up beds in hospitals who do not meet the clinical criteria to reside, as they await availability of suitable residential care places. Keeping older people healthy for longer in seniors housing will help alleviate some of the pressure the NHS is facing.

In April 2023, the Government announced the Older People's Housing Taskforce, this is a significant step forward for the sector and something the BPF and its committee members have been lobbying for. The Taskforce has a great opportunity to address the challenges the seniors housing sector faces and increase the delivery of age appropriate housing. With an upcoming general election, there is a need for the Taskforce to act swiftly. Implementing changes over the next 12 months is essential to avoiding further delays.

The British Property Federation and its members have outlined four key recommendations for the Older People's Housing Taskforce and a 12 month action plan to achieving these goals.

OUR FOUR KEY RECOMMENDATIONS

1. AN INDEPENDENT REPORT

Following the launch of the Government Taskforce in early April 2023, it is essential the assembled panel of cross sector experts produce a clear, concise and timely independent report to DLUHC and DHSC Ministers. The report should set out the national strategy for housing our ageing population.

2. PLANNING REFORM

Planning reform is essential. The Taskforce should ensure seniors housing is granted its own planning use class, CR2. The Government should work with Local Authorities to ensure all local plans identify housing and social care needs for older people. All local plans should allocate a proportion of new housing to seniors housing.

3. TRANSPARENCY

The Taskforce should continue to drive transparency within the sector, providing clear consumer, operator and investor guidelines for seniors housing.

4. FACILITATE INVESTMENT

The Government needs to facilitate investment into the seniors housing market, and priority should be given to projects that exhibit commitment to achieving the UK's zero carbon ambition.

12 MONTH ACTION PLAN

The national housing strategy for our ageing population should take a holistic approach, bringing together housing policy, social care and healthcare.

The UK Government needs to address the varying financial preferences of older people. Targets should ensure a range of tenure options are delivered across the UK, scaling up the sector across all regions.

The Taskforce should support Local Authorities in updating local plans, ensuring the same approach to identifying housing and social care needs is used across the board.

The Taskforce should use the extensive industry and Government research in order to build a long-term national housing strategy for our ageing population.

The Taskforce should adopt a seniors housing new homes delivery target. The BPF and its committee members (alongside The Mayhew Review) suggest 50,000 new seniors housing units should be delivered each year.

Seniors housing needs to be assigned its own planning use class, CR2. The Taskforce should ensure Government, Local Authorities, planners, developers, investors and operators are well educated on the new use class. In the absence of a new use class, the Taskforce needs to push the NPPF to clarify the status of IRCs and their treatment for contributions etc. as soon as possible.

The BPF committee has recommended actions for the year ahead for the Older People's Housing Taskforce.

The Taskforce should encourage house builders to incorporate seniors housing alongside the 'traditional' private sale model. Allocating seniors housing in all local plans will encourage this.

All local plans should allocate a proportion of new housing to seniors housing.

The Taskforce should look at different ways to incentivise over 65s to downsize into seniors housing.

The Taskforce should support developers delivering seniors housing. In today's economy it is hard to make schemes financially viable, especially when meeting the net zero agenda. The Government should find ways to support house builders with the delivery of sustainable senior housing schemes.

The Taskforce should drive transparency within the sector, providing clear consumer and operator guidelines for seniors housing. For example, The Law Commission principles on Event Fees* are oven-ready and the Government just need to find a way to bring them into law, which could be done via secondary legislation.

*Event Fee is a fee payable under a term of or relating to a residential lease of a Retirement Property on certain events such as resale or sub-letting. An Event Fee is sometimes referred to as an exit fee or transfer fee." (Law Com No 373, 2017). In Integrated Retirement Communities, a common term is "deferred management fees" (DMF).






LOOKING BACK AT THE

2020 HOUSING & CARE FOR OLDER PEOPLE REPORT

The COVID-19 pandemic moved social care to the top of the UK Government’s priority list. The housing situation in the UK has also intensified, with a chronic shortage of housing causing rapid house price and rental growth over the past few years.

Since the last report, the UK has had three prime ministers and seven housing ministers, making it difficult to implement the necessary changes to future-proof housing for an ageing population.

In the 2020 report, the BPF committee outlined three recommendations to the UK Government. Following our recommendations, in April 2023, the UK Government announced the Older People’s Housing Taskforce which will run for 12 months, a pivotal moment for the sector. However, there has been little progress on a national strategy for housing for older people, and priority has not been given to projects that exhibit a commitment to achieving the UK’s zero carbon ambition.

THE 2020 REPORT CONCLUDED WITH THREE RECOMMENDATIONS:	STATUS	REVIEW
The UK Government should establish a Housing for Older People’s Taskforce		The Older People’s Housing Taskforce was announced in April 2023. The Taskforce will run for 12 months.
The UK Government should develop and publish a national strategy for Housing for Older People		A national strategy for housing for older people has not been created.
Priority should be given to projects that exhibit a commitment to achieving the UK’s zero carbon ambition		There have been several net zero seniors housing schemes delivered in the UK, but this has been driven by investors and operators. The Government is yet to incentivise sustainable seniors housing delivery.

DEFINITIONS

HOW DEFINITIONS HAVE CHANGED SINCE THE 2020 REPORT

Since the last report, definitions of seniors housing have improved. ARCO carried out extensive research and engagement with older people, enabling clear new terminology to be introduced.

The definition for care homes has stayed the same and they remain beyond the scope of this report. However, we still offer some high-level analysis for context.

Retirement Housing is the new name for Housing-with-support. The definition has not changed but the terminology is more reflective of industry language. Retirement housing tended to be the term most stakeholders and Government departments used. The definition remains as self-contained homes with a part-time warden and emergency call system.

Integrated Retirement Communities (IRC) is the new terminology for Housing-with-care. IRC is a universally accepted term which has helped older people better understand the retirement community model. IRCS offer older people the opportunity to live independently in their own home as part of a wider community. Lifestyle, wellbeing and care services are available to support people's independence and aspirations. The new definition has had a positive reception and has been widely adopted amongst the industry.

Clear definitions of seniors housing allow a better understanding of each sub sector. Clear terminology has and will continue to help older people understand the different living options available to them. Improved language will also help Government, planners, developers, investors and operators navigate the sector. This report is going to focus on retirement housing and IRCS. Throughout the report the term seniors housing will be used when discussing both groups.

