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The role of the state in encouraging the supply of senior housing: a looming welfare crisis?

Abstract

The inexorable increase in the demand for senior housing across all countries is well recognised with attention focusing on supply side responses. Adopting a welfare stance, this paper considers whether the neoliberalist approach which has been adopted by successive UK and Scottish governments will achieve optimal societal outcomes or lead to the under provision of senior housing. Housing policy in Scotland with reference to senior housing is analysed over the period 1999 to 2022. The paper considers the findings of the Scottish Housing-with-care Taskforce which focused on needs around planning, property law and social care integration, along with interviews from key stakeholders across the public and private sector. The paper concludes that without direct government intervention in the market, the welfare ambition to provide adequate housing for an aging population will not materialise with significant shortfalls in appropriate stock predicted. To prevent this scenario developing, increased public and private sector interaction is essential.

Key words: senior housing, housing-with-care, welfare state, neoliberalism

1.0 Introduction

The welfare state, which was established in the UK in 1945, has four main pillars; health, schooling, pensions and housing. With respect to housing, the state committed to ensuring that for ordinary citizens, housing is affordable and of sufficient quality (Stamso, 2009). The ensuing decades have witnessed numerous levels of intervention by the state in housing markets across the UK. Outcomes have included periods of slum clearance, major public sector housebuilding, the promotion of home ownership through the 'right to buy', the growth of the private sector housing industry, the establishment of housing associations and more recently the rise of the private rental sector. However, over time the government's enthusiasm to intervene in housing markets has been tempered by the shift from the 1970s, to a more neoliberalist agenda, evidenced by the promotion of a free-market economy with limited direct state intervention (Gibb, 2015, Glynn, 2012, McEwan, 2002).

The net result is that the majority of new housing in the UK is supplied by the private sector and not the state, and housing policy predominantly relies on the market to respond to demand side signals and to build appropriate dwellings. The creation of new supply is a long-term task, requiring intensive amounts of capital, support from various local authority departments notably planning, the availability of development finance at affordable interest rates and a liquid exchange market. Inevitably due to market inefficiencies, shortfalls in housing type occur (Hutchison & Disberry, 2015). The focus of this paper is on the issues surrounding the supply of senior housing and more specifically housing-with-care, taking Scotland as a case study.

The provision of senior housing and welfare considerations also need to be taken in the context of an ageing population. The global demographic shift towards an ageing population has raised concerns over intergenerational health services, employment, and family care (Tinker, 2002). Furthermore, ageing population issues are at the core of questions over the economic resource distribution of healthcare, given a projected doubling of over 60-year-olds in every country between 2015 and 2080 (Marešová, 2015). In Scotland, by mid-2043, it is projected that 22.9% of the population will be of pensionable age, compared to 19.0% in mid-2018 (Scottish Government, 2021a).

The volume and type of housing required to support an ageing population is now under scrutiny, given that there is strong evidence that the current supply of senior housing, by both the private and public sector including housing associations, is insufficient to meet current demand (Fyfe and Hutchison, 2021). With demand levels for senior housing well established and understood, the challenge is more on the supply side and this paper will focus on the state's role in stimulating the supply of senior housing and more specifically, "housing-with-care". "Housing-with-care" or "retirement communities" are often conflated with several other forms of senior housing. From a private sector viewpoint, ARCO (The Associated Retirement Community Operators), a body representing the integrated retirement community, describes housing-with-care as follows:

> *"Housing-with-care communities or retirement communities sit in between traditional retirement houses (which have less extensive staffing and leisure facilities), and care homes, and can be set in urban or suburban locations. Typically consisting of individual one- or two-bedroom flats or houses, located in a development with similar properties, residents have access to a range of services and facilities, which will include optional on-site care, 24-hour staffing, and dining and leisure facilities, and may also include bars, gyms, and craft rooms. Retirement Communities are also sometimes referred to as housing-with-care schemes, retirement villages, extra care housing, assisted living, or close care apartments" (ARCO, 2021).*

This paper focuses specifically on housing-with-care as it offers older people a chance to move into a home where they can live independently until such time as they need care with an ability to step up levels of care when required. This model is considered as a success in other developed nations such as New Zealand, Australia and the US where supply levels are significantly higher (Penny, 2007). The paper will also consider the supply of public sector senior housing reflecting on the need to provide affordable solutions to all.

With respect to the overall size of the housing market under investigation, as at the end of March 2020, there were an estimated 2.6 million dwellings in Scotland, with 58% owner occupied, 4% vacant or second homes, 15% private rented and 23% social rented properties. By March 2021, the social rented sector consisted of 318,369 local authority dwellings, and when combined with housing association stock of 292,951, results in total housing stock in this sector of 611,320 dwellings. Within these figures the number of sheltered, very sheltered and

medium dependency houses provided by local authorities was 20,500 homes (Scottish Government, 2022, Scottish Housing Regulator, 2022). The number of all sector housing-with-care units, as defined above, was 3,782 units. Whilst it is generally assumed that housing-with-care is mostly built in the private sector, currently housing-with-care in the private sector only accounts for circa 10% of the total stock in Scotland at around 400 units. (ARCO and Sovereign Property Partnership, 2022).

