

Article

Living longer: implications of housing tenure in later life

Housing tenure in later life has implications for finances, housing quality, health, and the accessibility and adaptability of the property.

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Release date:
18 March 2020

Next release:
To be announced

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1 . Introduction

[Future generations of older people are more likely to live in rented accommodation than today](#). In 2017, almost three-quarters of people aged 65 years and over in England owned their home outright, with just 6% renting from a private landlord. But people aged in their 30s and 40s are now less likely to be homeowners than in the past, and much more likely to be renting. If these trends continue, we would expect to see far more older people renting from private landlords in the future.

The implications of remaining in the private rental sector or still paying a mortgage later in life go beyond the financial implications of paying market rent or a mortgage into retirement. Housing quality differs across tenures and quality of housing can impact health. Accessibility and adaptability of the property to the changing needs of occupants in later life also varies across tenures.

This article uses 2015 to 2017 data from the English [Housing Survey](#) to explore the implications of housing tenure in later life¹ across four areas:

- finances
- housing quality
- health
- the accessibility and adaptability of the property

Notes for: Introduction

1. Unless otherwise stated, all results are for households containing someone aged 60 years or over. This is not necessarily the household reference person.

2 . Main points

- Among households in England containing someone aged 60 years or over, fewer than half in the private rental sector have savings or investments, compared with over three-quarters of those who own their homes outright.
- However, not all those who own outright are well-off; while a quarter of older households that own outright have at least £50,000 in savings and investments, almost a quarter have no savings at all.
- After paying housing costs, older people in rented accommodation have lower incomes than homeowners and privately renting households are more likely to be in fuel poverty than homeowners.
- Almost a third of privately rented properties and one in five properties owned outright and lived in by older people are classified as non-decent overall, as measured against the Decent Homes Standard.
- People aged 60 to 69 years living in the private rented sector are more likely to report bad general health than homeowners; differences in health above age 70 years are less pronounced as health is more likely to worsen for all at later ages.
- Older people living in rented accommodation are far less likely to have moved home recently than younger people, suggesting that security of tenure becomes more important with age.

3 . Financial implications

Income drops in retirement, as people stop working and start drawing pensions. Savings and investments may provide a buffer against financial hardship and unanticipated expenditures in retirement.

Among households containing someone aged 60 years or over, fewer than half (44%) of households in the private rental sector have savings or investments, compared with over three-quarters (77%) of those who own their homes outright (Figure 1). Those who own their homes outright are also far more likely to have a large amount saved, with a quarter (25%) having at least £50,000 in savings or investments compared with fewer than 1 in 10 (8%) private renters.

Figure 1: Private renters are less likely to have savings than homeowners

Amount of savings by tenure, households containing someone aged 60 years and over, England, 2015 to 2017

[Data download](#)

However, while older homeowners generally have lower housing costs, not all are wealthy. Of those paying a mortgage, almost half (45%) of households containing someone aged 60 years or over have no savings buffer. And while a quarter of those who own outright have a large amount of savings, at the other end of the spectrum almost a quarter (23%) have no savings at all. These may include some of those who purchased through the Right to Buy scheme, and are now asset-rich (own their homes outright) but cash-poor (have no savings and low pension income).

Almost one in five (18%) households containing an older person that owns outright fall below the poverty line¹. This could affect the ability to carry out property repairs and maintenance.

[Housing costs \(mortgage and rent\) are highest for the private rental sector and lowest for those who own outright.](#)

Market rent for households containing an older person is more expensive on average than a mortgage, despite privately rented homes being smaller (two bedrooms on average) than homes being bought with a mortgage (three bedrooms on average). Among households containing someone aged 60 years or over, over half (58%) of those renting privately pay over £6,000 a year (or £500 a month), compared with around a third (36%) of those buying with a mortgage and a fifth (20%) of those in the social rental sector (Figure 2).