2020	2022 - ARCO DEFINITIONS
<p>HOUSING-WITH-SUPPORT</p> <p>Purpose built self contained flats or bungalows with limited communal facilities. It does not generally provide care services but provides support. This can include 24-hour on-site assistance (alarm) and a part-time or full-time warden or on-site manager who provides property maintenance and support to residents units.</p> <p>Normally 40-60 units.</p>	<p>RETIREMENT HOUSING</p> <p>Purpose built self contained flats or bungalows with limited communal facilities. It does not generally provide care services but provides support. This can include 24-hour on-site assistance (alarm) and a part-time or full-time warden or on-site manager who provides property maintenance and support to residents.</p> <p>Normally 40-60 units.</p>
<p>HOUSING-WITH-CARE</p> <p>Also known as extra care housing or retirement communities, independent living and assisted living.</p> <p>Purpose-built, self-contained flats or bungalows with care (as defined by CQC) available residents. Residents also have 24-hour access to support, services and staff. The intention is for residents to benefit from varying levels of care as time progresses.</p>	<p>INTEGRATED RETIREMENT COMMUNITIES (IRCS)</p> <p>Integrated Retirement Communities offer older people the opportunity to live independently in their own home as part of a wider community. Lifestyle, wellbeing and care services are available to support people's independence and aspirations. Integrated Retirement Communities are run by a range of not-for-profit and private operators.</p> <ul style="list-style-type: none"> • Offers self-contained homes for sale, shared-ownership or rent • 24-hour onsite staff • Operational care or domiciliary services available • Typical facilities - restaurant, café, leisure club, gym, communal lounge, hairdressers, gardens, guest rooms, social events... <p>Typically 60 to 250 units.</p>
<p>CARE HOMES</p> <p>Includes residential care homes and nursing homes. Schemes have individual rooms within a residential building and a high level of care. This type of housing can also include dementia care homes.</p> <p>Sizes vary considerably but typically 30 to 100 units.</p>	<p>CARE HOMES</p> <p>Includes residential care homes and nursing homes. Schemes have individual rooms within a residential building and a high level of care. This type of housing can also include dementia care homes.</p> <p>Sizes vary considerably but typically 30 to 100 units.</p>



SUPPLY

HISTORY OF HOUSING FOR OLDER PEOPLE

A LEGACY OF REGULATORY AND ECONOMIC ERAS DEFINES THE UK'S CURRENT STOCK OF HOUSING FOR OLDER PEOPLE

Housing for older people in the UK has been defined by regulatory and economic decisions.



THE ERA OF SHELTERED HOUSING

1950 to late 1980s – most housing for older people development was social rented sheltered housing. Some schemes were for older people who were in good health and could live independently, while other schemes had attributes suited to people who were more dependent.

In the 1970s a private sector equivalent to Local Authority schemes emerged, but these weren't delivered at scale until the 1980s.



POST 1990 PRIVATE CARE HOME ERA

The 1980 supplementary benefits and NHS and Community Care Act 1990 meant older people were less likely to receive their long-term care in hospitals. This led to a decline in NHS geriatric care and an increase in the number of care homes and IRCs delivered.



THE INTEGRATED RETIREMENT COMMUNITY ERA

IRCs have existed since the 1970s under different names as operators added care to existing retirement housing schemes. However, IRCs have been the main focus of delivery when it comes to seniors housing construction in recent years.

For more information on the legacy of UK's housing stock for older people, please refer to the [2020 report](#).

CURRENT SUPPLY OF SENIORS HOUSING

WHAT CURRENTLY EXISTS?

As well as improved definitions of IRCs and Retirement Housing - there is also a clearer understanding of the different tenure options available to older people and the supply of such options. This analysis focuses on seniors housing (i.e. retirement housing and IRCs), excluding Care Homes and is broken into the categories discussed previously.

KEY FINDINGS:

At the end of 2022

602,633

seniors housing units for older people in the UK.

This is a small figure compared to the



12.9M

people aged over 65 whose needs, the homes aim to serve.

87% BUILT PRE-2010 | **13%** BUILT POST 2010

There are

88,530

Integrated Retirement Community units in the UK making up 15% seniors housing units.

514,133

retirement housing units in the UK making up 85% seniors housing units.



20%

of all seniors housing units are available through a private provider.

22%

are through a public provider.



58%

are through a voluntary provider.

72%

of seniors housing units are now available through renting.

26%

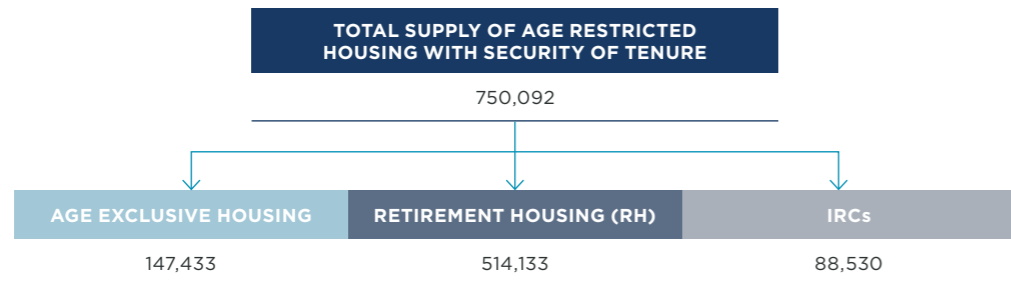
are available through ownership.

2%

are through shared ownership.



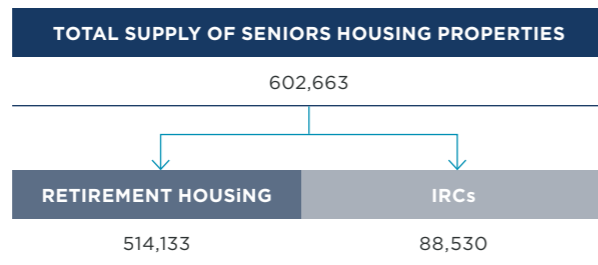
Source: EAC, ONS



Contributes to the overall stock of housing with a minimum age requirement of 50 or greater in the planning restrictions, but does not represent a 'retirement living' solution, with no/little on-site management or support.

Self-contained flats or bungalows for residents over the age of 55. Retirement Housing features on-site support and management, and shared facilities such as gardens, lounges, laundry and guest suites.

