



Older People's Housing and Under-Occupancy

A Policy Brief

By Ed Harding

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Summary:

- 'Under-occupancy' can be a highly subjective term, usage of which varies considerably between countries. However, as currently defined in the UK, under-occupancy is a widespread phenomenon. Some 24 million people, or 46% of the population, are judged to be living in under-occupied homes. Given the overcrowding and homelessness prevalent among many families, it is clear that a more efficient use of our housing stock would bring many advantages. Achieving this would however be a complex and multi-layered challenge.
- The explicit linkage of older, under-occupied households with overcrowding and homelessness in wider society is 'ageist'. Under-occupancy rates are somewhat higher in retirement (56% for retired households, compared to 46% in the general population), **but as they represent a relative minority in the population, this difference is small**. If society deems it reasonable for all households to occupy as much space as they can afford, it is untenable to label housing shortages as an age-driven problem. Policy failures must also be taken into account, a point made clear by the steady decline in new build provision of 3 or more bedroom houses since 1999.
- However, down-sizing can be a very positive move for a minority of older people who choose to seek alternative housing solutions, most commonly as a preventative or needs-driven housing readjustment. Benefits include potential release of equity, lower financial and physical burden of maintenance, a more environmentally friendly use of resources and an opportunity to move closer to amenities, transport and family, friends or a peer-community.
- Policies that support older households in moving home may result in greater numbers downsizing, but must be careful to do so in the context of supporting informed choices about housing options, including assistance with obtaining services to help older residents stay put should they want to.

Key Points:

- Over-crowding and homelessness place a terrible burden on health, wellbeing, family life and social cohesion
- However, so-called 'under occupancy' in older groups cannot be blamed for housing shortages
- Wealth, not age, is the key factor in whether or not we choose to occupy more housing space than is essential
- Over-crowding will increase as the growth in households continues to outstrip housing supply
- We do not build anywhere near enough new larger properties to tackle the housing shortage of family-sized homes. Of those that are built, too many are small 1 and 2 bed properties
- Well-considered policy measures to incentivise 'downsizing' in older households could help 'release' some larger homes. However, this must be via a choice-based, informative process, not coercion. Furthermore, it will not solve overcrowding on its own.

Background

This briefing paper was put together following a May 2007 public event organised by the ILC-UK entitled: *'Houseblockers?' Older people and the housing stock in an era of under-occupancy.*¹ The event sought to explore the potential contradiction between Government policies to keep older people in their own home for as long as possible, and a widespread concern in housing and planning circles that older residents in large properties should be encouraged to 'release' family-sized homes.

This briefing paper is part of an ongoing workstream of the ILC-UK focusing on housing and planning issues, which included the 2006 report 'Building our Futures – Meeting the housing needs of an ageing population'. The ILC-UK is also currently involved in chairing the Older People's Housing and Regional Strategy steering group, sponsored by Communities and Local Government, the Department of Health, and the Retirement Housing Group.

What is under-occupancy?

Under-occupancy can be defined in several ways, but one of the most common is the *Bedroom Standard*, which assumes a separate bedroom for a co-habiting couple, anyone over 21, and gender-segregation when there are children over 10 years, with a maximum of two persons per bedroom. In the UK, there is a universally agreed measure of under-occupancy, which is having 2 or more bedrooms more than the bedroom standard (being 1 above standard does not, in many cases, mean having a spare room). The latest Survey of English Housing estimate of under-occupancy using this definition is 37% of households, or about 7.5m households (CLG: 2006). Measures are very sensitive to definitions, for example 'allowing' 1 extra spare room halves the level of under-occupancy from around 50% to 25%. Definitions vary greatly between countries, for example in Hong Kong, where much less living space is considered normal.

What might the impact of under-occupancy be on society?

