Christchurch and East Dorset Councils
delivering services together

Christchurch and East Dorset Community Infrastructure Levy

Draft Charging Schedules for Christchurch and East Dorset RESPONSE FORM

	Your Details	Agent's Details (please only complete if you are using an agent)
Title		MR
Full Name		ZIYAD THOMAS
Job Title		POLICY PLANNER
Organisation	McCARTHY & STONE RETIREMENT LIFESTYLES LTD.	THE PLANNING BUREAU
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Telephone		

Question 1: Do you wish to be heard in support of your representations at the Public Examination of the Draft Charging Schedule?

Please note that the Inspector will decide if a public hearing session is required as part of the examination process. You may choose to request to appear at a public hearing to clarify your comments, but you must communicate this to the Council before the close of the consultation. If you do not wish to be heard at the examination, your written representations will carry the same weight as those made by respondents who appear and are heard in support of their representations.

No, I do not wish to participate at the oral examination: ☐

Yes, I wish to participate at the oral examination: ☑

Question 2: Do you agree or disagree with the proposed rates contained in the Draft Charging Schedule?

Agree: ☐

Disagree: ☑

Further comments on Question 2:

SEE REPRESENTATION

Question 3: Do you think that the proposed CIL rates strike an appropriate balance between the desirability of funding infrastructure through CIL and the potential effects of imposing a CIL on the Borough and District?

NO SEE REPRESENTATION

Question 4: Do you believe the evidence on viability is correct? If not, please set out alternative evidence to support your view?

NO SEE REPRESENTATON

Question 5: Do you agree or disagree with the Councils' approach to discretionary relief?

Agree: ☑

Disagree: ☐

Further comments on Question 5:

Question 6: Do you have any comments on the draft Regulation 123 list which sets out the infrastructure to be funded by CIL and where the Councils will continue to seek S106/S278 contributions?

Question 7: Do you agree or disagree with the draft CIL instalments policy?

Agree: ☑

Disagree: ☐

Further comments on Question 7:

[redacted]

Question 8: Do you agree or disagree with the draft 'payment in kind' policy?

Agree: ☑

Disagree: ☐

Further comments on Question 8:

Question 9: Any other comments

Please indicate if you wish to be notified of any of the following:

That the Draft Charging Schedules have been submitted to the examiner in accordance with Section 212 of the Planning Act 2008.	☑
The publication of the recommendations of the examiner and the reasons for those recommendations	☑
The approval of the Charging Schedules by the charging authorities	☑

Please sign and date:

Signature:	[redacted]	Date:	18/06/14

Please send completed forms by **Wednesday 18th June 2014** to:
East Dorset District Council, Council Offices, Furzehill, BH21 4HN

Or, alternatively email them to **planningpolicy@christchurchandeastdorset.gov.uk**

Please note: Comments cannot be treated as confidential and therefore by responding, you are agreeing to your information being disclosed to third parties.

All comments made must be supported by your full name and address. Comments will be published on the Council's website along with your full name.

Data Protection *(Please tick the relevant boxes)*
I/we understand that Christchurch Borough Council / East Dorset District Council will use the information that I/we have provided for the purpose of the Community Infrastructure Levy. I/we consent to Christchurch Borough Council / East Dorset District Council disclosing my/our information to third parties for this purpose. ☑

I understand that I/we have the right to ask for a copy of the information held about me/us and which is subject of Data Protection Act 1998 (for which Christchurch Borough Council / East Dorset District Council may make a charge) and to correct any inaccuracies in my/our information. ☑

Data Protection Act 1998: Any information provided will be treated in strict confidence and will be held on and processed by computer.

East Dorset District Council,
Council Offices,
Furzehill,
BH21 4HN

18th June 2014

REPRESENTATION TO THE CHRISTCHURCH AND EAST DORSET COUNCIL COMMUNITY INFRASTRUCTURE LEVY - DRAFT CHARGING SCHEDULE

This is a joint representation on behalf of McCarthy & Stone Retirement Lifestyles Ltd. and Churchill Retirement Living Ltd. the market leaders in the provision of retirement housing for sale to the elderly. It is estimated that of the specialist housing providers currently active in this specific market (not including the out of town "retirement village" model), the two companies deliver over 80% of the current supply between them. It is therefore considered that with the extensive experience in providing development of this nature, these companies are well placed to provide informed comments on the emerging Christchurch and East Dorset Council Community Infrastructure Levy (CIL), insofar as it affects or relates to housing for the elderly.

McCarthy & Stone Retirement Lifestyles Ltd. provided commentary on the Preliminary Draft Charging Schedule in April 2012 in which we expressed our concern that the emerging CIL could prohibit the development of specialist accommodation for the elderly at a time when there is an existing and urgent need for this form of development. Notably we raised concerns as to how specialist accommodation for the elderly differs from general needs housing through key issues including, amongst other things, communal floorspace built to a higher specification, a slower sales rate and higher empty property costs. On this basis we respectfully requested that a specific development scenario for sheltered accommodation be carried out for this form of development.

Notably we also raised a query as to the charging rate attributed to Extra Care accommodation in the Charging Schedule – whether it was amalgamated into the 'residential rate' or whether it was included in the 'care home' rate.

We pointed out how the advice given by Peter Brett Associates describing Extra Care Accommodation as a C3 use. This contradicted our relatively recent planning negotiations with East Dorset Council over the Assisted Living development in Ferndown, Cherrett Court, it was accepted by Council Officers that the development was a C2 Use Class.

The response given by the Council in the Analysis of the Responses to the Preliminary Draft Charging Schedule:

'In the report for the Greater Norwich Development Partnership the Inspector commented that he would not propose any change as a result of the McCarthy and Stone comments. He believed it to be unrealistic to expect charging schedules to be made flexible and varied enough to cater for a variety of considerations particular to types of residential accommodation providers.'

This was a stock response to all comments relating to specialist accommodation for the elderly, regardless of the variety of points put in our representation. There is no further work on the viability of specialist accommodation for the elderly in any of the updated viability work.

The issue of whether Extra Care accommodation is a C2 or C3 Use and the contradiction between Peter Brett's and the Council's classification of these developments was avoided in its entirety in favor of a stock 'cut and paste' answer which was not appropriate. It is abundantly clear that Council has not seen fit not to address any of the issues raised within our representation.

We would like to remind the Council that the National Planning Policy Framework stipulates that it is crucial that Local Plans should be based on co-operation with private sector organizations (Paragraph 157) and that the DCLG CIL Guidance states that '*Charging authorities should seek early engagement with local developers, others in the property industry and infrastructure providers when preparing their charging schedules.'* (Paragraph 2.2.1.3)

The Council's response is extremely disappointing to say the least and raises significant questions over the integrity of the consultation process and correspondingly the 'soundness' of the Charging Schedule.

<u>The Case for Testing Older Person's Accommodation</u>

Extra Care Accommodation and Sheltered / Retirement Housing are distinct forms of development which differs considerably in its built form from general needs housing and flatted developments. They are characterised by higher build cost, the provision of communal facilities and a lower rate of sales, **<u>as stated in our previous representation</u>**, which make the viability of this form of accommodation much more finely balanced than general needs housing.

The aforementioned viability characteristics of older person's accommodation housing have been acknowledged by both the public and private sector and in the various tiers of Government. In the recently published National Planning Practice Guidance the "*How should different development types be treated in decision taking*?" (sub-heading: ID 10-018-130729) the guidance states that "*The viability of individual development types, both commercial and residential, should be considered. Relevant factors will vary from one land use type to another".* The distinct viability characteristics of older persons housing are specifically acknowledged with the Guidance stating that *"For older people's housing, the scheme format and projected sales rates may be a factor in assessing viability".*

The Council's standardised response to the comments in our representations is based on the Examiner's Report from Greater Norwich Charging Schedule which was published in December 2012. Since the publication of this Report the CIL Regulations have been amended by Government twice with increased emphasis on flexibility in setting differential levy rates for developments within the same Use Class.

Moreover there have been numerous Local Authorities that have set differential rates for older person's accommodation based in their adopted CIL Charging Schedules including Winchester City Council and Purbeck District Council with numerous forthcoming Charging Schedules following suit (Kingston upon Thames, Sheffield and West Oxfordshire).

For Local Planning Authorities with sizeable elderly populations, testing the viability of Sheltered / Retirement housing and Extra Care Accommodation is best practice, even if it is deemed a separate CIL rate for these forms of accommodation is ultimately required (e.g. East Devon and Teignbridge Councils. There is at least an evidence base to support that position.

Finally we would note that Peter Brett Associates no longer provide the advice to amalgamate Extra Care and Sheltered / Retirement housing simply on basis Use Class, as per the Christchurch and East Dorset Viability Assessment. In more recent assessments for example that at Rother District Council they test both Extra Care and Sheltered / Retirement separately.

There is an increasing consensus that specialist accommodation for the elderly should not be viewed as an oversight or 'casualty' of the CIL regime. There is now a considerable amount of guidance publically available for charging authorities and viability practitioners to address assess the viability of Sheltered / Retirement Housing.