To fully understand the state's role in the housing-with-care sector, this paper will seek to answer one central research question: does leaving the supply of housing-with-care to the market alone achieve optimal societal outcomes, or does it lead to the under provision of senior housing? The paper is structured as follows. Section 2 provides a review of the literature focussing on the wider theoretical framework, as well as covering the policy and planning contexts of senior housing. Section 3 outlines the research design and Section 4 provides the research findings and analysis with respect to planning, legal frameworks, and social care. The discussion in Section 5 reflects on the ideas proposed with respect to state involvement in welfare provision given senior-housing needs. A final conclusion is then given in Section 6.

2.0 Literature review

2.1: Neoliberalism and State Involvement in Senior-Housing

In trying to understand the context of the supply of senior housing in Scotland, the level of state intervention in housing markets needs to be explored and understood. Since the 1970s, successive western governments, including those in the UK, have adopted neoliberalism and the rhetoric of competition as a major policy tool. Much has been written as to whether the neoliberal project has been a success or failure, particularly after the global financial crisis of 2008 (see for example Davies, 2017 and Harvey 2007). However, such judgement is not the purpose of this paper, which is rather to explain what effect a neoliberal approach has had on the institutions, structures and regulations that shape housing supply. Before doing so, some definitions of the term neoliberalism are needed. Berry (2014) considers neoliberalism as being the combination of a belief in the free markets, a commitment to the winding back of the state, the privatisation of publicly provided goods and services, leading to a shrinking public sector. Davies (2017) describes neoliberalism as 'the disenchantment of politics by economics' (p14), while Dodson (2006) refers to the superiority of the market as the key driver.

While the policy direction has been understood, the implementation of neoliberalism has been time varying, politically sensitive, and full of contradictions and nuances. Peck and Tickell (2002) contend that neoliberalism remains variegated in character and refer to both the 'roll-back' of the state and the 'roll-out' of neoliberalism. The roll-back refers to governments' growing dependency on the role of markets while the roll-out refers to renewed rule setting, market regulation and the framing of the constitution of institutions. Interestingly, the same authors reflect on how different local or regional geography can influence how successfully neoliberalism is embedded within wider networks. Jessop (1997) argues that the state has retained its influence through its ability to set the rules of the game, which the author describes as metagovernance. Harvey (2007) refers to the freeing of entrepreneurial talents within an institutional framework.

In drawing this more neoliberal governance of the housing system, it can be argued that Scotland is dominated by the market with low levels of state intervention. While house building targets are regularly set by government, they are rarely met due to a combination of market forces and institutional factors inhibiting progress (Hutchison and Disberry, 2015; Hutchison et al., 2016). The state does not insist that a certain percentage of new housing suitable for seniors is built, but rather recommends and encourages. While for example, reference has been made by the Scottish Government for the need to provide suitable housing for the elderly (Scottish Government, 2011), it has predominately been left to developers to react to the demand side signals and build appropriate dwellings. However, as there is an overall shortage of housing in Scotland, often developers see better profit margins in mainstream family housing and first-time buyer flats, thus discouraging senior housing opportunities, which require a different set of skills and expertise (Fyfe and Hutchison, 2021). The composition and motivations of the housebuilding industry is also worthy of investigation as the construction of senior housing is to a degree niche, which runs contrary to the *modus operandi* of the volume house builders who are focussed on selling to a more generalist market.

However, despite the neoliberalist framework, the state does have some impact on the land and property markets through the planning system, subsidies, grants, and financial instruments the 'rolling out' by the state of rules and regulation. Planning decides on the appropriateness of development applications, often restricting the supply of land for residential development, and

through planning agreements[1] extracts profit from new schemes to help support low-income households, improve adjacent roads, and build new schools, (Beer, 2007). In that respect Oxley (2004) sees the planning system as being able to deliver goods which the market is reluctant to supply.

Several authors have looked at the role of planning in housing supply across different countries, as such comparison can bring insights into different approaches to common problems. Austin *et al* (2014) looked at strategies adopted to supply more affordable housing in England, Australia and New Zealand, while Dodson (2006) studied the same three countries as well as the Netherlands, and expresses scepticism whether markets left to their own devices will be able to achieve social or collective goals.

Robinson *et al* (2020) examined housing options for older people in England and discusses whether neoliberalism has resulted in a lack of choice and supply of senior housing. The authors consider that the market system is incomplete and fails to prioritise housing options and thus there is a case for state intervention. Along the same lines of thought, Archer *et al* (2014) argue that despite the various initiatives in the UK, the outcome has been decades of undersupply which leads to the conclusion that government policies have at best been weak.

To gain some wider applied perspective, we can see not just a state sponsored 'neoliberal' roll out of senior housing, but an emerging hybrid public-private approach. McGurk (2005) using Sydney as a case study reflects on the unevenness of neoliberal policy interventions and sees the outcome as a series of overlapping strategies that produce a hybrid form of government. Cook *et al* (2008) also examine residential development in Sydney and note that the failure of neoliberalism has led local governments to reassess their roles and responsibilities and reinstate certain state roles, thus confirming the hybrid approach. Evidence from the literature would thus suggest that in the housing context, the neoliberal approach has not on its own, produced the desired outcomes.

2.2 Policy and Planning Context: Senior Housing in Scotland

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[1] Referred to as Section 75 agreements, Town and Country Planning (Scotland) Act 1997.

