



Keeping control of our lives

Mutual Retirement Housing for older people

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1 Executive summary

Britain is an ageing society. Due to improved health services and better diet, we are all living longer. The number of pensioners now exceeds the number of young people under 18 yrs. At the same time, the birth rate is still comparatively low. This means that over time the proportion of older people is likely to grow. Some of us may need to move into residential care for health reasons. But most of us will continue to live in our own homes all our lives. However many will choose to sell their existing houses and buy something more manageable. Private sector companies like McCarthy & Stone and Pegasus Retirement Homes offer well designed retirement housing. This paper argues that we should provide mutual alternatives to the private sector provision.

What is Mutuality? Mutual organisations are not-for profit bodies owned and run by their members. In the UK, the mutual sector has been in existence since the 18th century. The sector includes very large organisations like the retail co-operative societies, building societies, mutual insurers and friendly societies but also small organisations like allotment societies, credit unions and working men's clubs. About 23 million people in the UK belong to Mutuals and the total assets exceed £476 billion.

Mutual organisations are not-for profit bodies owned and run by their members.

Mutuals are about self-help, democracy, social responsibility and caring for one another. These values are as relevant today as they ever were. They are particularly relevant to the needs of older people today. That's what Mutual Retirement Housing is about. It would provide suitable housing for older people which is owned and managed by the residents themselves.

In the UK today, most older people are owner-occupiers: 73% in urban areas rising to 81% in the countryside. As we get older our housing needs change but at present the availability of housing that meets these needs is very limited. The physical design of our homes is often no longer fit for purpose i.e. too many stairs, expensive to heat etc. They may be up a steep hill or far from amenities. Reduced mobility may be a problem bringing with it issues related to isolation and lack of socialization. For people living on their own, loneliness can also be a big problem; they may go for days without speaking to anybody. The problem may be exacerbated if they are frail or have mental health problems. Transport issues can also become more pressing if they do not drive. In many seaside and rural areas, the social services are already severely over-stretched. Dealing with builders, plumbers and the utility companies can become an intolerable burden.

Mutual Retirement Housing removes these worries and provides residents with a better quality of life. It ensures that everyone would have an equal say in how the place is managed. But equally everyone would have their own front door key and be able to enjoy their own company when they want to. Experience in existing co-operative housing schemes with elderly residents has shown that residents tend to look out for each and provide companionship for those who feel in need of it.

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The process of being involved with the management of the scheme often bolsters self confidence and reduces dependency. There should also be financial advantages too. Resident management should also ensure that running costs and service charges are kept to a minimum

How will Mutual Retirement Housing work?

The three models of retirement housing proposed in this paper involve;

- ❖ A modified form of commonhold
- ❖ A modified form of mutual home ownership
- ❖ Right to Manage schemes.

- ❖ Commonhold schemes

With Commonhold schemes everyone owns their own flat but jointly own the common parts and the land on which the building stands. They form a commonhold association which is a mutual organisation which co-operatively manages the common parts of the property i.e. the block structure, roads and lighting, car parks, lifts etc. Commonhold would be suitable for those retirees who are able to purchase their interest in full from the outset

- ❖ Mutual Home Ownership schemes

With Mutual Home Ownership schemes the flats are built by a fully mutual housing co-op on land leased from a community land trust. All tenants would be members of the mutual home ownership society. These schemes are suitable for people who can't afford to buy but are not eligible for social housing due to their income or assets. Public funding would be needed to set them up either in the form of grant aid or the gift of surplus public land to the community land trust or both.

But there are also many older owner-occupiers on low incomes currently living in non-decent housing. Often they cannot afford to bring their homes up to good standard of repair. They can be described as asset rich and income poor. The mutual home ownership model would be particularly suitable for retirees who have substantial assets but not enough for outright purchase. It would also be suitable for wealthier retirees who wish to use some of their capital as equity release.

- ❖ Right to Manage schemes

With Right to Manage schemes the owner-occupier leaseholders join together and manage their own block. However, these are management-only schemes. Ownership of the common parts remains with their landlord who is often on the Board. The legal basis of Right to Manage schemes is the Commonhold and Leasehold Reform Act 2002 Part 2.

Financial arrangements.

- Commonhold schemes need no public subsidy. The land and buildings are paid for by the residents when they sell their existing homes. Short term bridging loans or start up finance might be required but this need not necessarily involve the public purse.
- With Mutual Home Ownership, the land is provided free by the Community Land Trust. The housing co-op would raise its money through a group mortgage which should reduce costs substantially. Taking the land costs out of the equation means that the rents and mortgage re-payments will be substantially less. Services charges should also be lower as a result of resident-led management and scrutiny.
- Right to Manage Schemes are comparatively cheap to set up as the land, the building and its common parts remain the property of the landlord. The residents already own the lease of their individual flats. So the main costs of conversion would be the legal and survey fees. These could be costly in some instances. There could be staff costs as well.

To many older people inheritance is an issue. Will they be able to leave their assets to their children? All the models enable people to protect the full value of their assets.

Despite current market conditions, housing remains a tangible asset which can be used as a security for future borrowing. One source of finance could be City institutions like pension funds seeking long term returns. New housing investment vehicles like Real Estate Investment Trusts could also be suitable for this application.