Need for Private Housing Supply

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We have provided a report of housing need for specialist accommodation for the elderly in Christchurch using the Strategic Housing for Older People Analysis Tool (SHOP@) by the Housing Learning and Improvement Network's (Housing LIN). This is a well respected tool as is widely used within both the private and public sector.

Please note that in the "Future Market Split" settings we have applied the recommended settings for an 'Affluent Authority'. Whilst we appreciate there will be pockets of deprivation in the Borough we feel it is broadly fair to classify the Authority as affluent in a national context. indeed in a national context there is merit in considering Christchurch in the 'Very Affluent' bracket which would increase the requirement for owner occupied older person's housing further.

The Shop@ tool does however qualify that there is presently an undersupply of sheltered housing and Extra Care accommodation and that the requirement for these forms of accommodation will increase further by 2020.

This reinforces the need argument put forward in our response to the Preliminary Draft Charging Schedule which identifies that the demographic profile of the area is significantly older than the national average stating ***'The current proportion over retirement age (ONS 2008) is above the County and national average in Christchurch at 34% and in East Dorset at 32%, compared with 29% in Dorset as a whole and just 19% nationally'.***

The CIL Guidance published in December 2014 stipulates **that the proposed CIL rate should not threaten the delivery of the relevant Plan, in this case the emerging Core Strategy and specifically policy *LN6: Housing and Accommodation Proposals for Vulnerable People*.**

In light of this, we would consider that it is of **vital importance that the emerging CIL does not prohibit the development of specialist accommodation for the elderly at a time when there is an existing and urgent need for this form of development**.

Development Scenario for Extra Care Accommodation

In light of the Council's omission of a developer scenario for Extra Care housing we have provided the Council with viability appraisal for a typical development of this type using the Homes and Communities Agency's HCEAT Tool. We completed two HCEAT appraisal is based on a typical flatted Extra Care scheme, 50 units in size, located on a previously developed site close to a town centre. The sales values and sales rate achieved at the latest McCarthy and Stone development in the Authority, Cherrett Court, Ferndown were used as well as a number of viability inputs specific to Extra Care Accommodation as detailed in the Retirement Housing Groups Briefing note on testing the viability of this form of accommodation. These are detailed in the table below:

Extra Care Accommodation Scheme inputs as follows:	
Mix	30 x 1 bed apartments & 20 x 2 bed apartments
GIFA 1 Bed (m2)	65 as per RHG Guidance (larger to accommodate wheelchair access)

GIFA 2 Bed (m2)	80 as per RHG Guidance	
Site area (ha)	0.4ha	
Net to gross ratio (%) saleable/non saleable	65% saleable to 35% non-saleable/communal space	
Residential Values (Revenue)		
Sales revenue 1BF (£/m2)	£3,385per m²	Based o sales values at Cherrett Court, Ferndown. Does not account for 'incentives' which reduce achieved values further
Sales revenue 2BF (£/m2	£3,500 per m²	
Sales Rate	1.4 unit per month. Based on the Sales Rate at Cherrett Court	
Ground rent per 1 bed/pa Ground rent per 2 bed/pa Yield - capitalised ground rent	£ 425.00 £ 495.00 7.00%	
Building Costs		
Building costs New Build (£/m2	£1,091 m² – build cost for flats with 13% increase as per recommendations of the RHG paper	
Abnormal/Extra overs	Site by site -assumed none here	
External works	10% of basic build cost as per PBA appraisal	
Contingencies (%)	5%	
Building cost fees (%)	10%	
Other Costs		
Empty property costs to cover Service Charge, Council tax, electricity	£100,000 – This is a conservative estimate of the cost based on a faster sales rate	
S106 Costs	£1,000 per unit as per PBA appraisal	
10% on-site renewable	£3,000 per unit	
SANGS	None as per PBA appraisal	
Affordable Housing Assumption	None – based on the understanding the development is a C2 use and historically the Council has not sought Affordable Housing contributions from Extra Care Accommodation	
Sales & Marketing Costs		
Legal fees (per open market unit sale)	£500	
Sales/marketing (% GDV)	6%	
Finance and acquisition costs Arrangement fee (loan)	£40,000	
Interest rate (%)	7%	
Agents fees (%) of land	1.50%	
Legal fees (%) of land	0.75%	
Stamp Duty (%)	as per applicable rate	
Developer's return for risk		
Profit as % of sales revenue	16.3% GDV (20% GDCosts as per PBA appraisal)	
Site Benchmark land value	£600,000 for East Dorset as per Benchmark Land Values detailed for residential in Peter Brett Appraisal	
Timings	**Month**	
Planning permitted	0	
Construction period	12	
First sale	12	
Last sale (legal completion)	48 (3 years)	
Selling rate	1.4 per month. Based on sales rate of Cherrett Court. This is higher than the average national sales rate of 1 unit per month and adds flexibility into our appraisal.	
Empty Property Cost Timing	Commensurate with Sales	

It is worth pointing out that the sales rate used in the aforementioned DAT model is higher than that recommended by the RHG in their briefing note which is 1 unit per month. The sales rate of 1.4 units per month is based on that achieved in Cherrett Court which was a fast selling scheme. We would point out that 1 unit per month is the sales rate we are seeing nationally for our extra care developments. This builds flexibility into the DAT appraisal used, as do the lower Extra Care Costs of £100,000 which we would usually expect to be higher in an Extra Care development due to the additional care facilities and services provided. We would also note that we consider a developer profit of 16.3% (approximately 20% of Costs) to be low and insufficient to generate financial backing for an Extra Care Development which has greater risk than a general housing development – however 16.3% developer profit has been used for demonstrative purposes in this appraisal.

As detailed in the HCEAT Summary Sheets attached an Extra Care development with a CIL rate of £40 per m² provides a surplus of £94,308. To reiterate however this requires sales rates that are higher than the national averages and highly conservative empty property costs and developer profit.

An Extra Care development charged at £100 per m² shows a deficit of £335,230.

Extra Care Accommodation should on the basis of this evidence be amalgamated into the £40 per m² for care homes. With more realistic viability inputs for developer profit (20%) Extra Care development cannot support CIL at all.

We would strongly suggest that the Council carry out similar viability appraisals for Sheltered / Retirement housing to see if this form of development warrants being charged at £100 per m². We would reiterate the points made by Churchill in their representation in which they call for an appraisal of this form of development. As McCarthy and Stone do not have a recently completed scheme in the area we do not access to the necessary information to run a HCEAT model as we have done Extra Care accommodation. We strongly suggest the Council co-operate with Churchill on this matter.

Summary

The Council's previous response to our representation was deficient and raises concerns over the legitimacy of the consultation process.

The evidence submitted shows that Extra Care accommodation can support a maximum of £40 per m² and as such should be incorporated into the Care Homes CIL Charging rate as a consequence.

Should the above Modifications not be incorporated into the Draft Charging Schedule then we request that we be given the opportunity to present this issue at Examination.

We suggest that the Council co-operate with Churchill in completing similar appraisals for Retirement Sheltered housing.

Yours faithfully,

Ziyad Thomas
Policy Planner
The Planning Bureau Ltd.

COMMUNITY INFRASTRUCTURE LEVY
AND
SHELTERED HOUSING/EXTRA CARE DEVELOPMENTS

A BRIEFING NOTE ON VIABIILITY
PREPARED FOR RETIREMENT HOUSING GROUP BY
THREE DRAGONS

MAY 2013

Executive Summary

New provision of retirement housing (whether sheltered or extracare) is very patchy across the country and provision of sale housing in particular is focussed on the South East and South West with very limited delivery outside these locations.

In low to medium value areas it is already very difficult for retirement housing to compete with mainstream housing development. The introduction of CIL will have a negative impact on viability and further reduce supply. To date most local authorities have not carried out a viability appraisal of retirement housing as part of the evidence base which supports the CIL charging schedule. Those local authorities who have undertaken a viability appraisal have appraised extracare but not sheltered housing and have generally found that, like Care Homes and other C2 uses, newbuild sale extracare housing cannot support a CIL payment.

This paper seeks to provide evidence which will enable viability practitioners to appraise both types of retirement housing, even in those locations where no newbuild stock has recently been provided. It has been prepared by Three Dragons drawing on information provided by members of Retirement Housing Group.

Retirement housing schemes are generally less viable than general needs housing because of a range of factors including higher build costs per sq m, a higher proportion of communal space, lack of ability to phase development and longer selling periods. This will affect their ability to pay CIL and to provide affordable housing.

S106 obligations for retirement housing have generally been subject to negotiation to reflect both financial viability and the calls which the development makes on local facilities. CIL is a fixed charge which cannot take account of scheme viability. It is therefore important that CIL rates are set at a level which reflects the overall viability of particular types of development

Because retirement housing is higher density than general needs housing the introduction of CIL will increase the value of planning obligations sought from a development much more steeply for retirement housing than is the case for general needs family housing.

Local authorities and practitioners undertaking viability appraisal and assessing affordable housing need should therefore carry out specific case studies of older persons housing when setting CIL charging schedules and affordable housing targets. This will contribute to a robust analysis which will stand up at Enquiry.

