



## Factsheet 2

# Buying retirement housing

November 2023

### About this factsheet

This factsheet explains options and issues to consider if you are thinking about buying retirement housing. This is specialist housing for older people, which can be simply 'age exclusive' or also offer some level of support or care.

General information about housing for older people and how to choose a suitable option is in factsheet 64, *Specialist housing for older people*. Information on the process of buying a home, including how to find an estate agent or solicitor and help with moving, is in information guide 8, *Housing options*.

The information in this factsheet is applicable in England

# Contents

<b>1</b>	<b>Recent developments</b>	<b>3</b>
<b>2</b>	<b>Introduction</b>	<b>3</b>
<b>3</b>	<b>Scheme management</b>	<b>4</b>
<b>4</b>	<b>Scheme manager service</b>	<b>5</b>
<b>5</b>	<b>Services and service charges</b>	<b>6</b>
<b>6</b>	<b>Other charges</b>	<b>7</b>
<b>7</b>	<b>Financial help</b>	<b>8</b>
<b>8</b>	<b>Terminating leases</b>	<b>9</b>
<b>9</b>	<b>The right to manage</b>	<b>9</b>
<b>10</b>	<b>Protection for residents</b>	<b>10</b>
10.1.1	ARHM Private Retirement Housing Code of Practice	10
10.1.2	The landlord and the management organisation	11
10.1.3	Service provision and cost	11
10.1.4	The scheme manager service	11
10.1.5	Repairs	11
10.1.6	Legal and contractual rights	11
10.1.7	Re-sale arrangements	11
10.2	ARCO Consumer Code	12
<b>11</b>	<b>Transfer fees</b>	<b>13</b>
<b>12</b>	<b>Freehold properties</b>	<b>14</b>
<b>13</b>	<b>Shared ownership and other options</b>	<b>15</b>
	Useful organisations	16
	Age UK	19
	Support our work	19



As a leaseholder, you have different rights to a freeholder. You have a landlord who retains

Check whether the management organisation belongs to a recognised trade body, such as the Association of Retirement Housing Managers (ARHM). The ARHM aims to

## 5 Services and service charges

### What services are provided in retirement housing?

Leases typically require the management organisation to provide certain services. These vary from scheme to scheme, but may include:

**cleaning and general upkeep** of communal areas and grounds.

**communal or structural repairs and maintenance** – you are usually responsible for repairs inside your property and for arranging contents insurance. You may need to contribute towards a **reserve or 'sinking' fund** to cover unexpected or expensive works and planned maintenance of the exterior and communal areas.

**the scheme manager service.**

**emergency alarm** provision and upkeep.

**management fees** – the management organisation may charge a fee for



If you want to alter or improve your home, you may need consent from your landlord and they may charge an administration fee. As with service charges, the reasonableness of these fees can be challenged at Tribunal.

Section 11 has



## **Council Tax and other bills**

If you are on a low income, you may be able to get help with your



## 10.1.2 The landlord and the management organisation

The name and address of the

## 10.2 ARCO Consumer Code

ARCO is the main body representing '*Integrated Retirement Community OJ ^!æf /•q*' (also known as '*housing-with-care*' providers). The *Consumer Code* applies to certain schemes run by ARCO members. It does not apply to all the schemes they provide, so make sure you check whether a specific scheme is covered. Schemes covered by the Code may offer a higher level of personal care services than other schemes.

The Code requires the provision of certain core services, for example domestic services for residents and meals available in restaurants or dining areas. Staff must be available on the premises 24 hours a day.

Marketing, advertising and sales materials must be up-to-date, clear and accurate, and must not confuse or mislead. You must be given an accurate representation of a scheme's tenure arrangements, care arrangements, and residents.

You must not be subject to any aggressive sales techniques and must be given time to digest information and raise queries before committing to a property or package of services.

You must be given a '*Key Facts*' summary of the mandatory and discretionary charges as soon as possible after expressing an interest, as well as clear information on how the scheme is managed and how care and other services are organised.

## 11 Transfer fees

Some leases require a leaseholder to pay a fee to the landlord or management organisation in certain circumstances. These fees are known by different names, including 'transfer', 'event', 'exit' or 'departure' fees. They are most commonly triggered when a property is sold or sub-let, but may be payable if there is a change of occupancy, for example if a new partner, relative or carer moves in.

There is often a lack of transparency about fees and calculations. They may be calculated as a percentage of the re-sale price or market value of the property. Most 'housing-with-support' schemes charge a fee of one or two per cent. However, some newer schemes offering additional on-site facilities and services may charge more, for example 10 or 30 per cent. Extra care schemes tend to charge more.

The ARHM Codes for both **England** and **Wales** require management organisations to 'include a clear and prominent explanation of the terms of any event fees in any pre-sale information they provide'. This should include details of how the fee is calculated and worked examples of what you might expect to pay.

