



HOUSING ECONOMICS AND POLICIES FOR LONGEVITY (3).

Duncan Maclennan CBE FRSE
University of St Andrews
dm103@st-andrews.ac.uk



A PREAMBLE, AND THREE QUESTIONS

I. HOUSING CHOICES, THEIR CONSEQUENCES AND AGEING

- **Choices of Lifestyle and Home:** dwelling, neighbourhood, tenure, services, family all conjoined
- **Longevity and Housing Change**
 - Notions of housing and neighbourhood careers for individuals
 - Change when households are mobile
 - Change when ageing in place

II. FLEXIBLE PATHWAYS AND PROVIDERS: NEW GOALS FOR PLANNING and HOUSING

- **Planning and Building Better Places**
- **Productivity, Sustainability and Ageing agendas**
- **Implications for Housing Policies; Flexible Pathways and Choices**
 - Do not forget pensioner poverty
 - Multiplicities of regulatory and market failures
 - Re-engineering Housing, Care and Health Services: Non-profit roles, New technologies

III. ASSETS, HOUSING AND FISCAL DEFICITS

- **Paying for change**
- **Housing Wealth as a source of funds**



PREAMBLE: INDIVIDUAL LONGEVITY AND SOCIETAL AGEING

- Longevity, Ageing Society
 - Net effect is Rising Numbers of over 65's, rising share of older households and fastest rises for oldest (over 85's)
 - Refashions both needs and tax paying capacities

BUT ALSO

- Redefines housing pathways/careers, family linkages
- Needs new places, spaces to make adjustments
- Ageing impact young housing choices (2 earners, immigrants)

**HERE FOCUS ON OLDER END OF LONGEVITY? WHAT ARE
RECURSIVE INTERACTIONS DEMOGRAPHIC
CHANGE/HOUSING**



WHAT HAVE BEEN OUR POLICY PARADIGMS?

UK example

- By mid 1970's, concern is sheltered housing; planning rules
 - classic welfare needs/tax solution.
- In mid 1980's, recognise staying put, repair etc
 - Early attempt at dealing with market failures in repair
- Towards millennium, planning requirements, lifetime homes
 - Ageing in Place
 - Use of regulation, use of planning gains
- By 2000 emerging 'care' crisis
 - Still classic welfare response in Scotland, rationed response England
- Recent rethinking in fiscal crisis, concern re housing assets
 - Asset based welfare debates, Dilnott Commission

**BUT HOW DO WE CONCEPTUALISE HOUSING AND
NEIGHBOURHOODS IN THIS CONTEXT?**



WHAT CONCEPTS DO WE NEED

- Abandon policy constructions based on absolute AGE
- Focus on Sen's notion of capabilities
 - Different physical and mental capabilities
 - To work, to play, to live alone
- Recognise that Longevity means sustain and shed capacities differently over time, increased diversity at any age
- Age effects are fuzzier; know the elderly better
- Housing Pathways (Clapham), recalibrated, at core of thinking
 - What is the new pattern of sequences?
 - How does this change family relativities
 - How do we get to metro and macro views
- Market failures as much as poverty basis for policy