Recommendations

- ❖ That the government set up a unit to promote Mutual Retirement Housing which would provide information on alternative legal forms, model rules and pump-priming funds to help these organisations to get off the ground. Small scale pilot schemes should be encouraged.
- ❖ Amend the Commonhold and Leasehold Reform Act 2002 to remove the unanimity requirements.
- ❖ Amend the Commonhold and Leasehold Reform Act 2002 to allow commonhold associations to lease land.
- ❖ Amend the Leasehold Reform Act of 1967 to exclude all homes built on land owned by community land trusts from the leasehold enfranchisement provisions of that Act.
- ❖ That the government make available surplus land to be used for Mutual Retirement Housing. In the case of new build commonhold schemes, the land should be made available at open market prices. In the case of mutual home ownership schemes, the land should be provided at a sub-market price.

2 Our Ageing Society

2.1 Britain is growing older

We are all growing older. Britain is growing older. Like most advanced countries, Britain has an ageing population as we are all living much longer. Better health facilities, housing and diet have all contributed to this increased longevity. The number of pensioners now exceeds the number of young people under 18 yrs. The number of people over 65 is likely to increase by 76% over the next thirty years. Amongst the old-old, i.e. those over 75yrs, the growth is likely to be even more marked; more than double. Older households where the main householder is over 65 will make up about half the household growth by 2026.

Another factor is the life expectations of the so-called 'baby boomers' i.e. people born between 1948 and 1960. The first 'baby boomers' have already passed retirement age and those born in 1960 will reach retirement around 2020. This means that, over time, the proportion of older people living in this country is likely to grow even more.

Some of us may need to move into residential care for health reasons. But most of us will continue to live in our own homes all our lives. However many will choose to sell their existing houses and buy something more manageable. Private sector companies like McCarthy & Stone and Pegasus Retirement Homes offer well designed retirement housing. This paper argues that we should provide mutual alternatives to the private sector provision.

2.2 Ownership and assets

Most older people are owner-occupiers. At the moment, about 73% of older people in urban areas own their own home. In rural areas, it is even higher at 81+%. If present trends continue both numbers are likely to rise substantially. As we get older, our housing needs change but at present the provision of housing available to meet these needs is very limited and tends to be in the social care sector. Amongst policy makers, there has been a tendency to regard owner-occupiers as relatively affluent and not in need of support. That is generally true and the income gap between the wealthiest retirees and those on low incomes appears to be growing. However a large number of older owner-occupiers still live in non-decent housing. Making the necessary improvements has been very difficult as the funds available to owner-occupiers remain very limited. English House Condition Surveys have shown that about 40% of private sector vulnerable households are owner-occupiers living in non-decent homes. About 60% of these have £120k or more equity in their homes. They are truly 'asset rich and income poor'.

2.3 Staying put

Most of us do not have much contact with the statutory social services throughout our lives including when we get very old. This is partly for cultural reasons in that many of us retain a very strong wish to remain independent and that many of us may also see the social services as a threat to our settled way of life. Above all, a very high proportion of older people, whatever tenure they hold, wish to remain in their own homes unless it becomes impossible for them to do so for medical reasons. However staying in their own homes does not necessarily mean staying in their existing home. Many people move to what they regard as more suitable homes when they retire i.e. bungalows, seaside or country homes etc. These can bring problems too. What is suitable for a young old couple in their fifties may not be suitable in later life.

3 The householder as a consumer

The attitudes of people who are now approaching retirement are in many ways significantly different from their parents and grandparents. They are not prepared to accept the paternalistic attitudes of policy makers in the way that their forebears were. Too often in the past, older people often felt that they should be grateful for their lot. They should know their place, not complain or be too demanding. Fortunately these deferential attitudes no longer prevail nor should the patronizing attitudes that generated them.

Most people retiring today have spent most of their adult lives in a period of unprecedented national prosperity, peace and stability. The quality of life that they have enjoyed was only something that previous generations could dream of. Long periods of low unemployment and increased legal protection in the workplace have given most people a much greater feeling of self-confidence than was the case hitherto.

In former times, the idea that ordinary people had rights was given short shrift. This is no longer acceptable today. The attitudes of most people who are 60+yrs reflect this.

Their approach to life tends to be more consumerist. They know their rights and they expect those in authority to respect them; or else!! All this is to be welcomed but it does mean that policy-makers must tread more carefully. They must avoid making assumptions and consult potential clients at all times. They must respect the wishes of their clients and if solutions are to be sustainable people must have a real say. Ideally older people should be involved in the design and planning of any new development from its inception.

4 Mutual Alternatives to Owner-occupation

4.1 What is Mutuality?

Mutual organisations are not-for profit bodies owned and run by their members. In the UK, the mutual sector has been in existence since the 18th century. The sector includes very large organisations like the retail co-operative societies, building societies, mutual insurers and friendly societies but also small organisations like allotment societies, credit unions and working men's clubs. About 23 million people in the UK belong to Mutuals and the total assets exceed £476 billion. Mutuals are about self-help, democracy, social responsibility and caring for one another. These values are as relevant today as they ever were. They are particularly relevant to the needs of older people today. That's what Mutual Retirement Housing is about. It would provide suitable housing which is owned and managed by older people themselves

4.2 Owner-occupation and its problems for the elderly

In the housing field, the popular view is that the best way to ensure one's independence and decide one's own lifestyle is to be an owner occupier. That's true provided one can afford it and that one can cope with all the unexpected burdens that owner-occupation can bring. Being independent and being self reliant is very important. But as we get older our housing needs change. The physical design of our homes is often no longer fit for purpose i.e. too many stairs, expensive to heat etc. They may be up a steep hill or far from amenities. Reduced mobility may also bring problems related to isolation and lack of socialization. For people living on their own, loneliness can also be a big problem; they may go for days without speaking to anybody. The problem may be exacerbated if they are frail or have mental health problems. Transport issues can also become more pressing if they do not drive. In many seaside and rural areas, the social services are already severely over-stretched. Dealing with builders, plumbers and the utility companies can become an intolerable burden.

