

Making the case for specialist homes for older people



The Older Person's Housing Group

**NATIONAL
HOUSING
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The case for older person's specialist housing

In this resource, we explore the current context in which housing associations looking to increase homes for older people are operating.

We want to highlight why we need more specialist homes for older people, as our population ages and faces a housing crisis. We also look at the barriers which are making it increasingly difficult to increase the supply of specialist homes for older people.

In this resource, we also share experiences of housing associations through case studies, to explore what the opportunities and barriers look like in reality.



What problem are we trying to solve?

England is facing an acute shortage of housing options for older people, alongside the backdrop of an ageing population. By 2035, the number of people over the age of 60 in England will reach 29% of the entire population.¹ This will increase demand for housing for older people and, without appropriate provision, place an unsustainable strain on the housing market and health services.

People are 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 should be extra care or sheltered accommodation.²

By not meeting this demand, we risk a generation of retirees being unable to pay their private rents and increasing the housing benefit bill, but with little hope of accessing a social home. The number of private renters 65 years and above is projected to double by 2046, reaching 12% of all households of this age. By 2060, the benefit bill for older people could reach £16bn on today's trends, compared to only £6bn today.³

Older people are also especially vulnerable to existing poor quality housing, which can cause or worsen health conditions, reduce quality of life or result in premature death. Almost half of England's 4.3 million non-decent homes are occupied by someone over 55 years old.⁴ Added to this, only about 9% of existing UK housing stock meets minimum accessibility standards.⁵ This makes it even more crucial that housing associations can build more and expand housing options available to people as they age.

Increasing the supply of affordable, specialist housing for older people can help to give people agency in making the right housing choices for them to meet their needs as they age. A recent study identified that four million people over the age of 55 would like to move home, but only around 8% have done so in the last three years. A shortage of appropriate housing options is undoubtedly a factor in this gap between aspiration and reality.⁶

Despite these trends and the acute shortage, the total number of affordable older person's homes owned by private registered providers has declined over the last five years, from 265,000 in 2018 to 261,000 in 2023 (this is down from 305,000 ten years ago).⁷ We must address this negative trend and the barriers to development that housing associations face.

We need a coherent strategy to address this issue. The NHF is calling for the next government to commit to a long-term plan for housing, and include a strategic approach to planning for housing for an ageing population.

We need to build

38,000

new homes for rent

for older people per year



1. <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections>
2. <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>
3. <https://ilcuk.org.uk/what-about-the-older-generation-rent/>
4. <https://ageing-better.org.uk/resources/home-and-dry-need-decent-homes-later-life>
5. <https://ageing-better.org.uk/sites/default/files/2023-08/finding-the-right-place-to-grow-older.pdf>
6. <https://ageing-better.org.uk/sites/default/files/2023-08/locked-out-presentation.pdf>
7. SDR 2023 (includes new build, acquisitions, conversions, disposals, sales, demolitions)

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, housing associations can address the national shortage of specialist housing for older people and capitalise on these benefits.

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

£3,000

of savings per person could be made for the public purse.

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.⁸ 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.⁹

Research published on the specific social value of sheltered housing clearly shows its advantages. Savings worth £300m are made each year from reducing the length of in-patient hospital stays.¹⁰ These savings are possible due to the 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.¹¹ 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 housing association estimates that at least £3,000 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).¹²

As the population ages, more people will also suffer from illness associated with ageing. 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.¹³ As shown above, provision of this type of housing can significantly reduce pressure on wider health and care services. In the case of dementia, this can be significant as the cost of treating dementia patients is over £20,000 per year individually.¹⁴ 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.¹⁵

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

8. <https://ageing-better.org.uk/resources/home-and-dry-need-decent-homes-later-life>

9. Housing LIN – Financial Benefits of Investment in Specialist Housing

10. <https://www.housinglin.org.uk/Topics/type/The-Social-Value-of-Sheltered-Housing/>

11. Housing LIN – Housing with Care and Support report

12. <https://www.anchor.org.uk/media/press-room/new-report-reveals-social-value-anchor-hanovers-housing>

13. <https://www.housinglin.org.uk/Topics/browse/HousingandDementia/appg-inquiry-housing-and-dementia/>

14. <https://www.housinglin.org.uk/Topics/browse/HousingandDementia/appg-inquiry-housing-and-dementia/>

15. New Economy Manchester Unit Cost Database v.2.0, updated April 2019

What are the benefits for older people?