**IF WE ARE GOING TO UNDERSTAND THESE COMPLEX ISSUES
OLD STEREOTYPES AND FOLK TALES WON'T DO.**



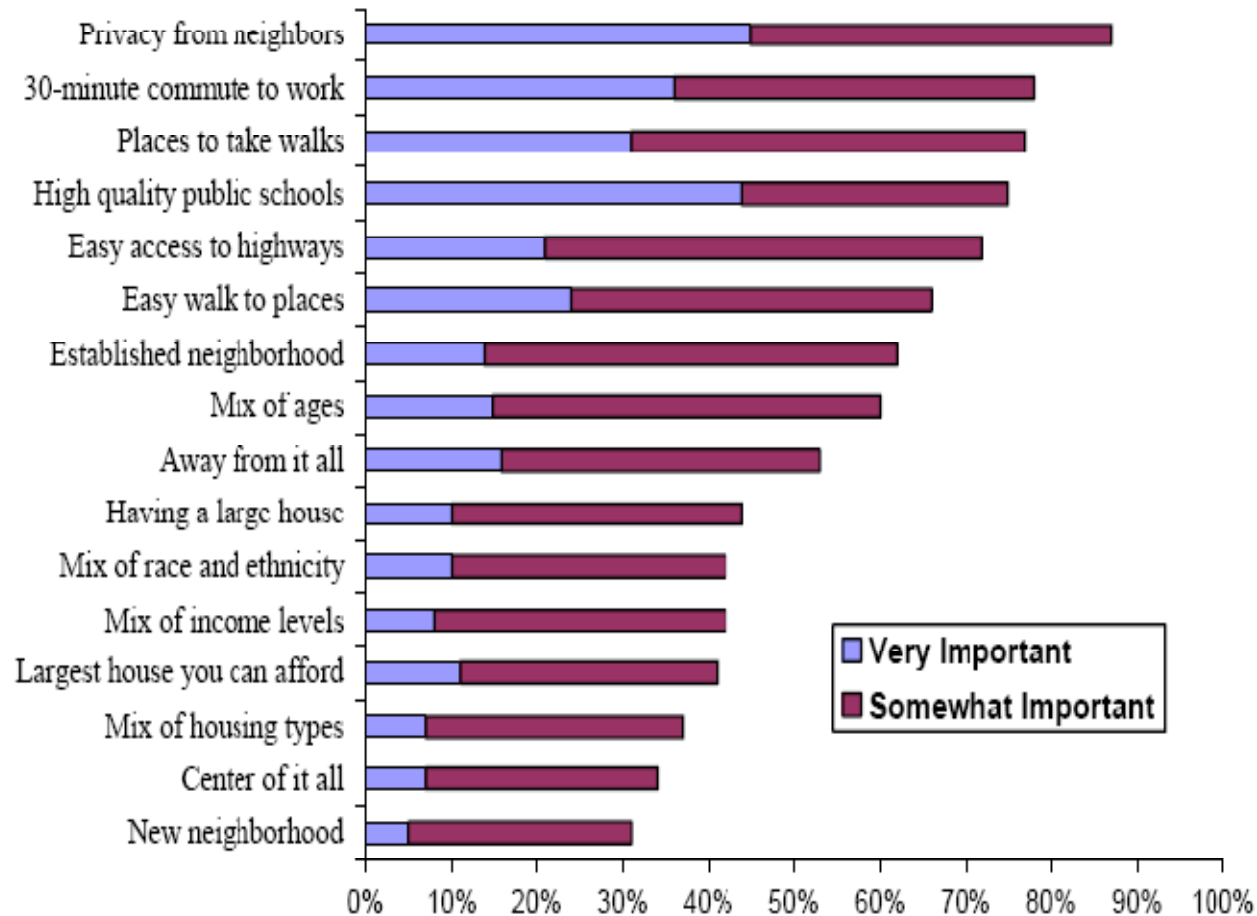
1. CANADIAN /AMERICAN EVIDENCE ON MOVING/HOUSING CHOICES

- Household moving motives vary by age group.
- Households more than fifty years old tend to move less often than do younger
- They move for different reasons.
 - households in the 50-64 range tend to move for better jobs or better housing
 - households over 75 years old move to obtain more affordable housing or for health reasons
 - the desire to be closer to family and friends rises in importance as the household ages (AARP, 2005).

WHAT HOUSING ATTRIBUTES DRIVE CHOICES?