Given that space is largely a positive attribute to any home, the concept of under-occupancy is usually founded on a perceived shortage of family-sized housing and its impact on public health. Figures do indeed show that over 526,000 households today live in overcrowded housing in the UK (CLG 2006b) including about 950,000 children² (Shelter, 2007). Some 73,000 households are designated as priority homeless (CLG, 2007). In the worst affected sector – social rented housing in London - one child in three lives in overcrowded conditions (Shelter 2007). Research from the charity Shelter estimated three quarters of overcrowded families have parents and children sharing a bedroom, 1 in 4 have a child sleeping in a reception or dining room, and 1 in 10 have two teenagers of the opposite sex sharing a bedroom (Shelter, 2007, from presentation). Overcrowded living conditions are often associated with health

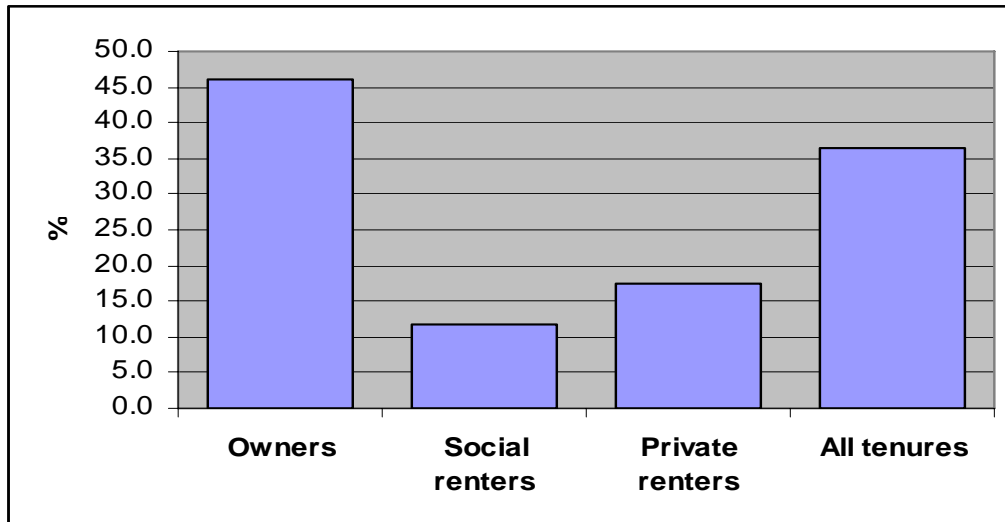
¹ For further information, including the slides used at the event, see www.ilcuk.org.uk

² Estimates based on two-year averages of Survey of English Housing data, new figures 2004/5 and 2005/6, previous figures 2001/2 and 2002/3.

Who is under-occupying?

Under-occupying has become more common in the last decade, and will continue to rise in future. The proportion of households occupying dwellings with two or more bedrooms above the standard has risen from a fifth of all UK households in 1971 to a third in 2004/05 (Palmer et al: 2006).

Under-occupancy (% of households) in England by tenure, 2006



Source: Communities and Local Government (2007b).

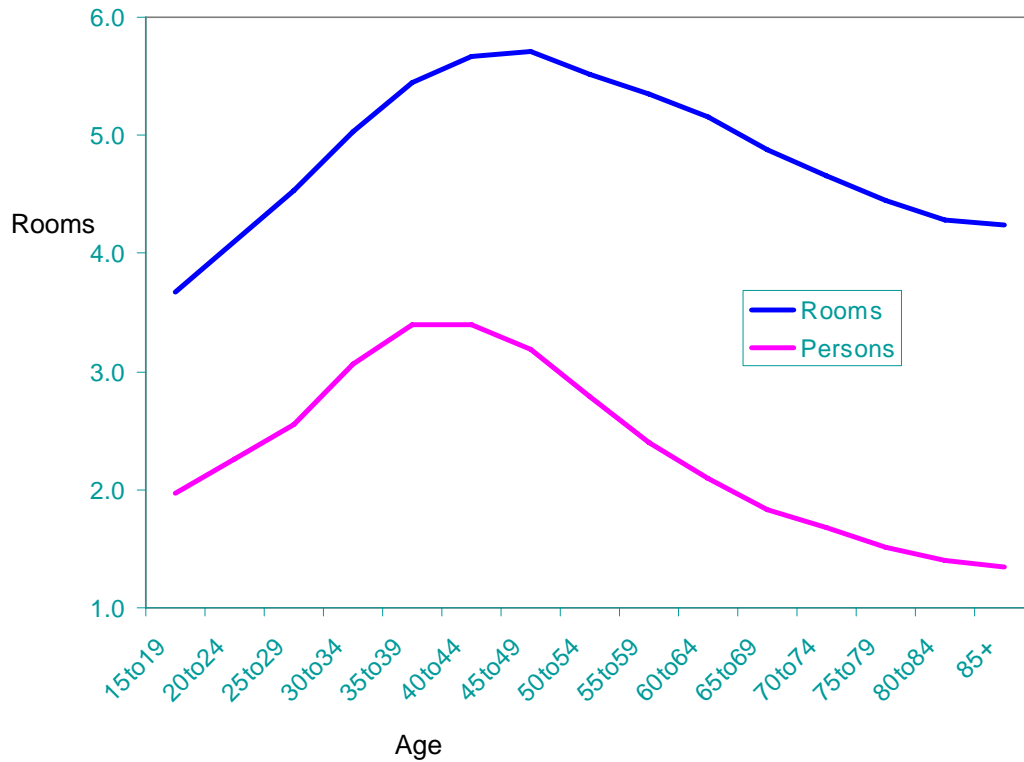
Some local planners may be primarily concerned with issues of under-occupancy in the social housing sector, understandable given their traditional focus on managing local authority and housing association stock. The chart above demonstrates however that the issue of under-occupancy is considerably dominated by owner-occupied tenures. This is partly because homeownership itself is by far the dominant tenure, and partly because private and social rented housing tends to be smaller, and are therefore less likely to be deemed 'under-occupied'.³