The benefits for older people can be seen clearly in wellbeing and quality of life outcomes. This is because specialist housing offers older people specialised care and support where their housing needs have changed. Residents can also retain a degree of independence whilst feeling connected and cared for in a secure community, which can help to combat loneliness and its associated knock-on effects.¹⁶

As the supply of genuinely affordable homes in England is limited, 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 tenure¹⁷). 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.¹⁸ Even if they can, they risk falling into rent arrears and suffering tenancy breakdown further down the line. Demand in this space will also be increased by owner-occupiers looking to right-size. An increase in options for older people, founded on a large-scale bolstering of the provision of affordable specialist schemes with appropriate support, can help to alleviate these pressures and support older people in sustaining their tenancies which contributes to broader stability and resident wellbeing.



16. 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>
17. 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
18. <https://www.anchor.org.uk/media/press-room/new-report-reveals-social-value-anchor-hanovers-housing>

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:

Planning complexity

The planning system 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 (NPPF) recommends 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 NPPF should also consider specialist developments built for those living with dementia and how such housing should be integrated into wider communities.

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. Recent research has found that uncertainty about the direction of the NPPF and the subsequent slowdown in local plan-making could mean that 78% of English local authorities will not have an up-to-date local plan in place by the end of 2025.¹⁹

78%

of English local authorities will **not have** an up-to-date local plan in place by the end of 2025.

As a result, working with partners to meet housing need is difficult and often fraught with risk for housing associations. 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.

Low grant rates and a lack of long-term assurances from commissioners

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. 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.²⁰

Prohibitive land and build costs

The inflated potential cost of land for development, as well as high material costs for construction (which have historically outpaced CPI²¹), can also risk scheme viability from the outset. This needs to be reflected by flexible grant rates and a collaborative approach to development at each stage.

19. <https://www.insidehousing.co.uk/insight/shadow-housing-minister-majority-of-grant-funding-under-labour-government-will-be-for-social-rent-83469>

20. Guinness submission to HSC inquiry into social care funding and workforce July 2020

21. CEBR costs analysis for NHF 2022



Our asks

To address the pressing need for specialist housing for older people, we're asking the government to work towards the following:

1

Government should commit to a long-term plan for housing, containing a clear strategy for meeting the housing needs of an ageing population.

2

As part of a long-term plan, the government should introduce a target for housing for older people that is monitored and sits underneath an overall target.

3

There needs 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 comprehensive, flexible and sustained with long-term assurances for revenue as well as capital funding.

5

Government should publish clear guidance to support planning for housing for older people as part of a wider objective assessment of need.

Case studies

Partnering to deliver affordable homes for older people

The Holdenhurst Scheme

In 2018, Abbeyfield South Downs started work on an extra care scheme in Heathfield, East Sussex. The scheme planned to develop 48 homes in an area of outstanding natural beauty, where there was a lack of available land and affordable homes, particularly for older people.

Planning consent was granted on the condition that 35% of the homes fell under a nominations agreement with East Sussex County Council (ESCC) at Affordable Rent. Abbeyfield South Downs wanted to aim for all homes to be let at Affordable Rents, but they weren't sure this would be possible. The original plan was that the scheme would be mixed tenure, with 23 homes sold to fund the scheme.



What barriers did they face?

Securing funding was a key challenge. Abbeyfield South Downs provided the initial capital and secured a loan from a consortium led by Charity Bank, with new grant funding awarded by Homes England. The selling of leasehold homes ensured that homes for rent would be affordable.

Several major setbacks occurred during the construction phase. During the pandemic, the project's main contractor went into liquidation with the scheme 97% completed, substantially increasing costs. ESCC also encountered financial difficulty and was unable to go ahead with the planned nominations agreement with Abbeyfield South Downs.

How did they overcome the challenges?

As construction progressed, Abbeyfield South Downs considered how they could reduce the number of leasehold sales. They were supported by The Abbeyfield Society, who were able to assist with Recycled Capital Grant Funding (RCGF), although some leasehold sales were still necessary.

Abbeyfield South Downs also reached out to Homes England, who helped source £2m further RCGF. This meant they were finally in a position to let all 48 homes as affordable rentals. The scheme opened in April 2022 as a 'care enabled' model and was 100% occupied within 12 months. The Holdenhurst Scheme is now a vibrant community where residents are positive about the scheme and the support offered.

Partnering to deliver affordable homes

The funding package was a big, innovative strength in this project. The initial RCGF support helped to strengthen the financial appraisal, but this was not enough, especially post-Covid 19 as costs rose significantly. The additional RCGF from a G15 provider and strong relationships were vital to the success of the development.