The idea of Mutual Retirement Housing is to remove these worries and provide residents with a better quality of life. As the schemes will be co-operatively managed, everyone will have an equal say in the decision-making process. But equally everyone will have their own front door key and be able to enjoy their own company when they want to. Experience in existing co-operative housing schemes with elderly residents has shown that residents tend to look out for each other and provide companionship for those who feel in need of it. Participating in the process of self management often bolsters self confidence and reduces dependency. There should be financial advantages too. Resident management should also ensure that running costs and service charges are kept to a minimum. That is why many people today are now prepared to look at new ways to share living space in co-housing, co-operative or mutual housing schemes. This approach is endorsed in the government policy paper

‘Lifetime Homes, Lifetime Neighbourhoods’ which forms the basis of a National Strategy of Housing in an Ageing Society

4.3 Living in a community

Sharing a living space with others means the acceptance of living in a community but it does not mean losing one's independence or privacy. At each end of the age spectrum, people seem to be more prepared to accept living as part of a group than they are when they reach their middle years. When we are young, we have no choice. We have to go to school and conform to the rules laid down by those in charge. We may not like it but most people conform to a greater or lesser degree. When we leave school, most people want to be independent and choose their own lifestyles. But even then, it is quite common for students and other young people to share flats or housing. It is when we reach our mid twenties or early thirties that the need to have a place of one's own seems to be felt more strongly. As we approach old age, most of us realise that we can't be quite as independent as we would like to be and are prepared to accept help from younger relatives, informal carers and neighbours. However, we all need to have our own front door key and be able to enjoy our own company when we want too.

4.4 Keeping control of our lives

Keeping control of our lives is very important. It's more than just having a say. It is knowing that we (with others) can have a direct influence on our life styles. In many residential care facilities, nursing homes and private sector retirement housing schemes, tenants and leaseholders are often invited to participate in consultation exercises, focus groups and the like. Whilst in most cases these exercises are genuine and well meant, that's usually as far as it goes. The tenants and leaseholders have no power to enforce their wishes. They propose but it's their landlord who disposes. That is where mutual organisations are different. They are owned by their members and are democratically controlled by them. What many older people would like is accommodation which is easier to manage and situated in an area where they want to live. They also want to retain a degree of control over their living environment.

5 How Mutual Retirement Housing schemes would work

5.1 The three models of retirement housing are proposed in this paper;-

- ❖ A modified form of commonhold
- ❖ A modified form of mutual home ownership
- ❖ Right to Manage schemes.

- ❖ Commonhold schemes

With Commonhold schemes everyone owns their own flat but jointly own the common parts and the land on which the building stands. They form a commonhold association which is a mutual organisation which co-operatively manages the common parts of the property i.e. the block structure, roads and lighting, car parks, lifts etc. Commonhold would be suitable for those retirees who are able to purchase their interest in full from the outset

❖ Mutual Home Ownership schemes

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But there are also many older owner-occupiers on low incomes currently living in non-decent housing. Often they cannot afford to bring their homes up to good standard of repair. They can be described as asset rich and income poor. The mutual home ownership model would be particularly suitable for retirees who have substantial assets but not enough for outright purchase. It would also be suitable for wealthier retirees who wish to use some of their capital as equity release.

❖ Right to Manage schemes

With Right to Manage schemes the owner-occupier leaseholders join together and manage their own block. However, these are management-only schemes. Ownership of the common parts remains with their landlord who is often on the Board. The legal basis of Right to Manage schemes is the Commonhold and Leasehold Reform Act 2002 Part 2.

5.2 Changes in legislation

The legislative framework for both the Commonhold and mutual home ownership models will need to be adapted if they are to be used for providing Mutual Retirement Housing. The existing Commonhold legislation is very rigid and inflexible so is only likely to be used for new-build schemes; hence the low take up of the model since its introduction in 2002. Also until the existing legislation is liberalised, it is unlikely that many existing leasehold schemes will convert to the new tenure. The most pressing change to the Commonhold and Leasehold Reform Act 2002 which is needed is the removal of the unanimity rules for conversion i.e. there has to be 100% agreement amongst leaseholders before conversion can take place. At the moment, Commonhold associations may only hold land freehold but it would be useful if Commonhold associations were permitted to own land on a leasehold basis.

With mutual home ownership, the retirement housing is built on land owned by a community land trust. This land will have been acquired by the trust for the benefit of the community either free or for a low charge from the state or a private landowner. The biggest hurdle with community land trusts arises from the fact that existing legislation gives the individual residents of the housing built on them individual rights of leasehold enfranchisement. The law gives leaseholders with leases over 21 years in duration the right to acquire the freehold of their property. Thus it may be difficult to persuade local authorities and others to donate valuable land to a community land trust if they fear that the land could be sold on the open market at a later date for a substantial capital gain to a third party. The solution is for the law to be changed to exclude all homes built on land owned by community land trusts from the leasehold enfranchisement provision of the Leasehold Reform Act 1967. In the meantime, only short leases can be offered to residents which is administratively very cumbersome.

