

Communities and Local Government (CLG) Committee inquiry - Housing for older people

Written submission from NAEA Propertymark

March 2017

Background

1. NAEA Propertymark (National Association of Estate Agents) is the UK's leading professional body for estate agency personnel; representing more than 10,000 offices from across the UK property sector. These include residential and commercial sales and lettings, property management, business transfer, auctioneering and land.
2. NAEA Propertymark is dedicated to the goal of professionalism and by appointing an NAEA Propertymark agent to represent them consumers will receive in return the highest level of integrity and service for all property matters. NAEA Propertymark agents are bound by a vigorously enforced Code of Practice and adhere to professional Rules of Conduct. Failure to do so can result in heavy financial penalties and possible expulsion from the organisation.

Comments on the following points

1. The adequacy of provisions of homes for older people and the challenges people face in accessing housing which meets their needs

3. NAEA Propertymark does not think that there are adequate provisions of homes for older people.
4. We believe that under occupancy is a key element of the challenge. In 2015 we released our Housing 2025 report, which outlines that 1.1 million households in England Wales (4.5% of the total) were overcrowded. Whereas, 16.1 million households (69.0% of the total) were under occupied.¹
5. We are also concerned that the proportion of homeownership is forecast to fall to 55% by 2025 and over the same period the number of households renting in the private rented sector is projected to grow by 46% over the next 10 years. This will increase the proportion of private renters from 20% of households in 2015, to nearly 29% by 2025.
6. One of the main barriers for older people and pensioners wishing to sell their family home and relocate is the lack of suitable choices. In June 2015, Legal & General commissioned a report which found that when last time buyers are looking for a new home, the most common preferences are being close to family and friends (32%), being near their current neighbourhood (18%), having easy access to healthcare (16%) and being located near shops (10%).²

¹ <http://www.naea.co.uk/media/1043988/housing-2025.pdf>

² <https://www.cebr.com/reports/uk-last-time-buyer-market-worth-820-billion/>

7. Furthermore, we don't think that traditional retirement homes and senior living centres, which often require residents to move far away from their existing home and may limit access to community facilities, are offering a great enough incentive for older people to downsize.
8. In order to encourage the development of more suitable properties, the Government should offer tax relief on the development of specific properties that are suitable for pensioners looking to downsize.
9. NAEA Propertymark is working with the Law Commission in its quest for the introduction of stringent codes of practice to require developers, operators and managing agents to bring 'event' fees to the attention of prospective buyers. The Law Commission is in the process of producing a disclosure document and we believe that it should be supported widely to increase consumer confidence in this specialist housing market and improve the purchasing process.³

2. The adequacy of current planning policy and Government initiatives in England in meeting the housing needs of older people

10. The UK's historic patterns of development have left some parts of the UK with housing stock that is not well-fitted for the demographic profile of these areas.
11. Our analysis from the Housing 2025 report reveals that in most regions, the number of larger homes (i.e. those with three or more bedrooms) being built, far exceeds projected growth in households with two or more dependent children.
12. In England the number of over-65's is projected to increase by 20-25% in all regions by mid-2022, compared to general population growth of just 7.2% overall.⁴ This shifting demographic profile, combined with England's legacy housing stock, will mean that more and more old people will be living in homes which are too large for their needs.

3. Whether more housing designed specifically for older people could help address England's wider housing needs

13. We believe that Government policy which makes the prospect of downsizing more attractive could contribute to boosting house supply. This is mainly because many residents of under-occupied houses are pensioners who have not changed properties since their children moved out of the family home.

³ <http://www.naea.co.uk/news/january-2016/naea-supports-law-commission-proposals-on-event-fees/>

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<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/subnationalpopulationprojectionsforengland/2014basedprojections>

14. Encouraging people to move out of under-occupied properties would also have an impact on the private rental sector. For instance, given the rising demand for rental accommodation and the fact that people in England are renting later into life, it is common for several single individuals to occupy the separate bedrooms of a larger property. As a result some properties that come onto the market because of downsizing will be bought by individuals who do not intend to use the properties themselves and will end up on the private rental market, thereby boosting supply.

4. The extent to which improving specialist housing provision in England could improve people's health and wellbeing, and deliver savings in public expenditure.

15. NAEA Propertymark believes that housing, outdoor spaces and transport can be made more age-friendly and must be incorporated into the design of future development plans and policy from the Government and local authorities.
16. We recognise that older people make a huge contribution to the economy through employment, informal caring and volunteering.⁵ Therefore, it's important that housing fits around their needs and they can continue to play a key part in the community.
17. Furthermore, older people tend to spend more time in their homes than other age groups. Therefore we think that civic participation with older people around what they need from housing is important and developers should engage with older people on the design and development of housing.

5. The availability of finance to help older people 'right size' in retirement, and the impact of the cap on Housing Benefit from April 2017 on the development of specialist housing.

18. A government policy which offers last time buyers a stamp duty exemption might see more family homes come on the market.
19. The changes to inheritance tax announced in the 2015 Summer Budget are likely to have an impact on a pensioner's decision to downsize because the tax credits being offered are conditional on several factors, including what is done with the proceeds of the home sale.
20. We are concerned that the Government's decision to make the family home exempt from inheritance tax (except for those whose home is worth over £1 million) starting from April 2017 will make the family home a privileged asset class and encourage pensioners to hang onto more valuable properties. The changes would be especially discouraging for pensioners who are considering selling their home and renting a property. These households would not be able to benefit from the inheritance tax

⁵ <http://www.ageuk.org.uk/latest-news/archive/older-people-contribute-6bn-economy/>

revisions in any way and thus may reconsider their preference to downsize or start renting a smaller property more suited to their needs.

21. The Government should also explore additional incentives such as access to over-65s bonds with market-beating returns for downsizers. For example, the Government could permit only funds obtained through property downsizing to be converted into the bonds. Given that it has already been proven that there is a strong appetite among the over-65s for bonds such as these, reintroducing them, but with the added qualification tied to downsizing, would boost the supply of properties on the housing market.

6. Whether a national strategy for the support of housing provision specifically for older people is needed

22. NAEA Propertymark thinks that there is scope for targeted policy for the support of housing provision specifically for older people. The UK has just 106,000 purpose-built owned retirement homes.⁶
23. In January 2017, we asked NAEA Propertymark members about enquiries they had received from over 55 year olds. Of the small sample of respondents, we know that 48.7% of agents received between 0 and 10 enquiries, 29.3% received between 11 and 20 enquiries and 22% received above 20 enquiries. The results show that the main reason was downsizing 68%, bereavement 16.3%, affordability 5.2% and heating costs 0.6%. Other issues sighted included lifestyle change, relocation, retirement or for family members 9.9%.
24. Furthermore, our survey also asked about how many of those enquiring had a mortgage. The results show that 27% didn't have a mortgage, 51% said very few had a mortgage, 8.7% said the majority still had a mortgage, 11.3% didn't know and 2% gave no answer.
25. More broadly, we think the Government should form a housing market authority such as an independent body of non-elected officials, who make decisions on long term housing policy. Additionally, because of election cycles, the UK housing market often lacks the long term policy certainty needed to reassure developers and investors that it is desirable to start development projects with extended completion dates.

⁶ <http://www.economist.com/news/britain/21592620-planning-laws-make-it-harder-retirees-downsize-dont-move-old-people>