Self-contained apartments with on-site care provision, extensive communal facilities and connections with wider communities. Facilities often include restaurants, bars, gyms, cinemas and gardens.



MANAGER SECTOR	RH	IRCs	TENURE	RH	IRCs
Private	98,990	19,459	Ownership	133,585	23,288
Public	127,002	6,694	Rent	374,158	61,989
Voluntary	288,141	62,331	Shared ownership	6,390	3,253

	RETIREMENT HOUSING			IRCs		
	PRIVATE	PUBLIC	VOLUNTARY	PRIVATE	PUBLIC	VOLUNTARY
Ownership	96,809	3,419	33,357	18,072	16	5,200
Rent	931	123,491	249,736	1,387	6,623	53,979
Shared ownership	1,250	92	5,048	0	101	3,152

Source: EAC



FOR SALE MODEL

The traditional 'for sale' model is the most recognised private tenure in the UK, with retirement housing and IRC operators driving this market. However, given the model is affected by the wider housing market dynamics, many operators, including the most mature operators in the market are now considering other tenures for residents.

Historically, a traditional leasehold for sale model with variable service charges were the main tenure, followed by leasehold with DMF and variable service charges or fixed management fee. ARCO are now proposing a 'Leasehold Plus' tenure built on the existing leasehold system, whereby the lease can be tailored to new customer needs and is always a business to customer transaction - backed by statutory Code to strengthen consumer protection and envisages fixed management charges.



RENTAL MODEL

Over the last few years, we have gained a better understanding of the different tenure models available within the sector. The rental and shared ownership model has historically been driven by the public and voluntary sector, yet we have seen significant growth in the private market in recent years. This has been helped by a greater understanding and acceptance from residents, adult children and the wider prominence of the living sector, such as Build to Rent. Operators in the UK can also look to mature markets such as the US, where seniors housing is predominantly a rental market.

The number of Retirement Housing and IRC operators including or solely offering the rental or shared ownership tenure has increased, but the stagnation of delivery from new operators and their schemes has limited new supply of these tenures, outside of the public providers. Consequently, we are seeing private seniors housing operators be creative in their offering through repurposing homes as rental or shared ownership in the resale of units within their existing schemes.



LEVELLING UP

Outside of higher value areas, affordable and public private partnerships continue to grow across the UK covering all tenures and their housing being affordable for all. However, there is a long way to go, and this product is needed at a much larger scale.

There is a clear need for more seniors housing units in the UK and delivery needs to increase across a variety of tenures, in order to give a greater range of options for residents, enabling them to live in fit for purpose housing. Through addressing the varying financial preferences of older people, this will allow the sector to level up and encourage scalability across a wider range of residents as well as addressing regional imbalances. Seniors housing provision is not uniform across the country, in fact, there are still districts who do not have any seniors housing units.

DELIVERY OF SENIORS HOUSING

THE COVID-19 PANDEMIC DAMPENED DEVELOPMENT VOLUMES, WHICH REMAIN WELL BELOW TARGETS

Looking at delivery rates over the last few years we can see a growing bias toward IRC style schemes, compared to the mass development of Local Authority delivered provision in the 1970s and 1980s.

However, the IRC delivery rate remains well below targets. The pandemic stunted delivery in 2020 and 2021, but 2022 delivery rates were back towards pre-pandemic levels. The UK has developed an average of just 3,657 IRC units each year in the last decade.

Although focus has been on IRCs, retirement housing has continued to be delivered, with an average of 2,614 units developed each year.

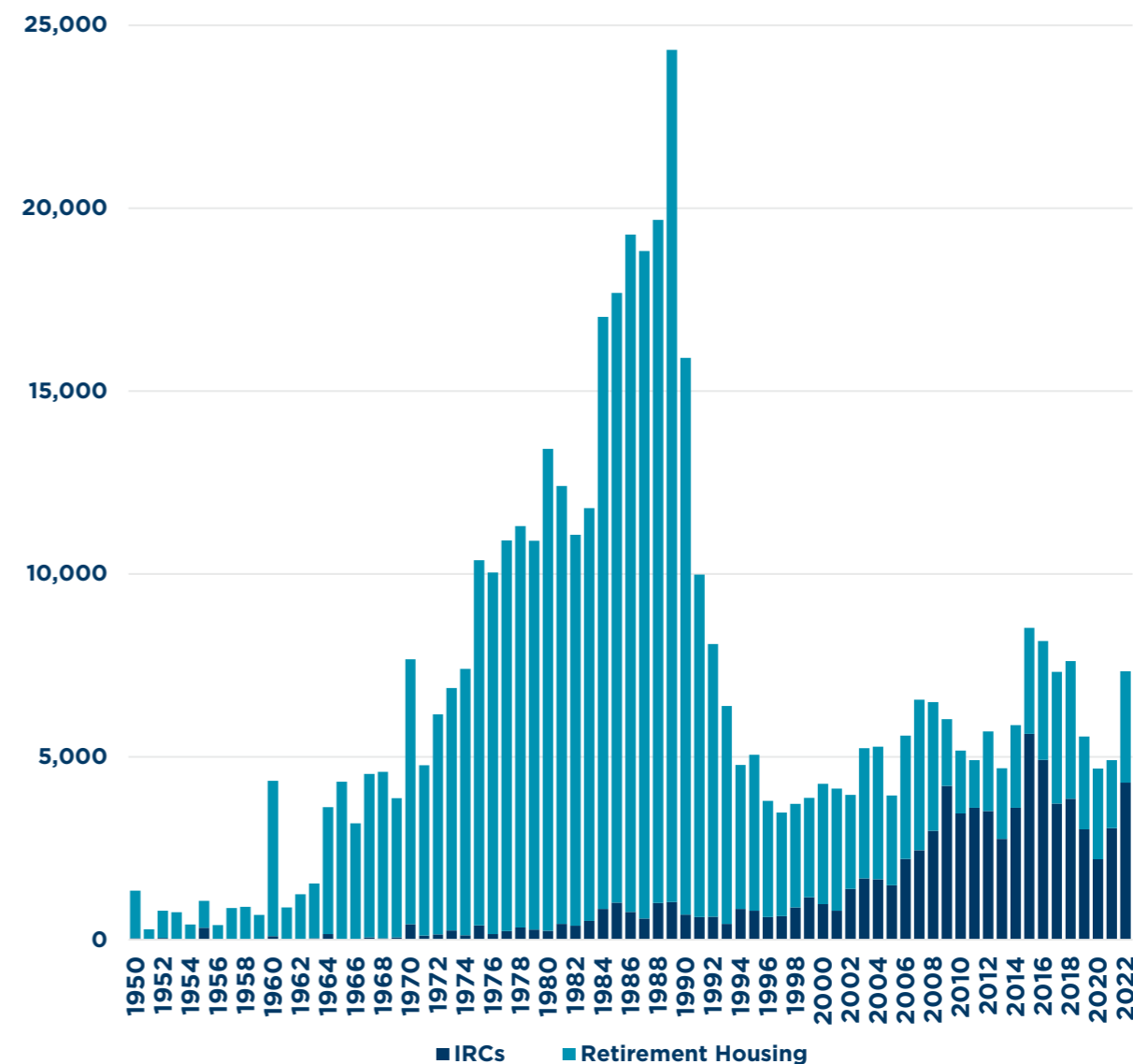
It is disappointing to see that total seniors housing delivery rates in 2022 were only 5% higher than the ten year average. Delivery rates need to increase rapidly to meet our ageing populations needs.

