Independent Age

Keys to the future

Projecting housing tenure and poverty rates in later life

June 2024

About Independent Age

Independent Age is the national charity focused on improving the lives of people facing financial hardship in later life.

Our Helpline and expert advisers offer free, practical support to older people without enough money to live on. Through our grants programme, we support hundreds of local organisations working with older people across the UK. We use the knowledge and insight gained from our support services and partnerships to highlight the issues experienced by older people in poverty and campaign for change.

We believe no one should face financial hardship in later life.

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About the UK Collaborative Centre for Housing Evidence (CaCHE)

Established in 2017, CaCHE is a consortium of eight partners in higher education and non-academic institutions. It is the leading evidence centre on housing research in the UK and brings together experts from different disciplines to foster collaboration, knowledge exchange and engagement with policymakers, practitioners, researchers and the public.

Laying the foundations

What comes to mind when you think of a home?

When Independent Age asked people to share their thoughts with us, this is what we heard:

These hopes sound universal, yet people's experiences are not. Being a homeowner or a renter is a significant factor in the likelihood of living in poverty.

Older private renters are at severe risk of financial insecurity, and pay the highest proportion of their income on housing costs[1] compared with people in other housing tenures. Currently, the housing system is failing to deliver the affordable, secure homes that people need and, over recent years, more older people have found themselves in the private rented sector.

> It does feel like home, but you always know that it isn't, you know?
> **Toni**

While some people choose to rent in later life, most older private renters Independent Age engages with are in financial hardship with limited choices. Many people in this situation have been unable to do anything but rent from a private landlord all their lives. In contrast, others will have moved into renting after a significant life event such as a bereavement, a relationship breakdown or job loss. Whatever the reason, older private renters in poverty often find themselves unable to keep their homes safe and warm, live with the constant fear of an unexpected eviction, and are forced to cut back so they can afford increasing rents on their low, fixed income.

We know the UK has an ageing population: it is estimated that by 2040 one quarter of people across the UK will be 65 or over.[2] We also know that in the UK there are already two million too many people experiencing poverty in later life. This number has risen with approximately 350,000 more pensioners in poverty in 2022/23 – the most recent data the UK Government has released – than in 2012/13. What we need to be more certain about is the future scale of people renting in later life, and what that will mean for poverty levels across the UK. This research, conducted by experts at CaCHE, addresses these questions and the projections are bleak.

Poverty has a detrimental impact on an individual's life:[3] it brings a shortened life expectancy and greater likelihood of ill health, as well as the mental health impact and daily stress of not having enough to live on. Poverty also comes at a wider societal cost, because the tough choices people are forced to make often affect their health and wellbeing and increase health and social care spending. If the future forecast revealed by this research becomes reality, the harm poverty causes to people and wider society will only worsen.

There is an urgent need to build an alternative future to the one this research warns of. Through policy intervention, an alternative path can be taken, one that lays steady foundations for a later life free from poverty.

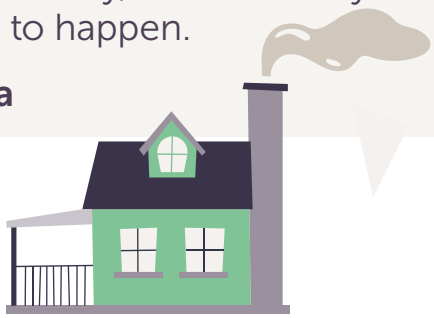
1 *Through the roof? Housing and the cost of living*, House of Lords Library, 8 March 2023, see https://lordslibrary.parliament.uk/through-the-roof-housing-and-the-cost-of-living/.
2 *National population projections: 2021-based interim*, Office for National Statistics, 30 January 2024, see ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2021basedinterim.
3 *The cost of pensioner poverty and non-take-up of Pension Credit*, Independent Age, 14 September 2020, see independentage.org/campaigns/PensionCredit/cost-report.

Why we need action

Older private renters living on a low income have shared their views and experiences with us.

