

Buying retirement housing



Age Scotland Information and Advice

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1 Why move to retirement housing?

1.1 What is retirement housing?

Retirement housing is intended specifically for older people; usually residents have to be aged at least 55 or 60. The housing tends to be in a development or court of between 20 and 40 flats or bungalows.

The services provided in retirement housing can vary and you should check carefully what is available and what the service charge costs will be. See section 2.1 for a checklist of issues you may want to consider when making your decision.

Retirement villages are larger communities and have more community facilities which could include a gym, restaurant, shops and medical services. They are more likely to organise community events, but as they are quite self-contained there is a risk of residents feeling cut off from wider society.

1.2 Why do you want to move?

You may decide to move to retirement housing for a variety of reasons. You might want accommodation that is smaller or more manageable. You may want accommodation with a warden or manager for peace of mind. Perhaps you like the idea of living somewhere where there will be a number of people all of a similar age.

There is however some important issues you should consider before deciding if retirement housing is right for you.

1.3 Can you stay in your present home?

Instead of moving, could you receive some extra support services in your existing home? You could ask for a needs assessment from your local social work department to see what help they could provide in your home.

The Elderly Accommodation Counsel has an online housing options self-assessment questionnaire that will help you decide the type of housing that you should look for. You can find the questionnaire at: <http://hoop.eac.org.uk>. They also have advisers that you can speak to over the phone. See section 9 for contact details.

1.4 Things to consider

You should think carefully about how you would feel living in accommodation which may be smaller than your present home, and which is occupied exclusively by older people. If you are considering moving to an unfamiliar area you will be moving away from friends and surroundings you know well. You will probably want to discuss your options with friends and relatives, but make sure that you make the final decision.

1.5 What are the advantages and disadvantages?

Retirement housing should offer a warm, well-insulated easy-to-manage home. The fabric of the building and external paintwork and repairs will be taken care of by the Management Company or factor, which will also look after the garden and common areas. If you used to have a garden, you may miss having one of your own. In some developments you may be able to lend a hand with the gardening.

You may be pleased not to have responsibility for household maintenance, but you may not have as much choice and control as you once had. If you wish to change or do something differently in common areas, you will have to negotiate with the other property owners in the development.

Your “Deed of Conditions” will set out how much influence and control you and other homeowners have over the development.

Security alarms or a warden can be reassuring both for yourself and your family, knowing that help is there in an emergency. A Warden may pop in to see if you are okay if they haven't seen you for a while. Will this provide you with extra peace of mind, or will you find it an intrusion?

Many people find this type of housing highly satisfactory. They enjoy the peace of mind and security, and appreciate a warm, easily maintained home.

2 Choosing a retirement property

If you have decided that retirement housing is right for you, you need to consider which features will be important to you in choosing a particular development.

2.1 Checklist:

Many Retirement Housing companies produce an Owners Information Pack which should answer any questions you have, and the seller's Home Report will provide you with some useful information about the home, its state of repair and a valuation.

You might want to check:

The location

- Is the area flat - are there any hills to climb to get to and from the property?
- Is it affected by noise from any noisy factories or busy main roads?
- Is the development in or near the centre of an established community?
- Is there easy access to shops, post offices, banks, chemists and medical services?
- Is the development within reasonably easy reach of facilities such as parks, libraries, churches, pubs, clubs and day centres?
- Are local services mainly aimed at tourists and therefore possibly not available all year round?
- How good is the sound insulation, for outside noise, noise from neighbouring flats and from nearby facilities such as the residents' lounge, laundry, lift or refuse chute?
- Are the communal areas and the individual properties secure?

Transport

- What is the frequency of local bus or train services? (If you drive now, you might not always be able to)
- Is there suitable parking for yourself and/or your visitors? Is there easy access from the parking area to your home?

Accessibility

- Which floor would your living accommodation be on?
- Is there a lift?
- Are there steps to the main entrance door of the property?
- Are all door openings greater than 750mm or even larger to accommodate a very large motorised wheelchair;
- Are the toilet, living room, kitchen and bedroom all on one level?
- How much of your existing furniture can safely and comfortably fit into your new home?

- Do doors and windows have handles which are easy to reach and operate? Are light switches and sockets reachable without bending and stretching?

The Home Report should cover the important accessibility issues such as lifts, widths of doorways and corridors.

Facilities and Services provided

- Is the heating system efficient and easy to use?
- What action is taken if someone needs help during the day or at night?
- Is there a communal lounge?
- Is there a laundry?
- Have you visited the development and chatted to other residents to get a 'feel' for the place?