Figure 2 – Housing costs are highest for those renting privately

Households with annual housing costs of at least £6000 by tenure, households containing someone aged 60 years or over, England, 2015 to 2017

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Households with annual housing costs of at least £6000 by tenure, households containing someone aged 60 years or over, England, 2015 to 2017



Source: Ministry of Housing, Communities and Local Government – English Housing Survey (2015 to 2016, and 2016 to 2017)

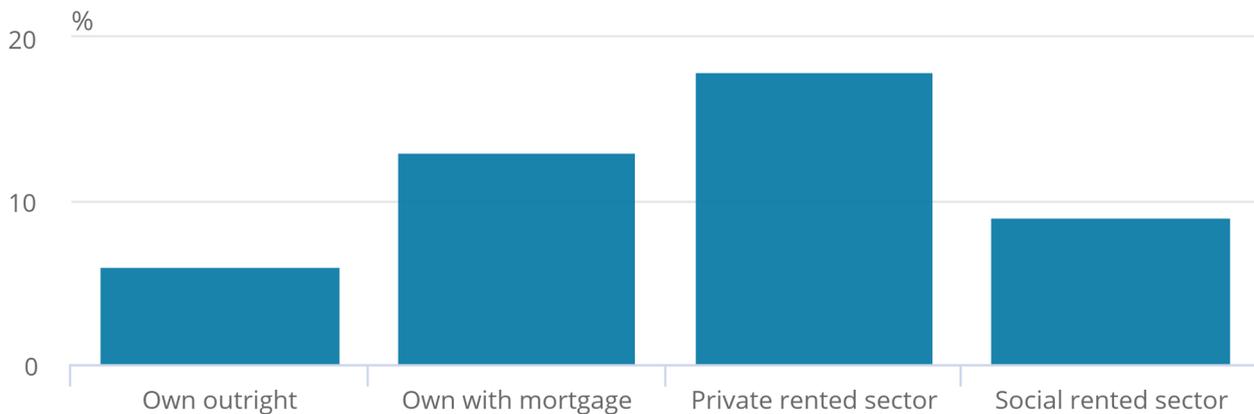
After paying housing costs, those renting (privately or socially) have lower incomes than homeowners. Households containing an older person in the social rented sector have low incomes on average, so despite having small properties (one bedroom on average) and low housing costs, income after paying rent is still low. Around a quarter of households containing an older person that rent privately or rent socially have £250 or less left each week after housing costs, compared with 16% of those buying with a mortgage and 9% of those who own outright.

Figure 3 – Almost a fifth of privately rented households are in fuel poverty

Households below fuel poverty line by tenure, households containing someone aged 60 years or over, England, 2015 to 2017

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Households below fuel poverty line by tenure, households containing someone aged 60 years or over, England, 2015 to 2017



Source: Ministry of Housing, Communities and Local Government – English Housing Survey (2015 to 2016, and 2016 to 2017)

Despite having smaller properties and spending less on gas and electricity, privately renting households are more likely to be in [fuel poverty](#)² than homeowners (Figure 3). This may be exacerbated by a combination of expensive fuel payment methods and inefficient heating systems. One in six privately renting households containing someone aged 60 years or over have a pre-payment meter for gas and/or electricity (compared with 1 in 33 homeowners), and prepayment is more expensive than other ways of paying (for example, direct debit).

Additionally, a quarter of privately rented homes containing an older person do not have central heating (compared with 7% of homeowners), instead having storage or fixed room heating. Storage and fixed room heaters are cheap to install, [but more expensive to use than gas central heating](#).

Notes for: Financial implications

1. The poverty line is defined as below 60% of median income, equivalised for household size and composition.
2. Fuel poverty is assessed based on the [Low Income High Costs indicator](#) as defined by the Ministry for Housing, Communities and Local Government.

4 . Housing quality implications

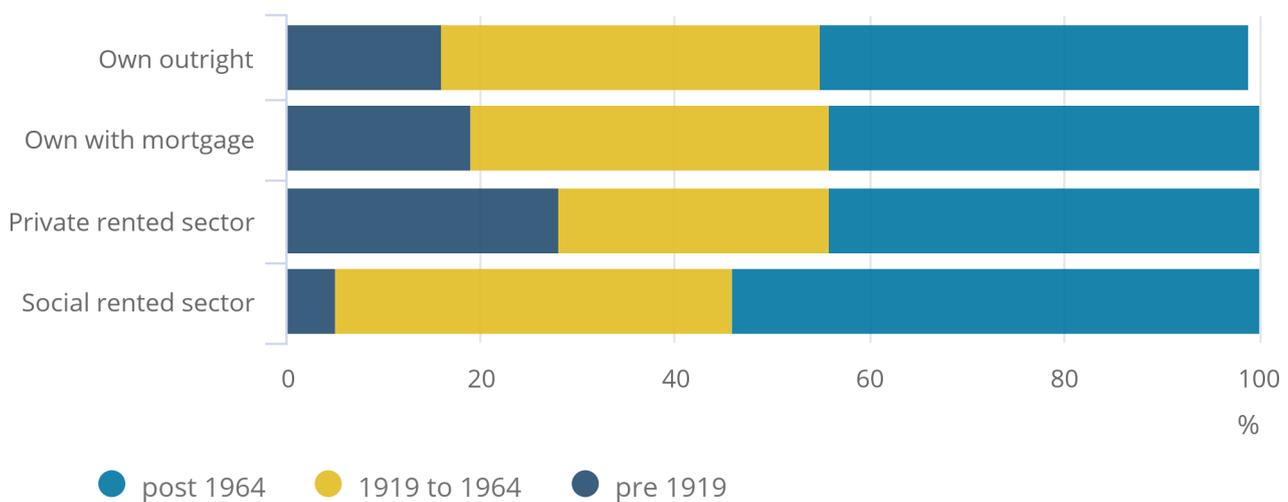
One in four (28%) privately rented homes lived in by someone aged 60 years or over were built more than a century ago. A substantial proportion (17%) of homeowners also live in older properties (Figure 4).