Housing has been a devolved matter in Scotland since *The Scotland Act (1998)* was implemented in 1999. Since then, there has been a divergence in housing policy from the rest of the UK, particularly regarding the abolition of right to buy. That said, housing policy in Scotland is still perhaps best viewed as a hybrid of devolved and reserved powers, as the Scottish government is in some cases guided by wider UK housing legislation, even if it doesn't follow it exactly (Gibb, 2015). Housing policy since 1999 has particularly focused on building more affordable homes with much less emphasis on building more housing-with-care or other forms of senior housing, at least in a targeted sense. This section will review housing policy since devolution that explicitly mentions the need to build more senior housing, to help ascertain why the supply of housing-with-care is so low in Scotland.

Age, Home and Community: A Strategy for Housing for Scotland's Older People: 2012 - 2021

The Scottish government published a strategy for housing for older people in 2011 (The Scottish Government, 2011). The opening statement in this policy document refers to a discourse that older people consistently say that they want to remain at home as they age. This encapsulates two types of older people; those who want to stay in their current homes, and those who want to move into alternative types of new build accommodation that offer the opportunity to live independently, i.e., not nursing homes.

The Scottish government *"has a longstanding policy of shifting the balance of care, supporting people to remain at home independently for as long as possible, rather than in care homes or hospitals"* (p.3, Scottish Government, 2011). For those wishing to remain in their own homes, or homes already built, the government acknowledged in 2011 that there needed to be more done to facilitate the completion of housing adaptations in a timelier manner. Adaptations are changes that *"make it safer and easier to move around and do everyday tasks"* and include things such as fitting stairlifts, widening doorways, lowering countertops, and fitting ramps for wheelchair access (p.1, NHS, 2019).

Whilst it is acknowledged that adaptions play an important role in supporting people who wish to live independently in their own homes, this policy objective does not support those who may wish to live in a facility that is already specifically designed for their needs. Chapter seven of the *Strategy for Housing for Scotland's Older People* addresses new build housing, which includes housing-with-care. This chapter includes confirmation of the Scottish government's

ambition to promote different forms of senior housing, "*We want to encourage a range of new models of housing to increase choice and support independent living for older people*" (p.72). The statement *"we recognise that only a small proportion of older people will live in new build housing"* (p.6) seems juxtaposed to the established demand and lack of supply of housing-with-care in Scotland. Given the projections about the ageing of the population, combined with the time it is currently taking to deliver necessary adaptations in the current stock of housing, housing-with-care would seem like an obvious solution to plug the gap.

As for the needs of older people as identified by the Scottish Government, the Scottish Government strategy (2011) lists what it thinks the key things older people are looking for in their homes:

> "*What older people are looking for in their homes will clearly vary from person to person, but generally, the following areas are seen as important: adaptability; space for storage and visitors/carers; low maintenance; safety; downstairs bathroom, with level access shower; affordable to heat; manageable garden; access to transport and amenities; safe and secure communities; repairs and adaptations services; and involvement in planning*" (p.18).

The Scottish government recognise that those certain needs are subjective and vary from person to person. They identify a list of key internal dwelling requirements, the need for access to transport and amenities and the requirement to have quality neighbourhoods that are safe and secure for older people. If these needs are considered, then residential satisfaction for most older people should be achievable, however this will only be realised if the policy has the weight to enforce the building of homes that meet these needs. The next phase, (Scottish Government, 2018), considers the strategy for housing of older people beyond 2021:

> "*Our vision is for older people in Scotland to enjoy full and positive lives in homes that meet their needs. To achieve this aim, we have identified three principles: Right Advice, Right Home and Right Support*" (p.7).

The Scottish Government commitment to affordable homes does not include a specific designation for older people but have pledged to ensure homes are adaptable if necessary. They have also stated they would "*explore options for further research to identify numbers of new*

private sector completions that achieve accessibility" (p.22). This includes working with house builders, local authorities, and planners to explore a range of options of senior housing, including co-housing. The Scottish Government also committed to promoting co-operation with other UK nations to solve future housing issues, but again this updated policy fails to specifically outline targets for the building of more housing-with-care. To date, given the established lack of supply of housing-with-care in Scotland the inference is that policy is not designed to promote the building of more. There are currently no supply side reliefs built into current policy to help developers and operators of housing-with-care compete with traditional house builders. The Scottish government has adopted a neoliberalist approach which would seem to have resulted in sub optional societal outcomes.

Housing to 2040 sets out a vision for housing in Scotland to 2040 and a route map to get there. The twenty-year strategy aims to deliver 110,000 affordable homes for Scotland by 2032 (p.5, Scottish Government, 2021b). The aim is *"for everyone to have a safe, high-quality home that is affordable and meets their needs in the place they want to be,"* (p.9). Indications are that this strategy is all encompassing in respect of housing policy and so it is unlikely that the next phase of the age, home, and community's strategy (2018) will be delivered as previously planned, due to being superseded by this new document. Part 4b of "Housing to 2040" addresses independent living on (p.55).