Figure 5 Importance of Community Characteristics (NAR 2011)



**HOW DOES LONGEVITY, AT DIFFERENT PATHWAY STAGES RESHAPE SET?
WHAT LIFESTYLE PREFERENCES, RESOURCE CONSTRAINTS MATTER?**



STRONG
POSITIVE
CANADIAN
RESPONSES

- PREPARED
- TIME SELF
- RELATIVES
- LESS FEAR

AXA 2011

WORKING	USA	CAN	CHI	FRA	GER	IND	JAP	SPA	UK	EUR
Base	n=500	n=500	n=2000	n=500	n=501	n=1642	n=500	n=590	n=500	n=6117
A moment in life that I have to prepare for financially	90	97	80	90	91	86	74	83	92	88
Having the time to take care of myself	89	90	87	90	90	92	90	90	89	87
Spending more time with my relatives	84	94	93	90	76	85	83	92	85	87
The opportunity to get involved in associative projects	70	92	87	75	75	74	64	66	78	75
A moment in life that I will enjoy only if I keep working to secure my incomes	69	62	56	46	46	81	86	46	67	54
The opportunity to start a new professional activity, create my own activity	58	57	82	26	64	74	67	42	83	51
A life that is not so different from the life I had while working	56	41	54	48	38	69	25	41	42	42
The beginning of financial problems or financial restrictions	51	44	57	60	54	79	76	46	56	55
The beginning of old age, dependence and health problems	48	38	58	39	59	81	71	79	40	53
No longer receiving social recognition in some way	34	43	35	37	32	65	21	28	42	36
RETIRED	USA	CAN	CHI	FRA	GER	IND	JAP	SPA	UK	EUR
Base	n=500	n=500	n=2000	n=501	n=500	n=1652	n=500	n=500	n=500	n=6009
Having the time to take care of myself	92	93	93	88	88	92	93	89	89	86
A moment in life that I have to prepare for financially	83	92	75	81	83	84	52	76	86	81
Spending more time with my relatives	79	90	93	89	72	87	75	90	77	83
The opportunity to get involved in associative projects	77	85	85	68	63	67	72	66	77	67
The beginning of old age, dependence and health problems	55	44	68	53	57	86	71	83	51	62
The opportunity to start a new professional activity, create my own activity	50	50	80	18	51	68	59	48	72	44
A life that is not so different from the life I had while working	48	42	54	51	42	72	38	47	37	41
The beginning of financial problems or financial restrictions	45	45	71	61	45	81	73	48	54	59



EXISTING RESEARCH EMPHASISES HOUSING CAREERS AND PATHWAYS WITH RELATIVELY CRUDE, ABSOLUTE AGE STAGES

Table 7 Typical Lifecycle Housing Preferences

Stage	Typical Ages (duration)	Housing Preferences	Transport Preferences
Young adult	20-30 (10 years)	Multi-family	Multi-modal
Parents with children	30-55 (25 years)	Single-family	Auto-oriented or multi-modal
Empty nesters	55-65 (10 years)	Single- or multi-family	Auto-oriented or multi-modal
Active retirees	65-75 (10 years)	Single- or multi-family	Multi-modal
Older seniors	75-85 (10 years)	Multi-family	Multi-modal

Only a minor portion of a typical adult lifecycle has a strong preference for single-family housing.



WHAT HOUSING/ NEIGHBOURHOOD PREFERENCES UNDERPIN THIS?

- Empty nester downsizing happens less than expected, delayed
- Location choices reflect
 - family composition, closeness to family and friends (Weakening?)
 - income and wealth (changing)
 - physical and mental capabilities
 - Attachment for homes and neighborhoods.
- Downsizing because of poor health (Megbolugbe et al., 1997).
- Older households do not downsize to liquidate housing wealth (Venti and Wise).
- Failure, now, to accumulate non-housing equity locks elderly into present homes (Gist et al, 2002)
 - Debt, equity release and marital breakdown; ownership engine less sound



STRONG EVIDENCE THAT HOUSEHOLDS WANT TO AGE IN PLACE (MATTHEWS AND TURNBULL 2007)

- As many as two-thirds, want to age in place “as long as possible” (AARP, 2005).
 - 66% of 50-64 year olds,
 - 83% of 65-74 year olds
 - 86% of those 75 and older
- Are waiting until forced to move; tax policy, provision encourages this
- Most live in suburbs, exurbs, smaller cities, rural areas (two-thirds, Canada)
- These are where the rates of growth in elderly populations are greatest.
- As these neighbourhoods also age in a growth context
 - will younger households move out?
 - fiscally induced, wrong orientation of services etc?
 - Or resorting to have more families nearby?