Figure 4: Privately rented homes are older

Dwelling age by tenure, households containing someone aged 60 years or over, England, 2015 to 2017

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Dwelling age by tenure, households containing someone aged 60 years or over, England, 2015 to 2017



Source: Ministry of Housing, Communities and Local Government – English Housing Survey (2015 to 2016, and 2016 to 2017)

Older properties have higher maintenance costs on average and are generally of poorer quality. While financing repairs may be problematic for some homeowners who are asset-rich and cash-poor, homeowners have the autonomy to carry out maintenance and repairs on their properties. For private renters this responsibility falls on the landlord. This includes resolving vermin issues when they arise: 9% of older people living in privately rented homes have had problems with rats and mice, double that of homeowners (4%).

The Decent Homes Standard is a measure of housing quality that uses four criteria to determine whether a property is “decent”. If any of these criteria are failed, the property is classed as “non-decent”:

- presence of a serious hazard that poses an immediate risk to a person's health and safety
- thermal comfort
- repair
- modern facilities and services

Older properties containing someone aged 60 years or over were more likely to fail the Decent Homes Standard (42% homes built before 1919 were non-decent compared with 11% of homes built after 1964) and among homes that failed, older properties would cost more to make decent (average cost of £9,038 for pre-1919 homes compared with £1,375 for homes built after 1964).

When measured against the Decent Homes Standard, privately rented homes were most likely to be non-decent overall (30%) and were also most likely to fail on every criteria¹. This was followed by homes that are owned outright (21% were non-decent) (Figure 5).

This suggests that housing quality for older people is worst for private renters (who are required to ask their landlord for alterations) followed by owner occupiers, many of whom are asset-rich and cash-poor, and possibly unable to finance improvements. While privately rented homes are most likely to be non-decent, there are currently larger numbers of older homeowners than private renters living in non-decent homes, because more older people own than rent.

Figure 5: Privately rented homes are most likely to be of poor quality

Failure of Decent Homes Standard and component criteria by tenure, households containing someone aged 60 years or over, England, 2015 to 2017

[Data download](#)

The [Decent Homes Standard](#) was developed as a benchmark for increasing the quality of social housing stock, which may explain why socially rented properties performed better than most other tenures.

The presence of a serious hazard and poor thermal comfort were the two most common reasons for failing the Decent Homes Standard across all tenure types. Poor thermal comfort (as measured by insulation and heating efficiency) may be particularly impactful in privately rented households, which are most likely to be in fuel poverty, have low incomes after housing costs, and one in six of which have an expensive pre-payment method of paying for fuel. Poor thermal comfort may be a factor in explaining why privately rented households are the most likely to have a problem with damp.

Notes for:

1. Statistically significant for thermal comfort, but borderline for hazards, repair and modern facilities.

5 . Health implications

Poor-quality homes that are damp, contain vermin and are difficult to keep warm can lead to [respiratory and cardiovascular problems, and homes that are hazardous can lead to injuries, particularly falls](#). [The cost of poor-quality housing to the NHS has been estimated to be around £1.4 billion per year](#).