> *"Most older people and disabled people live in mainstream homes and want to continue to do so, but these properties may or may not meet their needs. There is a small amount of specialist supported housing, such as extra care housing or sheltered housing. This is around 1% of total housing stock and the vast majority of it is in the social rented sector which limits choice. Some disabled people live in care homes or other settings because there is a lack of suitable housing to allow them to live independently within their community".*

Thus, there is an acknowledgement that some people are living in inappropriate dwellings due to lack of choice. The inference here is that the private sector has a part to play in increasing the diversity of options going forwards, especially given that a large majority of the stock exists in the social rented sector. From the Scottish government's perspective, the focus remains on the need to commit to design standards in mainstream housing that make these homes more accessible and to help achieve this outcome plans to bring in a Scottish Accessible Housing

Standard by 2025. However, notably there are still no specific targets to deliver more housing-with-care in Scotland.

NPF4: National Planning Framework 4: NPF4 is designed to work alongside the housing to 2040 vision (p.11) with the "twenty-minute neighbourhood" being one off the key concepts brought forward. The idea is that everyone should have access to the right services which meet their needs within a twenty-minute walk/cycle/bus ride of their home.

One of the key objectives of NPF4 is to improve the policy so that the housing needs of older and disabled people are better accounted for in the planning system.

> *"Refocusing our policies on housing on quality and place and linking with wider housing investment so that the needs of everyone, including older people and disabled people, can be met"* (p.18, Scottish Government, 2020b).

This is a necessary intervention. According to the Equality and Human Right's Commission's Report on Housing and Disabled People in Scotland (2018), only 17% of Scottish local authorities set a target for accessible or adaptable housing.

NPF4 is still in its consultation phase and ahead of publication the Scottish Government asked for a call for ideas to address a range of problems in the planning system. P. 65 of the document "*National Planning Framework 4: Analysis of responses to the Call for Ideas*" outlines the responses received in respect of specialist housing (Scottish Government, 2020a). Amongst the suggestions were that *" a policy at national level, similar to that for affordable housing, requiring a minimum percentage of the market units to be specialist housing"* (p.66), should be brought forward. This suggestion doesn't appear in the position statement published in November 2020 (Scottish Government, 2020b). In fact, there are no targets for senior specialist housing set in either *Housing to 2040* or NPF4 and this has not changed since the Scottish Housing-with-care Task Force gave evidence to the Local Government, Housing and Planning Committee in February 2022 (Local Government, Housing and Planning Committee, 2022).

2.3 *Public sector provision of senior housing*

As mentioned above, the main focus of local authorities and housing associations is on affordable housing, which covers requirements from all age groups including seniors. Each

local authority in Scotland is required to prepare a Housing Need and Demand Assessment (HNDA), which is based on a 5-year timeframe, with annual updates. The outcomes from the HNDA inform the local development plan allocations and local housing strategy which is also on a 5-year cycle.   From this evidence base, the local authorities prepare a Strategic Housing Investment Plan (SHIP) which sets out the authority's plan to invest in affordable housing, which is funded by the Scottish Government through the Affordable Housing Supply Programme. The Scottish Government are committed to building 110,000 affordable new homes by 2032, with the annual budget for 2022-23 set at £832 million[2].

The SHIP identifies sites suitable for development which are either already owned by a local authority or a housing association, or through allocations via S75 agreements with private developers. Securing housing sites is highly competitive, with the private sector often able to secure the prime sites due to their ability to build higher value properties for sale.

Affordable homes can include those built by either the local authority or housing association partners for social rent, mid-market rent or shared equity low-cost home ownership. While local authorities have the statutory role to meet housing need, they work in partnership with the housing associations to meet the priorities identified. Each housing association has their own particular objectives, such as a focus on housing for younger or older people, or general needs housing, and must work within a robust business model.

The Scottish Government recognise that there is no universal definition of rent affordability[3], as it depends on the household type and composition, household income, including housing benefits, location and size of the property (Scottish Government, 2019). However, what is clear is that the majority of seniors in Scotland have modest to low level of incomes. In 2021, the net of tax median weekly income of pensioner couples in Scotland (before housing costs) was £539 (£28,028 p.a.), and £289 per week (£15,028 p.a.) for a single pensioner. Only 16% of pensioner units earned over £1,000 per week (£52,000 per annum) (Department of Work and Pensions, 2022).

While affordability is the central motive, local authorities also pay particular attention to accessibility, a key factor in senior housing, and wish to ensure that a percentage of the new stock is wheelchair accessible and suitable for all ages who may suffer mobility issues. For

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[2] www.gov.scot/policies/more-homes/affordable-housing-supply/
[3] For further definitions of housing affordability see Meen (2018).

example, Aberdeenshire Council set a target that 15% of all new council and housing association stock must be suitable for those with a particular need, with 10% of all new stock required to be wheelchair accessible – a target that was met in 2021/22.

While the volume of new housing stock that is directly built by the public sector is relatively small compared with the private sector, local authorities do have significant influence in shaping future supply through S75 agreements, which normally require 25% affordable housing on the site or a commuted payment. These arrangements have opened up the opportunity for councils to match more closely the type of new housing with the needs of the locale. For example, Moray Council, having recognised the urgent need to house older residents and have made it a requirement that one fifth of the 25% affordable housing units agreed in the S75 agreement, are built as senior housing, with a further condition that bungalows are built rather than one or two bed flats. Given that bungalows take up more land area per unit than flats, this has not proved popular with developers, but such enforcement mean that the right type of stock is being constructed for the needs of the area.