This document deals specifically with viability appraisal and draws on general information provided by members of Retirement Housing Group (RHG) to provide broad guidelines on the costs and revenues associated with provision of sheltered and extra care housing. It will assist with viability appraisal where no locally specific information is available.

Three Dragons was commissioned by RHG to carry out specimen viability appraisals for high, medium and low value areas outside London using the cost and revenue data provided by RHG. The viability appraisal compared general needs family housing with specialist retirement housing, both sheltered and Extracare accommodation. The chosen specimen locations were

- Tunbridge Wells (high value area)
- Tewkesbury (medium value area)
- Coventry (low value area)

Schemes were modelled with the local authority's target percentage of affordable housing and no s106 obligations. In all locations general needs housing was more viable than retirement housing and sheltered housing was more viable than ExtraCare. In medium and low value areas it is not possible to provide retirement housing which meets the local authority affordable housing target even before the introduction of CIL. The introduction of CIL at £100 per sq m on market housing further reduces scheme viability when compared with general needs housing.

1. Recent delivery of retirement housing for sale and rent

We analysed unpublished data from the Elderly Accommodation Counsel which looks at provision of retirement housing by region. This shows that in the period from 2010 to 2012 207 schemes were developed of which 57% were for rent.

55% of all provision of retirement housing for sale was in the South East and 'South West (48 schemes). No other region had more than 9 schemes of retirement housing for sale.

	Sale schemes	Rental schemes	All schemes
EM	2	8	10
East	9	21	30
London	5	13	18
NE	3	0	3
NW	8	13	21
SE	27	29	56
SW	21	13	34
WM	8	10	18
Y+H	5	12	17
	88	119	**207**

2. Policy Context

This document is intended to provide background information to local planning authorities and their consultants when undertaking the viability analysis which informs a CIL Charging Schedule. It focuses specifically on retirement housing, including both sheltered and Extracare accommodation.

It draws on the experience of a wide range of retirement housing providers to summarise the key variables which determine viability and to demonstrate how these affect the viability of retirement housing provision compared with general needs housing.

Local planning authorities are required to make provision for all household types, including older people, when drawing up their Local Plan.

> *To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:*
>
> *● plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
> *● identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand*
>
> ***NPPF para 50***

Ministers have repeated their support for this policy objective and it is a key feature of the National Housing Strategy

> Half of all households in England are older 'established homeowners'. Some 42 per cent are retired and 66 per cent own their own home outright. As life expectancy increases, more of these households will need support to remain in their homes in later life. Limited choice in the housing market makes it difficult for older households to find homes that fully meet their needs.
>
> ***Laying the foundations: a housing strategy for England p9***

> *"Imaginative housing schemes for older people can save money for the NHS and social services. They can also make it more attractive for older people to move out of their family homes, thereby helping to meet the pressing housing needs of young families"*
>
> ***Nick Boles 17 December 2012***

At present the majority of local planning authorities when setting their Community Infrastructure Levy do not differentiate specialist accommodation for older people from general needs housing and are applying the same CIL rate to both.

3. How retirement housing differs from general needs housing

There are several important differences between specialist retirement housing and general needs housing which make it inappropriate for a viability appraisal based on general needs housing to be applied to retirement housing.

Key differences between retirement housing and general needs housing include:

- Retirement housing is higher density than most general needs development: typically 100-120 dph compared with average densities of 30-70 dph for general needs housing
- Larger communal and non-saleable areas in retirement housing (eg common rooms, laundries, guest rooms, warden's office, dining room, special activity rooms)
- Higher build costs per sq metre for older persons housing than for general needs housing due to higher specifications of individual apartments and buildings.
- While revenue per unit is typically higher for specialist older person housing than for general needs flats, revenue per sq metre is not necessarily higher
- A slower return on investment as schemes need to be fully completed before sales are made as older people are less inclined to buy 'off plan' without seeing a dwelling, the communal facilities and/or meeting staff.
- Higher marketing costs to reach this older age group for whom a move is a discretionary choice often requiring consultation with extended family. Marketing costs are typically 6% of GDV compared to 3% of GDV for open market housing.
- Greater financial risk as phasing is not possible as with general needs housing as retirement developments are often built as a single block, meaning a development must be built out before any return is possible.
- Higher void costs as schemes take longer to sell than general needs housing and flats.
- Most schemes are on brownfield sites, which are often in short supply and have higher development costs.

- Higher land values as schemes work best when they are close to shops, services, GP practices and transport links, where older residents wish to live.

4. Standards of viability testing required by the CIL regulations

The Regulations that guide the setting of CIL allow charging authorities to set different rates for different **intended uses** of development. While the use class order[1] provides a useful reference point – CIL Charging Schedules do not have to be tied to it. The recent "Consultation Paper on Community Infrastructure Levy: further reforms" confirms that

Currently regulation 13 allows charging authorities to set different levy rates within their area. This can be done by reference to "zones" (regulation 13(1)(a)) and "different intended uses of development" (regulation 13(1)(b)). The revised Community Infrastructure Levy guidance has clarified that "uses" does not have the same meaning as "use class". (para 20)

Justification for setting different rates for different uses relies on a, "*comparative assessment of the economic viability of those categories of development*." [2]

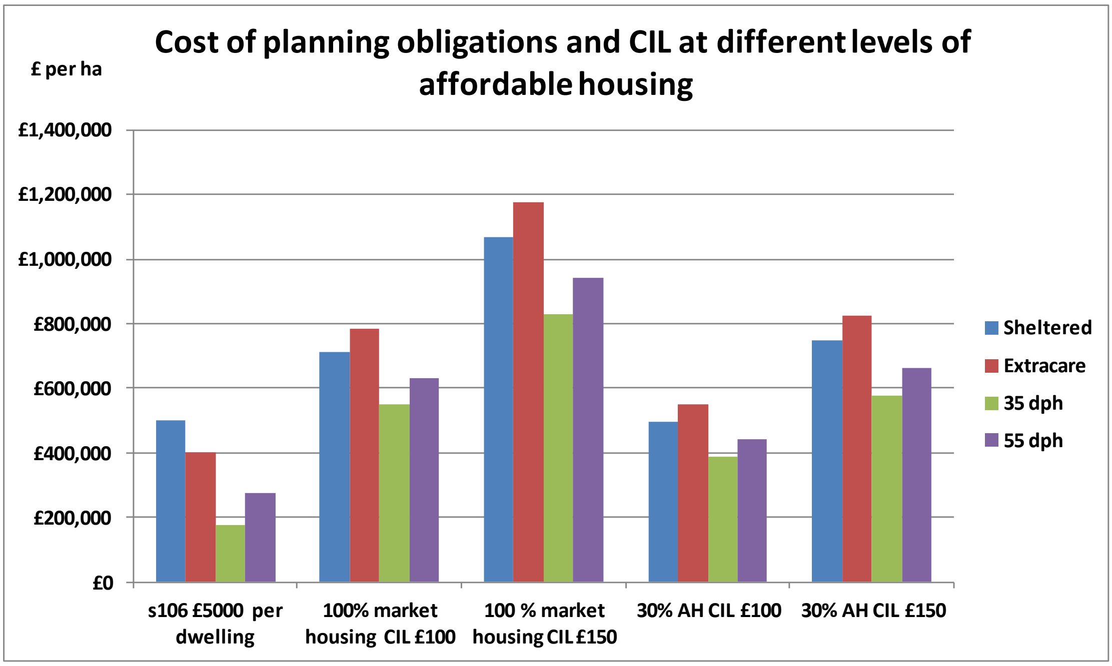
While local authorities will want to avoid overly complex patterns of CIL charges, it is important that their charging schedule does not, "*impact disproportionately on particular sectors or specialist forms of development*".[3]

The Regulations therefore permit local authorities to carry out a viability assessment of all likely types of development. Just as different types of retail and leisure uses will have separate viability appraisals so too should different types of residential development including sheltered and ExtraCare housing.

5. Density and its impact on CIL and S106 obligations

Both CIL and S106 obligations bear more heavily on specialist retirement housing than on general needs housing. This is because higher density development attracts higher levels of both CIL (based on £ per sq m of market housing) and S106 obligations (based on total number of dwellings). The chart below shows the relative costs per hectare of a standard S106 contribution of £5,000 per dwelling compared with CIL of £100 per sq m and £150 per sq m at both 100% market housing and 30% affordable housing.

[1] Town and Country Planning Act (Use Classes) Order 1987
[2] Community Infrastructure Levy Guidance, DCLG Dec. 2012 (para 35)
[3] Ibid – para 37



In all circumstances retirement housing pays a higher level of planning obligation than general needs housing. The difference between CIL and S106 is that S106 was negotiable and related to the needs arising from the scheme in many cases retirement housing did not contribute to certain S106 requirements (eg education) and hence paid a lower rate per dwelling than general needs housing. That flexibility is lost with CIL.

6. Key variables affecting the viability of specialist older persons housing provision

Local Planning Authorities and their consultants need robust information on which to base any viability appraisal of retirement housing as distinct from general needs housing. This can be difficult to obtain at local level if there has been no recent development of retirement housing. RHG has therefore prepared the following generic examples of typical sheltered and extracare schemes which included key variables which can be applied in any area of the country.

