



A Better Life:
Private Sheltered Housing
and Independent Living
for Older People
Executive Summary

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The Reality of Private Sheltered Housing

This report sets out the findings of one of the largest studies into sheltered housing in the United Kingdom. It represents and examines the opinions of over 1,500 current and prospective residents of private sheltered housing – their priorities, levels of independence, health, happiness and contribution to their local community and the wider economy.

It aims to contribute to the wider debate on the needs and wellbeing of older people, ensuring appropriate housing choice and, in particular, the importance of housing in delivering a good quality of life.

Additionally, the report dispels many myths about private sheltered housing that seem to have been allowed to grow in the past.

To summarise the key findings that emerge from this report:

01 THERE IS A SHORTAGE OF PRIVATE SHELTERED HOUSING IN THE UK

- 39% of prospective residents have had to look further afield to find suitable accommodation as there was not enough in their area;
- 81% of prospective residents believe there should be more private sheltered housing in their area;
- If the rate of demand and provision remain at their current levels, there is likely to be a shortage of around 62,500 private sheltered housing units by 2020.

02 PRIVATE SHELTERED HOUSING HELPS OLDER PEOPLE ENGAGE WITH THE LOCAL COMMUNITY

- 39% of current residents live a more active life in private sheltered housing than they did before they moved there;
- 76% of current residents feel that they are a member of the local community;
- 92% of current residents have contact with friends/family on a regular basis.

03 PRIVATE SHELTERED HOUSING PROMOTES INDEPENDENT LIVING

- Since moving into private sheltered housing, 58% of residents have become less dependent on their children;
- 59% of residents have a more independent lifestyle in private sheltered housing than they did in their previous homes;
- 61% of prospective residents strongly believe that moving to private sheltered housing will help them maintain their independence;
- 83% of current residents believe that living in private sheltered housing helps maintain independence.

04 PRIVATE SHELTERED HOUSING IS A HOME FOR LIFE

- 66% of prospective residents strongly believe that moving into private sheltered housing will enable them to avoid the need to move into assisted living accommodation;
- 66% of current residents believe they will live longer in private sheltered housing;
- 86% of current residents believe that their home is a home for life.

05 "STAY PUT AND ADAPT" IS NOT THE BEST SOLUTION FOR MANY OLDER PEOPLE

- 29% of prospective residents spend more time on their own than they would like to;
 - 32% of current residents highlight companionship as the greatest advantage of private sheltered housing;
 - 66% of current residents enjoy their lifestyle more living in private sheltered housing than they did in their previous home;
 - 78% of prospective residents strongly believe moving into private sheltered housing will increase their security;
 - 84% of current residents moved into private sheltered housing to have better access to local shops and facilities. 81% did so to have supervision by a house manager. 60% did so in order to rid themselves of unwanted responsibilities.
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06 LOCAL ECONOMIES BENEFIT SIGNIFICANTLY FROM PRIVATE SHELTERED HOUSING SCHEMES

- One in three current residents walk to the local shops each day;
- 45% of current residents buy the bulk of their shopping within one mile of their private sheltered housing scheme, with 65% travelling no further than two miles;
- 62% of private sheltered housing residents prefer to shop in local centres rather than major town centres;
- Each week, a typical private sheltered housing scheme generates £11,735 in resident spending (£610,000 per year), generating an additional £1,750 per week (£92,000 per year) in local spending compared to what would have been generated in a conventional high density housing scheme (deadweight). Over the lifetime of a scheme, this equates to around £2.3 million more in local spending than would have been generated by a conventional scheme.

07 PRIVATE SHELTERED HOUSING SCHEMES ALLEVIATE PRESSURES ON THE NHS

- Only 21% of current residents have received inpatient medical care in the last 12 months. Amongst this group, the average number of nights of inpatient care is 7.4, under half the average for the national population aged 75+. This saves the NHS £2,598 per resident receiving inpatient care per year;
- The average number of visits per annum to a GP by current residents is 4.2 compared to 6 visits amongst the national population aged 75+;
- 41% of residents confirm that their health has improved since moving into private sheltered housing;
- 55% of current residents class their health as very good/ good.

