

Public Inquiry Response: “Housing for older people”

To: Communities and Local Government Select Committee

By: The Intergenerational Foundation

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The Intergenerational Foundation (www.if.org.uk) is an independent think tank researching fairness between generations with regard to such issues as housing, employment, taxation, education, the environment and health and social care. IF’s guiding principle is that policy should be fair to all – the old, the young and those to come.

Introduction

The Intergenerational Foundation (IF) welcomes the opportunity to comment on government policy towards housing for older people, as attempting to fix the problems affecting the UK’s housing market has been one of the major themes of IF’s work since we launched in 2011. We would like to bring the following points to the select committee’s attention:

1. There were 25 million “missing” bedrooms in England in 2011

In [Hoarding of Housing](#), a research paper that was written to coincide with our launch in 2011, IF calculated that England contained 25 million “missing” bedrooms, based on data from the English Housing Survey. These bedrooms were “missing” in the sense that they included all of the spare bedrooms located in homes that were being under-occupied. The idea behind this figure was to demonstrate the UK’s housing crisis is not merely a problem caused by the mismatch between supply and demand for new housing, which is how it is often depicted, but is in fact mainly being driven by the inefficient allocation of housing between different groups within society.

As a think tank which focuses particularly upon the impacts of demographic change, IF is particularly keen to promote a whole life-cycle view of the housing market, as while it seems to be widely understood that peoples’ need for living space changes as they get older, for example in the transition that many young adults make from living in small flats to buying family-sized houses, there seems to be less awareness that peoples’ need for living space is likely to shrink again when they reach old age and their households start decreasing in size. IF believes it is vital that more older owner-occupiers get the chance to downsize, as this would be beneficial both for older people – who would benefit both from unlocking some of their housing equity and having smaller properties to maintain – and for younger ones who would have a better chance of being able to move into family-sized homes.

2. Downsizers believe it improved their lives

Downsizing appears to be relatively rare in England compared to some other countries: the 2014/15 English Housing Survey suggested that less than 1.5% of over-55s have moved in the

past year because they wanted a smaller home. Estimates of the number of older homeowners who may want to downsize vary, but they tend to suggest that it constitutes a relatively large number of them. For example, the IF report referred to above found that 4.64 million over-65s were living in homes that had at least one spare bedroom above the English Housing Survey's "bedroom standard" (a quantitative measure of the amount of bed space different-sized households require to live a comfortable existence); a 2013 [study by Demos](#) estimated that 3.5 million over-60s (one in four) would be interested in downsizing to a retirement property; while [a 2015 study by the insurance company Legal and General](#) (L&G) estimated that there are 3.3 million over-55s who are looking to downsize in the future. The L&G study, which is the most recent one to look at this issue, estimated that the current properties which this group owns are worth £820 billion collectively and contain 7.7 million unused bedrooms, which would be equivalent to 2.6 million family homes.

So why aren't older people downsizing in greater numbers? IF conducted a follow-up study to *Hoarding of Housing* in 2012 called [Understanding Downsizing](#) which involved conducting interviews with a sample of older households, half of whom had previously downsized and half of whom had not. The most significant finding from this piece of research was that the older households who had downsized believed that it had improved their lives by liberating them from higher household bills and from having a larger burden of maintenance in their previous properties. However, the ones who hadn't downsized reported that they were being deterred by the complexity of the process of moving (including a negative perception of estate agents) and the lack of attractive, suitable properties for them to downsize into. Both groups agreed that what they particularly wanted was downsizing properties which they could live in without having to move too far away from their existing homes and communities, and which were within walking distance of shops and health services.

3. "Downsizing-in-situ" could create millions of additional homes

IF has recently advocated a new solution to Britain's housing crisis which could both create millions of new homes for younger people and enable older homeowners to achieve their aims of realizing their housing equity and getting a smaller property to maintain without having to leave their existing communities.

Our report [Unlocking England's hidden homes](#) argued that the government could amend existing planning laws to create a new permitted development right that would allow homeowners to subdivide an existing property into two or more smaller dwellings which meet the national space standards for new-build housing. This would create a new opportunity for older homeowners to subdivide their properties into multiple dwellings relatively easily, for example enabling them to sell off the top floor as a separate self-contained flat while they continue to live on the ground floor. IF estimated there could be up to 4.4 million households across England which currently have sufficient spare living space to create at least one additional dwelling that would meet the national space standards, but current planning policy makes it very difficult to subdivide an existing property because it requires full planning permission.

While downsizing-in-situ can't solve the housing crisis by itself, our report argued that it would be a significant "win-win" for policy-makers because it would create new housing in areas where the necessary infrastructure already exists, and it would go some way towards providing additional specialised housing for older people.

4. Our broken housing market is driving the generations apart

IF has also recently undertaken a project (sponsored by L&G), which measured the level of age segregation in England and Wales. Our [Generations Apart?](#) report found that age segregation has become a growing problem over the past two and a half decades because of the increasing tendency for younger households to live in flats which are close to the centres of large cities rather than moving to the suburbs as previous generations have done when they started

settling down and forming families. As a result, the median age of many suburban and rural areas has risen rapidly. The report argued that we need to make sure we create generationally mixed communities if we want the different generations to interact and build strong bonds with each other, otherwise there is a risk that the attitudes held by people of different ages will grow further apart.

5. There are many policy options which could improve housing for older people

Although there are many problems affecting the supply of housing for older people, IF strongly believes that there is a range of feasible policy options which could do a great deal to improve the situation. We would recommend changes in the following areas:

- Taxation – IF believes that one of the most significant reasons why downsizing is uncommon among older people in the UK is that the tax system creates perverse incentives for people to under-occupy large properties. These take three forms: firstly, single occupants (the majority of whom are older people) receive a discount on their Council Tax bills which becomes more valuable to them the larger their property is; secondly, the Council Tax system as a whole taxes more valuable properties (which tend to be larger ones) relatively lightly compared to some other countries which raise more revenue using property taxes; thirdly, stamp duty creates a disincentive for people to downsize because paying it eats into the leftover capital which downsizers hope to realize from the sale of their previous home. IF strongly advocates reforms to Council Tax and Stamp Duty which would encourage downsizing, possibly including giving downsizers Stamp Duty relief on the grounds that it would deliver a net benefit by encouraging chains of additional capacity elsewhere within the housing market.
- Planning policy – As previously stated, IF believes a new permitted development right should be created to facilitate downsizing-in-situ; IF also believes that local authorities should be required to have a policy for the creation of downsizing accommodation in their local plans. At present downsizing often seems to be neglected within these documents because it falls between the issues of general housing supply and housing for older people, the latter generally referring to specially adapted housing and supported living arrangements. IF has even heard that local authorities would prefer not to encourage downsizers to live in their areas because of concerns about increasing the long-term demand for health and social care services as people who have downsized get older.

If you would like to learn more about the work of the Intergenerational Foundation or would like to organise a meeting to discuss the points we raise further, please contact:

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