Attention should also be given to the UK's existing stock. 87% of seniors housing stock was build pre-2010, and 13% post-2010. Older existing stock needs to remain fit for purpose, continuing to meet the needs of the ageing population. Upgrades targeted at improving the energy efficiency of older stock are particularly relevant.

NUMBER OF SENIORS HOUSING UNITS DELIVERED OVER THE LAST DECADE

	2012	2013	2014	2015	2016	2017
RH	2,180	1,927	2,258	2,899	3,181	3,590
IRCs	3,517	2,762	3,615	5,629	4,988	3,727
TOTAL	5,697	4,689	5,873	8,528	8,169	7,317

GROWING PREVALENCE OF IRCS



Source: EAC

2018	2019	2020	2021	2022	AVERAGE DELIVERY
3,798	2,462	2,451	1,396	2,611	2,614
3,858	3,028	2,162	2,946	3,992	3,657
7,656	5,490	4,613	4,342	6,603	6,271



DEMAND

AGEING POPULATION

THE OVER 65S POPULATION OF THE UK IS SET TO INCREASE BY 4 MILLION BY 2040

The population of **over 65s** in the UK today is estimated at

12.9M



and is expected to **increase to**

15.0M

in 2030



16.9M

in 2040



19.0M

in 2060



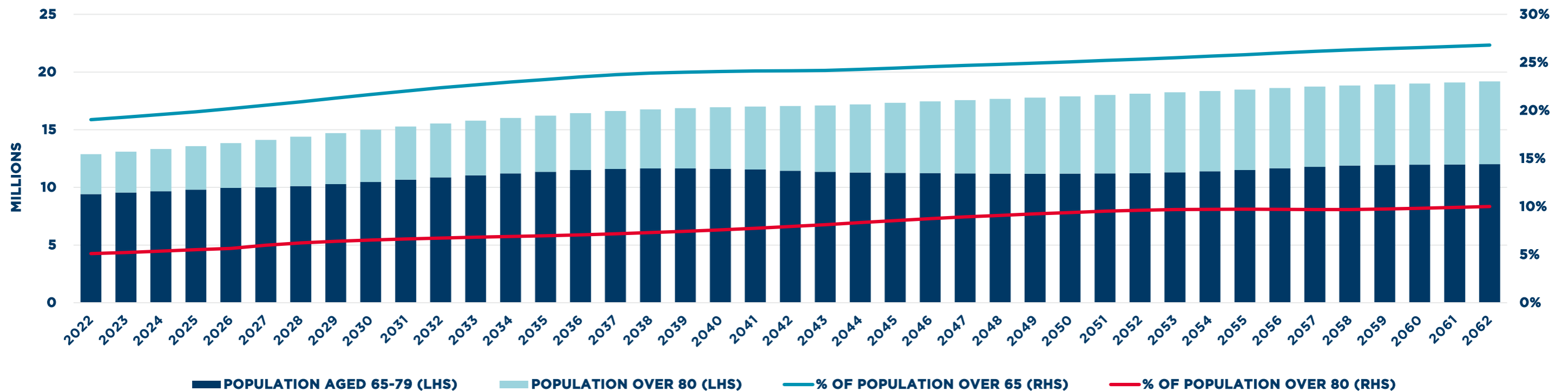
The population of over 65s in the UK today is estimated at 12.9m, and is expected to increase to 15.0m in 2030, 16.9m in 2040 and 19.0m in 2060.

The proportion of the population that is over 65 is also growing. 19.1% of the UK population in 2022 was over 65, but by 2040 this figure is projected to reach 24.1%.

Similarly, the proportion of the population aged over 80 currently stands at 5%, but will reach 10% by 2060.

It is essential that the Government prioritise the development of suitable housing for older people, with the UK's ageing population set to bring additional pressure on already struggling health, social care and housing sectors in the coming decades.

GROWING ELDERLY POPULATION OF THE UK



Source: ONS

FUTURE DEVELOPMENT SCENARIOS

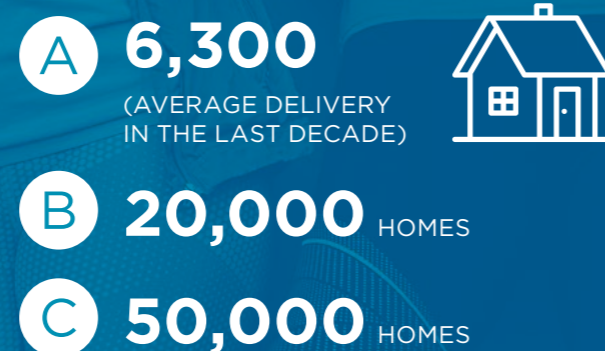
SENIORS HOUSING DELIVERY RATES AND THE IMPLICATIONS LOOKING FORWARD

There is a clear need to increase the delivery of seniors housing in the UK. In order to understand what impacts this will have on the market, we have modelled three seniors housing development volume scenarios, and analysed the implications over the coming decades.

Our modelling is based on a series of assumptions:

- The supply of elderly nursing and residential care homes remains constant, in line with recent trends;
- The occupancy of elderly care homes remains constant, in line with recent trends – excluding COVID-19 affected years;
- The average number of over 65s per over 65s household in the UK is 1.5;
- Seniors housing stock in the UK is 90% occupied;
- The average number of over 65s living in each seniors housing units is 1.33 – indicating that one in every three senior housing units is dual occupied.

