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)

- Privacy from neighbors
- 30-minute commute to work
- Places to take walks
- High quality public schools
- Easy access to highways
- Easy walk to places
- Established neighborhood
- Mix of ages
- Away from it all
- Having a large house
- Mix of race and ethnicity
- Mix of income levels
- Largest house you can afford
- Mix of housing types
- Center of it all
- New neighborhood

HOW DOES LONGEVITY, AT DIFFERENT PATHWAY STAGES REFORM SET? WHAT LIFESTYLE PREFERENCES, RESOURCE CONSTRAINTS MATTER?
<table>
<thead>
<tr>
<th>STRONG POSITIVE CANADIAN RESPONSES</th>
<th>USA</th>
<th>CAN</th>
<th>CHI</th>
<th>FRA</th>
<th>GER</th>
<th>IND</th>
<th>JAP</th>
<th>SPA</th>
<th>UK</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>PREPARED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIME SELF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RELATIVES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESS FEAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WORKING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A moment in life that I have to prepare financially</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>Having the time to take care of myself</td>
<td>89</td>
<td>89</td>
<td>89</td>
<td>89</td>
<td>89</td>
<td>89</td>
<td>89</td>
<td>89</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>Spending more time with my relatives</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>The opportunity to get involved in associative projects</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>A moment in life that I will enjoy only if I keep working to secure my incomes</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>The opportunity to start a new professional activity, create my own activity</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>A life that is not so different from the life I had while working</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>The beginning of financial problems or financial restrictions</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>51</td>
</tr>
<tr>
<td>The beginning of old age, dependence and health problems</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>No longer receiving social recognition in some way</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>RETIRED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A moment in life that I have to prepare financially</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>Having the time to take care of myself</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td>Spending more time with my relatives</td>
<td>79</td>
<td>79</td>
<td>79</td>
<td>79</td>
<td>79</td>
<td>79</td>
<td>79</td>
<td>79</td>
<td>79</td>
<td>79</td>
</tr>
<tr>
<td>The opportunity to get involved in associative projects</td>
<td>77</td>
<td>77</td>
<td>77</td>
<td>77</td>
<td>77</td>
<td>77</td>
<td>77</td>
<td>77</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>The beginning of old age, dependence and health problems</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>The opportunity to start a new professional activity, create my own activity</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>A life that is not so different from the life I had while working</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>The beginning of financial problems or financial restrictions</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
</tbody>
</table>
EXISTING RESEARCH EMPHASISES HOUSING CAREERS AND PATHWAYS WITH RELATIVELY CRUDE, ABSOLUTE AGE STAGES

**Table 7: Typical Lifecycle Housing Preferences**

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

*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!

**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
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.

<table>
<thead>
<tr>
<th>Group</th>
<th>Estimated numbers at any point in time</th>
<th>Scope of estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rough sleepers</td>
<td>300</td>
<td>Great Britain</td>
</tr>
<tr>
<td>Living in hostels or equivalent</td>
<td>5,000</td>
<td>England</td>
</tr>
<tr>
<td>Self-placed in bed-and-breakfast or other temporary accommodation because they have no other option</td>
<td>12,000</td>
<td>Great Britain</td>
</tr>
<tr>
<td>Imminent releases from prison and nowhere to go</td>
<td>100</td>
<td>England and Wales</td>
</tr>
<tr>
<td>Staying with friends or family in overcrowded conditions</td>
<td>24,000</td>
<td>England</td>
</tr>
<tr>
<td>Imminent risk of eviction</td>
<td>500</td>
<td>England</td>
</tr>
<tr>
<td>Estimated total</td>
<td>41,900</td>
<td></td>
</tr>
</tbody>
</table>
Table 1  Proportion and average debt of those with debt, by age and family type, 2009

<table>
<thead>
<tr>
<th>Age of respondent</th>
<th>19 to 64</th>
<th>19 to 34</th>
<th>35 to 49</th>
<th>50 to 64</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>percentage</strong></td>
<td>76</td>
<td>79</td>
<td>83</td>
<td>64</td>
</tr>
<tr>
<td>All family types</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple family, no children under 25</td>
<td>72*</td>
<td>91*</td>
<td>82*</td>
<td>62*</td>
</tr>
<tr>
<td>Couple family, youngest child 0 to 24</td>
<td>86*</td>
<td>90*</td>
<td>88*</td>
<td>76*</td>
</tr>
<tr>
<td>Single parent family, youngest child 0 to 24</td>
<td>80*</td>
<td>73</td>
<td>81*</td>
<td>83*</td>
</tr>
<tr>
<td>Other families</td>
<td>66</td>
<td>67*</td>
<td>68</td>
<td>57</td>
</tr>
<tr>
<td>Unattached individual†</td>
<td>63</td>
<td>73</td>
<td>65</td>
<td>56</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>dollars</strong></th>
<th>119,000</th>
<th>122,000</th>
<th>136,000</th>
<th>91,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>All family types</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple family, no children under 25</td>
<td>110,000*</td>
<td>141,000*</td>
<td>124,000*</td>
<td>67,000</td>
</tr>
<tr>
<td>Couple family, youngest child 0 to 24</td>
<td>147,000*</td>
<td>144,000*</td>
<td>157,000*</td>
<td>117,000*</td>
</tr>
<tr>
<td>Single parent family, youngest child 0 to 24</td>
<td>102,000*</td>
<td>97,000†</td>
<td>98,000*</td>
<td>118,000†E</td>
</tr>
<tr>
<td>Other families</td>
<td>91,000</td>
<td>96,000</td>
<td>80,000</td>
<td>68,000†E</td>
</tr>
<tr>
<td>Unattached individual†</td>
<td>69,000</td>
<td>82,000</td>
<td>75,000</td>
<td>56,000</td>
</tr>
</tbody>
</table>

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