> [I want to] feel secure as I get older, which I don't in my current rented flat because there are many maintenance problems which the landlord is not attending to, and which I dare not complain about for fear of eviction. And the rent increases every two years which means that living here is not financially sustainable for me, so I will have to move soon, and I dread that because I doubt I will be able to have the positive features of my current home in a new one. I'm in a nice neighbourhood, which is peaceful and quiet, and I can easily walk to the shops from my flat.
>
> **Alison**

> 'Home' is an alien concept to us, as we have rented privately for the past 12 years and there's no security. As we age, we feel so vulnerable. For us, a home would be a secure, genuinely affordable place, free from disrepair, that we could feel secure and safe in for the rest of our lives. Sadly, it is extremely unlikely to happen.
>
> **Kristyna**

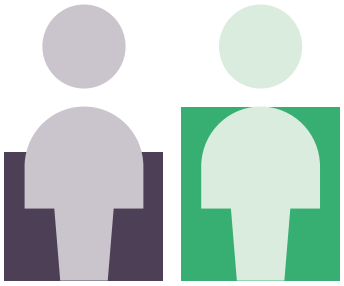


> I've been a private tenant with this landlord for 12 years... the rent used to be £675 and for the past couple of months she's asked me for £900... she recently rang and said she was going to sell because of the mortgage payment going up. She gave me a Section 21... I felt like I was lost, like I was running in the dark.
>
> **Susan**

The numbers

This study forecasts that by 2040, if poverty levels among people aged 65+ continue to change in line with year-on-year trends since 2010

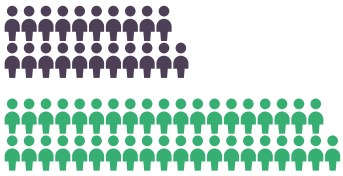
Poverty among older people will increase from



17% to 23%

The number of people living in poverty in later life across the UK could increase from

2.1 million to 3.9 million people



Poverty will increase more for older women than older men, going from

20% to a predicted 26%

Poverty levels among older people with a disability will increase significantly from

18% to 29%

This compares to an increase in poverty in the non-disabled older population from

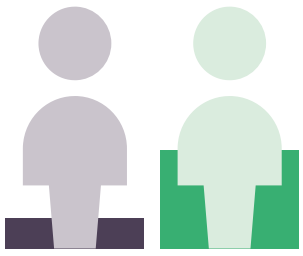
17% to 19%

The highest growth of poverty in older age will be among private renters

Almost one quarter (24%) of all older people (65 years+) will be living in rented accommodation

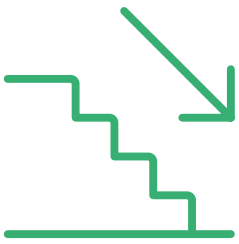
24% of 65+

The proportion of people aged 65+ living in the private rented sector will treble from

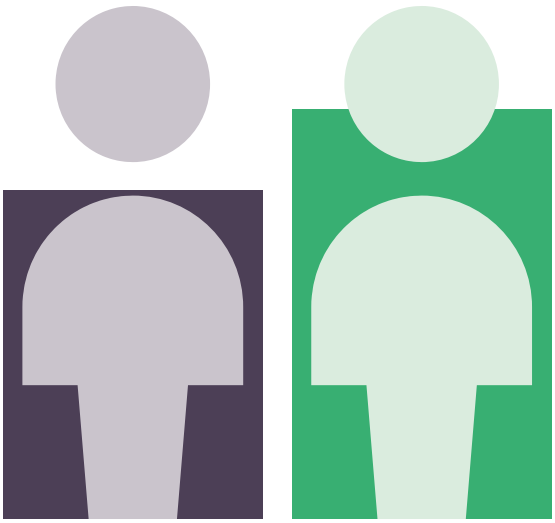


4% to 13%

Alongside this there will be a decline in the proportion of people aged 65+ living in homes they own or in social renting tenures

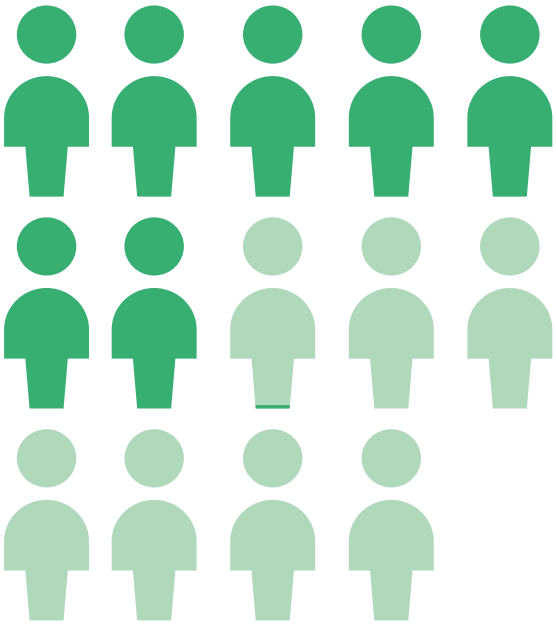


61% of older private renters with a disability and 76% of older social renters with a disability could be in poverty