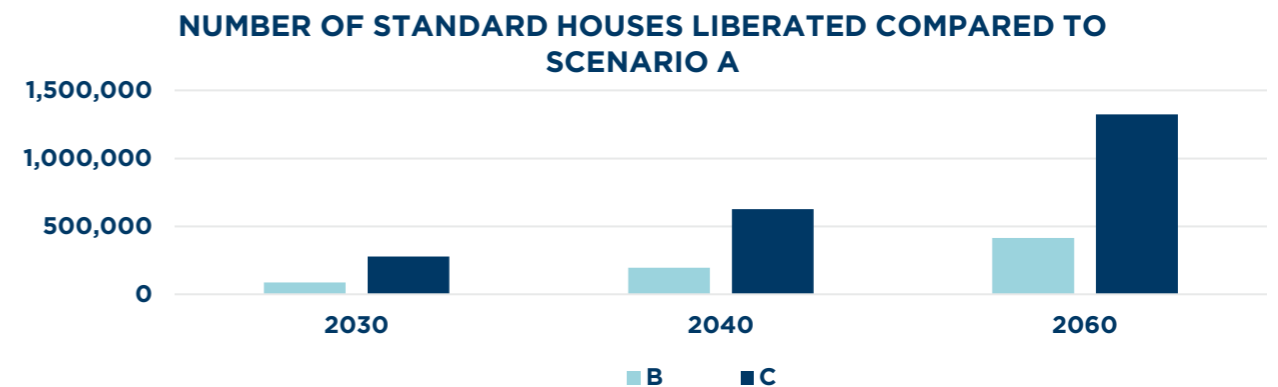
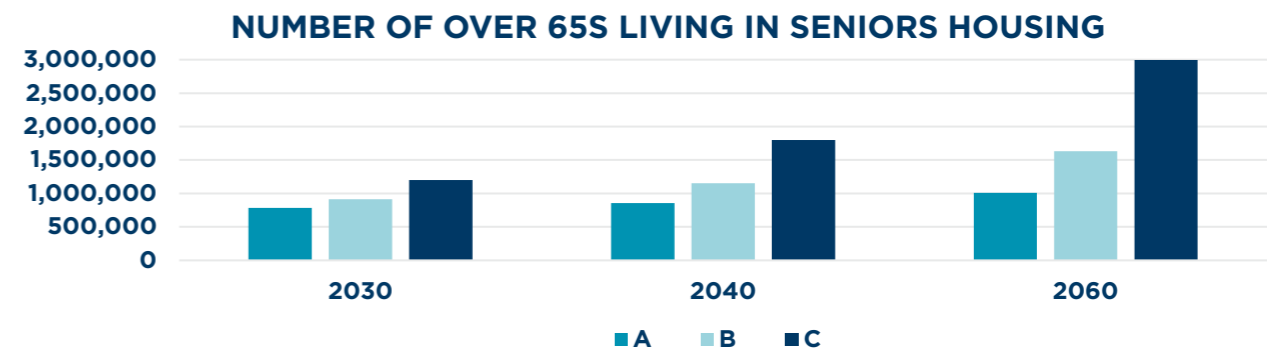
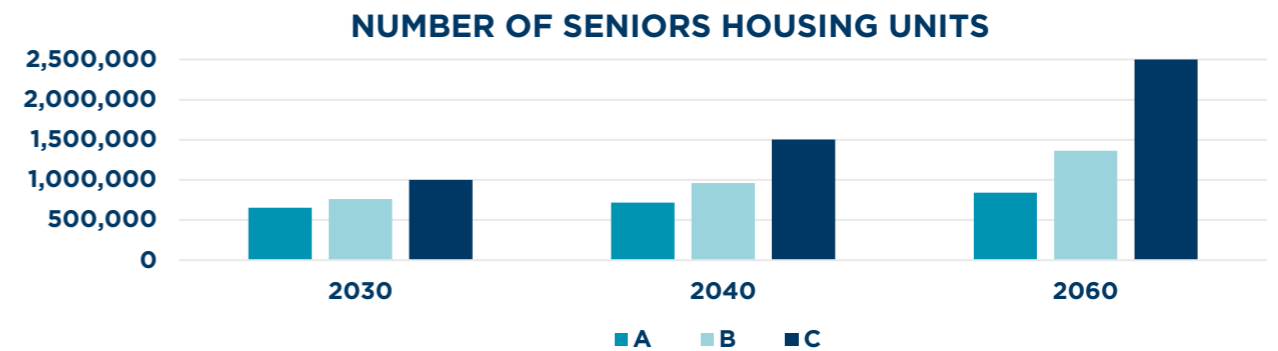
Based on these assumptions, we've modelled three scenarios, A, B and C, whereby the annual delivery of seniors housing units is as follows;



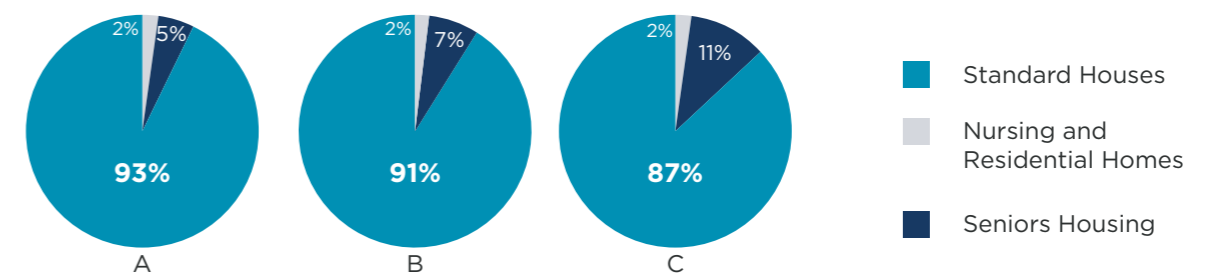
If the current delivery rate of seniors housing continues, only 5% of over 65s will be living in seniors housing by 2040.

However, if we adopt scenario B and delivery increases to 20,000 seniors housing units a year, 7% of over 65s will be living in seniors housing in 2040 and 197,000 standard homes will have been released back into the housing market.

If we adopt scenario C, and delivery increases to 50,000 seniors housing units a year, 11% of over 65s will be living in seniors housing in 2040 and 628,000 standard homes will have been released back into the housing market.



