



**A new model for assessing  
Older Persons Housing Need**

**SPRU Research**

# A new model for assessing Older Persons Housing Need

The Strategic Planning Research Unit (SPRU) is a dedicated team within DLP comprising economic specialists, statisticians and planners providing independent advice focussed upon supplying clients with a range of economic services and research. In relation to older persons accommodation, SPRU provides research into the future level of older persons housing needs as well as how supply fits within overall housing land strategies at both a national and local level.

## Identifying the problem

As part of their ongoing work in the older persons housing sector SPRU identified shortcomings in the nature of the evidence base being used to project future specialist housing needs for the older population, most notably the fact that there had been substantial changes in the nature of the new emerging supply both in terms of tenure and type.

The “Older Persons Housing Model” has been developed by SPRU to assist in determining future needs at a local level and as such is an important tool for planning decision makers as it seeks to identify the scale of need that should be met if local authorities are to address what the government describes as a crisis in the supply of specialist housing for the older person.

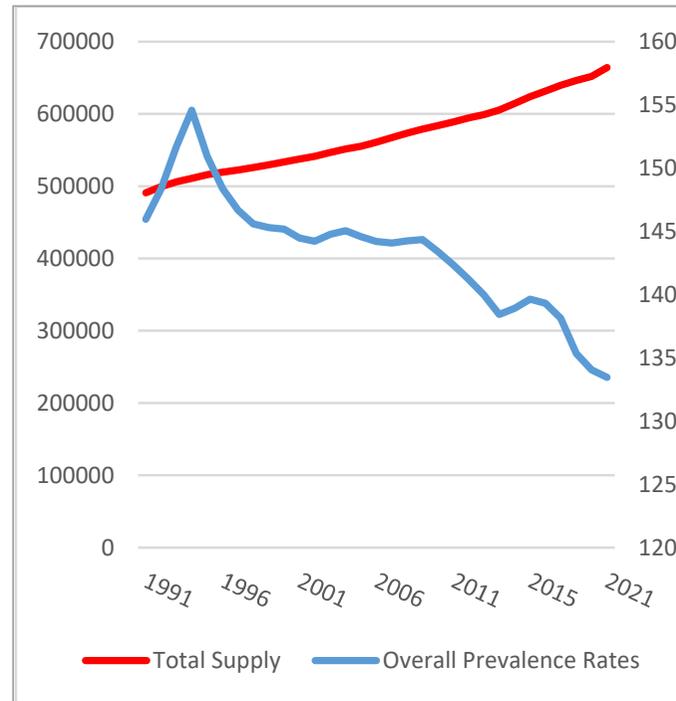
## The evidence of change of tenure and type of supply

The older persons housing crisis is occurring despite the recent rates of provision of new accommodation which has increased from just under 500,000 in 1991 to 650,000 in 2021.

This level of provision of specialist older persons housing has not kept pace with the growth in the older population

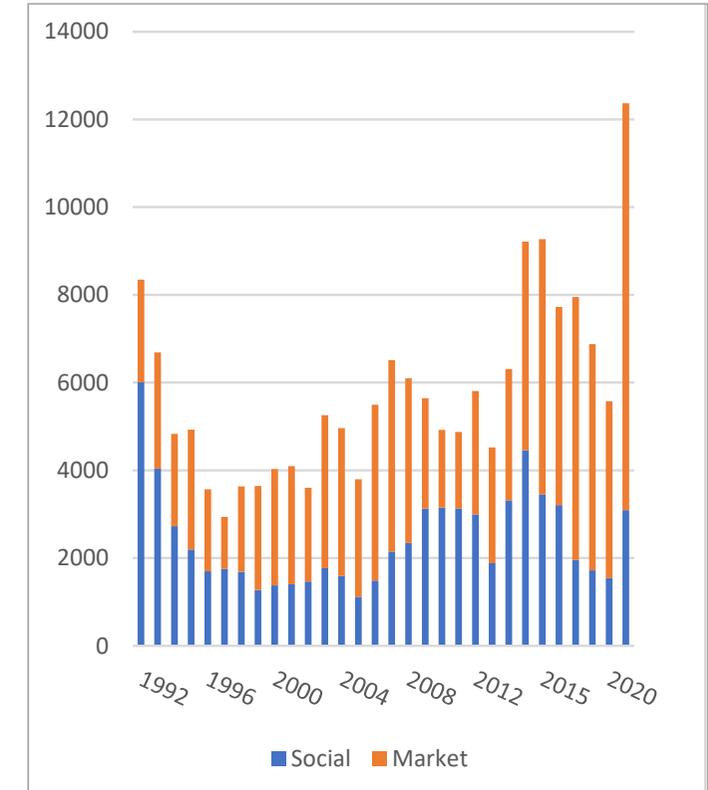
with an increase in the overall number of units against the changes to the prevalence rate. The prevalence rate is the number of units per 100 population who are 75 or over and is used as a measure of the supply against the older population (see Chart 1).