Are suburban and rural communities ill-suited to meet aging-related demands.



HOWEVER A THIRD OF HOUSEHOLDS AIM TO MOVE ON RETIREMENT

- Move to locales with natural and augmented civic amenities.
- Shifts to the coasts and lakes
- Such migration is may raise rural fiscal income but later elderly needs.
- Housing Prices and Taxes for lower income locals
- City Apartments and Rural retreats?
- Retirement Communities (later older)

ALL THIS EVIDENCE PREDATES CHANGED CONTEXT OF RISING ENERGY PRICES, REDUCED STOCK MARKET AND HOUSING WEALTH AND RISING FISCAL STRINGENCY: IN ALL LIKELIHOOD DOWNSIZING AND WEALTH WITHDRAWAL WILL HAPPEN EARLIER AND FASTER THAN IN THE PAST, AND FUTURE HOUSEHOLDS MAY HAVE WEAKER FAMILY LOCATIONAL TIES (OR NOT). GREEN AGENDAS AND GRAY OUTCOMES MAY COINCIDE.



IF SUBURBAN HOUSEHOLDS TO AGE IN PLACE HOW WILL SUBURBS CHANGE?

Major Difficulty for Canadian metropolitan areas, getting much worse (Harcourt)

- Suburbs, post 1960's, are dispersed, car dependent, short on social infrastructure
- A mismatch between community features and elderly household lifestyles.
- Ageing Households will not need accessibility to employment, school quality etc
- They will need public transportation, proximity to drug and grocery stores, having a local hospital, and opportunities for volunteering and civic engagement (AARP, 2005).
- Larger homes unused, add to taxes, garden maintenance and maintenance

WILL THIS BE MORE FORCED MOVES LATE IN LIFE, OR BACK TO THE CITY FOR SOME?

REALLY REQUIRES RESTRUCTURING OF THE SUBURBS AND RETROFITTING THEM WITH DIVERSITY, AMENITY, INFRASTRUCTURE AND CONNECTIVITY. BUT IT ALSO REQUIRES A RETURN TO THOUGHT IN HOW CANADA PROVIDES ITS CITIES FOR THE FUTURE. IT'S THE SUBURBS STUPID. KEEP BUILDING THE WRONG PLACES NOW AND YOU WILL HAVE POOR CHOICES IN THE FUTURE.

IS THIS THE CENTRAL CANADIAN CHALLENGE, HOW TO SERVE SENIORS IN SPREAD SUBURBS? THE GETTING TO THE SHOPS CRISIS MAY BE MORE ONEROUS THAN THE FISCAL CRISIS!



2. Policy Responses, Planning.

Metro strategic planning policies

- Improve the quality of demographic content and analysis
- Rethink geography and scale of homes: Retrofitting Existing Suburbs
- Older Households in City Centre Renewal
- Provision to make retail facilities, town centres and transport more accessible to a wider range of people
 - (e.g. safe and attractive car parking, "shopmobility" schemes, convenient and easily accessible buses etc)
- Planning Gain and Provision of infrastructure
- Relevant provision in rural areas with emphasis on
 - contributions towards flexible public transport;
 - preservation of rural shops, post offices and other amenities;

SMART AND GREY GROWTH CHOICES OFTEN CONSISTENT



In Broader Metro Planning

Rethink Geography and Scale of homes

- Retrofitting Existing Suburbs: Older Households in City Centre
- Provision to make retail facilities, town centres and transport more accessible to a wider range of people
 - (e.g. safe and attractive car parking, "shopmobility" schemes, convenient and easily, accessible buses etc)
- Planning Gain and elderly provision
- Relevant provision in rural areas is similar to that in urban areas, but with special emphasis on
 - contributions towards flexible public transport;
 - preservation of rural shops, post offices and other amenities;
 - access to the country; preserve rural diversity/distinctiveness.