PROPORTION OF OVER 65S BY ACCOMMODATION SETTING AND DEVELOPMENT SCENARIO, 2040



Source: Cushman & Wakefield, EAC, ONS

DELIVERY TARGETS NEED TO BE SET BY THE UK GOVERNMENT

The 2019 Conservative manifesto outlined a target of delivering 300,000 new homes a year by the mid-2020s. This goal is yet to have been met and the Government seem to be moving away from the target, suggesting it is a starting point but there needs to be flexibility in order to reflect local circumstances.

The British Property Federation and its members believe the Older People's Housing Taskforce should adopt a seniors housing new homes delivery target. The location and tenure of the new seniors housing being delivered should be specified in order to allow levelling up of the sector.

The BPF committee and its members, as well as The Mayhew Review, recommend the Government adopt a seniors housing delivery target of 50,000 new homes a year.

There are some industry seniors housing delivery targets which the Government can look to for guidance:

- ARCO has 2030 vision for 250,000 older people to be able to live in an IRCs;
- The Mayhew Review recommends an accelerated programme of retirement housing construction with up to 50,000 new units a year – outcomes reflected in Cushman & Wakefield's scenario C;
- The Retirement Housing Group suggests that local plans should seek to ensure that a minimum of 10% of all new housing is specialist housing for older people, unless the Local Authority can demonstrate why this is not appropriate for their area.



CHALLENGES

WHY ARE WE NOT DELIVERING 50,000 SENIORS HOUSING UNITS A YEAR?

INVESTMENT

The UK's ageing population, a chronic shortage of housing, and an overwhelmed NHS and social care system, are strong underlying structural trends which attract investment to the sector.

The non-cyclical nature of seniors housing means it is less correlated with economic growth, and therefore offers investors the portfolio diversification they need, particularly during uncertain times. The sector also presents inflation and performance hedging characteristics, which are particularly attractive to investors in the present high-inflation environment.

There is also the added benefit of ESG being at the forefront of the sector.

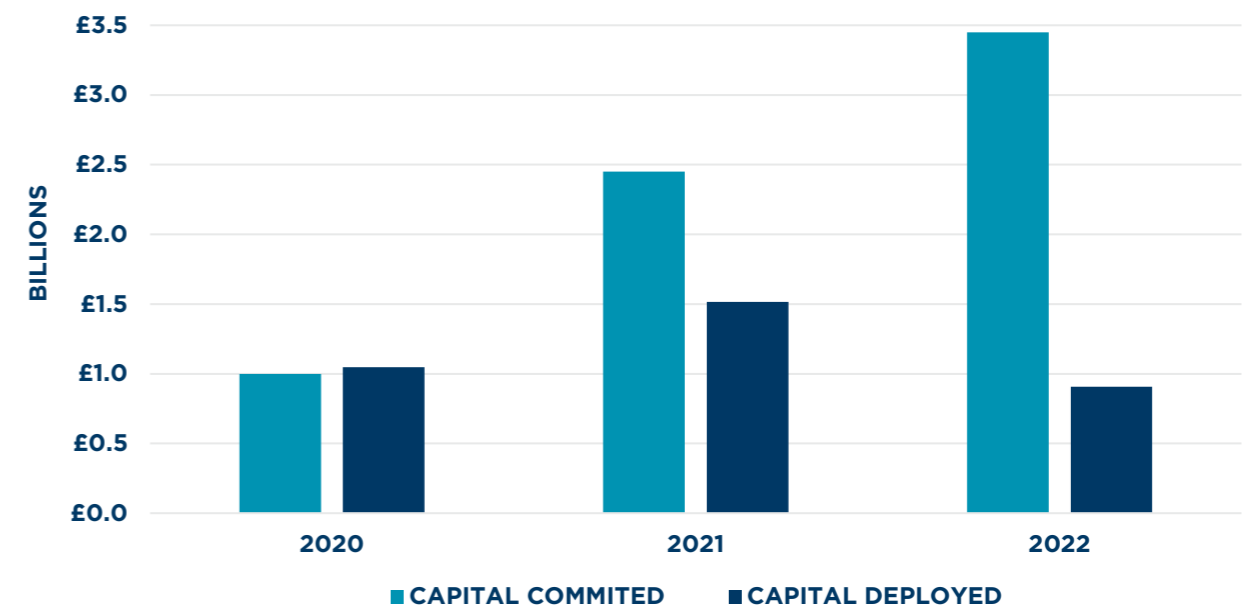
£3.5bn has been invested into seniors housing over the last three years. Investment has largely been in the form of development joint ventures with new or existing operators.

There has been a particular focus on income strategies such as the rental product, with investors and operators acknowledging the first mover advantage and the race to scale in this nascent market.

Investment has diversified from historically being the product of long-term capital only. The funding now allocated and deployed within the sector is fairly evenly split between investment managers, pension funds, private equity and high net worth individuals

The amount of money targeting the seniors housing sector has increased. Cushman & Wakefield are aware of £6.5bn of committed funds awaiting deployment. However, the challenges facing the sector - planning achievability, consumer transparency, house builder encouragement, and the misalignment of the NHS, social care and housing - have been restricting the ability of operators to deploy capital. The Older People's Housing Taskforce needs to address the challenges the sector faces, better enabling investment into the sector.

CAPITAL COMMITTED AND DEPLOYED INTO THE UK SENIORS HOUSING SECTOR



Source: Cushman & Wakefield



FOCUS ON ESG

ESG CRITERIA IS AT THE FOREFRONT OF THE SECTOR, WITH SENIORS HOUSING BEING ABLE TO OFFER ALL THREE ELEMENTS OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK.



ENVIRONMENT

Investor and operator partnerships across the sector acknowledge the need and demand for sustainable development and operations, as can be seen in the growth of net-zero carbon schemes. The net-zero approach has a positive impact for both the environment, the operator's initial financing terms and the long-term running costs. Residents can also benefit from a cushion against rising bill costs. Encouraging people to downsize into more energy efficient housing is likely to become more of a driver as time progresses and understanding grows.



SOCIAL

Seniors housing has an opportunity to deliver a direct impact on societies and communities. Delivering more seniors housing will enable older people to integrate into communities and live healthier and happier lives for longer. In order to level up the sector, it is essential to meet the varying financial preferences of older people, encouraging scalability across a wider range of residents as well as locations.