08 PRIVATE SHELTERED HOUSING SCHEMES INCREASE THE AVAILABILITY OF ORDINARY LOCAL HOUSING STOCK

- 23% of those moving into private sheltered housing sell their previous homes to families;
- 43% of those moving into private sheltered housing sell to couples;
- 45% of current residents moved within five miles of their previous homes;
- 85% of those who purchase private sheltered housing flats will downsize from houses to do so.

09 PRIVATE SHELTERED HOUSING OFFERS SUFFICIENT SPACE AND HIGH STANDARD SPECIFICATIONS FOR OLDER PEOPLE

- 71% of prospective residents believe that they do not need to live in a house as big as the one they currently live in;
- 71% of current residents moved to private sheltered housing to meet their specific design and mobility needs.

10 PRIVATE SHELTERED HOUSING TRANSFORMS THE QUALITY OF LIFE OF ITS RESIDENTS

- 64% of current residents feel their sense of wellbeing has improved since they moved into private sheltered housing;
 - 78% of current residents believe that private sheltered housing helps to alleviate their worries and anxieties;
 - 88% of current residents believe that private sheltered housing helps to improve their personal security. 53% of current residents cite personal security as the biggest advantage of private sheltered housing;
 - 92% of current residents would recommend private sheltered housing and their way of life to their friends.
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Chapter Four

The Economic Case For Private Sheltered Housing

*"I think businesses locally
do well because elderly
people shop locally."
Pharmacist, Aylesbury.*

“Older people tend to shop locally, they don’t go into town much, they just come to us for things like groceries.” Newsagent, Gosforth

Vital Contributors to the Local Economy

Private sheltered housing schemes play a vital part in the life of local communities. The propensity of older people to spend locally is high, assuming there is access to local shops which ordinary housing cannot guarantee.

Builders of private sheltered housing seek only to open schemes within walking distance of local amenities. As our study shows, by doing so they are generating substantial revenue for local businesses even when compared to alternative land uses.

By selling houses which, amongst residents, have been lived in for an average of 21.8 years, sixty four percent free up equity in addition to that used to purchase the private sheltered housing. In doing so, they meet the concern of the Royal Commission on Long Term Care which reported that ‘around forty percent of older homeowners are income poor but equity rich’²⁴. By freeing up equity, the ability of older people to spend more on their day to day living is improved.

Over sixty percent (62%) of residents prefer to shop locally – and just over a third (34%) do so on a daily basis. The benefit to local businesses of the arrival of a private sheltered housing scheme is therefore significant. Just under half (45%) of all residents buy the bulk of their shopping within one mile of their scheme. Just under two thirds (65%) travel no further than two miles to shop.

Full Economic Benefit to the Local Economy

Annex B sets out the economic benefits that a private housing scheme can deliver to a local economy. Each week a typical private sheltered housing scheme (of forty five apartments housing around 55 residents, together with a manager’s apartment) generates a weekly spend of £11,735 (£610,000 per year).

Such schemes generate an additional £1,750 per week (£92,000 over a year) in local spending after allowing for leakage, multiplier effects and deducting spending which would have been generated in a conventional housing scheme (deadweight). Over the lifetime of a scheme, this equates to around £2.3 million more in

local spending than would have been generated by a conventional scheme. A conventional housing scheme with the highest level of density was used for comparison to provide the most local economic benefit of the typical alternative uses on McCarthy & Stone sites.

The case studies below set out how local stakeholders believe private sheltered housing benefits their businesses.

Case Studies

(Case Studies contain verbatim comments from a selection of over twenty in-depth interviews)

The Local Pharmacy

“Since the retirement housing scheme opened three years ago, business has definitely increased by ten to twenty percent. Businesses locally do well because elderly people tend to shop locally”.

“It saves us time delivering to people in the retirement home and the customers appreciate it because it saves them walking backwards and forwards. It probably takes twice as long to deliver prescriptions if people aren’t all located in the same place.”

“If we are delivering to ten people it can take ages as we deliver over a very large area, but if we were delivering to ten residents in sheltered accommodation we can save up to three hours. We are quite stretched with our delivery service and so it does make a difference being able to deliver in this way. It saves in terms of time, driver costs and petrol costs. And these all add up.”

“Delivering to a number of people in one block certainly makes it a lot easier for us. It is also much better as they are warden controlled and so even if we can’t get access to the customer we can leave their prescription with the warden. It saves a lot of time.”