In considering the supply provided by the public sector, it should be noted that the tenure offer is rental accommodation and for those who already own their own home outright, a return to paying a monthly rent maybe unappealing. Moreover, the public sector sites are often in less desirable locations, as the prime sites have already been picked up by the private sector. Moving to a less attractive locale, lacking close by amenities, may also not be attractive, even if the house is accessible and meets the functional needs of the occupier.

In the public sector, additional care needs are provided within the sheltered housing, very sheltered housing and extra care housing, with the difference between the categories dependent on the level of care provided[4]. The public sector extra care housing is similar to the housing-with-care offerings in the private sector.

Overall, it can be said that the stock of public sector senior housing is relatively small and has grown on the back of an affordability agenda and concerns over accessibility. Local authorities have supported the Scottish Government strategy of independent living and ageing in place,

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[4]. For example, Sheltered Housing has a 24-hour call system for emergencies, while Very Sheltered Housing has 24 hour cover on site and residents are provided with lunch every day. Extra Care Housing is new concept, designed as 'housing for varying needs' where tenants and local residents can interact with each other. See the following link for further details: https://www.aberdeencity.gov.uk/services/housing/find-home/apply-sheltered-housing/sheltered-housing-information

and other than the very small number of extra care units, the focus has not been on housing-with-care or retirement communities.

2.5 Private sector provision of senior housing

McCarthy and Stone is the biggest player in the senior housing market in the UK (with approximately 70% of the market) and offers different categories of senior housing that can be bought outright, part buy/part rent or rented[5].   Their predominant offering is flatted developments with no element of care, although they are now looking at providing a housing-with-care option. However, McCarthy and Stone are not currently looking at new opportunities in Scotland.

Retirement villages are presently very rare in Scotland with only three of note currently open, Inchmarlo[6], Auchlochan[7] and Brio Retirement Living[8]. This is a very different scenario to other developed countries, such as New Zealand, Australia and the US. Currently the supply of housing-with-care in Scotland stands at 0.48% and if no new stock is delivered by 2036, supply could drop to 0.38% based on projected population growth in the over 65 age group. Supply in the developed countries mentioned stands at more than ten times the figure in Scotland at present (ARCO and Sovereign Property Partnership, 2022).

In terms of future developments there have been a handful of schemes brought forward in recent years including a retirement village at Newton Mearns, one on the outskirts of North Berwick, one near Mussleburgh, one in Milltimber and most recently one south of Glasgow at Caldwell House. None of these developments have yet broken ground, with the applications at Milltimber and North Berwick having both been rejected due to their lack of proximity to local services amongst other reasons. Therefore, it is difficult to anticipate future supply at present, given the current difficulties being experienced by operators and developers in starting these projects, even if planning permission has been granted.

3.0 Research Design

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[5] See:https://www.mccarthyandstone.co.uk/great-places-to-live/types-of-developments/
[6] https://inchmarlo-retirement.co.uk/
[7] https://auchlochan.mha.org.uk/
[8] https://www.brioretirement.co.uk/our-communities/landale-court-chapelton/

To inform the research the study takes a broad critical realist research philosophy, by integrating evidence from multiple sources to underpin an observed reality of the central research question (Archer et al, 2013). More pragmatically, the research follows the growing concern to provide research that has 'real world' relevance (Gray, 2021). The research methods used to draw the evidence is from several mainstream qualitative approaches of desk-based study, semi-structured interviews, and focus groups (Bryman, 2016). Data collection centred on informed multi-stakeholder groups that have significant experience working in the retirement and senior housing sector. Core techniques included desk-based study of secondary academic, consultancy, and policy documents. Primary data collection techniques involved primary participation of three Scottish taskforce meetings and interviews with key stakeholders from across the sector.

The Scottish Housing-with-care Taskforce was established by retirement community operators, legal and property experts, investors and local authorities to understand why Scotland is falling behind England and comparable countries such as New Zealand, Australia, Canada and the USA in housing-with-care provision for older people. The group committed to investigating a range of barriers holding back the provision of housing-with-care in Scotland. The group includes ARCO (The Associated Retirement Community Operators, the body representing the housing-with-care sector in the UK), Sovereign Property Partnership in addition to representatives from Virgin Money, Burness Paul, Montagu Evans, Lifecare Residences UK, Brodies, Scottish Government, Pinsent Masons, Homes for Scotland, Blackwood Housing, The Healthcare Consultancy, Goldcrest Communities, Opus, Brio Retirement Living, BNP Paribas Real Estate and Aberdeenshire Council. In the context of this paper the group sought to examine subject matters where the state can intervene in order to establish the supply of senior housing. The meetings took place in the Autumn of 2021 and Spring of 2022 and involved 3 major task force meetings (October 2021; January 2022; March 2022). This was then concluded with the issuing of a report, which coincided with a Scottish Housing-with-care Task Force event held at the Scottish Parliament in June 2022 (ARCO and Sovereign Property Partnership, 2022).

In the second stage of the research, interviews were held with a range of stakeholders to gain a broader understanding of the key uses and included Aberdeen City Council, Aberdeenshire Council, Moray Council, Grampian Housing Association, Audley Villages, Lifecare

Residences and the Scottish Government. A snowball sampling technique was used to identify the participants (Bryman, 2016). The interviews were held in the summer of 2022.

