



Home truths

2. The generation game: why the housing crisis isn't just about the young

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From millennials to retirees, every generation is affected by the current housing impasse. Our experts focused on two key groups in particular: the older generation, and trapped working families.

The UK housing crisis is usually viewed from the perspective of frustrated young buyers struggling to get a foot on the property ladder. In a shift from this focus, we asked expert panellists from our recent round table event to consider the issues from the perspective of the oldest generation first.

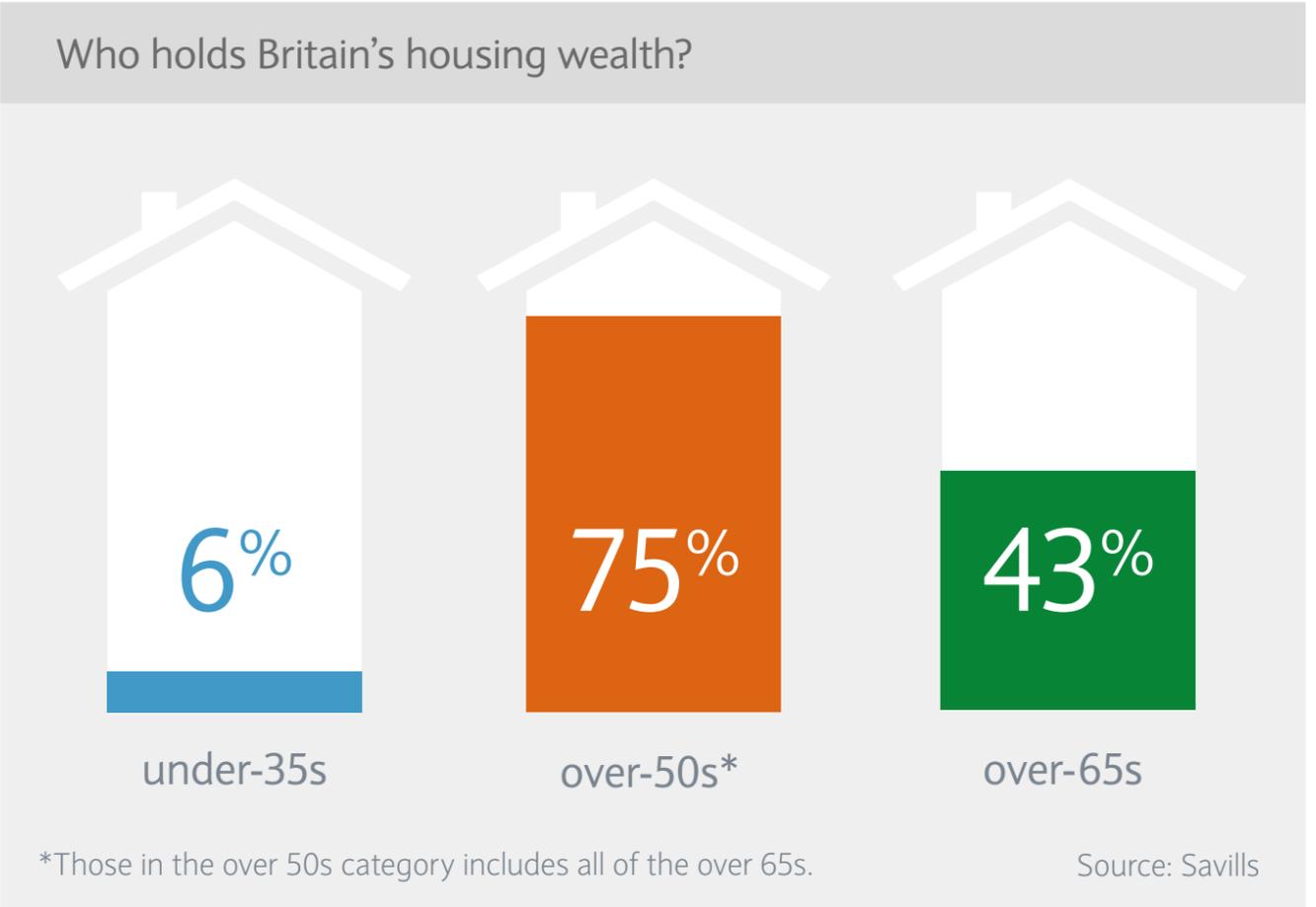
They discussed how the issues of each generation are interlinked – so unlocking one can help to resolve others. And they argued strongly for offering new housing choices to the often-overlooked older generations and trapped working families, as a way of freeing up provision for all.

The older owners

As our panellists pointed out during the event, 'older people' is a sweeping category – taking in 55-year-olds still active in the workplace, as well as people who need various levels of care at home.

Across this demographic, some are living in homes too large for their needs, potentially limiting access to family housing stock. For many, house price growth has been a source of their financial security – and naturally they are fiercely protective of their asset wealth.

However, research from Savills in 2018 shows that 43% of the UK's housing wealth is owned by the over-65s, and 75% by the over-50s, so it is clear that something has to change.¹



Holding on – until crisis point

Unfortunately, the eventual decision to move can often be a sudden one, sometimes made on behalf of the older homeowner by their children when care needs become heavy.

“A lot of people stay in their house until an event happens,” says Johnny Caddick, Managing Director of developer Moda Living. “All of a sudden the house is sold, they move into a retirement home, and their equity is used to pay for very expensive care.”

By this point, the act of moving can be frightening and complex, and the options limited.