61%

76%



14% of older women will live in the private rented sector and more than half of these (54%) will be in poverty

Research methodology

Independent Age commissioned CaCHE to analyse available data from the Understanding Society survey. The analysis looked at recent trends and identified key predictors of tenure and experiences of poverty in older age among the current 65+ population. These findings were then used to project two things: the proportion of people aged 65+ across Great Britain that will live in each housing tenure by 2040 and the relative poverty rates[4] among each group. The research uses data from the time period January 2010 to May 2022 and spotlights three groups of people aged 65+:

- owner-occupiers – people who live in a property they own outright or with a mortgage
- private renters – people who rent their property from a private landlord
- social renters – people who rent their property from a local authority or housing association.

The research makes some necessary assumptions, including that future tenure trends will continue in line with developments between 2010 and 2022, and that these trends will not be affected by external events or policy intervention. Our goal at Independent Age is to identify the policy solutions that would stop this concerning forecast from becoming a reality, so that no one faces financial hardship in later life.

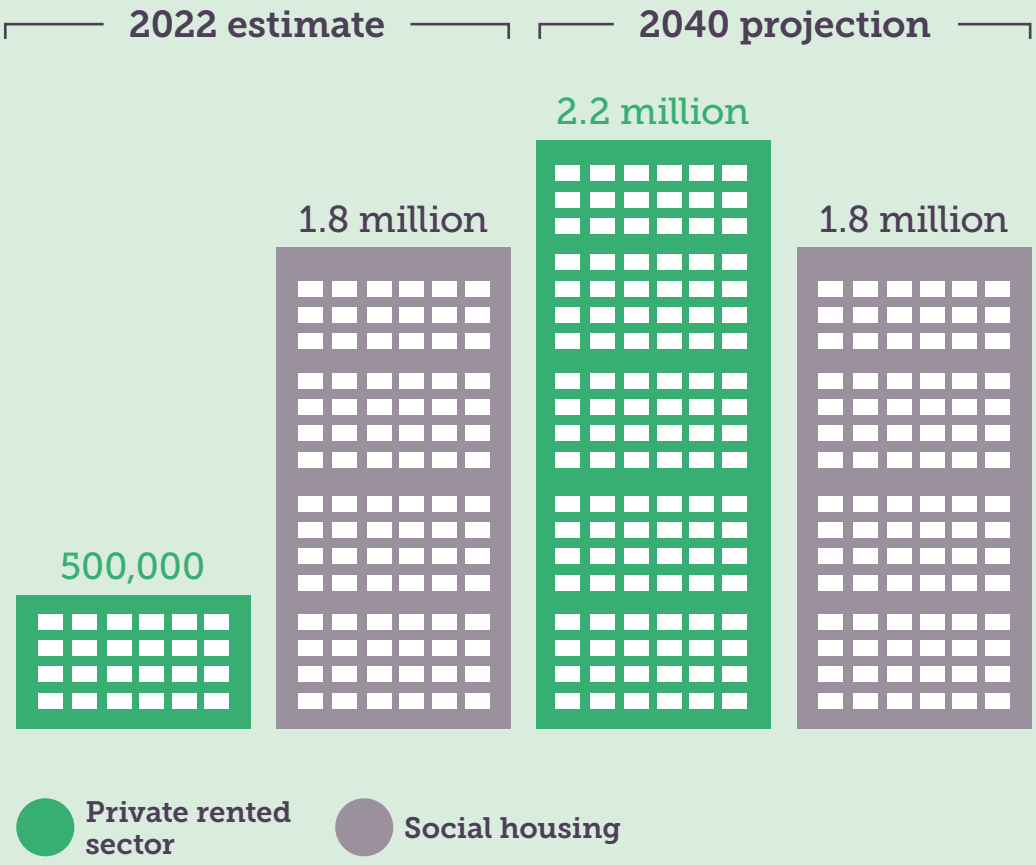
4 Poverty was measured using Households Below Average Income (HBAI) relative income after housing costs. Under this definition, people are considered to be in relative poverty if their household income is below 60% of the median post-housing-costs household income. Throughout the report, this is what we mean by poverty. The analysis used Understanding Society data, rather than HBAI data so may give slightly different poverty estimates to those published under HBAI.