SMART AND GREY GROWTH CHOICES OFTEN CONSISTENT



Housing: Fiscal Cuts

e.g. UK (Canada stripped down policy)

- UK Housing Benefit
- Supporting People under Review
- Capital budget to fall 75pc
- Responsibilities being downloaded

**REDUCES ELDERLY POOR PROVISION
AND HAS HEALTH COSTS. OLD
SOLUTIONS PRECLUDED**



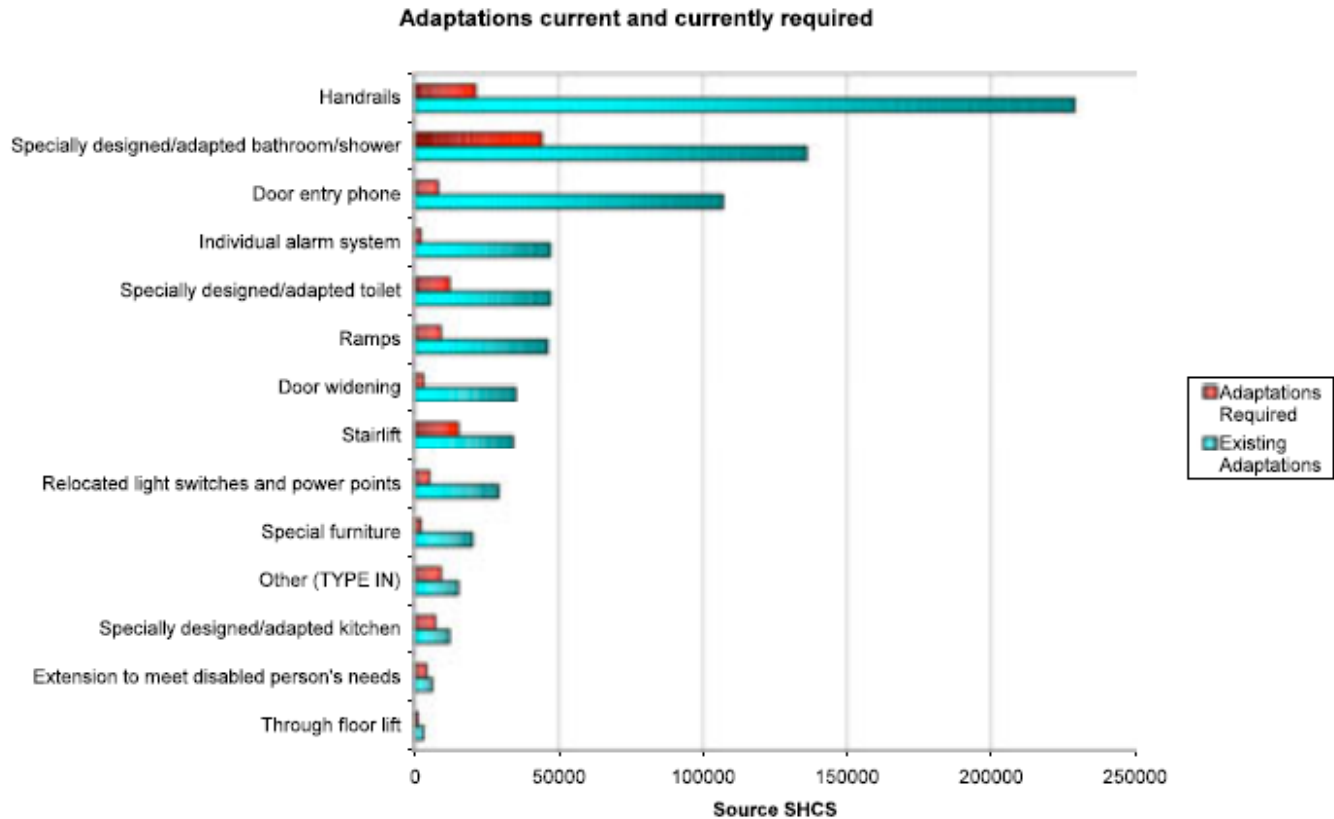
III.b Traditional Policy Responses?