GOVERNANCE

Good governance in the seniors housing sector is essential. Communication and knowledge sharing across the sector will ensure any risks which threaten seniors housing are managed effectively. It is essential that everyone's incentives and motives are aligned and that all parties are working towards the same cause. A close working relationship between the Government, investors, operators, social care, housing policy and the NHS will ensure good governance is in place. The Government's formation of the Older People's Housing Taskforce is an essential part of this.

PLANNING RESTRICTS DELIVERY OF SENIORS HOUSING

USE CLASS

Housing for older people has been developed into three distinct types of housing – Retirement Housing, IRCs and Care Homes. However, the planning system only has two relevant use classes: C2 and C3 classifications. Sites designated for retirement housing attract infrastructure levies, unlike care homes. Developers can therefore be swayed by planning and viability ease, rather than the local community's needs, reducing the amount of senior housing delivered.

The BPF committee and its members recommend that the UK Government create a new planning use class for Seniors Housing – CR2. The use class should clearly outline infrastructure levies and these need to take into consideration the community benefits of seniors housing. A blanket approach should be applied to CR2 planning permissions, all decisions should be made from the same stand point across England and Wales. The Older People's Housing Taskforce should ensure Local Authorities understand the use class and the benefits seniors housing will bring to the local community. Developers, investors and operators should ensure the seniors housing schemes they deliver match the specified criteria of CR2. In the absence of a new use class which we recommend as the clearest blanket solution, the Taskforce needs to push the NPPF to clarify the status of IRCs and their treatment for contributions etc. as soon as possible to ensure a clear, common and transparent approach by all Local Authorities across England and Wales.

LOCAL PLANS

Another issue for seniors housing planning is the misalignment between housing policy and social care. Housing needs assessments should involve both social care and housing policy. Often these departments are not aligned, especially in two tier authorities, where housing policy and planning are decided at a district level and social care is determined at a county council level.

The Older People's Housing Taskforce should help improve local plans, ensuring they all assess the need for seniors housing. All local plans should use the same approach to identifying housing and social care needs. In order to do so, social care and housing policy needs to be aligned.

The *Retirement Housing Group* suggest that all local plans should seek to ensure that a minimum of 10% of all new housing is specialist housing for older people unless the Local Authority can demonstrate why this is not appropriate for their area. The BPF and its committee members believe this is a great way to increase the delivery of seniors housing across all UK regions. The Taskforce should ensure all local plans assign a proportion of residential development to seniors housing.

Planning reform is essential if the UK is to increase seniors housing delivery. The *'Levelling up and Regeneration Bill: reforms to national planning policy'* consultation was a step in the right direction. The Older People's Housing Taskforce has an opportunity to take this forward and ensure the planning system enables more seniors housing to be delivered.

MISALIGNMENT OF THE NHS, SOCIAL CARE AND HOUSING

EVERY DECISION ABOUT CARE IS A DECISION ABOUT HOUSING

The pandemic has highlighted the inextricable links between health services, social care and housing. As a result the sector has featured in several Government white papers over the last few years. The White Papers show that the Government have a clear understanding that it is vital to bring together healthcare, social care and housing policy.

The Older People's Housing Taskforce should use the extensive Government and industry research to inform the national housing for an ageing population strategy. Aligning the NHS, social care and housing policy should be an essential part of the strategy.

BUILD BACK BETTER: OUR PLAN FOR HEALTH AND SOCIAL CARE (2021)

Our Plan for Health and Social Care (2021) - The paper discussed the significant pressure the pandemic placed on the adult social care sector and how successive Governments had pledged to reform the system but none had achieved long-term change. The paper outlined the Governments plans to support the NHS, reform adult social care and create a new integrated system between health and social care.

THE PEOPLE AT THE HEART OF CARE WHITE PAPER (2021)

This paper sets out the 10-year vision for adult social care and provided information on funded proposals that the Government is set to implement over the next 3 years. For seniors housing, one of the key takeaways was that is very clearly stated that 'every decision about care is also a decision about housing' and helped demonstrate the link between healthcare, social care and housing policy.

THE HEALTH AND SOCIAL CARE INTEGRATION WHITE PAPER (2022)

This white paper followed on from the Build Back Better paper, and set out the Governments ambition for better integration across primary care, community health, adult social care, acute, mental health, public health and housing services. The Government wants to ensure people receive the right care and support, enabling them to maintain healthy independent living. They acknowledge that today, too many people with care and support needs live in homes that do not provide a safe or stable environment. The Government acknowledges that peoples homes should allow effective care and support to be delivered regardless of their age, condition or health status. The Government want people to have choice over their housing arrangements, and want to ensure 'think housing and community' are considered when they develop local partnerships and plan and deliver health and care services.

LEVELLING UP WHITE PAPER (FEB 2022)

The white paper outlined the Governments plans to increase Older People's choice in accommodation. To do so, they announced that a new Older People's Housing Taskforce would be set up shortly.

CONSUMER SENTIMENT

PUBLIC PERCEPTION OF SENIORS HOUSING HAS IMPROVED BUT STILL HAS SOME WAY TO GO



Photo Credit: Inspired Villages

For years there has been poor public perception of seniors housing. This misunderstanding was linked to limited and inconsistent information regarding the retirement products available and how these products could be financed.

Since the last report, the introduction of new definitions and increased awareness has helped demystify the sector and improve public perception.

The pandemic was also a big driver of demand in seniors housing, bringing community and loneliness to the forefront of everyone's minds. Increased energy costs have also put pressure on older people living in large family homes. The desire to downsize and remain independent for as long as possible is bolstering demand within the seniors housing market.

As the availability of seniors housing improves, older people will become more accepting and understand what is on offer. Seniors housing will become part and parcel of everyday life. An increasing number of older people will start to view seniors housing as an aspirational lifestyle choice, similar to older people's attitudes in more mature markets such as the US and New Zealand.

The Older People's Housing Taskforce should continue to educate older people on the housing options available to them. The Taskforce should also look at incentives which will encourage older people to downsize and move into more age appropriate homes. Encouraging downsizing will not only free up homes lower down in the housing market, it will also relieve the burden on the social care and healthcare systems as people will be cared for in the right environment.



HOUSE BUILDERS

THE TASKFORCE NEEDS TO ENCOURAGE HOUSE BUILDERS TO DIVERSIFY EXIT ROUTES

In order to increase the delivery of seniors housing, the Taskforce need to encourage house builders to diversify exit routes and deliver more seniors housing.