“I think the warden is a benefit. It also means that old people are less isolated. It’s better for the elderly people as they have a community and look out for each other whereas if they live a long distance from each other and aren’t very mobile this can be difficult.”

It’s also good for local businesses as it brings them a regular stream of customers. Elderly people are always popping into local shops, within a five minute walk for bits and pieces.”

²⁴Royal Commission on Long Term Care, With Respect to Old Age: Long Term Care – Rights and Responsibilities, (London: The Stationery Office, March 1999), 5.22

Annex B – Economic Assessment

A Report for ORB Residential Economic Impact Assessment By Roger Tym & Partners

Introduction

ORB employed the services of Roger Tym & Partners, a firm of development economists and planners, to estimate the economic impact of a typical McCarthy & Stone scheme on the local economy. Roger Tym & Partners have an established track record in estimating the economic impacts of commercial and housing schemes. The brief required a short study based on research acquired from an ORB survey of McCarthy & Stone residents, with reliance to a large extent on existing material and on the professional judgments of the consultants to estimate economic benefits.

The principal requirement was to consider economic benefits through:

- The *Local Income Effect* from additional expenditure generated in the local economy; and
- *Public Sector Cost Savings* from economies in the provision of health and social services by bringing people with similar needs (i.e. over 65 age group, into one location and providing suitable living accommodation).

Local Income Effect

The benefits of the typical McCarthy & Stone development scheme will be realised through additional expenditure generated in the local economy. This expenditure by residents will lead to increased income in the local area followed by the multiplier effects of successive rounds of expenditure. We assume that this expenditure will be a net increase spending in the locality because more than half (54 per cent) of the residents will have moved from 6 or more miles away; and in any event those dwellings vacated by McCarthy & Stone residents will typically be filled by larger and younger households whose expenditure is unlikely to be less than that of their predecessors.

Resident Spending in a McCarthy & Stone Scheme

To derive an estimate of Income Effect, we look at the additional income brought into an area through the spending profile of McCarthy & Stone residents. Average spend of the study group is based on household expenditure figures from ORB's survey of McCarthy & Stone residents, shown in Table 1.

Table 1: Average weekly McCarthy & Stone household expenditure

	(£), 2003 Prices
Sample No.	1,000
No. of Responses	724
Housing	60.37
Fuel and power	12.67
Food and non-alcoholic drinks	35.62
Alcoholic drink	4.72
Tobacco	1.23
Clothing and footwear	13.02
Household goods	31.62
Household services	14.05
Personal goods and services	9.60
Motoring	22.86
Fares and other travel costs	7.60
Leisure goods	5.33
Leisure services	16.47
Miscellaneous	14.87
Total household expenditure	250.00
Average weekly expenditure per person	203.40

Table 1 shows that the average McCarthy & Stone resident household will spend £250 per week.

We use the weekly spend figure per person to aggregate the spend generated by a typical McCarthy & Stone scheme. Such a scheme is usually located close to a town or local centre for ease of access by elderly residents. The land area coverage of a typical scheme is 0.4 hectares (1 acre), providing around 45 retirement apartments and housing around 55 residents; together with a house manager's apartment. On the basis of these calculations, the typical McCarthy & Stone scheme generates a weekly spend of £11,250 by the residents. In addition, the manager's household expenditure, assuming a two person household, is £485 per week,³⁷ bringing the weekly total to £11,735.

³⁷ Based on ONS Family Expenditure Survey figures for non-retired households with one man and one woman.

Resident Spending from a Conventional Housing Scheme

To assess the additionality of this spend (i.e. the difference from what would have happened in the absence of the McCarthy & Stone scheme), we compare it with the spending generated by a conventional housing scheme on a site of 0.4 hectares. We set out a conventional scheme based on Government guidance to form a benchmark against which the local income benefits of a McCarthy & Stone scheme can be identified.

In its Planning Policy Guidance for Housing (PPG3), 2000, the Government sets out that planning authorities should encourage no fewer than 30 dwellings per hectare for housing developments, and encourage densities of between 30 and 50 dwellings per hectare. Given that most McCarthy & Stone schemes are on the edge of town centres, it is likely that higher densities will be required by the planning authorities. For the counterfactual comparison we therefore take the Government's higher average figure of 50 dwellings per hectare (i.e. 20 dwellings on a site of 0.4 hectares). We assume that each dwelling houses one household of 2.4 people based on the average size of a household in England & Wales (Census 2001).