5.3 Individual leases

There would have to be special provisions in the residents' leases in both cases if the schemes are to provide retirement housing in perpetuity. There would need to be a provision in the leases to endure that any new occupant is also an older person thereby keeping the age range unchanged otherwise the properties could end up as conventional general housing. This is common practice amongst the larger housing associations which build retirement housing for sale. With some private sector suppliers leases are sometimes not available to people with health problems. This seems unduly restrictive. The guiding principle should be that the potential purchaser should be regarded by the same criteria as an owner-occupier purchasing a property in the open market. The corollary of this is that the purchaser should understand that Mutual Retirement Housing is not sheltered housing.

If mutual schemes are to be sustainable in perpetuity it is important that there should be no external shareholders. The co-partnership housing schemes piloted by the Garden City movement in places such as Letchworth, Hampstead Garden Suburb etc in the early part of the twentieth century are a warning from history. Over time, the external shareholders were bought out by property development companies who in turn bought out individual leaseholders. Few of the schemes survived.

6 Location and design of buildings

6.1 Suitable locations

Mutual Retirement Housing should only be built where older people want to live and should take account of their special requirements. Surveys suggest that older people want to live in safe, quiet neighbourhoods. Small dedicated estates mixed in with general housing are preferable to large retirement villages. It is important that retirement housing should be part of the wider community and does not become a geriatric ghetto cut off from everything else. The housing should be near to public transport and local shopping facilities and other amenities such as parks and open spaces. Our aim as co-operators should also be to promote positive inter-generational relationships. Both the very young and the very old often find that they have much in common. Thus links with local schools and community centres are crucial from the outset. We should aim to create Lifetime Homes in Lifetime Communities.

6.2 Lifetime Homes design

The housing should be designed with people growing older in mind and should meet the needs of the various ages of the residents by providing secure and good quality accommodation. At a minimum, the properties should have two bedrooms so that children and grandchildren can come to stay. The living rooms should be big enough to accommodate existing furniture and treasured possessions acquired over a lifetime. Ample storage space should also be available. Small gardens should be provided where possible.

If the housing is built to the 'Lifetime Homes - Lifetime Neighbourhoods' standards, then it will have all the facilities that new care homes have i.e. wheelchair access, bathrooms that can be changed to wet rooms, rapid access to the toilet for those suffering from incontinence, high level accessible power points, the provision of grab rails etc. Also showers and walk-in baths could be provided on request. In the case of houses, a downstairs toilet should be provided.

The design should include the capacity to add aids and adaptations at a later date. Step-free access is essential and there should be a generous provision of lifts. The flats should achieve high thermal efficiency by using modern building materials. The use of double glazing and high performance insulating materials should ensure that the flats are warm, comfortable and cheap to heat. Combined heat and power arrangements or district heating schemes could also be considered for larger sites

6.3 Common facilities create a sense of community

Where possible, common facilities should be provided. These could include a communal launderette, a common room and a common kitchen. The latter can be used to create a sense of community. The co-housing schemes which are popular in Germany and Scandinavia are an example of good practice in this area.

6.4 The advantages of self management

The big drawback with conventional retirement housing is that the residents have little or no control of the management of their homes other than internal decoration. Service charges can also be a very big problem. As can the quality of management. Here the co-operative and mutual housing sectors can have a role to play. Residents would be able manage the properties themselves and thereby keep costs to a minimum. Experience has shown in existing co-operative housing for the older people that being involved with the management enhances the residents' general feelings of well-being and sense of worth. It enhances self confidence. It can reduce depression and reduce the incidence of mental health problems.

6.5 Loneliness and social exclusion

Loneliness and social isolation can become a major problem for older people. Many older people may spend days without talking to anybody other than the TV and the cat. There's no-one around to do the little handy-man type jobs or provide simple companionship. Bereavement is a major cause of loneliness. Whilst each of us has to cope with the loss of a partner in our own way, a bit of company can help a lot. Here purpose-built retirement flats could have a role; there's always somebody about if you feel in need of company.

6.6 Mutual domiciliary care

These design features would reduce the need for residential care and reduce delayed discharge from hospitals. All that would be needed in many cases would be peripatetic domiciliary care - preferably from a multi-stakeholder care co-operative. Ideally, this should enable many disabled persons to stay in their homes as long as possible which is what most people want. By building the flats to these standards means that the residents are in effect already creating their own 'care-ready' homes.

6.7 Diversity issues

The older population is becoming increasingly diverse, with more older men, older people from black and minority ethnic groups and older lesbians and gays, each with their own special needs and social mores. As far as older single men are concerned, it is probably true to say that they are the least well provided for. In the case of BAME communities, some housing organisations do provide housing aimed directly at ethnic minorities such as Asian elders. Others cater for the Afro-Caribbean communities. These all raise ethical and human rights issues about integration and social exclusion. These are beyond the scope of this short paper. Dealing with disability is likely to be a major issue too as the numbers of older disabled people in England will rise from 2.3 million in 2002 to 4.6 million by 2041 i.e. double. To some extent these issues will be mitigated by the need to design Mutual Retirement Housing to cater for the elderly many of whom are not officially regarded as disabled but share many of the problems with those who are.

