

Older People's Housing Futures in 2050

How can we ensure that older people in New Zealand have housing that keeps them well, keeps them connected and keeps them productive? Three evidence-based scenarios of the possible futures for older people's housing have been developed to assist us to think about and respond positively to that challenge.

Based on research by CRESA, Public Policy & Research and Motu Economic Public Policy and Research investigating the patterns of housing futures likely to be evident among people 65 years and older between 2010 and 2050. It is directed to improving New Zealand's ability to plan for and respond to the changing housing demands of older people over the next 40 years. The research was commissioned by the Centre for Housing Research, Aotearoa New Zealand (CHRANZ).

In 2050, there could be over 800,000 households headed by older people in New Zealand. The population of people aged 65 years or more is likely to be in the region of 1.35 million – a quarter of the population. Most older people will live in their own homes, but the numbers of households headed by an older person in the rental market will more than double. Older people will be more diverse ethnically than today, and there will be more older people entering their 80s and 90s. Older people will typically live alone or with an older partner. More than a million older people will not be in paid labour, and well over half a million can be expected to have a disability that impairs their mobility. Around 325,000 older people will not have a driver's licence, and even more are likely to be dependent on public transport, on walking or on others.

Research Aim and Process

The aim of this research was to identify the patterns of housing futures likely to be evident among people 65 years and older between 2010 and 2050. It is directed to improving New Zealand's ability to plan for and respond to the changing housing demands of older people over the next 40 years.

This research has involved developing three realistic scenarios of the possible futures for older people's housing. These scenarios have been built through:

- analysing critical socio-demographic and housing trends that are likely to impact on older people's housing needs over 2010–2050
- modelling possible impacts on older people's housing demand of savings and consumption behaviour in the context of different policy and market conditions, by applying an equilibrium lifecycle model

- reviewing domestic and international research, evaluative and policy literature on key housing issues affecting older people's housing futures
- workshopping housing futures with key populations and stakeholders.

The research has also identified the research platform we will need over the next few years to provide a robust, integrated, evidential base of knowledge to meet the challenges presented by our ageing society.

Alternative Scenarios

The three futures scenarios for housing in our ageing society are Business as Usual, Fragmented Innovations and Integrated Response.

The **Business As Usual** scenario portrays a future in which New Zealand continues current levels of investment and innovation in the new housing and existing housing stocks. It is a future in which there is little improvement in neighbourhood design and settlement connection and in which the social and health supports for older people are largely decoupled from housing support and policy. Funding streams related to older people's housing will remain fragmented. Co-ordination between housing, health and social services will be patchy. The building industry and housing sectors will respond to housing demand but not to older people's housing needs. The housing stock will have a higher proportion of better-performing dwellings because of performance requirements set in place in the first decade of the 21st century, but most of the stock already in place in 2009 will still perform relatively poorly. Industry and public good investment will be limited, and the industry will use similar production chains as currently. Housing affordability instruments such as home equity release and shared equity will be minimal, not well understood and not subject to strong protections. Older people's tenure in the rental market will be relatively insecure with continuing high churn of dwellings between the rental and the owner-occupied market. Thermal

performance of dwellings in the rental market will be poor, as landlords have previously shown low take-up of retrofit assistance and current new grants under the 2009 Budget are not available for landlords. New and existing neighbourhoods in urban settlements will be largely dependent on private cars for connectivity.

The next scenario presents a future in which New Zealand's response to an ageing population structure is characterised by **Fragmented Innovations**. This is a future in which there may be significant innovation effort but the benefits are less than optimal. Housing innovation will be confined to the premium end of the housing market and residential developments. There will be a diversification of housing typologies, but the dominant housing form will remain detached dwellings, and housing sizes will stabilise. The problem for older people of finding dwellings to which they can downsize to release equity and to reduce housing burdens will remain. Non-owner-occupier tenures will have increased. The use of financial instruments such as home equity release will be available. Protections around those instruments will be established. These protections will have been developed in response to the financial crisis experienced in 2008 and 2009 and the successive failure of finance companies rather than because of a coherent approach to older people's needs. Older people's tenure in the rental market will be relatively insecure, with continuing high churn of dwellings between the rental and the owner-occupied market. Funding streams for dwelling retrofit and modification will remain separate, and a fragmented patchwork of services and housing assistance will prevail.