Population ageing, under-occupancy and future trends

The numbers of homes defined as 'under-occupied' is likely to rise in future. This is being caused by an ongoing societal trend towards smaller households, linked to more volatile patterns in family formation and the effect of rising longevity on older households. As we progress through the ages of life commonly associated with family formation, household size and the numbers of bedrooms occupied tends to rise, (see graph below). However, when children begin to move out as they mature, the decline in numbers of bedrooms occupied lags somewhat behind (hence the steeper drop in 'persons' as compared to 'rooms'. The conclusion is that people are reluctant to leave the home they have raised their family in, and understandably so.

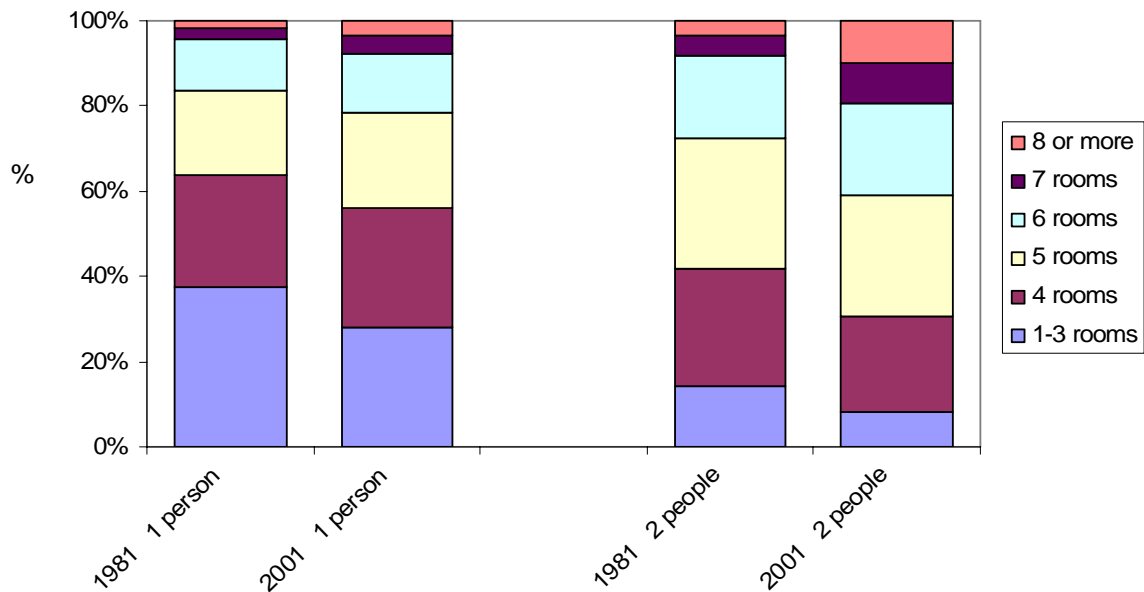
³ Small homes (defined as having 1-3 rooms) represent 50% of all private rented houses and 44% of social rented tenures (Census 2001) This definition excludes rooms such as bathrooms and small kitchens

Average household size (no. people) and dwelling size (no. rooms)



The chart below shows us that the numbers of households of either 1 or 2 people occupying homes with 5 or more rooms rose considerably from 2001 to 2021.