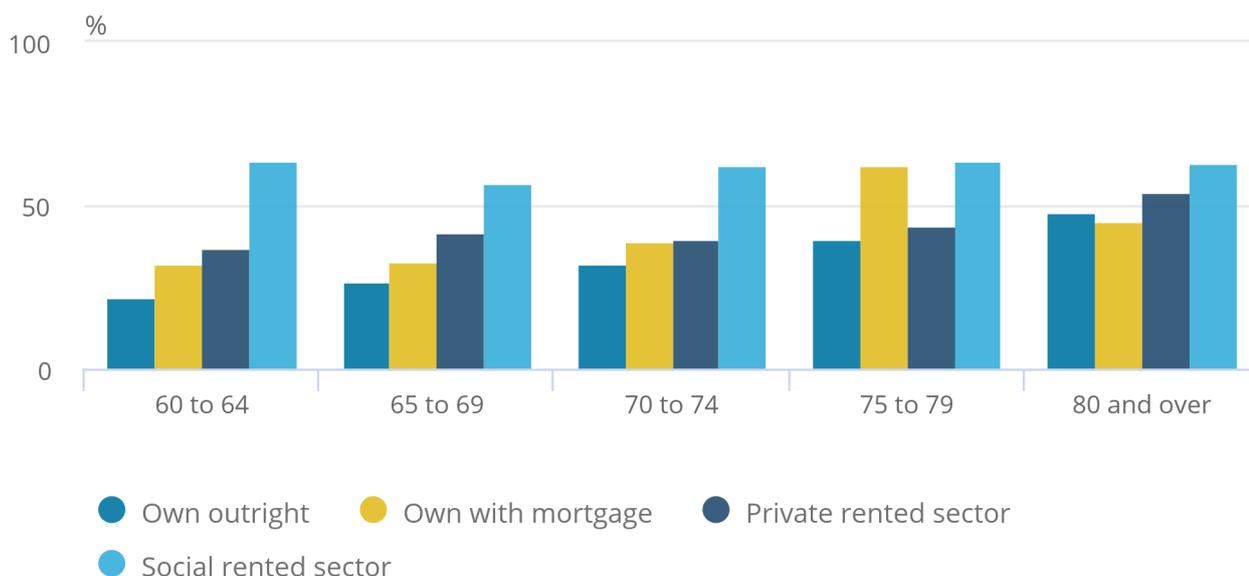
[The likelihood of developing age-related health conditions such as arthritis, sight and hearing loss, urinary incontinence and heart disease increases as people age.](#) People aged 60 to 69 years old living in the private rented sector were more likely to report bad general health than homeowners (Figure 6). Above age 70 years, differences in health across tenures are less clear-cut as health is more likely to worsen for all at later ages.

Figure 6 – Private renters are more likely to report bad health than homeowners at ages 60 to 69

Reporting of bad or very bad general health by tenure and age group, England, 2015 to 2017

Figure 6 – Private renters are more likely to report bad health than homeowners at ages 60 to 69

Reporting of bad or very bad general health by tenure and age group, England, 2015 to 2017



Source: Ministry of Housing, Communities and Local Government – English Housing Survey (2015 to 2016, and 2016 to 2017)

There was a similar although less pronounced pattern for people reporting having a limiting longstanding illness, with private renters more likely than homeowners to report a limiting longstanding illness in early later life, and social renters being most likely to report a limiting longstanding illness at all ages.

Social renters are more likely to report bad general health, having a limiting longstanding illness or be disabled than people living in other tenures. This is likely to be because social housing providers allocate homes based on need.

By later life, people have been exposed to many decades of socioeconomic influences, which will impact both their health and the type of housing they live in.

Older homeowners are more likely to be working in or have worked in higher managerial and professional occupations, have higher incomes and live in more affluent areas (14% of homeowners live in the 10% least deprived areas, compared with 6% of private renters).

Compared with homeowners, those living in the private rented sector in later life are more likely to be working in or have worked in semi-routine and routine occupations, have lower incomes, live in more deprived areas (9% of private renters live in the 10% most deprived areas, compared with 4% of homeowners) and are more likely to live in poorer quality housing. Although there are many other factors that contribute health status in later life, a [lifetime of exposure to poor housing quality will have a cumulative effect on health](#).

6 . Accessibility and adaptation implications

As people age, if their health deteriorates their housing needs are likely to change and alterations to their homes may be required. The suitability of older people's accommodation is an important factor in how long people are able to live independently. This in turn will impact levels of demand for health and social care services.

An accessible property suitable for the needs of older and disabled people would include features such as level access, a flush threshold, wider doorways and a downstairs toilet. [Since 1999, all new homes built are required to have a minimum standard of accessibility](#), but [by 2018 only 7% of all properties in England met this standard](#). This is because most of the homes we live in were built before this policy came into effect and have not been retro-fitted to comply with the regulations that apply to new properties.

[Of the homes we will be living in by 2050, around 80% are already built](#), therefore many homes will need to be adapted to meet the needs and accessibility requirements of an ageing population. The ability to make these changes varies considerably for people living in different tenures.

