The Mayhew Review

Future-proofing retirement living

Easing the care and housing crises

Health and Care
Community
Prevention
International
Inequalities
Life expectancy
Economy
Finance and Wealth

Executive summary

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Full report can be found here:
https://ilcuk.org.uk/the-mayhew-review-future-proofing-retirement-living-easing-the-care-and-housing-crises'

Executive summary

The UK is failing to adapt to the far-reaching changes to society caused by an ageing population. Fundamental change is needed in the way we provide care to older people and in their housing options. Care needs to become more preventative, more people-centred and to be delivered more efficiently. These warnings have been spelt out in many parliamentary and government documents and policies,[1,2] but they are yet to translate into shifts in either housing policy or the delivery of care to older people.

The demographic trends are clear. The population aged 65+ is set to increase from 12.9 million today to 17.2 million by 2040. It will be much more evenly spread than at present, with older people accounting for 25-30% of the population in many areas. The vast majority will live in standard housing while as many as 6.2 million will live alone – half of them aged 80+ – piling pressure on geographically dispersed care services.

Our focus is on housing. Older people are living longer and remaining in their homes for longer. Those homes are becoming increasingly under-occupied as children leave. According to current policy, the answer is to build more starter homes, but the pace of change required is beyond the reach of the building industry.[3] If we were building enough new homes, house prices would fall – but they are not.

Extrapolating these trends leads to some uncomfortable conclusions, including that the next generations will struggle to own their own homes, which has an impact on decisions to start families; and that the social care system will flounder because there are not enough workers to deliver care to a widely dispersed older population. Keeping older people in hospital is not an option since it simply blocks beds and increases waiting lists.

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[1]E.g. see: Housing for older people. Second Report of Session 2017–19. House of Commons Communities and Local Government Committee. https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/370/370.pdf

[2]Housing an ageing population: a reading list. Number 09239, 3 June 2021 https://researchbriefings.files.parliament.uk/documents/CBP-9239/CBP-9239.pdf

[3]Fixing our broken housing market. Ministry of Housing, Communities & Local Government, 2017 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

The UK Government's recent 'People at the Heart of Care' White Paper [4] states that every decision about care is also a decision about housing. Our review finds that specialist retirement housing helps older people stay healthier for longer, especially when coupled with access to round-the-clock care. It reduces the burden on the NHS, delays transfer into care homes and frees up housing lower down the ladder. It also takes the stress out of later living.

The White Paper states the Government's ambition which is to enable people to live independently and healthily in their own homes, <u>or ones that they might move into</u> (author's emphasis). Meanwhile, the Government's Levelling Up White Paper says: "For older people trapped in non-decent or unsuitable accommodation, the UK Government will work to increase the choices available to them."[5] This review puts forward the case for more retirement developments with access to care and facilities that enhance wellbeing.

Retirement housing has come a long way since the boom years of the 1980s and 1990s. It is of higher quality and generally private or voluntary sector owned and operated, rather than statutory public sector provision. It offers independent living, comfortable lifestyles and a range of amenities that are attractive to both buyers and renters. Increasingly developments are in larger groupings with care provided as well as better facilities.

This report argues that the necessary changes require a life course approach. If everybody lived in homes that were appropriate in size for their needs, it has been estimated that 50,000 fewer homes would need to be built each year.[6] Almost as many bedrooms are being decommissioned through under-occupation as are being replenished by new homes. In contrast, we estimate that for each bedroom added to the retirement stock, two to three are released in mainstream housing.

Housing policy needs to focus as much on last-time buyers as on first-time buyers and to dismantle barriers to the strategic

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[4] People at the Heart of Care: adult social care reform white paper . Department of Health and Social Care, 2021. https://www.gov.uk/government/publications/people-at-the-heart-of-care-adult-social-care-reform-white-paper

[5] Levelling up the United Kingdom (2022), Department of Levelling Up, Housing and Communities https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052708/Levelling_up_the_UK_white_paper.pdf

[6] Too Little, Too Late? Housing for an ageing population (2020), CSFI Too+little+too+late__FINAL+-+June++2020.pdf (squarespace.com)

shift required. Around 80% of the 65+ population own their homes outright. The potential to redeploy that wealth is a key factor driving investment in the sector, which is supported by pension funds and other investors.

Currently, specialist retirement housing only accounts for 10% of all older households in the UK. Our analysis suggests considerable scope for the sector to expand rapidly and to be spread more evenly to deal with shortfalls in many areas. If business carries on as usual, the report estimates that 87% of the older population will live in standard housing compared with 81% now, resulting in three million extra older households. In other words, today's shortages in specialist housing will be magnified.

At present an average of around 7,000 retirement homes are built annually out of a total new-build of about 200,000. We evaluate programmes that entail the acceleration of building to 10,000, 30,000 and 50,000 new retirement units a year. The third scenario is especially significant because it implies around 25% of all new homes built would be specialist retirement accommodation, representing a radical departure from present housing policy which focuses on first-time buyers.

Any of these scenarios would not only shift the balance away from standard housing, but also displace more expensive nursing and residential care as people would be healthier and supported in their own homes for longer. Tellingly, even the 50,000-a-year scenario would not stem the growth in older households – an even greater rate of building would be necessary. But it would at least ease the care crisis and free up homes.

Retirement developments come in many forms – from isolated buildings to whole 'villages'. The industry trend is towards larger developments, typically with 60-200 units, and they may well be in or close to urban areas as well as on greenfield sites. Increased size enables both a better range of amenities and greater economies of scale in providing round-the-clock care. But the availability of such developments is far from commonplace.