If this cannot be provided directly to the purchaser, it should be given to the seller's solicitor with 'prominent instructions' to pass to the purchaser as soon as possible. Similar information should be given in the Leaseholder's Handbook.

Management organisations should make it clear if a fee is payable simply as a consequence of moving out, or as a way to keep service charges lower for residents.

Under the ARCO Code, purchasers must be informed about any transfer fees payable as soon as possible after expressing an interest in a property. They must be given information on:

- the amount of the fee and how and when it is payable
- how the fee is calculated, with realistic and transparent worked examples
- the percentage of the fee that goes into a reserve fund, if any
- what, if anything, the customer will receive for the fee
- who will receive the fee
- whether any element of the fee will be held in trust.

**Although the Codes offer some protection against unfair or hidden fees, the lease ultimately dictates if a fee is payable and how it is calculated.**

It may not be possible to see p ã - possible to to

Ask a solicitor or independent adviser to explain the terms and give you a worked example of how much you would have to pay if your property reaches a certain value.

**Note**

The Law Commission, an independent body that keeps the law under review and makes recommendations to Parliament, published a draft code of practice in 2016 to regulate the charging of transfer fees and protect leaseholders from unfair or hidden fees. The government committed to approving the code but has yet to do so.

Once approved, it will apply to all new leases and certain existing leases on re-sale.

## 13 Shared ownership and other options

### Shared ownership

Shared ownership allows you to purchase a share in a property and pay rent on the remainder. You can purchase additional shares until you 'staircase' up to full ownership.

Seek independent legal and financial advice if you are considering shared ownership, as there are potential drawbacks.

You may find it difficult to move if property prices go up and you only own a small share of your home. You may find it difficult to staircase up, as additional shares are bought based on the value of the property at the time you staircase, not the original value.

Even if you only own a small percentage of a property, you are likely to have to pay service charges in full.

If you fall behind on the rent payments due on the part of the property you do not own, it is possible for the landlord to evict you in the same way as a tenant and you could lose your equity stake in the property.

In **England**, there is a current scheme for people aged 55 or over, called **Older People's Shared Ownership**. In this scheme, your maximum equity share is limited to 75 per cent, but once you reach this level, you do not have to pay rent on the remainder.

### Other options

There are other options that could enable you to purchase a retirement property if you would otherwise find this difficult, or make the process of moving easier.

There are '*leasehold schemes for the elderly*' that work in a similar way to Older People's Shared Ownership, and '*Lifetime Lease*' plans, which offer you the opportunity to purchase the right to live in a property for the rest of your life.

Some developers allow you to '*part exchange*' your existing property for a retirement home. This enables you to move without needing to sell your property on the open market, although the developer takes a percentage of its market value.

See the Elderly Accommodation Counsel HousingCare website for more information.





**Leasehold Advisory Service (LEASE)**

[www.lease-advice.org/](http://www.lease-advice.org/)

Telephone 020 7832 2500

LEASE provide free 15-minute telephone advice to members of the public on residential leasehold law



## Age UK

Age UK provides advice and information for people in later life through our Age UK Advice line, publications and online. Call Age UK Advice to find out whether there is a local Age UK near you, and to order free copies of our information guides and factsheets.

### **Age UK Advice**

[www.ageuk.org.uk](http://www.ageuk.org.uk)

0800 169 65 65

Lines are open seven days a week from 8.00am to 7.00pm

### **In Wales contact**

#### **Age Cymru Advice**

[www.agecymru.org.uk](http://www.agecymru.org.uk)

# Our publications are available in large print and audio formats

## Next update November 2024

The evidence sources used to create this factsheet are available on request. Contact [resources@ageuk.org.uk](mailto:resources@ageuk.org.uk)

This factsheet has been prepared by Age UK and contains general advice only, which we hope will be of use to you. Nothing in this factsheet should be construed as the giving of specific advice and it should not be relied on as a basis for any decision or action. Neither Age UK nor any of its subsidiary companies or charities accepts any liability arising from its use. We aim to ensure that the information is as up to date and accurate as possible, but please be warned that certain areas are subject to change from time to time. Please note that the inclusion of named agencies, websites, companies, products, services or publications in this factsheet does not constitute a recommendation or endorsement by Age UK or any of its subsidiary companies or charities.

Every effort has been made to ensure that the information contained in this factsheet is correct. However, things do change, so it is always a good idea to seek expert advice on your personal situation.

Age UK is a charitable company limited by guarantee and registered in England and Wales (registered charity number 1128267 and registered company number 6825798). The registered address is 7<sup>th</sup> Floor, One America Square, 17 Crosswall, London, EC3N 2LB. Age UK and its subsidiary companies and charities form the Age UK Group, dedicated to improving later life.