Findings

Renter increases

In the future, renting in later life is likely to become the reality for more people. CaCHE's research projects that the number of renters in later life will rise substantially, with almost one quarter of all people aged 65 and over predicted to be living in rented accommodation by 2040. This will mean the proportion living in the private rented sector more than trebles from 4% in 2022 to 13% in 2040. Though the majority of people in later life will still own their own homes, there will be a decline in the proportion of people aged 65+ living in homes they own or in social homes.

Estimated number of people aged 65+ in rented accommodation



Poverty levels

Existing data shows that older renters are disproportionately likely to be in poverty compared with those who own their own home. So, alongside predicting the future number of renters in later life, it is important to understand how this might affect future levels of poverty in older age. CaCHE produced these poverty forecasts based on two potential scenarios.

Scenario 1

Scenario 1 assumes poverty rates for people aged 65+ within each tenure do not change between 2022 and 2040. It uses the projected tenure changes and current poverty rates to project the number of older people in poverty within each tenure.

Using this scenario, the projected number of people aged 65+ living in poverty across the UK would be 3.1 million.

Using this scenario, overall poverty among people aged 65+ will increase slightly from 17% to 19% because of changes in the number of people living in different tenures. People in all housing tenures will continue to experience poverty, but the highest growth in the number of people aged 65+ living in poverty is projected to be in the private rented sector. Private renters aged 65+ and in poverty will make up 5% of all over-65s (across all tenures) in 2040 – which is more than triple the 1.6% they represent in 2022.

	Poverty rate among people aged 65+ within tenure		Percentage of 65+ population in poverty and tenure	
	2022	2040	2022	2040
Private rental	39%	39%	1.6%	5.2%
Social rental	43%	43%	6%	4.7%
Owned	12%	12%	9.8%	9.2%
Total			**17.4%**	**19.1%**

Scenario 2

Scenario 2 assumes that poverty levels among the 65+ population within each tenure will change between 2022 and 2040 in line with year-on-year poverty level trends since 2010.

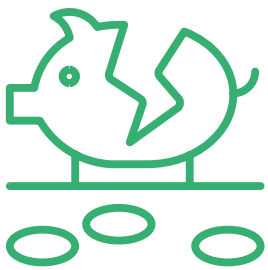
Using this scenario, the research projects an increase in poverty among all older people from 17% in 2022 to 23% in 2040. This would mean that the number of people living in poverty in later life across the UK could increase from 2.1 million to 3.9 million people.[5]

The increase is mainly due to rising poverty rates among renters, and a growth in the number of older renters, with the large majority of these forecast to be living in financial insecurity by 2040[6] and especially high poverty rates among social renters.

The projection model is based on the continuation of trends between 2010 and 2022, a period when poverty among older renters increased. Building on this, the research found that, by 2040, 74% of older people who are social tenants and 50% of older people who are private tenants are estimated to be living in poverty.

By 2040 almost two thirds of all older people living in poverty (64%) will be living in rented accommodation, despite more than three quarters (77%) of all older people being owner-occupiers. So, for older people in the UK, being a renter hugely increases your risk of experiencing poverty in later life.

	Poverty rate among people aged 65+ within tenure		Percentage of 65+ population in poverty and tenure	
	2022	2040	2022	2040
Private rental	39%	50.1%	1.6%	6.6%
Social rental	43%	74.1%	6%	8.1%
Owned	12%	10.7%	9.8%	8.2%
Total			**17.4%**	**22.9%**



5 The numbers for 2022 are based on the ONS population estimates, the proportions of Understanding Society 65+ respondents living in each tenure, and the estimated number of people 65 and over in each tenure.
6 *The UK Household Longitudinal Study*, Understanding Society, see understandingsociety.ac.uk.

Groups at more risk

When it comes to poverty in older age, the evidence is clear: structural inequalities persist that affect some groups more than others – for example, if you are a woman or live with a disability. With this in mind, we wanted to find out what the situation would be for groups facing structural inequalities in 2040. Academics at CaCHE used scenario 2 to explore this.

Women[7]

While the projections suggest that there will be an increase in relative poverty among both older men and women, the increase in poverty is likely to be greater among older women, increasing from 20% of women aged 65+ being in poverty in 2022 to 26% in 2040. They are also more likely to be in poverty than older men, regardless of what housing tenure they live in.