House builders want certainty in their exit routes and have therefore focussed on the more 'traditional' private sales market. The 'traditional' private sales market has a much higher churn rate, with c.1 million homes selling each year, and new build sales only account for 10% of total sales (second-hand and new build). House builders are more confident in the private sales market and this is what facilitates investment.

House builders have started to become more comfortable with seniors housing, with a number of communities now operational, created from operator and house builder partnerships. Alignment of interests for the house builders in terms of de-risking delivery, and for the operator delivery of suitable accommodation, can go some way to contribute to the current shortfall.

The Taskforce needs to encourage house builders to diversify exit routes and deliver more seniors housing. Through local plans, the Taskforce can ensure house builders deliver seniors housing. All local plans should seek to ensure that a proportion of all new housing is allocated to seniors housing, unless the Local Authority can demonstrate why this is not appropriate for their area.



SUMMARY

It is essential the Government prioritises the development of substantially more suitable housing for older people. The UK's ageing population is set to place additional pressure on an already struggling health, social care and housing system in the coming decade.

Understanding and perception of the sector has improved over the last few years. ARCO introduced new terminology, which has progressed the industries, Governments, and public understanding of older people's housing options.

There is also a better understanding of the different tenure models available within the sector. However there is an imbalance in tenures, providers and geography which rapidly needs addressing. There should be a range of seniors housing options for residents, meeting all financial preferences within their local area and enabling older people to live in fit for purpose housing and move when they want to (aspirational), not when they have to (needs driven) as is the case in the UK today.

Despite increased awareness of the UK's ageing population and the burden this will place on the UK's public services, the delivery of seniors housing has barely increased. 6,603 homes were delivered in 2022, only 5% higher than the ten year average. The BPF Committee and its members recommend the Taskforce introduce a seniors housing delivery target of 50,000 new homes a year.

It is not a lack of money that is slowing the sectors growth. Planning achievability has restricted the ability of operators to deploy this capital. Misalignment of social care, healthcare and housing policy has also delayed progress. Although consumer understanding of seniors housing has improved, there is still work to be done if we are to replicate an aspirational market like New Zealand, US, Australia and Canada. House builders also need to be encouraged to diversify their exit routes to support the delivery of seniors housing.

The new Government Taskforce, promised for many years, was finally launched in April 2023, a pivotal moment for seniors housing. Over the next twelve months the Older People's Housing Taskforce need to address the barriers the sector faces. Swift action is needed with the general election looming.

The British Property Federation and its members have outlined 4 key recommendations for the Older People's Taskforce and a 12 month road map to achieving these goals.

CONCLUSION

The Government need to prioritise the development of seniors housing. There is a well document shortfall of seniors housing in the UK and this is only going to get worse. Increasing the delivery of seniors housing is essential if older people are to live healthier and happier lives for longer.

The lack of suitable homes for our ageing population is not a new phenomenon, the issues have been spelt out to the Government time and time again. Despite some progress, there are yet to be any meaningful changes or actions by the Government. The creation of the Older People's Housing Taskforce in April 2023 was a significant step forward for the sector and something the BPF and its committee members had been lobbying for. The Taskforce has a great opportunity to address the challenges the senior housing sector faces and increase the delivery of age appropriate housing.

The British Property Federation and its members have outlined four key recommendations for the Older People's Housing Taskforce.

OUR FOUR KEY RECOMMENDATIONS

1. AN INDEPENDENT REPORT

Following the launch of the Government Taskforce in early April 2023, it is essential the assembled panel of cross sector experts produce a clear, concise and timely independent report to DLUHC and DHSC Ministers. The report should set out the national strategy for housing our ageing population.

2. PLANNING REFORM

Planning reform is essential. The Taskforce should ensure seniors housing is granted its own planning use class, CR2. The Government should work with Local Authorities to ensure all local plans identify housing and social care needs for older people. All local plans should allocate a proportion of new housing to seniors housing.

3. TRANSPARENCY

The Taskforce should continue to drive transparency within the sector, providing clear consumer, operator and investor guidelines for seniors housing.

4. FACILITATE INVESTMENT

The Government needs to facilitate investment into the seniors housing market, and priority should be given to projects that exhibit commitment to achieving the UK's zero carbon ambition.

References: Build Back Better, The People at the Heart of Care White Paper, The Health and Social Care Integration White Paper, Levelling up White Paper, Levelling-up and Regeneration Bill: reforms to national planning policy, ARCO's Planning For Retirement report, Housing For Older People Planning for the future, Mayhew Review, How better use of the planning system can increase provision of specialist housing for older people.

The national housing strategy for our ageing population should take a holistic approach, bringing together housing policy, social care and healthcare.

The Taskforce should use the extensive industry and Government research in order to build a long-term national housing strategy for our ageing population.

The Taskforce should adopt a seniors housing new homes delivery target. The BPF and its committee members (alongside The Mayhew Review) suggest 50,000 new seniors housing units should be delivered each year.

The Taskforce should encourage house builders to incorporate seniors housing alongside the 'traditional' private sale model. Allocating seniors housing in all local plans will encourage this.

All local plans should allocate a proportion of new housing to seniors housing.

The Taskforce should look at different ways to incentivise over 65s to downsize into seniors housing.

The UK Government needs to address the varying financial preferences of older people. Targets should ensure a range of tenure options are delivered across the UK, scaling up the sector across all regions.

The Taskforce should support Local Authorities in updating local plans, ensuring the same approach to identifying housing and social care needs is used across the board.

The Taskforce should drive transparency within the sector, providing clear consumer and operator guidelines for seniors housing. For example, The Law Commission principles on Event Fees are oven-ready and the Government just need to find a way to bring them into law, which could be done via secondary legislation.

The Taskforce should support developers delivering seniors housing. In today's economy it is hard to make schemes financially viable, especially when meeting the net zero agenda. The Government should find ways to support house builders with the delivery of sustainable senior housing schemes.

Seniors housing needs to be assigned its own planning use class, CR2. The Taskforce should ensure Government, Local Authorities, planners, developers, investors and operators are well educated on the new use class. In the absence of a new use class, the Taskforce needs to push the NPPF to clarify the status of IRCs and their treatment for contributions etc. as soon as possible.

HOUSING FOR AN AGEING POPULATION

OUR RECOMMENDATIONS
2023

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