Good care home places can be hard to find. Providers have seen profits dip, partly due to public funding cuts – so those who pay for their own residential care are having to subsidise rising demand for council-funded care.²

A hunger to downsize

Those who don't need care face a lack of options too. There are 725,000 retirement housing units across the UK, around 2.6% of UK homes. Of these, private retirement housing units (162,000) account for just 0.6% of stock.

Alexandra Notay, Build to Rent Fund Director at Places for People Capital, highlights the growing

unmet demand for good retirement housing: “As people are living longer the profile of a retiree is radically altered. Our retirement businesses within Places for People Group are engaging with a diversified customer base, from ‘active adults’ aged 55+ to older people needing care in their 80s and 90s.”

The panellists agreed that the greatest problem with regard to retirement housing was a lack of appropriate stock at the right quality. A greater range of “aspirational” retirement homes – with modern built environments, a range of care options and good quality staff – would start to remove this bottleneck. And costs should fall as more providers enter the market.

Incentives for change

The emotional response that is triggered by seeking to encourage older people to leave bigger homes must be recognised, but something has to change.

Our panel believes strategies should be geared towards freeing up housing. The present system of inheritance tax relief, allowing a £1m home to be passed on without penalty, is certainly helping, but more alternatives reaching across property values will provide greater incentive for homeowners to make the move.



A stamp duty holiday for owners who release their equity and give it to their children, while not promoting social mobility, could help to release much-needed housing stock, says Lucian Cook: “You need the stock and you need a mechanism that makes it easier for people to move.”

The trapped working families

A second key demographic is the large number of families who are in work, but do not qualify for benefit. The lack of social housing and genuinely affordable homes for rent makes this group especially vulnerable.

These are the families most at risk of finding themselves in temporary accommodation, sometimes sharing a single room. The numbers affected have been rising since 2011. According to the latest official statistics, published in June 2018, there are nearly 80,000 households in temporary accommodation. The 79,880 households include 123,230 children – a 65% increase since the first quarter of 2010.⁴

“The parents are in work so they’re deemed to be either intentionally homeless or just stuck in the middle, and we have children living with siblings and parents in one basic hotel room for years,” Notay says.

For young families, the issue is not merely unassailable house prices and the difficulty

Temporary housing



Source: UK Parliament

of gathering a deposit, but doing so in the context of other cost pressures. As we pointed out in our first article, the ‘housing crisis’ for many is actually an affordability crisis.

“We have astronomically high childcare costs in this country,” Alexandra Notay points out. “Most parents will be working, so you have to factor in transportation. It’s not just about getting that miraculous deposit together: a mortgage repayment is probably your third largest cost.”

Policy solutions need to take into account transport, infrastructure and community, she suggests, rather than being focused on housing in isolation. In addition, new housing needs to be built with a sense of purpose or ‘place making’. To allow families to thrive, communities must be built not only in the right places, but with the right services.

Choice is key

Greater choice is critical for every generation, Notay says, and Build to Rent (BTR) can play a big part in this. She draws a line between “a millennial who is in a really good job but just doesn’t want to be tied” by a mortgage, a working family whose priority is childcare but want a decent home too, and people who are retired or semi-retired and want to free up some capital.

All are currently underserved by the market: “At the moment we’re not building the mix that is needed. It all comes back to choice.” BTR schemes that create a real sense of place and community, and are well located, can be an attractive option for all generations.

Older homeowners hold the key to unlocking opportunities across the whole system, our experts conclude. But that doesn’t mean demonising this demographic or pressurising them to change. Lack of choice means they are currently victims of the system too.

“At present housing for older people isn’t given the same attention as the aspirations of people at the foot of the housing ladder – either by policymakers or by the homebuilding industry,” says Lucian Cook.

“A lot of potential could be unlocked by innovation to help people downsize, especially in areas of the country where there are more affluent markets and a lot of retirees,” he concludes.



What are the solutions?

Solutions that offer genuine choices to older people and low-income working families will be key to resolving these pinch-points of the housing crisis. For example:



Innovation in homebuilding

– wider choice, attractive styles and flexibility for households of all sizes and needs



Integrated planning to ensure new homes are designed with good access to schools, workplaces, transport and amenities



Financial incentives for equity release, such as a stamp duty holiday



Independent advice to help older people make the decision to move with confidence at an earlier stage.



Delving deeper

Barclays' expert panel has helped to draw up a further four articles focusing on aspects of the housing crisis in detail, and offering potential solutions to break the current cycle. The articles cover:

- What we really mean when we talk about the housing crisis
- The impact of the recent Housing White Paper
- Housing's social purpose and the need for community
- Inspiring lessons from other countries' experiences.

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¹Savills (2018) 'Over 50s hold 75% of housing wealth, a total of £2.8 trillion (£2,800,000,000,000)'. Available at [www.savills.co.uk/insight-and-opinion/savills-news/239639-0/over-50s-hold-75--of-housing-wealth--a-total-of-£2.8-trillion-\(£2-800-000-000\)](http://www.savills.co.uk/insight-and-opinion/savills-news/239639-0/over-50s-hold-75--of-housing-wealth--a-total-of-£2.8-trillion-(£2-800-000-000))

²County Councils Network (2017) 'New analysis reveals "broken" care market and the impact reforms could have on social care'. Available at www.countycouncilsnetwork.org.uk/new-analysis-reveals-broken-care-market-impact-reforms-social-care/

⁴Knight Frank (2018) Retirement Housing Market Update: Q1 2018. Available at www.knightfrank.co.uk/research/uk-retirement-housing-market-update-q1-2018-5284.aspx

⁵UK Parliament (2018) 'Households in temporary accommodation (England)'. Available at <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN02110>

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