As we look to the future, fewer older women will own their own home (whether outright or with a mortgage), with an estimated decrease from 84% to 75% in 2040. This accompanies a related increase in the proportion of women living in rented accommodation in later life.

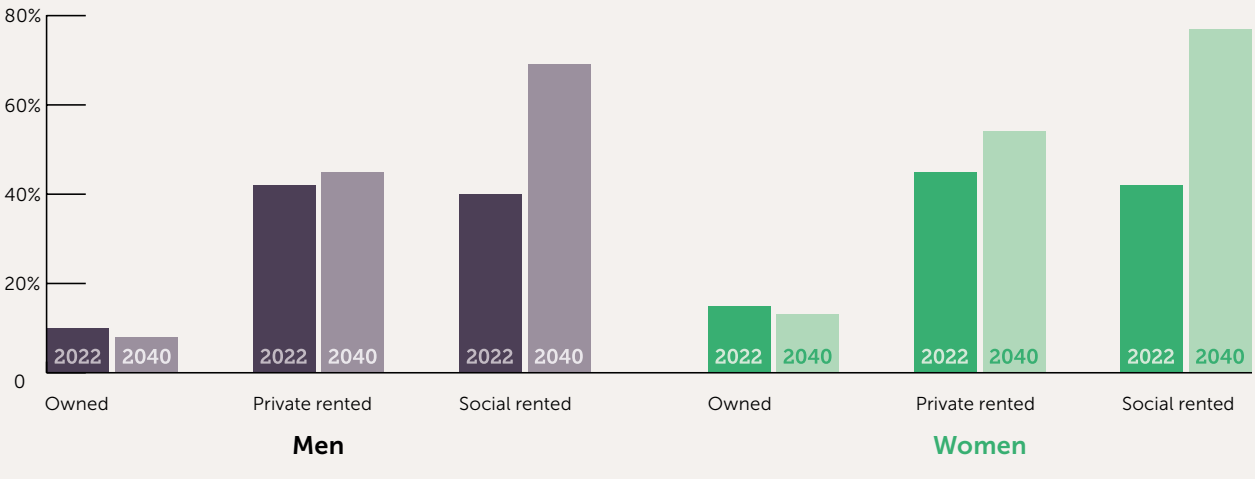
The projections indicate that by 2040, 14% of older women will live in the private rented sector and more than half (54%) will be in poverty. When looking at the same time period for older men, 15% of older men are forecast to be privately renting in 2040 but a smaller number (45%) of them will be in poverty.

People with disabilities

There is much evidence demonstrating that people with disabilities[8] often face additional costs to manage their conditions. This can affect them at any stage of life and often means they have less disposable income and less capacity to save money. Currently, when it comes to renting, older people with self-reported disabilities or long-term health conditions are more likely to live in rented housing (22%) than older people without disabilities (13%). CaCHE's research projects this trend will continue, with almost 1 in 3 (31%) older disabled people renting by 2040, compared to 1 in 5 non-disabled older people (20%). This increase is mainly because a larger proportion of disabled people aged 65 and over will live in the private rented sector, increasing from 4% to 14%.

If we look separately at poverty levels among older people with disabilities, this is forecast to increase dramatically from 18% in 2022 to 29% in 2040. This compares with an increase of poverty levels in the non-disabled older population from 17% to 19%. When you add renting into the mix, these projections suggest that, by 2040, 61% of older disabled people who rent privately will be in poverty, alongside 76% of those who rent socially.

% of men/women aged 65+ in poverty within housing tenure 2022 to 2040, GB



7 *The UK Household Longitudinal Study,* Understanding Society, see understandingsociety.ac.uk/documentation/mainstage/variables/sex.
8 *The UK Household Longitudinal Study,* Understanding Society, see understandingsociety.ac.uk/documentation/mainstage/variables/health.