Adapting a property to make it more accessible can involve installing additional aids such as ramps, grab rails and stair lifts or physically changing the structure of the home, for example, widening doorways and installing an accessible bathroom on the ground level. It is relatively straightforward for owner occupiers to make adaptations to their property as they do not have to obtain permission. This is limited, however, by homeowners' ability to finance adaptations, which could be a barrier to those who are asset-rich and cash-poor. There are, however, [Disabled Facilities Grants](#) available to help with the costs of adaptations, with [people aged over 60 years receiving the majority \(71%\) of the grants](#). Some older homeowners may, however, face other, non-financial barriers to fitting adaptations, such as being able to organise having the work done and finding someone they trust to do the work.

Private tenants in comparison need to request permission for any adaptations that may be needed to make the property suitable for their changing needs. [Under the Equality Act 2010, landlords have a duty to make "reasonable adjustments" to the property, however, they are not required to make structural changes such as widening doorways](#). If adaptations are made without the landlord's permission or they are unwilling to make adaptations, this could result in the tenancy being terminated.

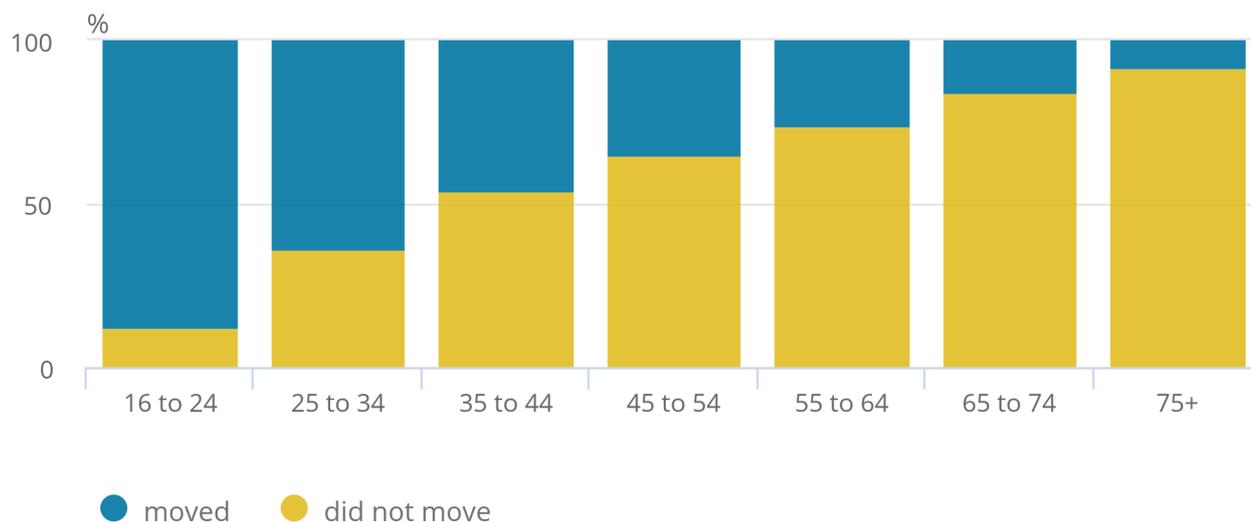
However, security of tenure appears to become more important with age, with older people far less likely to have moved home recently than younger people. Among people who have been resident in the private rental sector for at least three years, 92% of those aged 75 years and over were still living in the same property as three years ago, compared with 12% of those aged 16 to 24 years (Figure 7).

Figure 7: Older private renters are less likely to have moved house recently

Households that have been in the private rental sector for at least 3 years, by age group and whether they have moved in the last 3 years, England, 2015 to 2017

Figure 7: Older private renters are less likely to have moved house recently

Households that have been in the private rental sector for at least 3 years, by age group and whether they have moved in the last 3 years, England, 2015 to 2017



Source: Ministry of Housing, Communities and Local Government – English Housing Survey (2015 to 2016, and 2016 to 2017)

Notes:

1. Age group refers to age of household reference person.

Given the seemingly increasing importance of security of tenure with age, older people living in the private rental sector may not feel empowered to request repairs and adaptations. [According to the National Landlords Association, “tenants with accessibility needs report feeling intimidated to start the conversation about changes for fear of eviction”.](#)

Those in the private rental sector may also be eligible to receive the Disabled Facilities Grant, to help cover the costs of alterations, [but the tenant must be intending to remain within the property for five years](#). This is a potential barrier within Assured Shorthold Tenancies. Landlords may also be reluctant to allow physical adaptations, even if they are not asked to pay for them, because of the cost of removing adaptations for the next tenant.