Typical scheme size (0.5 ha site)		
General Needs	15-20 family houses @ 30-40 dph	
	27-32 flats @ 55-65 dph	
Sheltered	50-60 units @ 100 -120 dph	
Extracare	40-50 units @ 80 -100 dph	

Typical mix retirement housing
Ranges from 60:40 1 bed : 2 bed to 40:60 1 bed : 2 bed apartments

House prices: Practitioners should use local market values for newbuild retirement housing where they exist. Where they do not exist the following formula is an indicative guide to the price of lower value units which are likely to be affordable by most local home owners.

Methods of price setting for retirement housing vary by location.
In medium and low value areas the price of a 1 bed sheltered property = approx 75% of price of existing 3 bed semi detached house. A 2 bed sheltered property = approx 100% of price of existing 3 bed semi detached
In high value areas with a high proportion of flats the price of a 1 bed sheltered property is linked to the price of high value flats, normally with a 10-15% premium

ExtraCare housing is 25% more expensive than sheltered: if a sheltered 1 bed flat sells for £100,000 then an extracare 1 bed flat will sell for £125,000

Unit sizes (sq m)	Sheltered	ExtraCare
1 bed	50	65
2 bed	75	80

Non-chargeable/communal space	
General needs houses	nil
General needs flats	10%
Sheltered	20-30%
ExtraCare	35-40%

Build cost per sq m (Source BCIS),
Sheltered typically 9% above build costs for 1-2 storey flats
Extracare typically 13% above build costs for 1-2 storey flats
(defined by BCIS as “sheltered housing with shops, restaurants and the like”)

Marketing costs are typically 6% of revenue compared with 3% of revenue for general needs houses and flats.

Sales periods are typically longer for retirement housing than for general needs housing. A rough guide is that 40% of unit will be sold at the end of the first year of sales, 30% during the second yesr of sales and 30$ during the third year. There is typically an 18 month build period before sales commence.

The economics of schemes which provide higher value (and cost) units will differ in detail from the example quoted but are unlikely to be significantly more viable when compared with general needs housing. Where the local authority believes that such schemes are likely to play a role in meeting local housing need a specific viability appraisal of this type of retirement housing will need to be carried out as part of the overall CIL viability appraisal.

Based on the parameters set out above Three Dragons was commissioned by RHG to carry out a viability appraisal of older persons housing compared with general needs housing development. Specimen sheltered and ExtraCare developments were modelled on a half hectare site in three locations:

- Tunbridge Wells (high value area)
- Tewkesbury (medium value area)
- Coventry (low value area)

and compared with the most viable form of general needs housing which could have been provided on the same site, family housing at 35 dph.. The three locations were chosen as typical of high, medium and low value locations outside London.

The output was a residual land value per hectare (ha) for each form of development. It was assumed that for retirement housing to compete in the land market residual land value must be equal to the residual land value achieved for general needs housing

The table below shows residual land values for the three different types of development in each of the three locations. All schemes were modelled with the target percentage of affordable housing.

Affordable housing at the LA target %age **No S106 obligations**	**residual land value per hectare (£)**		
	general needs housing	**sheltered housing**	**ExtraCare**
Tunbridge Wells – 40% AH	£4,000,000	£3,250,000	£2,000,000
Tewkesbury – 30% AH	£1,000,000	-£1,375,000	-£3,000,000
Coventry – 25% AH	-£300,000	-£3,250,000	-£3,500,000
Add CIL @ £100 per sq m on market housing			
Tunbridge Wells *CIL*	*£205,000*	*£430,000*	*£470,000*
Residual land value	£3,795,000	£2,820,000	£1,530,000
Tewkesbury *CIL*	*£240,000*	*£500,000*	*£550,00*
Residual land value	£760,000	-£1,875,000	-£3,550,000
Coventry *CIL*	£255,000	£535,000	£600,000
Residual land value	-£555,000	-£3,785,000	-£4,100,000

- In all locations general needs housing was more viable than sheltered or ExtraCare housing.
- Sheltered housing was more viable than ExtraCare housing.

- In Tunbridge Wells (high value area) all three schemes produced a positive land value at the local authority affordable housing target even with CIL at £100 per sq m, but residual land value was higher for general needs housing than for retirement housing.
- In Tewkesbury (medium value area) retirement housing produced a negative land value at the local authority affordable housing target both with and without CIL
- In Coventry all three schemes produced a negative land value at the local authority affordable housing target both with and without CIL..

7. Conclusions

The introduction of CIL has a more significant impact on retirement housing than on general needs housing because of the greater density (and hence higher sq metres) of development.

S106 requirements were also potentially more onerous for retirement housing than for general needs housing but because these were negotiable dependent on financial viability and specific requirements related to the development there was more flexibility to ensure that the planning obligations sought were related to the specific viability of the development.

The viability of older persons housing provision when compared with that of general needs housing varies by location. Local authorities and practitioners undertaking viability appraisal should therefore carry out specific case studies of older persons housing when setting CIL charging schedules. This is permitted by the CIL regulations and will contribute to a robust analysis which will stand up at Enquiry. The information provided in this document will assist with viability appraisal where no locally specific information is available.

Dorset / Christchurch

Data settings

	Housing Demand (units per 1,000 75+)	Current Market Split		2030 Market Split	
		Rent (%)	Sale (%)	Rent (%)	Sale (%)
Sheltered Housing	125	47%	53%	33%	67%
Enhanced Sheltered Housing	20	0%	100%	50%	50%
Extra Care - 24/7 support	25	100%	0%	33%	67%
Residential Care	65				
Nursing Care	45				

This section enables you to adjust any of the model assumptions that have been used to calculate the data tables. To change any of these assumptions, click on the + / - buttons or enter the desired value in the relevant boxes. You can use the reset buttons to reset these back to the preset assumptions stored.

The sources of the preset assumptions for each section are as follows:

Housing Demand is the number of units required per 1,000 of the population aged 75+. These are preset with prevalence rates from "More Choice, Greater Voice".

Current Market Split is the proportion of the supply in the area that is split between rent and leasehold. These are preset based on the supply data from Elderly Accommodation Counsel, national housing database 2013. All properties are allocated to the scheme's dominant tenure.

Future Market Split is the estimate proportion of future supply that may be required by 2030. These are preset to the current market values from the section above and can adjusted based on local knowledge / policy.

More information

- Data settings
- Commissioning strategies
- Future market split

Current Needs

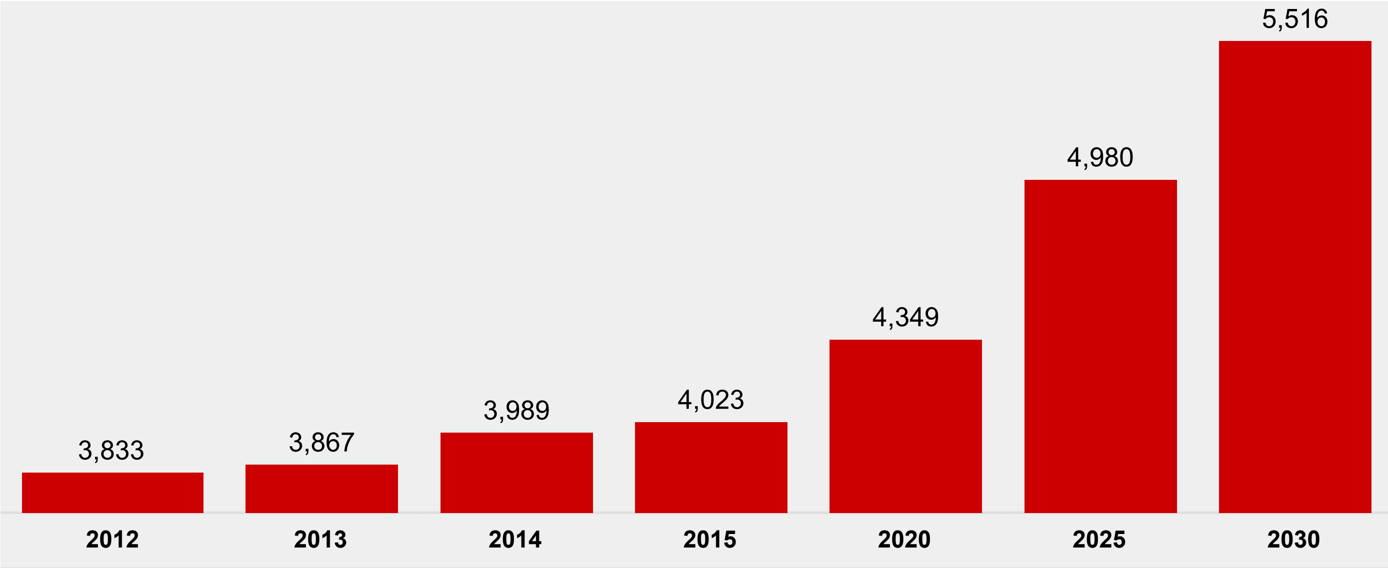
	Demand	Supply	Variance	% Variance
Sheltered Housing	**963**	**739**	**-223**	**-23%**
Sheltered Housing: Rent	452	345	**-107**	-24%
Sheltered Housing: Lease	510	394	**-116**	-23%
Enhanced Sheltered	**154**	**40**	**-114**	**-74%**
Enhanced Sheltered: Rent	0	0	**0**	0%
Enhanced Sheltered: Lease	154	40	**-114**	-74%
Extra Care	**193**	**44**	**-148**	**-77%**
Extra Care: Rent	193	44	**-148**	-77%
Extra Care: Lease	0	0	**0**	0%
Registered Care	**847**	**516**	**-331**	**-39%**
Residential Care	501	110	**-390**	-78%
Nursing Care	347	406	**60**	17%