They are often labelled 'integrated retirement communities' (IRCs) because they include 24/7 staffing, and communal services and facilities. Their number is hard to pin down but is probably 600, with an average size of 100 units, based on criteria such as the number of amenities. Whether end of life care is also provided is unclear, but about 20% offer nursing and residential care facilities, according to Care Quality Commission (CQC) registration data.

Based on 100 units per development, our scenarios translate into a requirement for 100, 300 or 500 new developments a year. Apart from greenfield sites, some operators repurpose sites in declining town centres, blending in with local infrastructure. A building programme on this scale would also be an opportunity to upgrade the energy efficiency of the housing stock.

A key question is why fewer such developments are being built in the UK than in countries like New Zealand, Australia and the US. The simplistic answers are a mix of institutional inertia, out-of-date images of retirement living, an emotional attachment to the family home and a belief that the state will support people in old age.

The real situation is rather more complicated. Industry surveys show that people want to downsize but that they are put off by the lack of suitable alternatives, especially in the areas where they presently live. They are concerned about the cost and complexity of moving, security of tenure if they rent and maintenance costs if they buy. Also, what happens if they run out of money or need to move into nursing or residential care?

One problem we highlight is the lack of consistency in planning decisions. Sites designated for retirement developments attract infrastructure levies, unlike applications to build new residential and nursing care. This skews developers towards what is acceptable to a local authority rather than best practice in modern retirement living.

We found significant variability in the number of planning applications that were refused or went to appeal and heard anecdotal evidence that planning authorities discouraged applications for retirement developments. One reason for this is split responsibilities within the system: housing policy and planning are determined at a district level while social care is a county council function.

Our recommendations address these challenges by taking a whole-system, life course approach:

Recommendations

A. Build more retirement homes

Building more retirement housing would make more efficient use of the housing stock and bear down on house prices. Only around 7,000 retirement units are being built each year, which falls far short of what is required. A bigger industry-wide building programme would have the effect of displacing people in both standard housing and residential care.

- **We recommend an accelerated programme of retirement housing construction with up to 50,000 new units a year**

B. Integrated retirement communities

Integrated retirement communities can provide care services as well as communal facilities, with management and other staff on site. On average, only about 15 large IRCs have been built each year since 2010. Shortfalls in the supply of retirement homes suggest this number should be multiplied to mirror trends in other countries like Australia or New Zealand.

- **We recommend a significant expansion in the number of integrated retirement communities built each year and that all regions should benefit from their introduction**

C. Repurpose high streets

By 2040, in most areas, between 25% and 30% of the resident population will be aged 65+. Meanwhile, changes in shopping habits, accelerated by the pandemic, have left many high streets with vacant property. This has fuelled increasing interest in repurposing town centre buildings to provide retirement housing, including the larger apartments that would increase choice for downsizers.

- **We recommend that integrated retirement living should include more developments in town centres as part of the levelling up process and local regeneration programmes**

D. Reforms to planning rules

The number of planning applications turned down, or bogged down in appeals, indicates barriers to the building of retirement communities in many areas. A lack of coordination between housing departments at a district level and the social care function of county councils is part of the explanation. Another is that outdated planning designations and infrastructure levies discourage investment in larger retirement developments.

- **We recommend closer working between planning and social care departments to ensure the need for retirement housing with access to care is factored into local authority plans**
- **We recommend that planning departments put retirement housing on a level playing field with other building developments**

E. Tax incentives and grants

Various financial incentives could be applied to encourage downsizing by last-time buyers and home improvements by those who purchase from them. Reductions in Stamp Duty have been shown to increase housing transactions, while grants could be targeted at the least energy efficient homes. Where downsizing is not an option, older people should be helped to adapt their homes.

- **The government should conduct research on financial incentives that would increase downsizing among older households**
- **Stamp Duty for last-time buyers should be put on an equal footing with first-time buyers with sales up to £425,000 under the Government's tax-cutting proposals included in the nil rate band**
- **Home buyers who improve energy efficiency by retrofitting should be entitled to a Stamp Duty rebate if they improve the thermal efficiency at the point of purchase**

F. Financial advice and paying for care

There is a gap in the provision of advice to homeowners who would like to move into more suitable accommodation in later life. This often entails switching from owner-occupation to renting or leasing, and other complexities linked to moving home and the social care cap. The end result is that few people who are interested in downsizing actually do so.

We recommend that financial advice is available for last-time buyers who want to move into retirement housing or similar accommodation

- **Residents in retirement housing should receive a social care assessment soon after needs are identified so the cost of the care received counts towards the social care cap**

And there is one overall recommendation:

– **The Government's Older People's Housing Task Force should be mandated to implement recommendations and report on the outcomes**

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Acknowledgements

The author is extremely grateful to ARCO, Associated Retirement Community Operators, for a grant to undertake this work and for logistical support, and also to the International Longevity Centre UK for administrative and other support. He is especially grateful to the many experts and retirement housing providers who participated in the survey, roundtable and ad hoc conversations and meetings to discuss the research and offer their views. He is also indebted to Jane Fuller, formerly Co-director of the Centre for the Study of Financial Innovation and Financial Editor of the Financial Times. This research was set up as an independent review of the sector. Both the analysis and any views expressed are the author's alone.

About ILC

The International Longevity Centre UK (ILC) is the UK's specialist think tank on the impact of longevity on society. The ILC was established in 1997, as one of the founder members of the International Longevity Centre Global Alliance, an international network on longevity. We have unrivalled expertise in demographic change, ageing and longevity. We use this expertise to highlight the impact of ageing on society, working with experts, policy makers and practitioners to provoke conversations and pioneer solutions for a society where everyone can thrive, regardless of age.

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Published in November 2022
Registered Charity Number: 1080496.