Chart 1 - Supply of Specialist Housing for Older Persons compared to Prevalence Rates London 2011 ~ 2051 (Source GLA Projections)



The rate of 75 or older is used as a measure in a number of earlier studies including the SHOP and CSESR Models as well as Housing in Later Life, although it is simply a metric to measure all supplies of specialist older persons housing and should not be interpreted as being a measure of the supply for those of 75 plus.

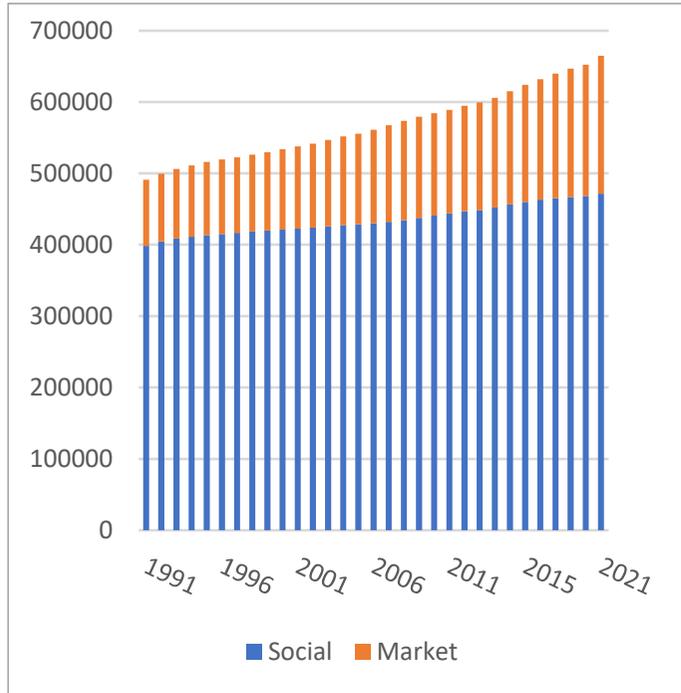
Chart 2 - Average Additions: Units



For most of the last three decades the market sector has surpassed the social sector in terms of the supply of new units. This trend of increased market provision has substantially increased in the last decade with the market sector now delivering substantially more units than the social sector (see Chart 2).

This significant increase in the level and rate of supply of market sector units is beginning to change the overall level of available units. However despite this significant uplift in supply there is still a much greater number of social units compared to market units (see Chart 3).

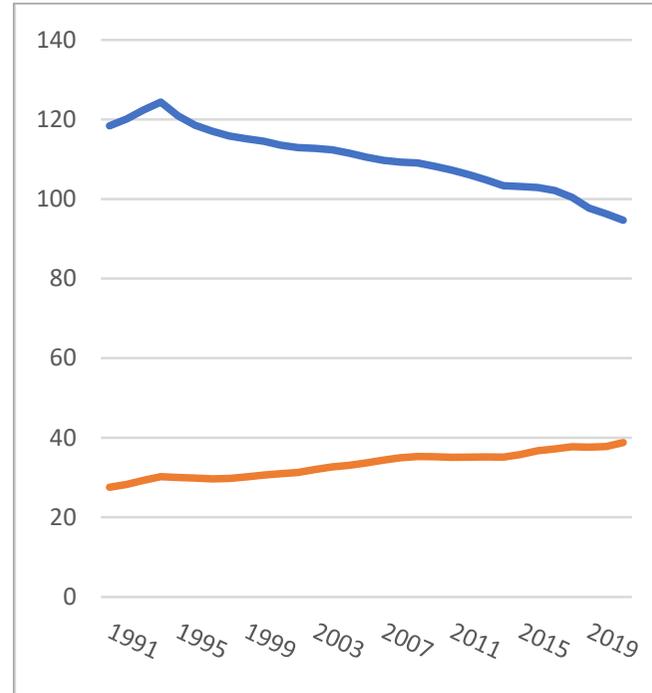
Chart 3 - Growth in Older Persons Housing v Market