7 Setting up Mutual Retirement Housing Schemes

7.1 Actions by individuals

Mutual Retirement Housing societies would be membership based organisations. So the first step would be to create an action group of potential members by advertising in the local press or by using existing organisations like local housing co-ops, retail co-ops, housing associations or community groups to bring likeminded people together. The next step would be for these people to form a residents' society with its own elected Shadow Board of founder members. This would deal with the statutory authorities, building contractors, land owners and lenders. Once the building is complete, the Shadow Board would select the residents. Then the Shadow Board would organize elections to the Board of Management. The Shadow Board would then be dissolved and the Board of Management would run the society from then on. The preferred legal form would be an industrial and provident society i.e. a co-op.

7.2 Actions by Government

In order to facilitate this, the government should set up a unit to actively promote Mutual Retirement Housing which would provide information on alternative legal forms, model rules and pump-priming funds to help these organisations to get off the ground. As far as the provision of surplus government land to mutual retirement schemes is concerned, these could be drawn from the existing disposal arrangements. In the case of new-build commonhold schemes the land could be made available at open market prices. In the case of mutual home ownership schemes, the land could be provided at a sub-market price.

7.3 Creating a market for Retirement Housing

In a recent Report by Demos called Top of the Ladder [September 2013], the author Claudia Wood stated that the undersupply of appropriate housing for older people is likely to be the UK's next housing crisis. Whilst public attention is focussed on the plight of younger people unable to get on the housing ladder, policy makers have ignored those at the top who are often trapped in homes that are too big or unmanageable. This is mainly due to the lack of unsuitable homes to downsize to. This in turn affects the rest of the housing chain.

Demos investigated what older persons' preferences were. It estimates that if all those interested in buying retirement property were able to do so about 3.5 million older people would be able to move freeing up about 3.29 million properties with all the consequential benefits to the wellbeing of those concerned. It recommended that Government should make changes to the planning code to encourage the development of retirement housing and also provide practical help and financial incentive to

encourage downsizing. Local authorities could help too by including the housing for older people in the brief of local wellbeing committees

Looking further afield, In Sweden, variants of mutual home ownership and commonhold already exist and have done so for many years. In Malmo, for example, one can see advertisements in estate agents windows for the sale of leases in mutually owned properties which are traded on the open market. This would certainly be applicable to Mutual Retirement Housing societies which use the commonhold form of tenure. As far as mutual home ownership schemes are concerned, local estate agents could assist in the marketing of vacant flats.

8 Finance.

- Commonhold schemes need no public subsidy. The land and buildings are paid for by the residents when they sell their existing homes. Short term bridging loans or start up finance might be required but this need not necessarily involve the public purse.
- With Mutual Home Ownership, the land is provided free by the Community Land Trust. The housing co-op would raise its money through a group mortgage which should reduce costs substantially. Taking the land costs out of the equation means that the rents and mortgage re-payments will be substantially less. Services charges should also be lower as a result of resident-led management and scrutiny.
- Right to Manage Schemes are comparatively cheap to set up as the land, the building and its common parts remain the property of the landlord. The residents already own the lease of their individual flats. So the main costs of conversion would be the legal and survey fees. These could be costly in some instances. There could be staff costs as well.

To many older people inheritance is an issue. Will they be able to leave their assets to their children? All the models enable people to protect the full value of their assets. Despite current market conditions, housing remains a tangible asset which can be used as a security for future borrowing. One source of finance could be City institutions like pension funds seeking long term returns. New housing investment vehicles like Real Estate Investment Trusts could also be suitable for this application.

9 Benefit to the general public

The paper gives a brief overview of the case for the establishment of Mutual Retirement Housing schemes. It has concentrated on the needs of retirees and the benefits that Mutual Retirement Housing would bring to them and their families. However there are considerable benefits for the public at large in this too. Mutual Retirement Housing schemes would increase the nation's housing stock without the need for public expenditure; it would be funded partly by the retirees themselves out of the capital raised by the sale of their homes and partly from loans from private institutions. From a housing point of view, it could release much needed family sized homes onto the market as empty nesters sell up and downsize their accommodation to more suitable sizes. By addressing the issues of loneliness and lack of socialization amongst the elderly, it could help to reduce the incidence of avoidable illnesses like depression and the onset of mild dementia. This could help to keep people healthier longer and to be able to enjoy the benefits of independent living. Dependency on the social services and the National Health Service would be reduced. But equally importantly, it should increase their feelings of general well being and happiness.

10 Overseas examples of Mutual Retirement Housing

In most cases in the UK, co-operative housing takes the form of social housing. But that is not the case overseas where co-operative forms of housing exist to provide for people who are not in need of support by the state or charitable organisations.

10.1 United States

In the United States there are condominiums in places like Florida where many people spend their retirement. Many condominiums are organized as mutual companies. In these cases, people individually own their own properties but jointly own or lease the land and common parts. Every householder has one share in the managing company which will have an elected board of management. This board may decide to manage the properties themselves or it may decide to subcontract the work to a private specialist contractor. Thus they are able to control the maintenance costs and the service charges. Either way the residents have the last word.