Meeting local need through extra care homes

Elmswood Park – Mosscafe St Vincent’s

During the pandemic, Mosscafe St Vincent’s (MSV) took over an extra care scheme called Elmswood Park. The team knew the handover needed to be delivered sensitively for both the local authority and the needs of the local community.

How did they do it?

As the scheme sits in a diverse neighborhood of Manchester, MSV wanted to make sure the scheme reflected the needs of the local people. They employed a manager a year prior to the handover to forge links with the local community, to discuss how the community could be a part of the development.

The team also made sure that residents reflected the local community, and 47% of new customers who moved into scheme were from a Black or minority ethnic background. They then worked with residents during the move in made sure residents needs were met, including fitting curtains, organising carpets and the delivery of white goods, and supporting them with setting up with a local GP.



MSV also worked with Manchester City Council’s rightsizing project to free up family sized properties in the local area from older people moving into the Elmswood Park scheme. As a result, 13 family homes were freed up across the city, creating positive change in the local area.

What barriers did MSV face?

Local plans

Local plans pose challenges for housing associations looking to develop new housing schemes. At least three of the Greater Manchester local authorities have well thought out 10-year plans, underpinned by research from Housing LIN. The plans confirm the numbers of homes needed each year, showing a clear and well-thought-out strategy to guide developing housing associations.

It would be ideal for all local authorities to have a clear approach and strategies that meet the demand and supply for older people. A joined-up approach for local authorities to share best practice across geographical boundaries would help housing associations deliver much needed specialist housing for older people.

Land availability

The handover of land from local authorities to housing associations increases affordable homes for residents. However, the process is sometimes difficult and lengthy. MSV found that a streamlined process for local authorities would help local authorities get the best consideration for their land, and help housing associations deliver specialist housing.

Overcoming barriers to development

Chamomile Gardens – Grand Union

Chamomile Gardens is an award-winning extra care scheme, started in 2020 by Grand Union. The scheme comprised of 93 one and two bed apartments available at social rent and shared ownership.



How did they do it?

The land and funding for this scheme came from Central Bedfordshire Council (CBC) and Taylor Wimpey. The council owned a couple of sites and Taylor Wimpey won these in a competitive process, on the basis that one of the two sites would be sold to a registered provider to deliver extra care housing. The land had to be made available at no cost to the registered provider and Taylor Wimpey had to provide subsidies to make the scheme work financially.

Due to the size of the build, the project manager, Clerk of Works, and the supported housing team, made weekly visits to the site, which meant decisions could be made quickly and minimised any delays to site progress. The team also employed specialist agents to advise on progress and the installation of mechanical and electrical services.

Grand Union also worked with an interior design company called Open Door to ensure furnishings were homely and dementia friendly. The scheme has a light and airy feel, with modern, homely communal spaces. There is a cinema room, lounge and tv snug, a hobbies room and an entrance with sofas and chairs, for customers to socialise and make new friends.

What challenges did they face?

The team faced delays during the Covid 19 pandemic, when they encountered labour and material shortages and rapid inflation. To minimise the effects of these barriers, Grand Union worked closely with the development contractor to order large quantities of materials. This meant that they avoided some of the cost inflation and minimised delays.

Working in partnership

The scheme also boasts a partnerships forum, made up of elected residents, Grand Union's team and the on-site care provider, Care is Central. The forum meets monthly and provides an opportunity for residents to raise concerns, such as on repairs, antisocial behaviour, gardening, and cleaning services. The aim is for the partnership to develop and give customers a platform to inform and shape the services.

What advice would you give to housing associations looking to develop?

- Ensure you have early engagement from the local authority and commissioning authority.
- Ensure a detailed specification is agreed with colleagues and contractor prior to starting the build.
- Understand the market for sales. Consider what other provision is around that the new provision might impact, but also consider the wider property market. Remember that the market can change during planning and building.
- Do not over-estimate your sales rate – be very cautious with this element of the project cashflow.
- Carefully consider your service charge, the impact on occupation and the cost of your service charge approach.
- Have various stress testing models, to understand impact on slower occupancy, slower build out rate, different market conditions.
- Ensure you have a robust marketing plan and show homes.

**The National Housing Federation (NHF)
is the voice of England's housing
associations.**

Our housing association members provide homes for around six million people, and are driven by a social purpose: providing good quality housing that people can afford.

We support our members to deliver that social purpose, with ambitious work that leads to positive change.

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