Owner's responsibilities

- What responsibility do you have for shared or common areas e.g. roof, gardens or common stairwell?
- What control or say do you have in the running of the development?
- Will you be happy living in a communal setting?
- What are the rules about pets?

Management company responsibilities

- Does the management company abide by a Code of Practice and have you been given a copy?
- How does the management company consult with and inform owners of decisions affecting the development?
- Have the owners voted to dismiss the management company – if so at what stage is this process?

Financial

- Can you afford the initial costs? Remember costs such as legal fees, selling your old house, stamp duty, recording dues, removal costs, decorating etc.
- What are the costs for the factor or property manager or warden?
- What kinds of services are on offer; how much do they cost and what does the contract say about increases in costs?

- Does the management company put aside money in a 'contingency' or 'building reserve' fund for future major repair work, and is it in a separate account in the owners' names? Does it contain enough money to cover any work that is planned in the near future? If not, will you be expected to pay the difference between what is in the fund and the actual repair costs?
- What are the charges for the upkeep of common areas or repair works, for example to a residents' association, insurance or maintenance fund?

Future planning

- What are your options if you later find you need more care and support: will you have to leave, or can extra care be brought into the development?

3 Management of the development

Most private house builders hand over the management of retirement housing developments to a management company. The management company (or factor) is responsible for the day-to-day management of the development, for ensuring the necessary services are provided, setting service charges and collecting them fairly and efficiently. A management company could be a private company or a housing association.

The type of services which a managing organisation will be responsible for include:

- employment of any warden/resident manager service (see below);
- upkeep and cleaning of communal areas, such as corridors, lifts, communal lounge, external grounds;
- repairs and maintenance to the structure, exterior and communal areas;
- Insurance of buildings.

You will be expected to pay a service charge to cover the cost of these items, see section 5 for more information.

The Property Factors (Scotland) Act 2011 requires anyone who acts a property factor to become registered with the Scottish Government. This came into force on 1st October 2012. A 'property factor' broadly covers anyone who manages the common parts of land *owned* or in some circumstances *used* by two or more people. It is a criminal offence to operate as a property factor and not be registered.

The Act requires property factors to produce a **written statement of services** within 4 weeks of agreeing to provide services to the owner. The written statement should also be provided where requested by the owner or if there are changes to the service.

The written statement should explain issues including:

- Authority to act (for example, they have been appointed via title deeds or appointed by a decision of majority homes owners on a specific date),
- Information about the services that will be provided,
- Financial and charging arrangements including how the cost will be divided between different owners,
- Communication arrangements including how any complaints will be dealt with,
- Details on how to end the arrangement.

You can search for a property factor on the Scottish Government website by searching for 'The Scottish Property Factor Register'.

The property factor's registration number should be on all correspondence.

3.1 **What happens if I'm not happy with the Property Factor?**

The Homeowners Housing Panel was established to deal with any complaints or dispute about individual factors. This could include, for example, failure to undertake repairs and maintenance or failure to follow the statutory Code of Conduct. The Code of Conduct for Property Factors is available from the Scottish Government website. To find this, search for 'Property Factors (Scotland) Act 2011: Code of conduct for Property Factors'.

The Homeowner Housing Panel can be contacted via the following address:
Europa Building

450 Argyle Street

Glasgow

G2 8LH

Tel: 0141 242 0175

Fax: 0141 242 0141

Website: hohp.scotland.gov.uk

Email: hohpadmin@scotland.gov.uk

There is also a new Code of Practice issued by the Association for Retirement Managers (ARHM). This is a voluntary code which aims to promote best practice in the management of retirement housing. It deals with insurance, complaints and other management matters. You could check whether your retirement manager is a member of ARHM and adheres to the Code. The Code for Scotland can be found at www.arhm.org/code_of_practice.cfm

Title deeds and deeds of conditions remain important documents specifying certain conditions and obligations on the part of both owners and managers. However, in some circumstances the content of title deeds can conflict with legislation or they could be 'silent' and say nothing about your responsibilities or those of your management company in respect of a specific query. This is a complex area of law and if you are in any doubt you should seek legal advice.

4 The manager or warden service

Some retirement housing developments have a warden or 'development manager', 'resident manager' or 'house manager' who may live on site.

If there is a warden you should check:

- how much of the day the manager is on duty and what their work includes (some wardens are only there for very restricted hours)
- whether there are arrangements in place for a relief manager
- what are the arrangements when someone needs help at night

If there is a manager, it is a good idea to meet them so they can explain their duties and responsibilities.