10.2 Scandinavia, the Netherlands and Germany

In Scandinavia, the Netherlands and Germany the co-housing model is often employed. These schemes are similar to the condominium model except that they also have a community-building element built in. This can be in the form of a common house where residents regularly join together to have a meal which they prepare themselves.

There is often a programme of social and education activities as well. These are intended to create a strong community feeling amongst the residents many of whom will be single either through choice or circumstance. This is a niche market and may only have limited application in the United Kingdom.

11 Retirement housing for sale; - Some existing UK providers

Not for profit organisations:-

Guardian Retirement Housing (part of Anchor Trust)

Hanover Housing Association

Housing 21 Housing Association

Joseph Rowntree Housing Trust

Retirement Lease Housing Association

Other housing associations and charities

Private sector providers:-

Retirement Security Ltd

McCarthy and Stone Ltd

Pegasus Retirement Homes Ltd

Bovis Ltd

David Wilson Homes Ltd (Barratts)

Numerous small local builders and developers

Sources and suggested further reading

Top of the Ladder

Claudia Wood - Demos 2013

New Foundations . Unlocking the potential for affordable homes.

Co-operative Party . David Rodgers

Common Ground . for Mutual Home Ownership

New Economics Foundation and CDS Co-operatives

Community Land Trusts - A Practitioners Guide

Dayson, Bendle and Paterson

HAPPI Report

DCLG foreword by Lord Best

HAPPi 2 Implementation Plan

DCLG foreword by Lord Best

Delivering housing for an ageing population

Housing and Older People Development Group (HopDev)

Housing Associations; Rising to the challenge of an ageing society

National Housing Federation

Co-partnership Housing and the Garden City Movement

Johnson Birchall

Redefining the Commons

Building and Social Housing Foundation

Practice Guide No 27 [leasehold legislation]

Land Registry

Appendix 1 Glossary of terms

BAME Communities

Members of the black, Asian and minority ethnic communities.

Combined heat and power and district heating systems

Combined Heat and Power (CHP) is the simultaneous generation of useable heat and power (usually electricity) in a single process. CHP is a highly efficient way to use both fossil and renewable fuels and can therefore make a significant contribution to the UK's sustainable energy goals, bringing environmental, economic, and social and energy security benefits. There are some district heating systems in this country but they are not widely adopted in the UK. In contrast district heating systems are very common in Scandinavia particularly Denmark which is a market leader in this sector.

Co-housing

With co-housing schemes, the residents may be owner-occupiers, shared owners or tenants of the co-housing society. The common parts of the estate will be owned and managed by the co-housing society which will also own some of the properties i.e. those available for rent. In most cases there will also be a common house which will provide community, recreational facilities and a common dining facility which also enables residents to prepare common meals. The primary purpose of the society is community building. Whilst popular in continental Europe and North America, the model has not been widely adopted in the UK.

Commonhold

Commonhold is a relatively new kind of tenure for the UK. Residents individually own their own properties. The common parts of the estate including the land are jointly owned and managed by the residents through a commonhold association. All leaseholders are members of the commonhold association. There are no external share-holders. (See Commonhold and Leasehold Reform Act 2002).

Community land trusts

Community Land Trusts are organizations which are set up by local communities to acquire and hold land in perpetuity for the benefit of their community. They remove land permanently from the open market thereby eliminating speculation. Democratically

controlled, they operate on a not-for profit basis to provide land for affordable housing, community facilities, open spaces and the creation of local employment.

Condominium

Condominium is a North American form of housing where residents own their own apartment but jointly own the common parts. They form a condominium association which manages the site or subcontracts it to a managing agent. The concept is similar in some respects to the commonhold form of tenure in the UK.

Co-ownership

In co-ownership schemes, residents are members of a co-housing society which owns and manages the property. Co-ownership schemes are full equity sharing co-ops; every tenant has one vote. When people leave they are usually entitled to a share in the rise in the value of their accommodation that has occurred during their stay. There are usually qualifying conditions like length of tenure.

Co-partnership

This is an obsolescent form of mutual housing which was popular in the early part of the twentieth century particularly within the Garden City movement in places like Hampstead Garden Suburb, Letchworth etc. The model proved to lack sustainability and few if any co-partnership schemes have survived. The fatal flaw was that the model allowed for external shareholders. In time the external shares were bought up by property developers who then bought out the owner-occupiers. The co-partnership societies were then wound up and the properties became part of the general housing market.

Industrial and provident society

There are two types of industrial and provident society; the bona fide co-operative society and the society for the benefit of the community. The co-operative form is the normal legal vehicle for co-operative enterprises i.e. consumer, housing, agricultural, credit unions and working men's clubs

The society for the benefit of the community is often used by the voluntary and community sector e.g. housing associations, community transport groups, football supporters' trusts, sports clubs and allotment societies (See Co-ops UK www.uk.coop)

Leasehold enfranchisement

Leasehold enfranchisement enables residential lessees individually or collectively to acquire the freehold of their property. This is a complex legal area. The principle relevant legislation is;

- ❖ Leasehold Reform Act 1967
- ❖ Leasehold Reform, Housing and Urban Development Act 1993
- ❖ Commonhold and Leasehold Reform Act 2002