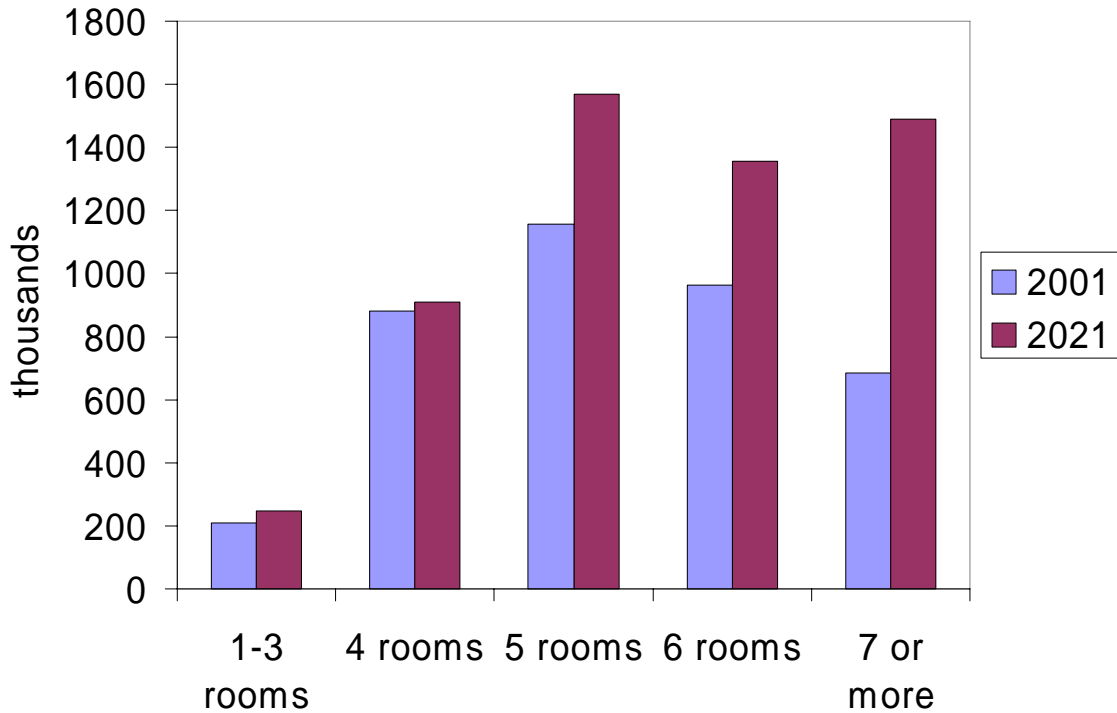
Small households dwelling size – 1981 and 2001 (projected), England and Wales.



Source: Census 1981 and 2001, from Professor Dave King presentation.

Some of this is due to rising numbers of older households, who are due to represent 46% of the 5.5million new households expected between 2001 to 2021 (Croucher and Wilcox: 2007).

Changes in older households (65+) dwelling size, 2001 to 2021 (Cohort-based)



Source: Professor Dave King, presentation on 22/05/07, see www.ilcuk.org.uk

Around 1.2 million more households over 65+ living in 6 or more rooms are expected between 2001 and 2021. This is a considerable increase, but it should be remembered they will still constitute a minority of all under-occupying households.

Is under-occupancy an ageist premise?

Clearly, some aspects of 'under-occupancy' are age-driven. Nonetheless, as can be seen below, rates of under-occupancy are only slightly higher in older groups than the general population. Furthermore, older householders are a significant minority of all households, but a minority nonetheless, meaning the issue cannot be wholly attributed to them.