This difference in the level of the overall supply between tenures and the difference in the rate of additions means that overall the number of specialist units for social rent per 1000 of the population 75 has been falling steadily since 1994 when there were over 120 units per 1000 population 75 or over to just 95 social units per 1000 persons over 75 that exists in 2021.

In contrast the level of provision of market units has not only kept pace with but has exceeded the growth in the population who are 75 and over, increasing from 28 units over 1000 persons over 75 in 1991 to 39 units over 100 in 2021 (see Chart 4).

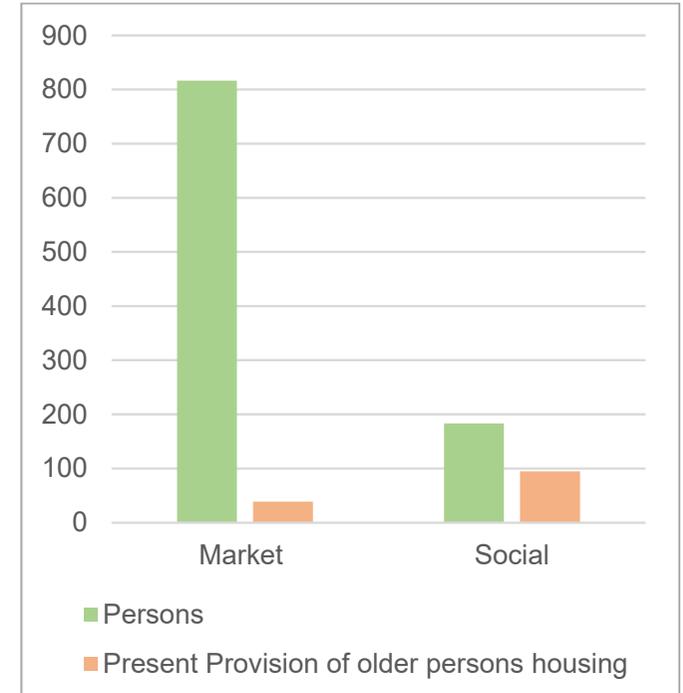
Chart 4 - Prevalence Rates: Tenure



There are a number of factors which are driving growth in market provision of specialist housing and firstly and fundamentally is the disproportionate level of provision between the tenures of specialist housing for older persons. While there are 817 persons per 1000 who are over 75 residing in market housing there are just 67 residing in social housing (see Chart 5).

This mismatch of provision is also revealed if one considers the number of persons 75 plus in each tenure that have either limitations in their day to day activities and/or bad or very bad health. This comparison illustrates that the level of provision of specialist accommodation in the social tenure (at 95 units per 1000) exceeds those who are