Housing Stock

- Levels of sheltered housing stock have been in decline since 2006.
- At current levels the ratio of sheltered housing stock to disabled pensioners is projected to fall in all areas of Scotland. This would be worse if the current rate of decline in stock is maintained.
- In order to maintain current ratios of provision to probable need, the combined numbers of sheltered and very sheltered housing stock would need to rise from 38,000 in 2008/9, to 45,900 in 2018 and to 61,400 in 2033, a rise of 23,400 units over the period.



AGENCY, REPAIR BUDGETS FALLING AS NEEDS/DEMANDS RISE



BUT POVERTY ALSO REMAINS AN ISSUE, EVEN HOMELESSNESS



POOR, OLD, HOMELESS STEPHEN

Case Study: Stephen

Stephen, in his early 60s, moved into a hostel in January 2007. He previously lived in second stage accommodation, but had been unable to manage his tenancy: he had been smearing faeces in his room and had caused a number of fire alarms due to leaving food in the oven. He had also lost a dramatic amount of weight and was highly disorientated.

An initial risk assessment at the hostel identified Stephen as a man with a long term alcohol dependency who also suffered mental deterioration. Stephen was passed between the mental health team and physical disabilities team, as they could not decide whether Stephen's mental state was caused by long term drinking or a specific mental health condition. Both teams assessed Stephen but concluded that without the necessary tests they could not help him. These tests needed to be carried out at a GP's surgery which Stephen refused to attend. Due to a lack of support available for Stephen at the hostel, staff often took on the role of carers, rather than key workers. Social Services did arrange a care package for him but would not start this until he had the appropriate blood tests done – the blood test that Stephen refused to give.

Stephen was eventually admitted to hospital after he collapsed in the hostel with a severe urinary infection and malnutrition. Since this time, he has been in a mental health ward, he is unable to walk or even feed himself, and he is incontinent. The hospital contacted the hostel and said that they would recommend Stephen should be housed in a high support care home, as the hostel was inappropriate for Stephen. The hostel therefore issued Stephen with a notice to quit and informed Social Services who eventually agreed to re-house him.

Figure 32 – Estimated number of homeless people over the age of 50 at any point in time, by group.⁴³²

Group	Estimated numbers at any point in time	Scope of estimate
Rough sleepers	300	Great Britain
Living in hostels or equivalent	5,000	England
Self-placed in bed-and-breakfast or other temporary accommodation because they have no other option	12,000	Great Britain
Imminent releases from prison and nowhere to go	100	England and Wales
Staying with friends or family in overcrowded conditions	24,000	England
Imminent risk of eviction	500	England
Estimated total	41,900	



NEEDS RISE, HOUSING BUDGETS FALL, PENSIONER POVERTY AND DEBT PERSIST, OWNERSHIP SAVINGS ENGINE FALTERS

Table 1 Proportion and average debt of those with debt, by age and family type, 2009

	Age of respondent			
	19 to 64	19 to 34	35 to 49	50 to 64
	percentage			
All family types	76	79	83	64
Couple family, no children under 25	72*	91*	82*	62*
Couple family, youngest child 0 to 24	86*	90*	88*	76*
Single parent family, youngest child 0 to 24	80*	73	81*	83*
Other families	66	67*	68	57
Unattached individual†	63	73	65	56
	dollars			
All family types	119,000	122,000	136,000	91,000
Couple family, no children under 25	110,000*	141,000*	124,000*	87,000
Couple family, youngest child 0 to 24	147,000*	144,000*	157,000*	117,000*
Single parent family, youngest child 0 to 24	102,000*	97,000 ^E	98,000*	118,000* ^E
Other families	91,000	96,000	80,000	68,000 ^E
Unattached individual†	69,000	82,000	75,000	56,000

† reference group

* statistically significant difference from the reference group at $p < 0.05$

Source: Statistics Canada, Canadian Financial Capability Survey, 2009.