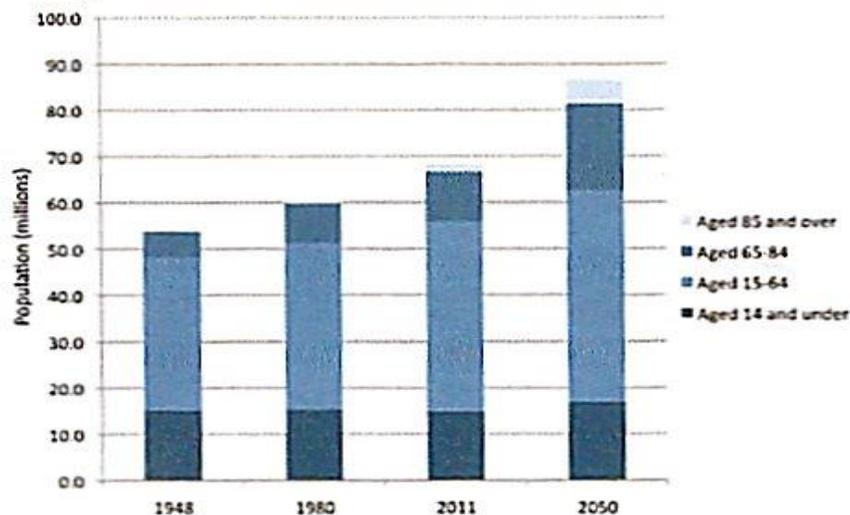
Appendix 2 Demographic overview

Population Trends

Britain, like most advanced countries, has an ageing population as people are living much longer. Better health facilities, housing and diet have all contributed to this increased longevity. This is particularly marked in the life expectancy of the so-called baby boomers, i.e. people born between 1948 and 1960. The first baby boomers have already passed retirement age and those born in 1960 will reach retirement around 2020. Due to post-war prosperity and the effects of the introduction of the NHS, they will generally reach retirement in better health than previous generations did. That's why they're living longer.

Population ageing

(Source: ONS data)



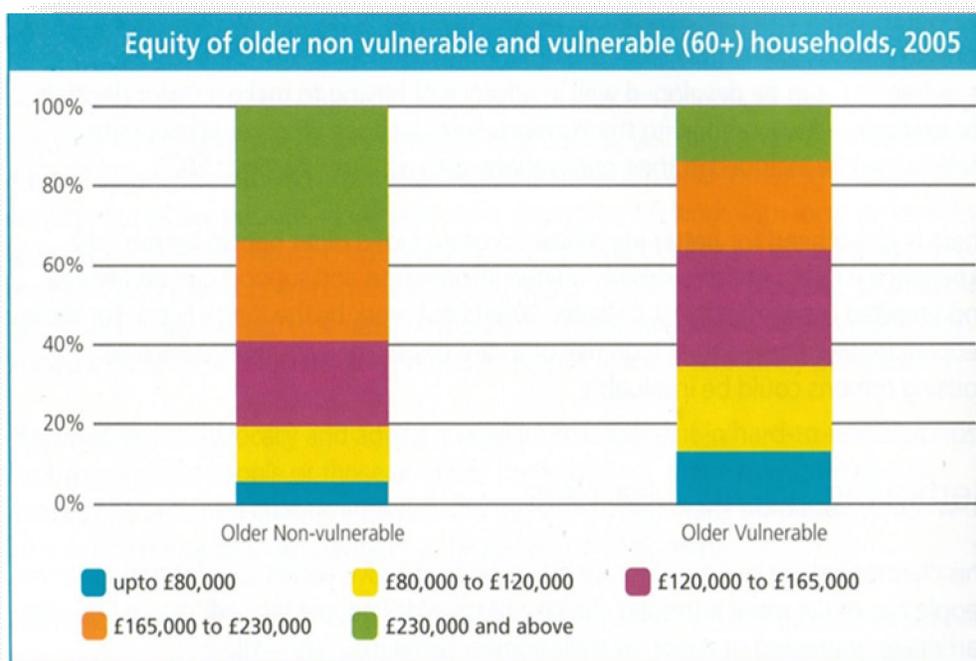
The Office of National Statistics projects the number of pensioners over 65 is likely increase by 54% between 2016 and 2036. Amongst the old-old, i.e. those over 85yrs, the growth is likely to be even more marked;-about 150%. It has been predicted that older households where the main householder is over 65, will make up about half the household growth by 2026. By that time, there will be about 2 million more older households in England than there are today.

A further factor is that the number of households will increase at an even faster rate; even more than the growth of the population. This is in part due to a change in lifestyle patterns and social mores. Like the general population, many more older people live alone sometimes by choice and sometimes through circumstances.

The overwhelming proportion of retirees will be owner-occupiers. The level of owner-occupation of those over 60 years is already substantially higher than the general population. Whilst there are regional variations, the average figure for the UK as a whole is about 73% for urban areas and up to 81% in rural areas.

Equity Distribution; older owner occupiers in non-decent homes

About 40% of private sector vulnerable households are owner-occupiers living in non-decent homes. However they have substantial equity locked into their homes. They are truly asset rich and income poor. The chart below shows the situation in 2005. Since then the market value of their homes has risen substantially. In the last 5 years alone house market have increased by at least 20%



Lifet

Home Homes, Lifetime Neighbourhoods

In London and the South East, new purpose-built retirement housing currently costs between £288K and £350K for a one bed-roomed flat and between £458K and £490K for a two bed-roomed flat. In both areas property prices are higher than in the rest of the UK so suitable scaling factors would need to be applied for other parts of the country. But the resale price of non-decent housing will also be lower too. It can be seen from the above charts that a substantial number of older owner-occupiers in non-decent homes would not be able to buy. For them, the mutual home ownership form of Mutual Retirement Housing would be very attractive.