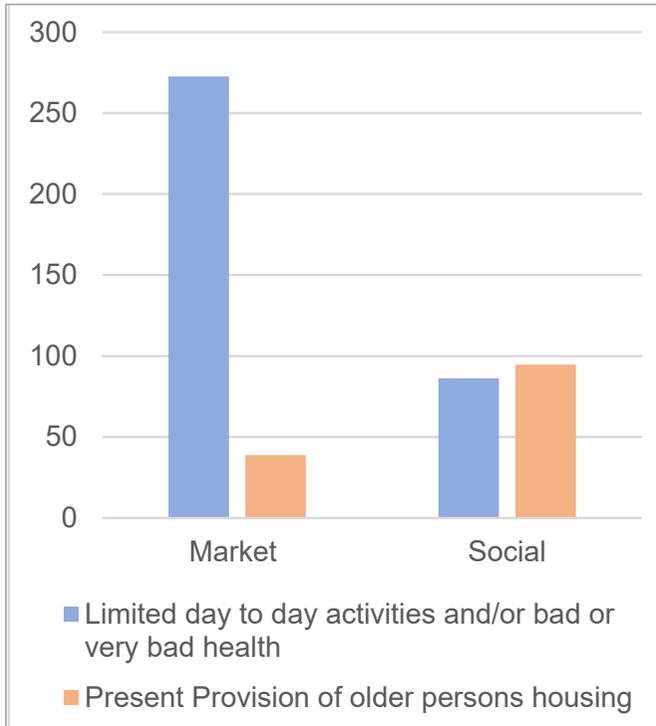
Chart 5 - Tenure of population compared to provision of specialist housing for older persons: Persons per 1,000 population 75 plus



75 and over residing in that social tenures (83 persons per 1000) who have either limitations in their day to day activities and/or bad or very bad health. This suggests that for the social tenure there are units in excess of this need occupied by those who are in good health and mobile and/or below 75.

In contrast there are 273 persons per 1000 over 75 who reside in market housing and who have either limitations in their day to day activities and/or bad or very bad health. This compares to the supply of just 39 units per 1000. This suggests a substantial level of potential unmet need (see Chart 6).

Chart 6 - Mobility and Housing by tenure compared to current provision of specialist housings for older persons by Tenure: Persons per 1,000 population 75 plus



A further indicator of the level of unmet market need are the recent delivery rates of new units. This rate of provision is not equally across all types of market provision or indeed across all market tenures. In both cases the newer types of provision in terms of both tenure (shared ownership for example) and type (market extra care) are showing very strong signs of growth (see Charts 7, 8 and 9).