7 . Alternative futures

Older people currently renting privately live in homes that are more likely to be of poor quality, with higher housing costs than owner occupiers and are less likely to be able to adapt their homes to their changing needs. Owner occupiers who are asset-rich and cash-poor share some of these characteristics. In the future, if recent trends continue, more older people are likely to be living in the private rental sector. But the characteristics of the private rental sector in the future may be different from today.

[Of the homes we will be living in by 2050, around 80% are already built](#), and 4.3 million of these existing homes in England are of a non-decent standard, however, existing homes can be improved. While around a third of properties in the private rented sector are classified as non-decent, and many owner occupiers also struggle to adequately maintain their properties, there have been examples of policy changes contributing to marked improvements in the social rented sector over time. Since the [introduction of the Decent Homes Standard in 2001](#), the percentage of socially rented properties classified as non-decent has declined. [In 2006, 29% were non-decent; by 2018 this had fallen to 12%.](#)

A similar improvement in quality may happen in the private rental sector. Recent policy initiatives have introduced legislation that aims to tackle poor-quality homes and give renters a greater ability to challenge their landlords on unsafe housing. For example:

- [The Minimum Energy Efficiency Standards \(2018\)](#), which set a minimum energy performance certificate rating that has to be met for a house to be rented out, improving the thermal comfort of the private housing stock; from April 2020 this will also apply to existing tenancies, not just new tenancies
- the [Fitness for Human Habitation Act \(2018\)](#) was introduced in March 2019; this enables private and social tenants to take their landlord to court if their homes are unsafe or contain risks that could cause serious harm
- the [Electrical Safety Standards in the Private Rented Sector Regulations \(2020\)](#) require rental properties to have a valid electrical safety certificate, which may reduce the presence of serious hazards; this applies to new tenancies from July 2020 and will also apply to existing tenancies from April 2021
- In our analyses, 7% of households containing someone aged 60 or over were living in the private rental sector. On 15 April 2019, the government announced that it will introduce [new legislation to abolish Section 21](#), which gives landlords the right to evict tenants on a no-fault basis; this may give older tenants reassurance that they will not be evicted if they request repairs or adaptations.

While these policy changes will improve conditions for private renters of all ages, many currently only apply at the start of a new tenancy. Most older private renters have not moved home or changed tenancies in several years (Figure 7). So while these policies will benefit tomorrow's generation of older private renters, the 7% of today's older people who are renting in the private sector may not have seen their effects. Our analyses are based on this 7%, and additionally relate to 2015 to 2017, before most of these policies came into effect. The experience of tomorrow's older private renters may be different, as they will benefit more widely from these (and any future) policies regulating conditions in the private rental sector.

The other group focused on in this article are asset-rich and cash-poor homeowners. There may be a different lending environment in the future, enabling this group to free up money locked in their homes to make improvements and adaptations:

- mainstream lenders have recently started offering mortgage and loan products at older ages than in the past, which enable people to remortgage or take out small loans secured against their property, enabling older homeowners to make adaptations and improvements to their homes
- equity release is becoming more common, enabling homeowners to free up money to make adaptations and repairs

We have shown that people living in poor-quality housing are more likely to be living in deprived areas and be in the private rented sector. Improving housing quality in the private rental sector, with associated reductions in poor health, would help to reduce health inequalities between affluent and deprived areas, an important government priority.

However, all results that we have presented are based on averages, and within the private rental sector (as other tenures) there is a lot of variation. There are also some benefits to living in the private rental sector at older ages compared with other tenures, including the burden of repairs and maintenance falling on the landlord not the tenant, and the freedom to move to a more suitable home without needing to finance this by selling a property first.

More widely, housing is related to many other areas of policy interest. Poor housing quality is costly not only in terms of health of the individual [but also the for the National Health Service](#). Making more homes accessible and adapting them to the needs of disabled and older people would enable people to live independent lives for longer and so potentially reduce social care demand. Improving thermal efficiency of homes by improving insulation and modernising heating systems would reduce carbon emissions, helping to tackle climate change, as less fuel would be needed to maintain a comfortable temperature inside the home.

While our analysis has focused on households containing an older person, it is important to realise that poor housing quality has an accumulative effect over time, affecting people across their life course from young to older ages. The quality and affordability of the housing we live in is an important issue for all ages, not just the older population.