Guest editorial

Economic and financial issues of creating an age-friendly built environment

Welcome to the *Journal of Financial Management of Property and Construction* (*JFMPC*), volume 21, issue 2. This is a Special Issue of *JFMPC*, comprising papers dealing with the subject of economic and financial issues of creating an age-friendly built environment.

Much of the developed world is facing an unprecedented demographic shift as, in many countries, the older generation forms the majority of the population. Surprisingly, however, the construction sector and the housing system seem to have been slow to adapt to the changing needs of the ageing population. The built environment plays a role in defining the conditions for people to live healthy lives, and older people require high-quality built environments that suit their needs across the whole life course – a building stock and infrastructure that supports independent living and enhances quality of life for the ageing population.

At present, the housing stock of the UK and other European countries is not ready to support independent living over the life course. With low current renovation and replacement rates, an update with well-targeted actions and investment strategies is needed. However, the added value of age-friendliness in renovation or new building projects is not always obvious to public or private homeowners, and clear guidelines for the execution and financing of such projects are scarce.

The important financial and economic issues for the construction sector and other stakeholders involved in housing provision include the following: Home adaption and renovation in a cost-efficient way and its effect on the value-chain in the construction sector; the implementation of consistent design standards for age-friendly houses that consider the longer-term social benefits of age-friendly homes, and financing schemes for older home owners to invest in age-friendly homes. There is a plethora of reports in recent years in the UK from various government departments and independent organizations on housing the ageing population.

The seriousness of such concerns at the European level is shown by the fact that the *European Reference Framework for Age-friendly Housing* is currently being developed with an on-going and sustainable dialogue about a Europe-wide approach to age-friendly homes in the future, and the *European Silver Economy Strategy* has a focus on smart investment strategies to stimulate investments in age friendly home renovation and policies to bring down costs. Also, the European Construction Technology Platform's decision to set up a focus area on *Active Ageing and Design* implies the recognition of a large contribution that the construction sector can make to the Silver Economy.

The selection of papers for this Special Issue reflects the universal nature of the financial and economic issues, with papers concerned with the UK, other European countries (The Netherlands and Latvia), Malaysia and Australia.

In a review and analysis of the situation in the UK, Ruddock and Ruddock take an overview of the financial and economic challenges of providing adequate and appropriate housing in a society with an ageing population. The authors present

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background relevant to the socio-economic challenges arising from the demographic change, and they identify and discuss specific challenges for the various stakeholders: central government, the construction sector, planning authorities, financial institutions and households themselves. They make recommendations for dealing with the issues, and stress that the required increase in the stock of age-appropriate housing will not happen unless these various groups work together in ensuring the development of innovative business models and partnerships.

Staube, Leemeijer, Geipele, Kauškale, Geipele and Jansen compare the situation for age-friendly housing in two different EU countries (The Netherlands and Latvia), and advocate the need for age-friendly construction to become a standard for sustainable property development. They emphasise the importance of incorporating the revenues from saving in healthcare into the cost-revenue equation to show the socio-economic benefits from investment in such housing.

Siew examines the helpfulness of sustainability reporting tools (SRTs) in facilitating the development of an age-friendly built environment. Due to a lack of age-friendliness criteria in SRTs, he suggests that not enough emphasis is given to the subject by developers and builders. The study is based on two countries (Australia and Malaysia) and the implications of the findings are that better criteria/design guidelines should be developed to assist designers and planners to build developments for the elderly. He concludes that more needs to be done to incorporate age-friendly criteria into mainstream SRTs but poses the question of what would be the cost implication of designing the built environment to meet the needs of the older population. A compelling reason to incorporate an age-friendly design, even if it is costly, is the measurement of the social return on investment, which offers the possibility of evaluating the social benefits of such developments. A key to leveraging investment is the evidence about the return on investment and the social and economic impact of investment into smarter solutions.

Boyle and Thomson deal with the issue of establishing an evidence base for adapting social housing to meet the needs of the ageing population. They explore the adaptability of the existing housing stock, and they find an alarming information gap within housing data sets exposing an imbalance between supply and demand in reducing the cost implication for adapting the housing stock. In Scotland, the government policy focuses on managing health and social care for older people within their own homes as opposed to investing in the provision of new housing specifically for older people. The authors use a case study approach based on a local authority, which is undertaking a 100 per cent stock condition survey recording a number of age-specific criteria. The implication from their research is that social housing providers need to establish the readiness of the current stock by shaping future development plans for new build properties, refurbishment and reactive maintenance. With a need to consider demographic conditions over the next 20 years, they call for a new economic model that intrinsically links housing with health and social care through the integration of services.

A major implication of the ageing society is a growth in elderly-related impairments and long-term care requirements. Looking specifically at dementia care, Pantzartzis, Price and Pascale focus on the costs related to dementia care provision and how purposeful built-environment investments can help to control these costs. They have used data from 115 pilot projects funded by the UK

Department of Health's National Dementia Capital Investment programme, and this offers a unique opportunity to explore the link between the built environment and dementia costs. They review the direct and indirect costs of dementia care provision and explore how the built environment can affect these costs.

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