Estimated Future Needs

Growth scenario: Normal	2012 % increase from 2012	2013 3%	2014 3%	2015 5%	2020 14%	2025 35%	2030 45%
Sheltered Housing	**963**	**988**	**988**	**1,013**	**1,100**	**1,300**	**1,400**
Sheltered Housing: Rent	452	454	444	456	451	481	462
Sheltered Housing: Lease	510	533	543	557	649	819	938
Enhanced Sheltered	**154**	**158**	**158**	**162**	**176**	**208**	**224**
Enhanced Sheltered: Rent	0	5	9	13	39	75	112
Enhanced Sheltered: Lease	154	153	149	149	137	133	112
Extra Care	**193**	**198**	**198**	**203**	**220**	**260**	**280**
Extra Care: Rent	193	190	184	180	154	135	92
Extra Care: Lease	0	8	14	22	66	125	188
Registered Care	**847**	**869**	**869**	**891**	**968**	**1,144**	**1,232**
Residential Care	501	514	514	527	572	676	728
Nursing Care	347	356	356	365	396	468	504

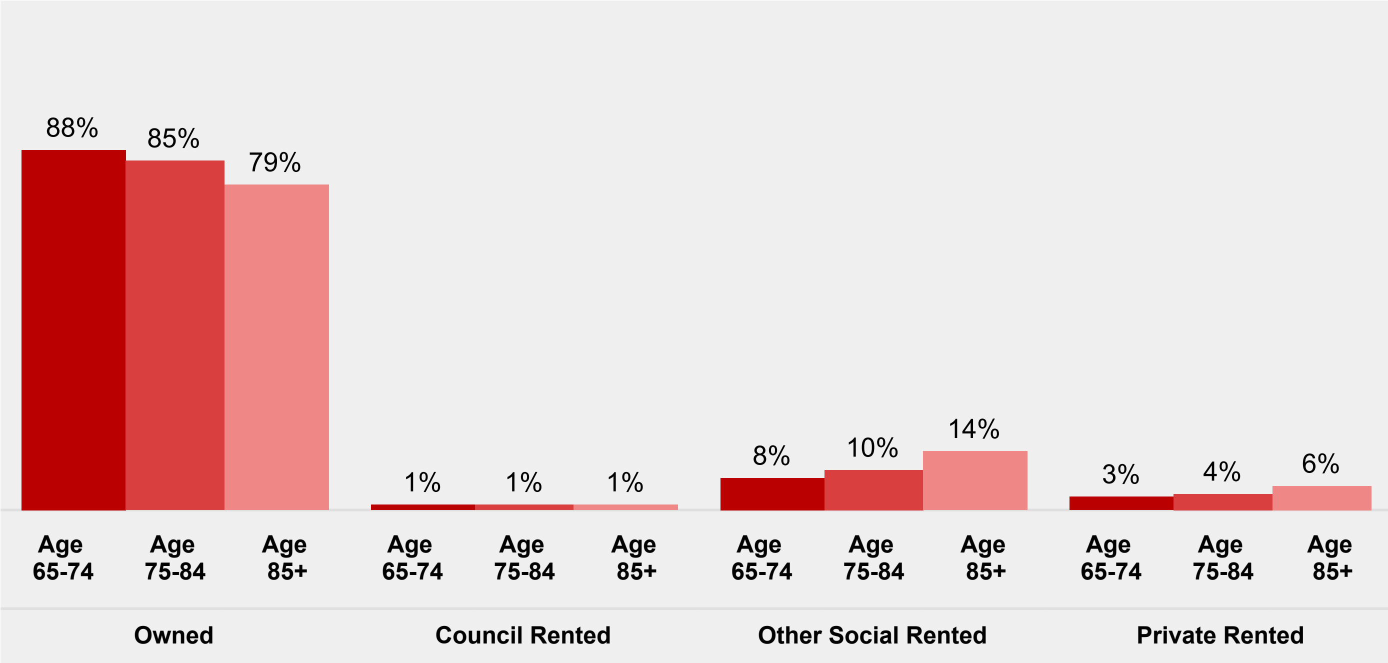
Older People Living Alone

Older People Living Alone: Total



Year	People 75+	% Increase from 2012
2012	3,833	-
2013	3,867	1%
2014	3,989	4%
2015	4,023	5%
2020	4,349	13%
2025	4,980	30%
2030	5,516	44%

Tenure of Older People



Housing Type	People 65-74	People 75-84	People 85+
Owned	88%	85%	79%
Council Rented	1%	1%	1%
Other Social Rented	8%	10%	14%
Private Rented	3%	4%	6%

Appendix

Current Needs

This section shows the estimated number of older people aged 75+ who are likely to require specialist housing or registered care (demand) against the current number of units available in each area (supply).

The data for demand is calculated by applying the prevalence rates (as shown in the data settings) to the 2012 population aged 75+. The population data used is from the 2010 Office for National Statistics (ONS) sub-national population projections.

The data for supply is the current number of specialist housing and registered care beds from Elderly Accommodation Counsel, national housing database 2013. EAC's classifications are as follows:

Sheltered housing: Schemes / properties are included where some form of scheme manager (warden) service is provided on site on a regular basis but where no registered personal care is provided. A regularly visiting scheme manager service may qualify as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to be included in sheltered stats. In most cases schemes will also include traditional shared facilities - a residents' lounge and possibly laundry and garden.

Enhanced sheltered housing: Schemes / properties are included where service provision is higher than for sheltered housing but below extra care level. Typically there may be 24/7 staffing cover, at least one daily meal will be provided and there may be additional shared facilities.

Extra care housing: Schemes / properties are included where care (registered personal care) is available on site 24/7.

Residential care: Where a care homes is registered to provide residential (personal) care only, all beds are allocated to residential care.

Nursing care: Where a care homes is registered to provide nursing care all beds are allocated to nursing care, although in practice not all residents might be in need of or receiving nursing care.

More information

- Current needs

Estimated Future Needs

This section is a key component for organisations working on their Market Position Statements (MPSs). It shows the estimated number of older people aged 75+ who are likely to require specialist housing or registered care in future years, from 2012 - 2030. Projections are based on two scenarios *normal* and *increased life expectancy*.

Normal is based on population growth alone for older people aged 75+, the source of these projections is the ONS, 2010 sub-national population projections.

Increased life expectancy uses the ONS life expectancy tables. It assumes that if there is an increase in life expectancy, people are healthier for a similar increased amount of time and therefore require specialist services later in life. For example, if people live three years longer they will enter housing or care services three years later in life.

Adjusting the Future market split:

The housing market split for rental and leasehold sectors for 2030 is set at the same percentage as the current level. It is accepted that the percentage of leasehold will increase in the future and this change will vary depending on whether the market is attractive to leasehold sales, i.e. areas of affluence will see a higher % increase in leaseholds by 2030.

There are no definitive figures for 2030 but one proposed suggestion is linked to the assumptions in "Housing in later life - planning ahead for specialist housing for older people" toolkit published in December 2012. It is suggested that users of SHOP@ consider the options on the attached chart and look at the results from scenarios using different percentages.

	More deprived locality		More affluent locality	
	Rented	Leashold	Rented	Leashold
Sheltered	50	50	33	67
Enhanced Sheltered	67	33	50	50
Extra Care	50	50	33	67

For more information on developing an MPS, go back to the Housing LIN/ADASS Strategic Housing for Older People Resource Pack, "Planning, designing and delivering housing that older people want" published in December 2011.

More information

- Estimated future needs

Older People Living Alone

This section shows the current and future estimated number of older people aged 75+ who are living alone. This section also contains and option for showing the number of older people who are living alone with a long-term illness.

This information is from POPPI (Projecting Older People Population Information.) Figures are taken from the General Household Survey 2007 table 3.4, Percentage of men and women living alone by age, ONS.

More information

- Older people living alone

Tenure of Older People

This section shows the current proportion of older people who are in different tenure types.

This information is from POPPI (Projecting Older People Population Information.) Figures are taken from ONS 2001 census, standard tables, table S017 tenure and age by general health and limiting long-term illness. The terms used to describe tenure are a follows:

Owned: either owned outright, owned with a mortgage or loan, or paying part rent and part mortgage (shared ownership).

Other social rented: includes rented from Registered Social Landlord, Housing association, Housing Co-operative and Charitable Trust.

Private rented: renting from a private landlord or letting agency, employer of a household member, or relative or friend of a household member or other person.

More information

- Tenure of older people

Disclaimer

The information provided within this tool is drawn from national and sub national statistics and calculates future need based on assumptions in publicly available national reports. Further assessment and investigation may be required to consider specific local conditions and opportunities. Any interpretation of the data will be solely the responsibility of the user organisation with no responsibility or liability attached to the authors of this analysis tool.