In general, managers do not carry out services such as shopping, cooking, cleaning and nursing. Managers may be able to help you to contact your local social work department if you want your care needs to be assessed.

A manager's salary and related overheads can account for a big percentage of the service charge so before buying you should think carefully about whether you will be happy to pay for this service.

If there is not a resident manager this would probably mean that the service charge is lower, but you would have to consider whether you may need the support of a manager now or in the future.

5 Services and service charges

5.1 What does this cover?

In retirement housing, owners have to pay a service charge to meet the costs of the services provided by the management company. All information on the service charge will be detailed in the Factor's written statement (see Section 3 above),

Service Charges can include such items as:

- Cleaning and general upkeep of communal areas and grounds;
- Repairs and maintenance - you should be clear about the respective responsibilities of the management company and each resident. Usually all maintenance, repair and decoration of the external structure and common parts of the buildings should be the responsibility of the management company, as should insurance of the buildings. You will normally be responsible for maintenance and repairs to the inside of your flat or bungalow and for arranging your own contents insurance;
- The funds to cover the cost of long-term repairs, renewals and redecorations. The fund may have a different name such as the "sinking" reserve or contingency fund. Contributions to the fund are made in different ways in different developments: get your solicitor to check your responsibilities and the detail of the costs before you buy.
- Resident manager/warden - the service charge will include the cost of the warden or manager service. This can include the manager's salary and the costs of the manager's accommodation when he/she lives on site;
- Emergency alarm call system - the provision and upkeep of any alarm call system will be included in the service charge;
- Management fees - the management company will charge a fee for their staff time and overheads related to the administration of the development.
- Charges for water and fuel bills may be part of your service charge for communal areas.

5.2 How much might the service charge go up by?

You need to check the terms of your written statement which should make clear how often service charges are reviewed (section 3), but service charges are normally reviewed annually. The management company should be able to demonstrate that the money you pay is used to cover the cost of the services and tell you the size of recent increases.

5.3 Is there any help to pay the charges?

If you receive the Guarantee Element of the Pension Credit or are on a low income you may be entitled to some assistance with paying for certain service charges. You should also contact your local council to see if help is available with costs in your individual circumstances and to check if you qualify for help through the Council Tax Reduction Scheme which is administered through your local council.

To find out if you are eligible for Pension Credit, phone the Pension Credit claim line on 0800 99 1234 (free call) 0800 169 0133 (textphone)

Our team at Silver Line Scotland can carry out a benefits check for you over the phone and, if needed, make a referral to the DWP home visiting team to get some help with the application forms.

5.4 Other costs

In addition to the service charge you will need to budget for your council tax, contents insurance, TV licence (for those under 75), telephone, and fuel bills.

6 Different ways of buying

If you are thinking of buying retirement housing you should check what costs and restrictions there would be if you needed to re-sell.

There are different ways of buying a property; you should seek independent financial and legal advice if you are considering any of the options below:

6.1 Shared Equity

Shared Equity is a low cost home ownership scheme offered by housing associations. Purchasers buy a share in the property (normally between 60% and 80%) and the Scottish Government owns the remaining share. The purchaser is the outright owner of the property and is responsible for paying for all repairs, insurance etc. When the property is sold the owner and the Government each receive their share of the property value. For example, the total purchase cost of a retirement home is £50,000. You pay 80% or £40,000. The Scottish Government pays the remaining £10,000. Several years later, the house is sold and its new value is £55,000. You will get 80% of that or £44,000.

There are different types of shared equity schemes, contact your local housing associations to see if any schemes are available locally and find out if you are eligible to apply.

6.2 Shared Ownership

Shared Ownership is a cross between renting and buying which is offered by some housing associations and housing co-operatives. Purchasers can buy 25%, 50% or 75% of the property, which they can increase up to 100% at a later stage if they wish. An “occupancy charge” (rent) is paid on the part of the house value that is not purchased. Sharing owners are responsible for all repairs and maintenance regardless of the share they buy, and would be responsible for the service charges in sheltered housing. The occupancy charge or rental element may be eligible for housing benefit.

To find out if there are any developments in your area you should contact your local council or local housing associations. The Elderly Accommodation Counsel can also provide more detailed information about specific developments in your area (further details in section 9).