4.0 Findings and Analysis

4.1 Taskforce Findings on Planning, Legalities and Social Care Integration

During the first meeting of the Task Force, it was decided that the three core state issues to investigate in respect of why there are so few housing-with-care units in Scotland were the legal framework, the planning system, and the social care system.

The senior housing market in Scotland is lightly regulated. For example, there is still significant confusion in the planning system as retirement villages don't clearly fit into one use class. Depending on the level of care offered these schemes often fall between Use Class 8 (residential institutions) and Use Class 9 (housing) as defined in The Town and Country Planning (Use Classes) (Scotland) Order (1997).

In terms of the legal framework, it is important to recognise that while we are focusing on Scotland, it is useful to look to England where the housing-with-care market is significantly more established at present, in part because of the differences between the Scottish and English legal system. Long leases are often utilised in England to give operators the necessary control over housing-with-care units as in effect tenants are renting the units they live in, albeit on a long-term basis. This is not currently possible under Scot's law, so it is desirable for operators and advisors in Scotland to agree an appropriate, industry accepted model. Scotland has an opportunity to create legislation that will afford tenants the same protections and consumer guidelines as can found in other countries.

Possible solutions for Scotland were put forward with respect to shared ownership and leasehold models. For shared ownership, this tenure model affords the ability to manage some of the risks, responsibilities and interests of the provider and sharing owner(s). The Scottish Housing-with-care Taskforce are exploring if the production of enhanced standardised shared ownership documentation could create a robust model which encourages confidence among both developers and older persons. For the leasehold model, it is postulated that a disapplication of the automatic right to redeem standard securities after twenty years might

provide a solution. Particularly, in the context of bespoke later living housing this would facilitate a robust legal structure predicated on ownership, and a basis on which to attract much needed investment into the product in Scotland. In short, with respect to legal frameworks, it is argued that the industry needs regulation to ensure housing-with-care developments are clearly defined and offer consumers a fair and transparent deal when moving in. Addressing legal issues now, will make it easier for investors to commit to Scotland, ensuring the older population have greater housing choices to suit their needs.

Lack of regulation in Scotland makes it difficult for operators and investors, particularly in respect of charging deferred management fees[9] or exit fees, at the end of the resident's occupation, which often underpin the ongoing viability of these developments. In England, operators have skirted round this problem by utilising the long leasehold system, which effectively allows them to offer residents long tenancies so they can maintain a degree of control in the property. In Scotland the maximum length of a residential lease is twenty years which presents a problem for operators as theoretically the resident could outlive the length of the lease. In practice, operators in Scotland are still able to secure event fees using a freehold sale model. These can be imposed contractually on homeowners by way of a title condition under a deed of conditions or a separate contractual agreement secured by way of a standard security (fixed charge) by the homeowner over the freehold interest.

Regulation would allow the implementation of something akin to a licence to occupy, which is commonplace in New Zealand, and gives owners and occupants clarity in terms of their obligations and rights.

With regards to planning issues, it was argued that the planning system is making it difficult for more housing-with-care to be built in Scotland, with a particular focus on the representation the Scottish Housing-with-care Taskforce submitted on draft National Planning Framework 4. For instance, discussions centred on "Older people" are mentioned only 3 times in the 131-page document and there are no clear targets for housing-with-care built into the document, even though there is an obligation for Scottish ministers to report on how they intend to address the needs of older and disabled people every two years as set out in the Planning (Scotland)

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[9] A deferred management fee is the occupier's contribution to the continued maintenance and management of the retirement village. It is deducted when the capital sum is repaid on exit.

Act 2019, Part 1, section 4. As a result of the groups representation on NPF4 the Scottish Housing-with-care Taskforce was asked to give evidence to the Local Government, Housing and Planning Committee. There are no targets for senior housing in Scotland at present within NPF4 and it was made clear to the Local Government, Housing and Planning Committee that this was problematic and should be addressed in the final version of NPF4 due to be published in 2022 (Local Government, Housing and Planning Committee, 2022). Another key point highlighted was the need for a separate planning use class to ensure local councils can designate sites for age related housing in the future.

Legislation required all Health Boards and Councils to operate under an integrated health and social care service by 1st April 2016 - Public Bodies (Joint Working) (Scotland) Act (2014). Integration is the Scottish Government's programme of reform to improve services for people who use health and social care services. The aim is to ensure that health and social care provision across Scotland is more joined-up.

Housing-with-care is recognised as being a key contributor in helping older people stay independent for longer and avoiding unnecessary admissions to hospitals. Developments are more likely to prove successful when local health and social care service needs and demands have been fully considered during the initial planning and delivery stages of a development. Housing-with-care requirements need to be ingrained in local and national policy and housing initiatives - (Local Development Plans, Strategic Housing Plans, NPF4, AHSP), with an increased focus on better aligning the skills knowledge and understanding held by the public and private sector. Better partnership working between sectors and communities will increase knowledge of the benefits housing-with-care can deliver at a local level and help dispel the myth that housing-with-care is only for those who can pay privately, when the public sector currently provides almost two thirds of its capacity for affordable or social rent.