Under-occupancy in general population and 'Pensioner households', 2001

'Occupancy rating'	All people	'Pensioner households'
2 Above	46%	56%
1 Above	25%	25%
0	19%	14%
1 Below	9	4
All	100% (52million)	100% (6.9million)

Source: Census 2001

'Under-occupancy' as an age-specific issue does therefore often appear to be ageist in assuming that older 'under-occupiers' require less space than younger 'under-occupiers'. It is interesting, for example, that little mention is made of the relationship between wealth and housing space. The implication is that wealth is an acceptable reason for under-occupancy, but age is not. Ultimately, we mostly all purchase or rent as much space as we can afford.

Policy – part of the problem

Failings in Government policy are partly responsible for shortages of family-sized housing. In the South East, for example, provision of new build properties with 3 or more bedrooms dropped from 74% of new private housing in 1999 to 51% in 2005, meaning the majority of new homes being built are now 1 and 2 bed (SEEDA: 2006). On top of this, there has been a general shortage of new build housing of all sizes. The 2004 Barker report estimated that an additional 39,000 new houses a year were needed to keep up with demand, let alone impact on housing prices.

What are the barriers to downsizing?

On the face of it, downsizing seems to have a number of advantages, so why do people of all ages not downsize more frequently? It could potentially lead to savings on repairs, heating and council tax, helping the environment via a more efficient use of housing (i.e. carbon emissions, energy usage, and size of building footprint) and reducing the burden of managing a home for older households.

However, the reason why we like larger houses is simple; most of us prefer to live in houses with space and rooms for guests, hobbies and entertaining. Furthermore, homes become a place of emotional attachment, synonymous with the family, memories and social roots we create whilst resident there. Older people also require space for a variety of reasons, for example, room for live-in carers, bulky aids and adaptations and looking after or entertaining grandchildren and close family. Unsurprisingly, therefore, older people may be reluctant to move and, as they age, they tend to move less frequently. According to one survey of the 65+ age group, the average length of time lived in the present home was 22 years, and some 64% had lived in their present home 10 years or longer. Some 58% had rarely moved during their lifetimes (defined as 1-5 times) and 90% thought their present house was suitable (Summer K (ed.): 2003).

Furthermore, an advanced package of care and housing support option is now being put in place to ensure older people can stay put if they wish. This includes, in theory, single assessment for social care, healthcare, and housing related support, such as maintenance, handyman and adaptations services. Better and more reliable equity release products may encourage older residents to realise some of the capital in their homes without moving house, although such schemes are as yet at an early phase and consumer mistrust remains high.

Is downsizing the answer to the shortage of family sized homes?

Incentivising downsizing for older households is often proposed as a way of 'releasing' family-sized housing back on to the market. However, this approach can fail to recognise the high levels of under-occupancy in the general population. It also implies a degree of moral coercion on older households, many of whom will wish to stay put and have every right to do so.

Nevertheless it seems clear that there is a significant minority of older people who are prepared to consider the idea of moving. The table below shows this to be highest in owner occupier groups, who also constitute the significant majority of all older people.

People reporting plans to move in future, (50+)

	Owner Occupier	Social rented tenant	Private tenant
Plan to move	24.6%	14.1%	30.0%
Don't plan to move	55.0%	70.3%	50.0%
Don't know	20.4%	15.6%	20.0%
	(100%)	(100%)	(100%)

Source: Age Concern Research Services (2005).

As can be seen above, a quarter of older homeowners plan to move, and one-fifth aren't sure. For some, downsizing may be an attractive option. It would seem unlikely for many older homeowners to seek more expensive (i.e. larger properties) when considering a move, and it can be presumed that most therefore look for similar sized or smaller homes, depending on their motivation, (e.g. a possible combination of relocation, equity release, or desire for more suitable accommodation.)

Among those prepared to consider moving are a smaller group who might benefit considerably from a move but are unable to do so. This could be due to a lack of information, reluctance to bear the cost and inconvenience of moving, or a shortage of suitable homes to move to. At later ages, attitudes to remaining in mainstream housing may change. Some 40% of women and 24% of men aged 70-74 report they feel lonely 'often or some of the time', rising to 53% and 44% of women and men at age 80+ (Banks et al.: 2006). Furthermore, with or without adaptations, the considerably ageing UK housing stock may provide a poor home environment to the 'old old' as physical abilities begin to decline. A 1996 study by Anchor Trust estimated that some 900,000 people over 65 would still be living in properties over 90 years old by 2016. Some of these people may benefit from impartial advice and information on the potential benefits of specialist housing options such as better design and access to a peer community.