To estimate the average spending generated in a conventional scheme, we use the information from the Family Expenditure Survey (FES) for the financial year April 2000 to March 2001.³⁸ This estimates an average weekly household expenditure of £390. It ranged from £130 a week in the lowest of the ten income groups to £850 a week in the highest. The average size of household was 2.4 persons, which is consistent with the finding in the 2001 Census.

FES expenditure figures are based on the April 2000 to March 2001 period, while the McCarthy & Stone survey figures are in current prices (i.e. 2003). We therefore factor up the FES results by an annual growth of 2.2 per cent over two years, which is equivalent to the Retail Price Index (RPI) annual rate of change between July 2001 and July 2003. This gives an average household spend in 2003 of £403 (£168 per person).

With a conventional scheme of 20 houses on a typical McCarthy & Stone site, assuming 20 households, this provides a total weekly spend of £8,060, and £420,000 per year. The alternative McCarthy & Stone scheme of 45 apartments, housing around 55 residents and house manager (two person household), is estimated to produce a weekly spend of £11,735 (£610,000 per year).

McCarthy & Stone sites have a myriad of previous uses but we felt it was appropriate to use a conventional housing scheme with the highest level of density for comparison. This is likely to provide the highest local economic benefit of the typical alternative uses on McCarthy & Stone sites. Other typical uses include edge of town centre employment uses such as car showrooms, petrol stations, public houses and sometimes light industry. The benefits to the local economy of these former uses are largely derived through local jobs and these jobs result in some local spend. However, given the low employment density associated with these uses, they are only likely to generate around two to three jobs and very low aggregate spend. Also, the nature of their products (the supply of cars, petrol, etc.) is likely to result in very high to complete leakage of spending on suppliers.

McCarthy & Stone Resident Spending v. Counterfactual Spending

A typical lifetime of a new housing scheme is commonly estimated at 60 years for accounting purposes. To assess the total impact in terms of spending we multiply the spending over the lifetime of a housing scheme in Table 2, and then adjust this to present values. Present value measures the value of a future pound (i.e. the benefits) set by a discount rate. Without discounting, the assessment process is distorted. As we do not know the future value of a pound today we rely on the annual discount rate of 3.5 per cent set by the Government in its Green Book (the Government's set Guidance for Economic Appraisal of development projects).

³⁸The FES is a survey of a random sample of private households in the United Kingdom carried out by the Office for National Statistics (ONS). It provides a wealth of information about household expenditure and household income. In 2000-01 6,637 households took part in the FES. The response rate was 59% in Great Britain and 56% in Northern Ireland.

Table 2: Additionality of Spending over the Lifetime of a MS Scheme (£)

	MS Scheme (A)	Conventional Scheme (B)	Additionality (A-B)
Annual spending of residents	610,300	420,000	190,300
Spending over lifetime of scheme	36,616,600	25,200,000	11,416,600
Present value of spending over lifetime of scheme	15,757,000	10,844,00	4,913,000

As illustrated in Table 2, the total present value of additional spending over the lifetime of a McCarthy & Stone scheme is likely to be around £5 million above the counterfactual, conventional housing scheme.

Quantifying Local Economic Benefits

The local income impact derives from two sources:

- Resident spending – spending by residents to the benefit of the local economy.
- Induced effects – the multiplier effect of successive rounds of expenditure. This depends on assumptions about leakage from the local area, taxation rates and the propensity to consume.

Local benefit is secured through reducing the level of leakage associated with the goods and commodities on which residents spend their money. Leakage is the proportion of spending which benefits those outside of the study area. In other words, we want to know how much of a McCarthy & Stone resident's spending is spent in the local area and not outside.

To estimate the local benefit of a McCarthy & Stone scheme against a conventional scheme we firstly look at the breakdown of the weekly spend by commodity and service types to establish how much might be retained in the local economy. We disaggregate spending by the FES classification, shown in Table 3, and judge the level of local leakage associated with each commodity/ service. We base this on differing levels of leakage³⁹ in calculating economic impact of expenditure within a typical local authority area. We consider that defining the local economy in terms of the local authority area is appropriate in this case.

³⁹ English Partnerships, *Additionally: A Full Guide* (July 2002)