4.2 Stakeholder opinion

Local Authorities and Housing Associations
The general consensus from the local authorities and housing associations interviewed was that while the public sector recognises the need for more supply of senior housing - 'a tsunami is coming' (interviewee one) – budgets and borrowing capability are restricted, and that the only solution is to work with the private sector to improve supply. In this regard the conversation

centred around changes to planning policy to require private developers to build more accessible housing and the right style of housing for seniors. There was particular discontent that as part of the S75 agreements, developers are building one and two bed accessible flats, which are not desirable to many seniors who are downsizing from a family home and who would prefer bungalow living. Discussion was centred not just around the need for senior housing to be included in the 25% affordable housing part of a S75 agreement, but also a need for accessible housing in the 75% balance, to ensure that a bigger percentage of homes constructed are accessible, such is the current shortfall.

It was stressed by one local authority manager (interviewee four) that the sector needs a range of options, including retirement villages, and that the range of options also needs to extend to tenure choice. While many may have the financial means to purchase their senior home, this may not be the right financial choice particularly for the most elderly, as their occupation of specialised accommodation maybe for only a relatively short period, before they need to go into a nursing home (or die). At that stage in the life cycle, property is merely a consumption good and the investment motive, which often encourages purchase, is less important. By renting, there is no risk to capital caused by market volatility on house values, more liquidity to move to more suitable accommodation as needs change and savings are made on exchange costs, including stamp duty. Moreover, it was emphasised that there also needs to be provision of affordable senior housing for rent, particularly in deprived communities and areas of multiple deprivation. For this to work, safeguards would need to be in place to ensure appropriate levels of security of tenure.

There was little support for the introduction of separate use class order for senior housing, as while it was recognised that it would encourage more building of senior housing, there was concern that it would lead to unbalanced communities - 'old age ghettos' (interviewee four). It was argued that a better outcome could be achieved through S75 agreements and the appropriate mix of housing, encouraging well diversified communities. Interestingly, there was support for the idea of a minister for older people to raise awareness in all government departments of the need to address the needs of an aging population.

Private sector

The private sector interviewees, senior executives of housing-with-care providers, argued that there was a lack of understanding of the housing-with-care product from some planners and

elected members (interviewee five) and that there was inconsistency in decision making between the local authorities. They argued that there seemed to be confusion among some of the local authorities over whether the proposed developments were to be classified as either housing or care. If deemed housing, then the developers were asked by the local authorities to include affordable housing, which made the scheme uneconomic as unlike the general housing market, housing-with-care is more expensive to develop as it requires the inclusion of expensive amenities and there is reduced opportunity to benefit from economies of scale. As a consequence of these additional costs, interviewee six suggested that his organisation would be priced out of sites when they were bidding in direct competition with the main housebuilders and instead, they tended to go for more quirky sites with say listed buildings. He argued that housing-with-care is an emerging sector with a higher cost of capital than the main housebuilders who are often listed companies with access to the stock market. He suggested that if local authorities wished to see more housing-with-care schemes, they needed to have greater awareness of the commercial realities of that type of development.

Both interviewees agreed that rather than creating a new use class for senior housing, there was a strong requirement for the national planning framework to clearly state the need for senior housing and that there should be a requirement for councils to find the land for that use. There was a request for 'top level' support from government and that it would be helpful for there to be a set provision of senior housing per head of population, which could then be translated into local area delivery. There was support for a government minister with a specific remit for senior housing who could champion the cause.

There was a mixed reaction to the option of renting, with neither company engaged in this form of tenure. Three main reasons were given, first, on the demand side that tenants preferred to buy, as there was concern that if they rented there was a risk that their funds would run out if they lived for longer than expected. Secondly, from a marketing and operational perspective, the experience was that those that rented tended to be older, with greater health needs and this affected the 'feel' of the retirement communities – in effect the relatively younger residents who moved into a retirement village for lifestyle reasons, did want to be surrounded with too many co-residents suffering from dementia. Thirdly, it was argued that housing-with-care developers require a high rate of return, which would not be achievable without charging very high rents, which would be unaffordable in the marketplace. However, it was suggested that the mid-market level might well offer opportunities for renting.

Interviewee six recommended that the Scottish Government introduce a body similar to Homes England[10], which acts as the government's housing accelerator with the explicit aim of increasing the number of new homes that are built in England and has, for example, the power to release more public land for housing development and speed up building completion rates.

Scottish Government

Interviewee seven, a representative from the Housing Division of the Scottish Government, argued that *Housing to 2040* was an inclusive strategy which is trying to meet the needs of the many, by having a stock of housing which is flexible to a range of need. The point was made that older people did not necessarily want to live in senior housing but wanted to live in housing that is suitable for their needs, and that the introduction of the Scottish Accessible Housing Standard in 2025 should ensure that all new stock of housing meets the needs of the majority of those with a particular housing need. Efforts will also be focused on raising standards in existing stock to ensure that refits meet accessibility, sustainability, and connectivity standards.