The **Integrated Response** scenario presents a future in which New Zealand has made a considerable shift in the approach to housing in an ageing society. The scenario sees a reprioritisation of housing for older people in the mix of older people's services. It embeds the idea that good housing is the bedrock of older people's lives and the pathway to avoid significant and costly dependency. In this future, housing and the built environment are seen as fundamental to older

people remaining both socially and economically active. Maintaining older people's independence as long as possible through the provision of enabling environments and services will be determined as the best way to optimise funding investments.

As a consequence, there will be both central and local government initiatives to promote lifetime design in both housing and neighbourhood design. This will involve mandatory requirements on all new dwellings with or without public investment to be built to lifetime design standards. Regional and local government will assess plans for new and redeveloped neighbourhoods, transport development plans and services, against a nationally agreed checklist for age-friendly settlements. In urban settlements, the choice of transport mode will increase, and residents in fewer neighbourhoods will depend solely on private cars for connectivity to the rest of the city. Industry and public good research monies will be directed to developing affordable, lifetime housing, street and transport design and associated technologies. Integrated funding streams for dwelling retrofit and dwelling modification will be established using evidence-based and consistent assessment tools across all sectors. Housing stock typologies will be diversified, and neighbourhoods will be functionally mixed with a variety of different densities.

Housing Future in an Ageing Society

If New Zealand chose to pursue a housing future as portrayed in the Integrated Response scenario, purposeful action will be required, including:

- (i) a multi-sectoral mobilisation of central and local government, the private, public and community sectors in housing, the building industry, and health and social services
- (ii) rationalisation of funding streams directed to housing-related services to reduce confusion, compliance and transaction costs and to optimise the effective use of investment

(iii) implementation of formal mechanisms to increase cross-sectoral integration around housing and services for older people

(iv) implementation of a two-pronged strategy to improve the diversity, affordability, performance and functionality of both new stock and existing stock.

Research for Future Action

The authors recommend a research programme that will provide a robust, integrated, evidential base of knowledge for responding to the changing housing demands of older people. That research needs to focus on the following:

- The housing, health and welfare interface, in particular:
 - the housing conditions needed to facilitate improved health and wellbeing outcomes for older people
 - the value of delivering of care in home-based settings relative to other settings
 - the relationship between dwelling accessibility, independence, productivity and care costs.
- The relationship between older people's housing needs, housing demand and housing supply, in particular:
 - quantifying the gap between need, demand and supply in relation to:
 - tenure
 - affordable housing costs
 - dwelling typology
 - dwelling connectivity to neighbourhoods and city systems
 - dwelling condition and functionality
 - affordable solutions to meeting older people's housing needs, including:
 - establishing the size of marginal costs of lifetime design and cost-effective options for lifetime design builds
 - identifying intermediate housing instruments suitable for older people

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- establishing affordable repairs, maintenance and retrofit options and services.
- Future-proofing the new-build stock in New Zealand, in particular:
 - establishing the value case for lifetime design for key stakeholders, i.e.:
 - government
 - industry
 - households
 - identifying and testing systems, products and processes that would encourage industry supply of lifetime design dwellings
 - evaluating the efficacy of various incentive, regulatory and investment models to promote lifetime design.
- Making good the existing New Zealand housing stock, in particular:
 - establishing the condition, performance and functionality of New Zealand dwellings
 - establishing the value case for retrofit specified to both thermal and amenity performance of dwellings
 - identifying and testing systems, products and processes that would encourage industry supply of lifetime design retrofit in existing dwellings
 - evaluating the efficacy of various incentive, regulatory and investment models to promote retrofit.
- Increasing older people's connectivity and activity with a particular focus on age-friendly neighbourhoods and settlement systems.

In developing this research response, the authors note that New Zealand can learn from overseas. They also note that New Zealand-specific data is also required to know what is applicable and useful in New Zealand conditions, given the particular characteristics of our ageing population, ethnic diversity, regional/local distinctions, government structures, current and historical policy settings and characteristics of the housing market.

Further Information

This bulletin is based on the report *Older People's Housing Futures in 2050: Three Scenarios for an Ageing Society*. A copy of the report and this bulletin can be found on the CHRANZ website under "Our Publications".

Other useful reports include:

- *Census 2006 and Housing in New Zealand* (August 2007) DTZ New Zealand
- *Housing and Disability: Future Proofing New Zealand's Housing Stock for an Inclusive Society* (May 2007) Centre for Research Evaluation and Social Assessment/Public Policy & Research/Auckland Disability Resource Centre

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