Where attractive, decent-sized housing is available, it may be possible to interest older homeowners to downsize to smaller but still relatively large homes (e.g. from an 8 room house to a 5 room house.) It is clear however that there is a considerable shortage of leasehold or freehold specialist housing for older people that might attract homeowners interested in downsizing at retirement age and beyond.

The provision of a variety of mainstream housing options will be increasingly important (after all, 90% of older people live in mainstream housing). Ensuring all new housing is built to Lifetimes Homes Standards will help upgrade the general stock, as will initiatives to match previously adapted or readily adaptable housing to suitable buyers, for example, via registers of disabled housing (both social and private sector), and choice-based lettings schemes.

The Government report, *A Sure Start to Later Life* (ODPM: 2006) featured a case study of the Bristol Care and Repair –‘Move on Advisory Service’, which:

...has acquired considerable experience in supporting older people through the complex process of thinking through their housing options. The service works with homeowners and tenants of private landlords. They put clients in touch with agencies that can supply practical support and advise on more suitable places. If they choose to move, the project also provides practical support to help them do this. Feedback shows that clients truly value the face-to-face contact, help and support the project gives them. (p79)

Local authorities that offer this kind of choice-orientated, impartial advice service, along with a good range of housing options for older homeowners to move into, are likely to be those that maximize the potential for downsizing in their older populations. Furthermore, assistance could be given to minimize the costs and inconvenience of moving, either through direct subsidies or tax relief, (e.g. stamp duty.)

What other policy options could help overcrowding?

The provision and location of newly constructed housing (‘new build’) is often the most hotly contended area of housing policy. It has a role to play in raising the availability of housing, but given development constraints has traditionally been low in comparison to demand. Because of this, it is expected that 80% of households in twenty years time will be living within the currently existing stock (Clarke A: 2006). What new build there is could be made more suitable for families by raising the provision of 3 or 4 bedroom homes, as opposed to the current focus on 1 and 2 bedroom homes.

Conclusion:

Policy options include:

- **Increasing the proportion of larger properties in new-builds.** Currently, 50% of all new build too small for family housing.
- **Ensuring all new housing is built to lifetime homes standards.** This will help provision of suitable housing for older people looking to move into adaptable, suitable housing, possibly 'releasing' larger homes as a result.
- **Prioritising already adapted housing for those who need it** reduces the risk of spending on adaptations being 'lost' when a home is transferred and helps ensure a better supply of suitable housing.
- **Stamp duty relief** and other tax relief could be used to incentivise older home owners moving who are looking to release equity.
- **Advice and information services for older people** will simultaneously ensure older people are able to make informed choices in their own interests, whilst promoting awareness of housing options.
- **Preventing house conversions into flats.** In areas where there are shortages, developers could be prevented from converting larger homes into flats, where no motive exists to do so except for profit.
- **Home owners could also be encouraged to accept lodgers.** With careful selection of tenants, this model can be successful one and could play a part in lowering rental demand (therefore lowering space pressures on potential development sites for family-sized homes via reduced incentives to build or convert housing for studios and small apartments.)
- **Encouraging 'Home sharing'** whereby a non-homeowner lives rent-free but is involved at an agreed level of 'care' between two parties.⁴

Ultimately, public opinion is largely set against large increases in new building, a high proportion of which would have to be situated on 'green field' land. Neither is it currently prepared to exert moral pressure on individuals to consider the consumption of space as a limited environment resource, perhaps in a similar way to 'carbon footprints'. In such a situation, under-occupancy is likely to sit side by side with over-crowding for the foreseeable future. Nonetheless, good provision of larger new-build family homes would alleviate some of the problem, as would considerate incentives to downsize as and when households decide they want to move.

⁴ See <http://www.homeshare.org.uk> (good practice site) and <http://www.homeshare.org>

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