With respect to S75 agreements and whether the affordability requirement could be modified to help with the viability of housing-with-care developments, interviewee seven argued that this was a decision for local authorities who are given strong statutory guidance by Scottish government on a wide range of issues. It was stressed that the government requires to be fair to all equality groups and not just favour seniors. It was argued that local authorities should be the decision makers, as they have the local knowledge and are aware of their distinct requirements. The interviewee saw no issue with each local authority making their own decisions and did not think any 'inconsistency' which resulted was a problem, as each local authority had their own needs and views, which may produce different answers. The respondee contended that the needs of older people were already well represented through the Cabinet Secretary for Social Justice, Housing and Local Government[11] and that in addition there was also a Minister for Equalities and Older People[12].

Interviewee seven did not believe that a separate use class for senior housing would work, reasoning that a mixed use site, which included a range of housing type and retail offerings

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[10] https://www.gov.uk/government/organisations/homes-england
[11] https://www.parliament.scot/msps/current-and-previous-msps/shona-robison
[12] https://www.parliament.scot/msps/current-and-previous-msps/christina-mckelvie

might provide a better overall living experience. Moreover, it was contended that given the current difficult economic environment it would be more beneficial if developers were given flexibility on the type of dwellings to be constructed. There was support for the over 75s having the option to rent their own homes and indeed it was reported that this tenure option had been requested by a number of specialist housing advice agencies. Similar to the view of the private sector interviewees, it was thought that this would be more successful at the mid-market level.

In response to the question of whether Scotland might introduce a body similar to Homes England, it was explained that the approach was different north of the border and that the Scottish National Investment Bank had been established to support major economic development of all kinds. In addition, it was pointed out that the Scottish Government has a range of 'place based' investment initiatives including a programme to tackle vacant and derelict land with funding provided directly to local authorities.

5.0 Discussion

In the literature it was suggested that neoliberalism was full of contradictions and nuances when applied to the supply of housing (Beer et. Al., 2007; Berry, 2014). This is very evident in the context of the supply of senior housing and in particular housing-with-care in Scotland where different shades of government involvement are noted (Gibb, 2015). It is important to distinguish between the role played by the state in the production of real estate and in the quantity of supply of a specific type of dwelling (Hutchison et al., 2016; Hutchison and Disberry, 2015). The real estate development industry consists of a number of actors and institutions, which help to create the rules and legislation which shape the built environment (Squires and Heurkens, 2015; 2016). For example, in Scotland the government has intervened to ensure proper building standards and there is plenty of evidence of the 'rolling out' by the state of rules and of market regulation. However, the decision on the quantity of supply of a particular type of housing is often left to market forces - evidence of the 'rolling back' of the state (Peck and Tickell, 2002; Dodson, 2006.).

In a scenario where there is a general shortage of housing, developers rationally seek to maximise their financial return at the lowest risk, and in consequence tend to build non-specialist housing (Cook and Ruming, 2008). If a specific provision is required, such as housing-with-care, which is perhaps riskier or is perceived to offer a lower return than the mainstream market, the opportunities are often ignored by developers, despite market

signalling of latent and future demand. Moreover, housing-with-care is a unique package which requires specialist construction and design, along with the integration of health care and social policy needs, requiring inputs from the public sector (McEwan, 2002; Penny, 2007). In the scenario where the market is unable or unwilling to satisfy the demand, then a pure market-based approach by government is inappropriate and the state needs to intervene to ensure desired societal outcomes for an ageing population (Tinker, 2002). In that context, the authors believe that more direct government intervention is required, or at minimum, the reimagining of what the housing system should look like for older people (Robinson et. al., 2020)

In Scotland, housing is a devolved matter and while the state has prepared strategy documents which recognise the need to increase supply of senior housing, this has not been properly supported by legislation or funding (Scottish Government, 2011; 2018; 2019; 2020a; 2020b; 2021a; 2021b; 2022). Given the overall current housing shortage, profit seeking developers have opted to build first time buyer flats and family homes, rather than enter the more niche senior housing sector, resulting in sub optimal housing allocation (Scottish Housing Regulator, 2022). However, there is renewed pressure on government to tackle the legal, planning, and social care issues which are impeding development and which only the state has the power to resolve. The neoliberalist approach has allowed market inefficiencies to grow and a more hybrid approach to intervention is necessary in Scotland.

6.0 Conclusion

Based on the research on the Scottish market, the key research conclusion is that a pure neoliberal approach to senior housing fails to meet the housing demands of an ageing population, and that state intervention is required if the welfare commitment to housing is to be met. Three key interventions by the state are needed in the sphere of planning, property law and social care integration. There is some urgency for state intervention given that the time frame for the demographic shift towards an ageing population cannot be paused and new construction at sufficient scale, takes years to come to the market.

Without increased supply of the right type of housing welfare deficits will occur. A bigger proportion of any new housing needs to focus on senior housing to make up for years of deficit. Moreover, the housing-with-care offering requires to be available to all sections of society, regardless of income and must not be seen exclusively as a private sector solution only

available to existing homeowners or the wealthy. In Scotland there may well be an increasing role for the housing associations in this regard, with targeted funding from the state. Owner occupier and rental options must be available with developments funded by the private and public sectors and also possibly in joint ventures between the two, in order that the ageing population is provided with housing that enables them to age with appropriate levels of care and dignity. While there was limited support for a new use class order specifically for senior housing, local authorities have other ways of signalling to the market their desire to see more homes built for seniors. Only through the public and private sector working closely in partnership will sufficient housing be built to meet the needs of seniors in the decade to come.

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