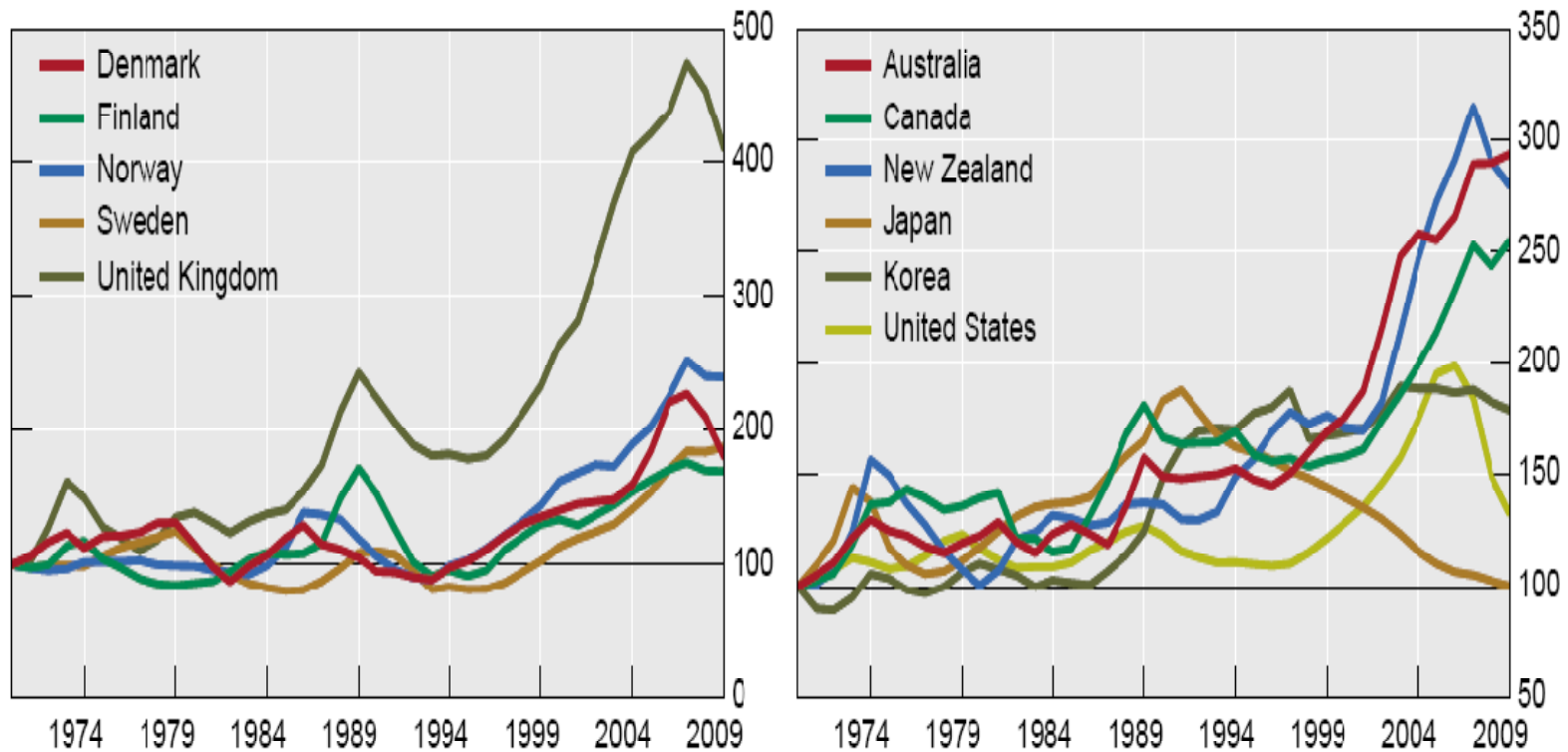
2. Any easy routes out

- Rely more on private finance for sheltered housing
- New Regulations on construction, repair, sales to raise 'lifetime' features
- Telehealthcare Development
- More "Family" solutions, careers
- Planning gain , again
- New Reliance on Wealth