Time for action

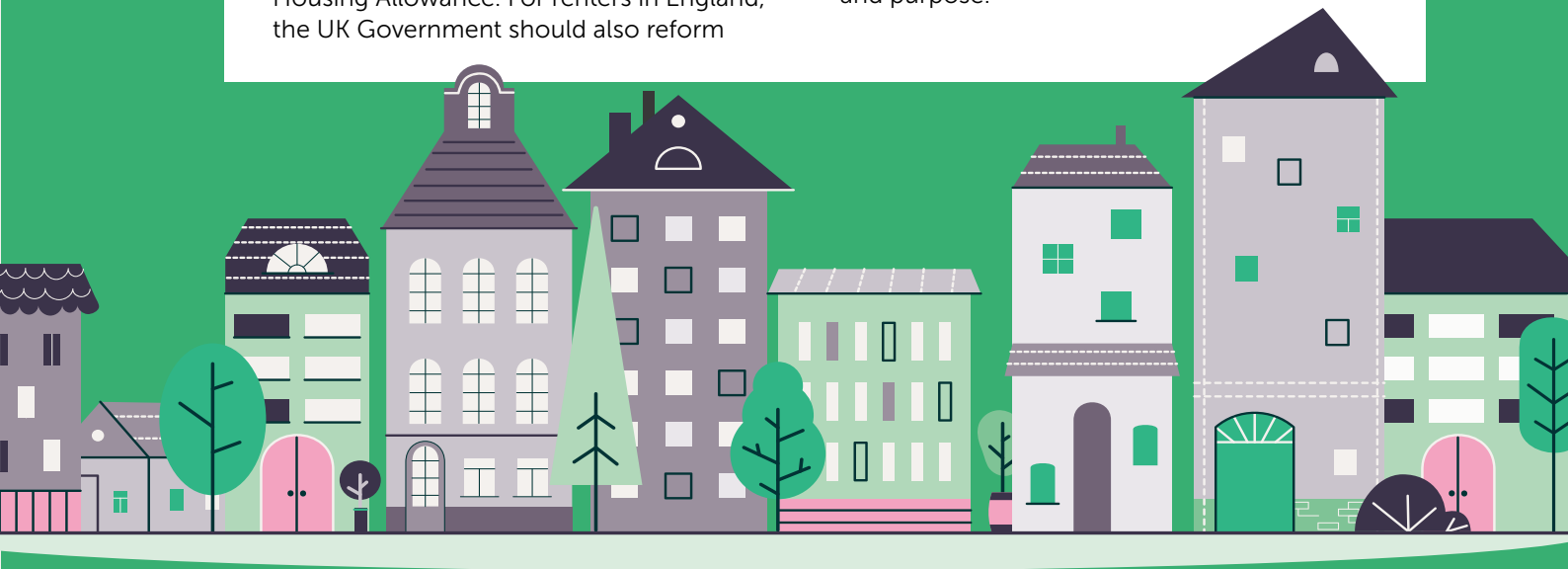
It is unacceptable that anyone should live in poverty, and someone's housing tenure is a big factor in whether or not people face this reality.

Our home should be the foundation for many happy and important memories. It should provide a place to feel safe, to spend time with people we love and to find a community. We all need a good quality, affordable and secure home to maintain good physical and mental health, increase independence and financial security, and enable connection with friends and family. To make this a reality for people of all ages, significant policy change and intervention is needed.

Independent Age recommends:

- The UK Government conducts a cross-party review to agree what level of income is needed in retirement to avoid poverty.
- The UK Government has a significant and strategic focus on improving uptake of all social security entitlements for older people, including Pension Credit, Housing Benefit, Attendance Allowance and Council Tax Reduction, with a clear strategy and improved use of data to ensure that all older people receive the money and discounts they are entitled to.
- The UK Government ensures renters on a low income across the UK are adequately supported to pay their rent through Local Housing Allowance. For renters in England, the UK Government should also reform the private rented sector so no one faces no-fault evictions or financial discrimination and everyone has a decent home and longer notice periods. The Scottish Government and Parliament progress the Housing (Scotland) Bill to create a new system of rent controls, strengthen tenants' rights and improve support for people facing eviction and homelessness.
- Governments across the nations make a significant and sustained investment in social housing and in updating, insulating and modernising homes.
- The inconsistent financial support provided within, and between, utility sectors is tackled by individual utility companies ensuring they have social tariffs and discounts to support those on a low income, and longer term the UK Government introduces national social tariffs for both energy (across the UK) and water (in England and Wales).
- National and local governments and utility providers more proactively promote social tariffs and other support targeting areas of deprivation, and all eligible groups, including older people who receive Pension Credit.

Moving forward, Independent Age will use CaCHE's research to continue the conversation with national and local governments, businesses, regulators, housing providers, charities and others to collaborate on innovative policy and practice solutions to ensure that no one faces financial hardship in later life, but instead is able to live with dignity, choice and purpose.



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