Appendix 3 Financial advantages of mutual forms of ownership in housing

Three kinds of mutual ownership are dealt with in this appendix namely;-

- Mutual Home Ownership schemes
- Commonhold and Right to Manage schemes

1.0 Mutual Home Ownership

This section seeks to show the advantage to a person of modest means in being a member of a Mutual Home Ownership scheme. The type of mutual homeownership scheme illustrated here would consist of a two bed-roomed flat in a block of flats built and managed by a co-operative housing society; the land on which the block stands would be provided by a community land trust at a peppercorn rent or for free.

In order to give a contemporary example, a hypothetical flat situated in the South Midlands has been chosen to illustrate the possible savings. This area is outside the inflated metropolitan housing market, it is assumed that the value of the land generally is about 50% of the market value of the property. It is probably typical of Middle England.

With MHO schemes the rent and service charges should not exceed 35% of the residents' income.

South Midlands salaries in May 2014

Average Salary by Job

Job	Salary	35% of Salary	Monthly payments
Teaching Assistant	£10,399	£3639	£303.35
Office Administrator	£15,893	£5562	£463.54
Personal Assistant	£22,760	£7966	£663.40
Office Manager	£25,800	£9030	£755.2
Account Manager	£27,282	£9548	£795.72
Software Engineer	£29,800	£10430	£869.2
IT Manager	£32,556	£11395	£949.55

Annual Survey of Hours and Earnings 2013

Comparative costs of owner occupation/market renting with MHO

Owner occupation/market/ renting

Typical cost of a two bed-roomed flat in May 2014 = £120,000

Market rent = £750 monthly

service charges 5% =£38 monthly

Total = £788

Mortgage for outright purchase on shared

Ownership basis over 25 years = £649.74 monthly

Mortgage deposit = £12,000

Mutual Home Ownership

Mortgage deposit required = Nil

Residents' monthly payments depend on income

Open market rent of flat = £788 per month

Potential savings with MHO= 788 . 35% of monthly salary

Job	Salary	Monthly payments	Savings
Teaching Assistant	£10,399	£303.35	+£485
Office Administrator	£15,893	£463.54	+£325
Personal Assistant	£22,760	£663.40	+£124.60
Office Manager	£25,800	£755.2	+£33
Account Manager	£27,282	£795.72	- £7.72
Software Engineer	£29,800	£869.2	- £80.2
IT Manager	£32,556	£949.55	-£161.55

Note the resident does not have to save up for a mortgage deposit and receives a capital repayment equivalent to a proportion of the rise in value of his property during his period of occupation on leaving. In conventional renting there is no benefit from the rent paid other than occupancy? Because the properties in a MHO scheme are financed by a joint mortgage, the monthly charges should be less. Also resident scrutiny should help to keep maintenance costs and service charges down. So the savings should be greater than those illustrated.

The repayment of a proportion of the rise in capital values during occupancy would enable all residents to have a tax-free lump sum which could be used towards a mortgage deposit if that is what they want to do. The Society would aim to provide for a wide spread of incomes in order to ensure financial stability

The scheme would be aimed at those earning average salaries and below. According to the Annual Survey of Hours and Earnings the average salary in 2013 in the South Midlands area was £25,297.

2.0 Commonhold and Right to Manage schemes

The main advantages would be:-

- They could control their own services charges because they would be able to appoint the subcontractors and as residents monitor the quality of the work carried out.
- They would not be fleeced by bogus sweetheart building firms which have some kind of relationship with their landlord. It is not uncommon for the landlord of blocks of flats to nominate a particular company to carry out repairs. In some cases these firms may be directly or indirectly owned by the landlord.
- They would be free to choose their own building insurance firm rather than firms owned overtly or covertly by their landlord who may charge exorbitant commission fees which are then passed back to the landlord.
- They could decide whether they wanted a resident manager or not. Whether the scheme should have a resident manager/caretaker depends on local conditions. Where there is no resident manager service charges would be less and the sale of the caretaker flat would release monies to the general funds.

Many of these advantages also apply in the case of Right to Manage schemes

Appendix 4 Biographical details

Glyn Thomas JP I.Eng. MIET



Glyn Thomas is a retired senior broadcast engineering manager. Prior to that, he worked for a large television news facility in Millbank, Westminster which specialised in parliamentary news coverage. There he was responsible for managing the company's contract to provide technical operational facilities for the BBC Parliament Channel. Previously he had worked for the Reuters News Agency and the news departments of several ITV companies.

Currently, he is a Board member at CDS Co-operatives which is the largest secondary housing co-operative in London and the South East. He is a former resident of a co-ownership housing scheme in south Hampstead. For many years, he has also been involved as an active member in the retail co-operative, friendly society and social enterprise sectors. He was formerly a Labour councillor on the London Borough of Camden and is currently a member of the Labour Housing Group and the Labour Finance and Industry Group both of which are think tanks affiliated to the Labour Party. He was formerly a magistrate on the Middlesex Bench.