DO ELDERLY ALREADY HAVE THE SOLUTION? BUT
DEPENDS ON PUBLIC BUDGETS FOR CARE



III. RISING HOUSE PRICES AND HOUSING ASSETS: A FINAL WRINKLE



Source: BIS data.



III. Housing: Wider Wealth Effects

- What patterns: wider use in some (Aus)
- Context of fiscal, pension arrangements
- **Canada, changing since 2000**
 - NF assets 45pc net worth (real estate 85pc)
 - Real estate 11pc of net worth (NW) rise in 1990's, 60 percent of rise 2000-2009
 - NW owners rises 28pc 99-05, renters falls 2pc

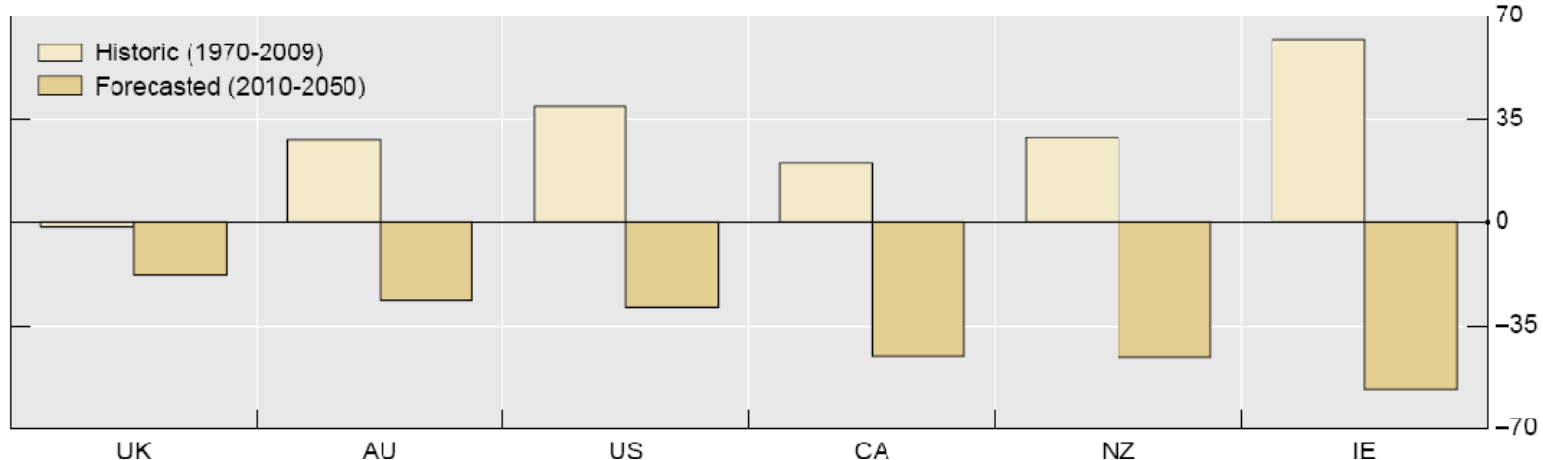
**CANADIANS FACING RISING HEALTH/
CARE COSTS ALSO HAVE THE MOST
ASSETS**



III. BUT, Will Housing Wealth Fall?

Studies suggest downward price pressure

Demographic impact on housing
English speaking countries (percent)



AU = Australia; CA = Canada; UK = the United Kingdom; IE = Ireland; NZ = New Zealand; US = the United States.

Source: Author's calculations.