SCHEME

Site Address	Extra Care Development - East Dorset
Site Reference	
File Source	
Scheme Description	50 Unit Extra Care Scheme £100 per m2 CIL
Date of appraisal	01/06/2014
Net Residential Site Area (hectares)	0.4
Author & Organisation	
HCA Investment Partner	0

Housing Mix (Affordable + Open Market)

Total Number of Units	50	*units*
Total Number of Open Market Units	50	*units*
Total Number of Affordable Units	0	*units*
Total Net Internal Area (sq m)	3,550	*sq m*
Total Habitable Rooms	0	*habitable rooms*
% Affordable by Unit	0.0%	
% Affordable by Area	0.0%	
% Affordable by Habitable Rooms	-	
% Social Rented within the Affordable Hous	-	*by number of units*
% Social Rented within the Affordable Hous	-	*by NIA of Units (sq m)*
% Social Rented within the Affordable Hous	-	*by habitable rooms*
Density	125	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Number of Social and Affordable Rent	0	*Persons*
Number of Intermediate	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	0.40	*hectares*
Net Site Area	0.40	*hectares*
Net Internal Housing Area / Hectare	8,875	*sq m / hectare*

AH Residential Values

Full term yield based

Type of Unit	Social Rented	Shared Ownership phase 1	Affordable Rent phase 1	Shared Ownership phase 2	Affordable Rent phase 2
1 Bed Flat Low rise	£0	£0	£0	£0	£0
2 Bed Flat Low rise	£0	£0	£0	£0	£0
3 Bed Flat Low rise	£0	£0	£0	£0	£0
4 Bed + Flat Low rise	£0	£0	£0	£0	£0
1 Bed Flat High rise	£0	£0	£0	£0	£0
2 Bed Flat High rise	£0	£0	£0	£0	£0
3 Bed Flat High rise	£0	£0	£0	£0	£0
4 Bed + Flat High rise	£0	£0	£0	£0	£0
2 Bed House	£0	£0	£0	£0	£0
3 Bed House	£0	£0	£0	£0	£0
4 Bed House	£0	£0	£0	£0	£0
5 Bed House	£0	£0	£0	£0	£0
6 Bed+ House	£0	£0	£0	£0	£0
	£0	**£0**	**£0**	**£0**	**£0**

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)	**£0**
RP Cross Subsidy (use of own assets)	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING	**£0**
TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)	**£0**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Open Market Phase 1:	3,550	£3,437	£12,200,000
Open Market Phase 2:	-	-	£0
Open Market Phase 3:	-	-	£0
Open Market Phase 4:	-	-	£0
Open Market Phase 5:	-	-	£0
Total	**3,550**	-	**£12,200,000**

Monthly Sales rate
1.35

	Average value (£ per unit)
Open Market Phase 1:	£244,000
Open Market Phase 2:	£0
Open Market Phase 3:	£0
Open Market Phase 4:	£0
Open Market Phase 5:	£0

Capital Value of Private Rental	£0
TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING	**£12,200,000**

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	-

TOTAL VALUE OF CAR PARKING	**£0**

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0
Open market (all phases)	£371,667
TOTAL CAPITALISED ANNUAL GROUND RENT	**£371,667**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	**£12,571,667**

Non-Residential Values

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community Use	£0	**£0**

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME	**£0**

TOTAL VALUE OF SCHEME	**£12,571,667**

Residential Building, Marketing & Section 106 Costs

			Per sq meter
Affordable Housing Build Costs	£0		
Open Market Housing Build Costs	£6,116,923		1,120
		£6,116,923	
Residential Car Parking Build Costs		**£0**	

External Works & Infrastructure Costs (£)			Per unit
Site Preparation/Demolition		£0	
Roads and Sewers		£516,816	10,336
Services (Power, Water, Gas, Telco and IT)		£0	
Strategic Landscaping		£0	
Off Site Works		£0	
Public Open Space		£0	
Site Specific Sustainability Initiatives		£0	
On-Site Renewable		£150,000	3,000
Empty Property Costs		£100,000	2,000
Assumed S106		£50,000	1,000
Other site costs			
Building Contingencies	5.0%	£305,846	6,117
Fees and certification		£513,822	10,276
Other Acquisition Costs (£)		£0	
Site Abnormals (£)			
De-canting tenants		£0	
Decontamination		£0	
Archaeology		£0	
Empty Property Costs		£0	
Total Building Costs inc Fees		**£7,753,407**	155,068

Statutory 106 Costs (£)		
Education	£0	
Sport & Recreation	£0	
Social Infrastructure	£0	
Public Realm	£0	
Affordable Housing	£0	
Transport	£0	
Highway	£0	
Health	£0	
Public Art	£0	
Flood work	£0	
Community Infrastructure Levy	£546,154	7,100

Other Tariff		£0	
WFRS		£0	
Waste Management		£0	
Statutory 106 costs		**£546,154**	
Marketing (Open Market Housing ONLY)			per OM unit
Sales Fees:	6.0%	£732,000	14,640
Legal Fees (per Open Market unit):	£500	£25,000	500
Marketing (Affordable Housing)			per affordable unit
Developer cost of sale to RP (£)		£0	
RP purchase costs (£)		£0	
Intermediate Housing Sales and Marketing (£)		£0	
Total Marketing Costs		**£757,000**	

Non-Residential Building & Marketing Costs

Building Costs		
Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£0**
Professional Fees (Building, Letting & Sales)		
Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£0**
Total Non-Residential Costs		**£0**

TOTAL DIRECT COSTS: **£9,056,561**

Finance and acquisition costs

Land Value	£600,000		
Arrangement Fee	£40,000	3.4%	of interest
Misc Fees (Surveyors etc)	£0	0.00%	of scheme value
Agents Fees	£6,000		
Legal Fees	£4,500		
Stamp Duty	£24,000		
Total Interest Paid	£1,187,236		
Total Finance and Acquisition Costs	**£1,861,736**		

Developer's return for risk and profit

Residential					
Market Housing Return (inc OH) on Value		16.3%	£1,988,600	39,772	per OM unit
Affordable Housing Return on Cost		0.0%	£0		per affordable unit
Non-residential					
Office	£0				
Retail	£0				
Industrial	£0				
Leisure	£0				
Community-use	£0		**£0**		

Total Operating Profit **£1,988,600**
(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Surplus/(Deficit) at completion 1/8/2018	**(£335,230)**		Direct Cost difference
Present Value of Surplus (Deficit) at 1/6/2014	**(£252,878)**	(£5,058) per unit	

Land assembler's IRR (Internal rate of return)	**7.9%**	(after allowing Developer returns and interest as costs)
Scheme Investment IRR	**14.5%**	(before Developer's returns and interest)

Measures

Site Value as a Percentage of Total Scheme Value	4.8%
Site Value per hectare	-£838,076

SCHEME

Site Address	Extra Care Development - East Dorset
Site Reference	
File Source	
Scheme Description	50 Unit Extra Care Scheme £40 per m² CIL
Date of appraisal	01/06/2014
Net Residential Site Area (hectares)	0.4
Author & Organisation	
HCA Investment Partner	0

Housing Mix (Affordable + Open Market)

Total Number of Units	50	*units*
Total Number of Open Market Units	50	*units*
Total Number of Affordable Units	0	*units*
Total Net Internal Area (sq m)	3,550	*sq m*
Total Habitable Rooms	0	*habitable rooms*
% Affordable by Unit	0.0%	
% Affordable by Area	0.0%	
% Affordable by Habitable Rooms	-	
% Social Rented within the Affordable Hous	-	*by number of units*
% Social Rented within the Affordable Hous	-	*by NIA of Units (sq m)*
% Social Rented within the Affordable Hous	-	*by habitable rooms*
Density	125	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Number of Social and Affordable Rent	0	*Persons*
Number of Intermediate	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	0.40	*hectares*
Net Site Area	0.40	*hectares*
Net Internal Housing Area / Hectare	8,875	*sq m / hectare*

AH Residential Values

Full term yield based

Type of Unit	Social Rented	Shared Ownership phase 1	Affordable Rent phase 1	Shared Ownership phase 2	Affordable Rent phase 2
1 Bed Flat Low rise	£0	£0	£0	£0	£0
2 Bed Flat Low rise	£0	£0	£0	£0	£0
3 Bed Flat Low rise	£0	£0	£0	£0	£0
4 Bed + Flat Low rise	£0	£0	£0	£0	£0
1 Bed Flat High rise	£0	£0	£0	£0	£0
2 Bed Flat High rise	£0	£0	£0	£0	£0
3 Bed Flat High rise	£0	£0	£0	£0	£0
4 Bed + Flat High rise	£0	£0	£0	£0	£0
2 Bed House	£0	£0	£0	£0	£0
3 Bed House	£0	£0	£0	£0	£0
4 Bed House	£0	£0	£0	£0	£0
5 Bed House	£0	£0	£0	£0	£0
6 Bed+ House	£0	£0	£0	£0	£0
	£0	**£0**	**£0**	**£0**	**£0**