Chart 7 - Extra Care: Market Total Units

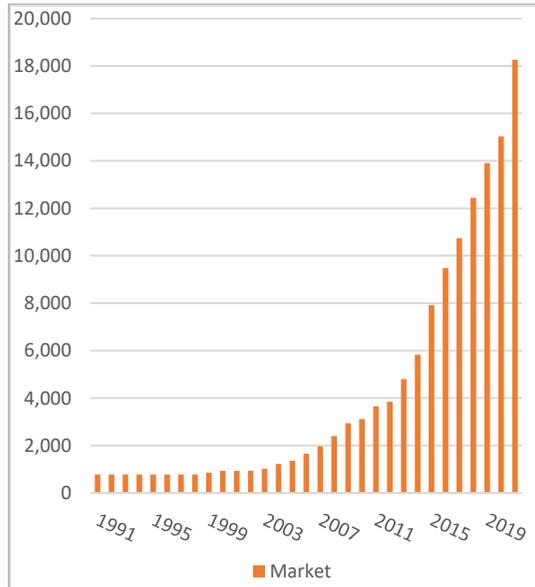


Chart 9 - Sheltered Housing: Market Total Units

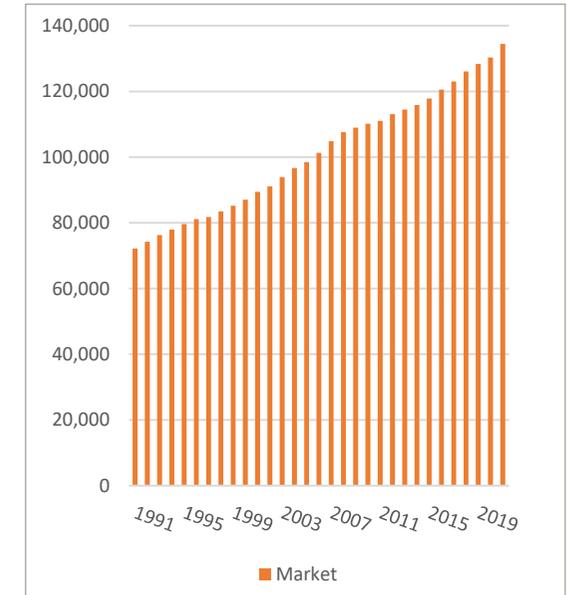
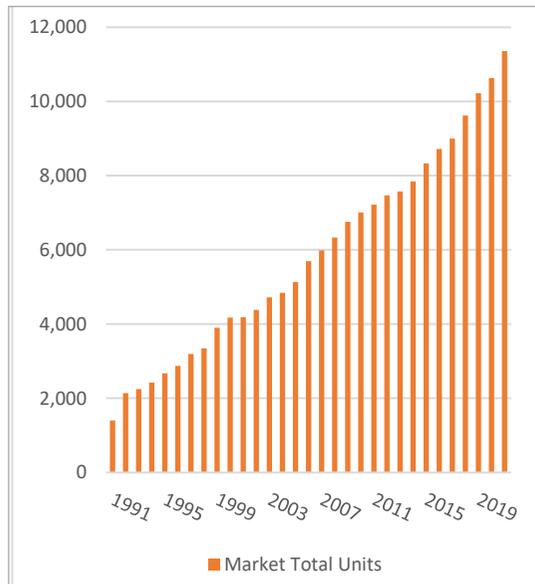


Chart 8 - Enhanced Sheltered Housing: Market Total Units



## The evidential base for modelling future need

In order to assist the assessment of future prevalence rates three types of projection have been undertaken and these have then been converted into future prevalence rates by the use of the 2020 National Population Projections from the ONS. These are:

- Average Annual Growth Rate (AAGR) – This calculates the percentage growth between each year and then averages these percentage changes over each of the three time periods (10, 20 and 30 years).
- An exponential Growth projection (Growth) – This calculates the predicted exponential growth by using existing data for each of the three time periods.
- The application of the Average Annual Build Rate (AABR) – this is a linear projection that simply adds the average number of units that have been built over the three periods to the total units in the preceding year.

These results have been considered against the tenure specific prevalence rates and the degree to which the projections might suggest that there may be an equal need for types of provision across tenures. This is to investigate whether the present mismatch of supply between tenures of the same type of unit when compared to the tenure of the 75 and over population is a permanent characteristic of the market or a legacy of the past nature of the supply.

The level of potential need that could arise from mobility and poor health is considerable as these findings suggest that the level of provision of specialist housing available to those in the social rented sector who experience mobility or health issues is substantial higher than that available to market residents. This reflects a significant level of unmet need in the market sector to address these issues.

In considering future need, prevalence rates have been determined in line with the above conclusions as being reflective of the evidence of future need, considering both past experience and the tenure preferences of future occupants.

For some types of provision all the projections are relatively close, while for others and especially extra care there is a much greater range due to the recent exponential growth (rather than linear growth) in the rate of provision.

In general, the approach has been to rely upon the projections based upon the most recent period (2011 to 2022), but for market units, this has been moderated where the projected level of growth exceeds the social rented tenure specific prevalence rate. For example, in the case of extra care the Average Annual Growth Rate and the Growth projections would suggest that a prevalence rate of 62 and 74 per 1,000 population 75+ by 2041. The prevalence rate has instead been held at 44 units per 1,000 population 75+ to match the current tenure specific prevalence rate for social extra care.

However, there are clear indicators that for extra care the 44 units per 1,000 population 75+ maybe a significant under representation of future need. Not only are two of the three projections suggesting that the need might be higher at 62 or 74 units per 1,000 population 75+) but international comparisons provide relevant alternative estimates of between 80 and 100 units per 1000 population 75+ for extra care.

In addition, evidence on the prevalence rate of health and mobility amongst those presently residing in market units at 256 per 1,000 population 75+ suggest that 44 units per 1,000 population 75+ is far too low. These sources all suggest that the higher projections are entirely plausible.

An adjustment has also been made in respect of the prevalence rate for market sheltered housing. This is in response to the evidence of the mismatch in tenure specific prevalence rates between market and social provision for this type of housing. In acknowledgement that the projected prevalence rates from projections of past provision are lower than that suggested by a prevalence rate that reflects an equalisation between the tenures in the sheltered housing sector, then the future tenure specific prevalence rate for market sheltered housing is to increase, so that it is half that of the tenure specific prevalence rate for social sheltered housing.