6.3 Getting a mortgage

If you would need a mortgage to buy a property, get independent advice about your options and make sure you can afford the payments before you commit to anything. People with a low income may be able to get help towards the mortgage interest repayments through Pension Credit but rules which apply to this benefit are complicated so you should always get advice before taking out a mortgage.

Call Silver Line Scotland for advice concerning your individual circumstances.

6.4 Selling your existing home

If you are having difficulty selling your existing home, some developers may offer part-exchange deals, you would usually have to sell at a lower price than you had hoped for. You should get legal advice before entering into a part-exchange arrangement.

7 Reselling the property

7.1 Restrictions on re-sale

In addition to the normal costs of selling a home, your Deed of Conditions will normally set rules about the resale of your retirement home and usually includes an age restriction. There is likely to be an administrative fee to cover the management company's costs in assigning the Deed of Conditions. You may be able to arrange the sale of the property yourself or the management company may charge a fee to sell the property for you. Some Deeds of Conditions state that a percentage of the selling price, which increases with each year of ownership, is paid into what's called a 'sinking' fund (see section 5.1).

Don't forget that you will also need to pay for the Home Report when you sell.

8 Deed of Conditions

The Deed of Conditions lays down the conditions under which you purchase your home. It is a legally binding contract between you, the other owners of property in the development and the management company, and will also be binding on whoever buys the property in the future. It will lay down some very important conditions that only apply to that type of housing such as age restrictions and details of the management agent's contract and the services available.

The terms of a Deed of Conditions vary greatly and are fundamental in determining your rights and responsibilities in your new home: if you are not clear about any of its terms you should get legal advice. The *Title Conditions Act (Scotland) 2003* gives owners the right to change some of the terms, known as burdens, in the Deed of Conditions or Title Deeds in some circumstances.

9 Finding out what retirement housing is available

Solicitors and Estate Agents will generally advertise in local newspapers and property papers and websites.

The Elderly Accommodation Counsel provides lists of retirement housing developments for sale and rent in particular areas and price range. It cannot provide specific information on availability. A small charge may be made for this information. Their contact details are:

3rd Floor
89 Albert Embankment
London
SE1 7TP
Tel: 0800 377 7070
Website: www.housingcare.org

Shared ownership

There are different contact points where you can find out if you might be eligible and to make an application, depending where you live:

- Highland Council area - contact Albyn Housing Society on 01349 852978

- Aberdeen City, Aberdeenshire and the Moray Council areas - contact Grampian Housing Association on 01224 202900
- Orkney: Orkney Housing Association 01856 875253
- Shetland: Hjaltland Housing Association 01595 694986
- Elsewhere in Scotland: Link Housing Association 08451 400 100
FREEPOST LINK HOMES (no stamp required)
- Scottish Housing Options (SHOP) has contact details for Bield, Hanover and Trust housing associations on their website. See <https://scottishhousingoptions.org/contactus.asp>

10 Further Information

These other Age Scotland factsheets may be of use:

Factsheet 1s Help with heating

Factsheet 13s Older homeowners: funding repairs etc.

You can call us on 0845 125 9732 for a copy of our publications list or download copies from our website at www.agescotland.org.uk.

Silver Line Scotland 0800 4 70 80 90

Silver Line Scotland provides information, friendship and advice to older people, their relatives and carers. The helpline is open 24 hours a day, every day of the year.

0800 4 70 80 90 (from a landline)

0300 4 70 80 90 (from a mobile)

You can also contact us by textphone on 0845 226 5851.

If you need an interpreter call **0800 4 70 80 90** and simply state the language you need e.g. Hindi. Stay on the line for a few minutes and the Silver Line Scotland staff will do the rest.

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Every year, thousands of older people across Scotland benefit from the vital information and advice Age Scotland provides. If you would like to support this work and help improve the lives of older people in Scotland you can donate by:

- Giving us a call on 0845 833 0200 and ask for the fundraising team.
- Visit our website at www.agescotland.org.uk/donate.
- Complete the donation page over the page and return in an envelope to Age Scotland, Causewayside House, 160 Causewayside, Edinburgh, EH9 1PR.

Across the UK

For information and advice in the rest of the UK:

In England contact Age UK Advice on **0800 169 65 65**
www.ageuk.org.uk

In Wales contact Age Cymru on **0800 169 65 65**
www.agecymru.org.uk

In Northern Ireland contact Age NI on **0808 808 7575**
www.ageni.org.uk

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160 Causewayside
Edinburgh
EH9 1PR

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Please see overleaf for Gift Aid information.

Gift Aid Declaration

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Notes



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