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)	**£0**
RP Cross Subsidy (use of own assets)	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING	**£0**
TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)	**£0**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Open Market Phase 1:	3,550	£3,437	£12,200,000
Open Market Phase 2:	-	-	£0
Open Market Phase 3:	-	-	£0
Open Market Phase 4:	-	-	£0
Open Market Phase 5:	-	-	£0
Total	**3,550**	-	**£12,200,000**

Monthly Sales rate
1.35

	Average value (£ per unit)
Open Market Phase 1:	£244,000
Open Market Phase 2:	£0
Open Market Phase 3:	£0
Open Market Phase 4:	£0
Open Market Phase 5:	£0

Capital Value of Private Rental	£0
TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING	**£12,200,000**

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	-

TOTAL VALUE OF CAR PARKING	**£0**

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0
Open market (all phases)	£371,667
TOTAL CAPITALISED ANNUAL GROUND RENT	**£371,667**
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	**£12,571,667**

Non-Residential Values

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community Use	£0	**£0**
TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME		**£0**

TOTAL VALUE OF SCHEME	**£12,571,667**

Residential Building, Marketing & Section 106 Costs

			Per sq meter
Affordable Housing Build Costs	£0		
Open Market Housing Build Costs	£6,116,923		1,120
		£6,116,923	
Residential Car Parking Build Costs		**£0**	
External Works & Infrastructure Costs (£)			Per unit
Site Preparation/Demolition		£0	
Roads and Sewers		£516,816	10,336
Services (Power, Water, Gas, Telco and IT)		£0	
Strategic Landscaping		£0	
Off Site Works		£0	
Public Open Space		£0	
Site Specific Sustainability Initiatives		£0	
On-Site Renewable		£150,000	3,000
Empty Property Costs		£100,000	2,000
Assumed S106		£50,000	1,000
Other site costs			
Building Contingencies	5.0%	£305,846	6,117
Fees and certification		£513,822	10,276
Other Acquisition Costs (£)		£0	
Site Abnormals (£)			
De-canting tenants		£0	
Decontamination		£0	
Archaeology		£0	
Empty Property Costs		£0	
Total Building Costs inc Fees		**£7,753,407**	155,068
Statutory 106 Costs (£)			
Education		£0	
Sport & Recreation		£0	
Social Infrastructure		£0	
Public Realm		£0	
Affordable Housing		£0	
Transport		£0	
Highway		£0	
Health		£0	
Public Art		£0	
Flood work		£0	
Community Infrastructure Levy		£218,462	2,840

Other Tariff		£0	
WFRS		£0	
Waste Management		£0	
Statutory 106 costs		**£218,462**	

Marketing (Open Market Housing ONLY)			per OM unit
Sales Fees:	6.0%	£732,000	14,640
Legal Fees (per Open Market unit):	£500	£25,000	500
Marketing (Affordable Housing)			per affordable unit
Developer cost of sale to RP (£)		£0	
RP purchase costs (£)		£0	
Intermediate Housing Sales and Marketing (£)		£0	
Total Marketing Costs		**£757,000**	

Non-Residential Building & Marketing Costs

Building Costs		
Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£0**
Professional Fees (Building, Letting & Sales)		
Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£0**
Total Non-Residential Costs		**£0**

TOTAL DIRECT COSTS: **£8,728,868**

Finance and acquisition costs

Land Value	£600,000	
Arrangement Fee	£40,000	3.7% of interest
Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£6,000	
Legal Fees	£4,500	
Stamp Duty	£24,000	
Total Interest Paid	£1,085,391	
Total Finance and Acquisition Costs	**£1,759,891**	

Developer's return for risk and profit

Residential				
Market Housing Return (inc OH) on Value		16.3%	£1,988,600	39,772 per OM unit
Affordable Housing Return on Cost		0.0%	£0	per affordable unit
Non-residential				
Office	£0			
Retail	£0			
Industrial	£0			
Leisure	£0			
Community-use	£0		**£0**	

Total Operating Profit **£1,988,600**
(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Surplus/(Deficit) at completion 1/8/2018	**£94,308**	Direct Cost difference
Present Value of Surplus (Deficit) at 1/6/2014	**£71,140**	£1,423 per unit

Land assembler's IRR (Internal rate of return)	**10.3%**	(after allowing Developer returns and interest as costs)
Scheme Investment IRR	**16.8%**	(before Developer's returns and interest)

Measures

Site Value as a Percentage of Total Scheme Value	4.8%
Site Value per hectare	£235,769

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03 JUN 2013

Dear Stephen

Many thanks to you and your colleagues for meeting with me on Tuesday 9 May to discuss suggestions for increasing the quality and provision of housing for older people, and for your letter dated 14 May. I found our discussion very informative.

Local planning authorities are required to make provision for all household types, including older people. I strongly support this policy objective and consider that imaginative housing schemes for older people, as well as saving money for the NHS, can make it more attractive for older people to move out of their family homes, thereby helping to meet the needs of young families.

We have strengthened the revised Community Infrastructure Levy guidance. The revised guidance published in December 2012 is clear that "charging schedules should not impact disproportionately on particular sectors or specialist forms of development and charging authorities should consider views of developers at an early stage." (page 11, paragraph 37). The guidance does not specify that any form of housing should be treated any differently to other sectors but is clear that if you have evidence that your development would be made unviable by the proposed levy charge, this should be considered by the authority and by the examiner. The guidance supports early engagement in the Levy rate setting process and I would encourage you to work with local authorities consulting on Levy rates to ensure any viability issues are shared. I understand you have a meeting with my officials to discuss the Levy on 12 June.

Since receiving your letter I have received a number of suggestions from the RHG Secretariat for extra-care facilities which might be suitable for a visit. I would welcome such a visit jointly with the health minister and will be in touch with you shortly about finding a convenient date.

It was a pleasure meeting you and getting the opportunity to discuss such an important and pressing matter. It is great to see such commitment in seeking to ensure that the interests of older people are looked after.

With best wishes

Nick Boles

NICK BOLES MP

Retirement Housing and the Community Infrastructure Levy

This paper has been prepared on behalf of McCarthy & Stone Retirement Lifestyles Ltd and Churchill Retirement Living Ltd. The purpose of this briefing note is to address the particular issues for Community Infrastructure Levy setting with specific regard to the need, benefits and economic viability of retirement apartments[1]. McCarthy & Stone and Churchill Retirement Living are concerned that many charging schedules published across the country to date could disproportionately affect the viability of their developments given that they fail to properly consider the impact of CIL on the retirement housing market, which in turn will mean that local older home-owners will be denied the opportunity to live in specialist housing that better meets their needs and aspirations in later life. The paper makes a number of recommendations that should be taken into account by CIL practitioners and decision makers in the formulation of the evidence base, draft charging schedule and decision making process.

Specifically, it is recommended that;

1. The viability appraisal inputs referred to in Table 1 represent, as far as is possible, a "typical" retirement apartment development and should therefore be used as a basis for a development typology in the CIL viability evidence base;
2. The viability assessment to inform the draft Charging Schedule should include a consideration of the relative viability of retirement housing when set against both existing site values, and a range of alternative values for the land on which a retirement development might be situated;
3. The draft Charging Schedule should pay heed to the effect of CIL on the supply of housing for the elderly, including the wider benefits that the provision of this tenure in sufficient numbers can bring, as per the NPPF paragraphs 50 and 159;

The effect of the imposition of CIL, if not given due consideration, may be to constrain land supply. This is a significant threat to land with a high existing use value and therefore to the delivery of retirement developments, which by nature are limited to urban, centrally located previously developed sites. By following these recommendations it is hoped that the CIL schedule can be adopted in a way that does not constrain the supply of retirement housing for the elderly. The consequences of ignoring this evidence is the risk of putting the delivery of the

[1] Which can be referred to as Category II Sheltered Housing (less care) and use class C3, or Extra Care housing (Higher levels of care and therefore deemed use class C2).

development plan in jeopardy, a situation to be avoided, as Paragraph 29 of the 2012 CIL regulations published by DCLG makes it clear:

'*In proposing a levy rate(s) charging authorities should show that the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole*' (Paragraph 29).

The Developers

McCarthy & Stone Retirement Lifestyles and Churchill Retirement Living are leading providers of specialist retirement housing for older home owners in the United Kingdom. It is estimated that of the specialist housing providers currently active in this specific market (not including the out of town "retirement village" model), the two companies deliver over 80% of current supply between them. In response to the housing implications of the UK's ageing population, both companies have ambitious investment plans which rely on being able to secure sufficient land for development.

Retirement apartments offer accommodation for home owners aged over 60 years of age. Typical facilities within a development include a communal lounge for the use of all residents for socialising and events; a Manager working full time hours at the development; an emergency call system in every apartment; laundry facilities; a guest bedroom; communal landscaped gardens; plus electric scooter charging points, communal refuse areas and parking facilities. Given the nature of the resident, appropriately located retirement schemes are built within easy walking distance of town centre facilities to enable the resident to easily access all of their needs (public transport, shops, banks & post offices, cafes, community facilities, doctor, dentist etc) without reliance on a private car. Alongside companionship and security, this is one of the main reasons a purchaser of a retirement apartment will consider downsizing from properties that are less well located relative to the required facilities. It also allows a high development density to be achieved given the low requirements for parking on-site.