Having made such adjustments, it is important that any assessment of need reflects the local affordability and occupation rates to provide a local focus. The national prevalence rates should therefore be adjusted to reflect the different levels of affordability and occupancy at a local level.

The adjustments made to reflect local circumstances are based on price of housing, tenure and occupancy rates compared with the national position:

- **House Price:** This local adjustment applies a ratio based upon whether the median house price is higher or lower than the average for England to reflect the greater ability to afford the move into specialist housing.
- **Tenure and property size:** This local adjustment applies a ratio based upon whether the percentage of homeowners over 75 who occupy properties with three or more bedrooms is higher or lower than the average for England. This reflects an important source of need for those seeking the ‘right size’.

This local adjustment increases or decreases the national prevalence rates for market older persons specialist housing.

A further test should be introduced to further moderate the projected need for extra care based upon existing and projected transactions of properties by home owners aged 75+.

### Conclusion

The research undertaken highlights that increases in the levels of provision across all tenures and typologies are required to address the critical shortage of specialist elderly persons accommodation.

Future increases in provision will likely be focused on the development of market-based solutions, reflecting the prevailing levels of home ownership and the desire

of people to continue to own their home. The growth in market extra care, reflects this growing market and the desire of people to maintain, so far as they are able, independent living in a home that they own.

Table 1 below updates previous research and in particular builds upon the approach that has found acceptability within the planning decisions, and which seeks greater equity of provision between tenures.

This Table also sets out the current prevalence rate (total of 133 units per 1000 population 75+), the future level of provision required to meet need, as calculated in the

“Housing for Later Life Approach”, based in part on the 2001 census (total of 251 units per 1000 population 75+), and the revised national level recommended to meet the level of need identified by this research (total of 275 Units per 1000 population 75+).

It is important to note that these are the proposed prevalence rates for England, and that in areas with higher levels of home ownership by older people, and with higher rates of under occupation, then the levels of need will be higher than suggested by the rates below. The application of a ‘local adjustment’ is therefore important in determining the levels of potential need at a local level.

**Table 1: Existing and proposed prevalence rates**

Prevalence rates per 1000 population 75+	Existing 2021	Housing in Later Life Proposed (2011)	DLP proposed 2021
<b>Sheltered Housing</b>			
Social	84	60	56
Market (ownership, shared ownership and private rent)	33	120	146
<b>Enhanced Sheltered Housing</b>			
Social	1	10	2
Market (ownership, shared ownership and private rent)	2	10	7
<b>Extra Care</b>			
Social	10	15	20
Market (ownership, shared ownership and private rent)	4	30	44
<b>Housing based provision for dementia</b>		6	
<b>Total</b>	<b>133</b>	<b>251</b>	<b>275</b>

Source: EAC, Housing in Later Life, 1991-2000 MYE, SPRU

## DLP Planning Ltd and the Strategic Planning Research Unit

DLP have long and extensive experience in the planning for older persons housing/accommodation, advising a range of private clients, investors, RSL's and operator companies on sites proposed for specialist accommodation for older people. DLP are advising a range of landowners, promoters/developers and operating companies with regard to the potential of sites for specialist accommodation for older persons and their delivery through the planning system.



The Strategic Planning Research Unit (SPRU) is a specialist team within DLP that provides expert technical assistance across a range of demographic and economic matters and in the case of elderly persons housing models the future level of older persons housing needs as well as how supply fits within overall housing land strategy.

SPRU have a long and well established record in the modelling of future housing needs across a range of sectors and have experience of presenting their findings at both development plan examinations and planning Inquiries. SPRU utilises a number of population and housing models (POPGROUP and Chelmer) and has very recently developed their own specialist models which include the Older Persons Housing Needs Model and a model for care home beds – “The Need for Older Persons Care Beds”. These are for use in promoting sites, in responding to development plans, and providing evidence to support appeals. In particular this model seeks to address the issue of making projections of future need more responsive to local circumstances, an element that was missing from earlier models.



**The full research report is available from DLP by clicking this link.**



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