There is also an Extra Care model, which by including "care", (in not just staffing, but also within the design and specification including larger communal areas), is different from retirement housing both in its form and the costs associated with its delivery and occupation. Particularly where authorities seek to apply CIL charges to this form of development and where the Development Plan specifically seeks its delivery, it would be appropriate to specifically assess this form of development because of its different characteristics and consequent different viability factors associated with it.

Although the two companies are in direct competition with each other, the potentially serious implications to land supply of getting the CIL charging schedule wrong, and its potential for adverse impact on the delivery of retirement housing for which there is an acknowledged growing need, have spurred them into jointly preparing this paper.

A Growing Elderly Population

By 2026 older people will account for almost half (48 per cent) of the increase in the total number of households, resulting in the addition of 2.4 million older person households than there are today. The number of people aged 85 or over will increase by 2.3 million by 2036, a 184 per cent increase. The ageing of society poses one of our greatest housing challenges.

The need to address this is reflected in the NPPF at paragraphs 50 and 159. The thrust of these paragraphs is to ensure that Local Plans properly account for the need for older persons housing (amongst other housing types). Paragraph 50 states that the planning system should be;

'supporting strong, vibrant and healthy communities' and highlights the need to '*deliver a wide choice of high quality homes, <u>widen opportunities for home ownership</u> and create sustainable, inclusive and mixed communities. Local planning authorities should plan for a mix of housing based on <u>current and future demographic trends</u>, market trends and the needs of different groups in the community…<u>such as…older people'</u>* <u>[emphasis added].</u>

More recently, in March 2013, the House of Lords report entitled "Ready for Ageing?" concluded that;

<u>"The housing market is delivering much less specialist housing for older people than is needed. Central and local government, housing associations and house builders need urgently to plan how to ensure that the housing needs of the older population are better addressed and to give as much priority to promoting an adequate market and social housing for older people as is given to housing for younger people"</u>

The Role of CIL and setting an appropriate rate

When setting a CIL rate, Regulation 14(1) of the 2010 Community Infrastructure Levy Regulations states that *"an appropriate balance" between "a) the desirability of funding from CIL (in whole or in part)"* and "*b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development"* should be found.

It is recognised that this does not require CIL to be set at a rate that ensures every scheme is viable. However, specific types of housing should not be rendered unviable by CIL generally and particularly where they address a need.

Paragraph 30 of the April 2013 DCLG CIL Guidance states that;

"Charging authorities should avoid setting the charge right up to the margin of economic viability across the vast majority of sites in their area. Charging authorities should show, using appropriate available evidence, including existing published data, that their proposed rates will contribute positively towards and not threaten delivery of the relevant Plan as a whole at the time of charge setting and throughout the economic cycle"

The CIL Guidance then stresses the importance of this principle to individual market sectors that play an important role in meeting housing need, housing supply and the delivery of the Development Plan, such as specialist accommodation for the elderly. This is relevant in the context of Paragraph 37 of the Guidance:

"… However, resulting charging schedules should not impact disproportionately on particular sectors or specialist forms of development and charging authorities should consider views of developers at an early stage".

Not properly considering the effect of CIL on this form of development where the provision of specialist accommodation for older people plays a clear role in meeting housing needs in the emerging or extant Development Plan, would result in the Council putting the objectives of the Development Plan at risk in direct contravention of Government Guidance.

Additionally, it is of vital importance that the emerging CIL does not prohibit the development of specialist accommodation for the elderly given the existing and growing need for this form of development.

It is therefore imperative that the emerging CIL rate properly and accurately assesses the viability implications of the development of specialist accommodation for the elderly

Viability

With the onus on the CIL charging authority to set a rate that has regard to available evidence on the viability of development; it is considered that this paper represents just that type of evidence.

Any CIL viability assessment should consider the effect of the imposition of CIL on a retirement apartment scheme. This effect should be quantified using appraisal inputs specific to the retirement housing product. It is not correct to simply assume that a general needs apartment scheme is comparable to a retirement apartment scheme. There are a number of key differences which will affect the land value that can be produced by each. Table 1 below summarises the residual land appraisal inputs applicable to a typical scheme on a 0.4 hectare site, a 3 storey 40 unit retirement apartments scheme. These should be tested as a separate development typology by the CIL viability assessment. Also provided (for comparison purposes only) are the applicable inputs to a typical general needs apartment scheme on a similar size land plot, such that the differences can be noted and quantified. Whilst the retirement housing product is relatively standard (specification does not necessarily depend on location), a general needs scheme could of course offer various flat types and specifications, dependant on local markets and demand (e.g. commuter belt, first time buyers, buy to let, larger family size flats in urban locations).

Table 1 – Viability Appraisal Inputs for a typical retirement scheme, 0.4ha.	40 unit Category II Retirement Apartment scheme	Typical General Needs Flatted Scheme at 35 units
Housing Mix	1 bed @ 70% 2 bed @ 30%	1 bed @ 30% 2 bed @ 70%
GIFA 1 Bed (m^2)	50-60 sq m	45 sq m
GIFA 2 Bed (m^2)	70-80 sq m	70 sq m
Site area (ha)	0.4	0.4
Net to gross ratio (%) saleable/non saleable	70% saleable to 30 non-saleable/communal space	84% saleable to 16% non-saleable/ communal space
Residential Values (Revenue)		
Sales revenue 1BF (£/m2)	Local comparable rates	Local comparable rates
Sales revenue 2BF (£/m2)	Local comparable rates	Local comparable rates
Sales Rate	1 unit per month. Sales curve to front load a proportion of sales after build completion though final years sales less than 1 per month	2 per month, some sold off-plan to buy-to-let market
Ground rent per 1 bed/pa	£425	£150
Ground rent per 2 bed/pa	£495	£200
Yield - capitalised ground rent	7.0%	7.0%
Building Costs		
Building costs New Build (£/m^2)	Current BCIS Mean Generally Retirement Housing rate with location factor applied	Current BCIS rate for Mean Generally Flatted Development with location factor applied
Abnormal/Extra overs	Site by site	Site by site
External works	10% of basic build cost	10% of basic build cost
Allowance for Sustainability/ B. Regs changes to Part L 2013	Minimum 3% of basic build cost	Minimum 3% of basic build cost
Contingencies (%)	5%	5%
Building cost fees (%)	10%	10%
Empty property costs to cover Service Charge, Council tax, electricity	For a 40 unit site this is typically £ 220,000 over the sales period	Minimal

S106 Costs	As per Local Plan policy as cross referred to in the Charging schedule (removing the requirement for education, sports facilities etc)	As per Local Plan policy as cross referred to in the charging schedule
Affordable Housing Assumption	As per Local Plan Policy – typically a financial contribution off-site	As per Local Plan Policy
Sales & Marketing Costs		
Legal fees (per open market unit sale)	£600	£600
Sales/marketing (% GDV)	6%	3%
Finance and acquisition costs		
Arrangement fee (loan)	1% of max loan	1% of max loan
Interest rate (%)	7%	7%
Agents fees (%) of land	1.50%	1.50%
Legal fees (%) of land	0.75%	0.75%
Stamp Duty (%)	as per applicable rate	as per applicable rate
Developer's return for risk		
Profit as % of sales revenue	20% - 25%	17.5%
Site Benchmark land value	Existing Use Values could be - Hotel; Residential Land Assembly of 3-4 detached properties; 30,000 sq ft office. Alternative Site Value - 75 bed Care Home; Lower Density Housing Development; General Needs flatted scheme; Retail led Scheme all within or close to town centre location with likely higher general values	Site Specific
Timings	Month	Month
Planning permitted	0	0
Construction period	12 months	12 months
Construction start	7	7
Construction end	19	19
First sale	19	14
Last sale (legal completion)	58	33

Selling rate	1 per month. Sales curve at 18 units in initial 12 months, 12 units in next 12 months, final 10 units sold in next 16 months	2 per month, sales curve as per local experience
Freehold sale (ground rent payment)	57	33
Overall scheme end date	57	33
Empty Property Cost Timing	Commensurate with Sales	-
S106 payments	on commencement	on commencement

It is also helpful to specifically consider those inputs that are significantly different:

Communal Areas

Many forms of specialist accommodation for the elderly, such as retirement housing, provide communal areas for residents at an additional cost to developers. Specialist housing providers also have additional financial requirements as opposed to other forms of development that will only pay CIL based on 100% saleable floor space. This does not provide a level playing field for these types of specialist accommodation and a disproportionate charge in relation to saleable area and infrastructure need would be levied.

In comparison to open market flats the communal areas in specialist accommodation for the elderly are considerably larger in size, fulfill a more important function and are accordingly built to a higher specification in order to meet the needs of the elderly. Typically a mainstream open market flatted residential development will provide 16% non-saleable floor space, whereas this increases to 30% for sheltered accommodation and 40% for Extra Care accommodation.

This places providers of specialist accommodation for the elderly at a disadvantage in land acquisition as the ratio of CIL rate to net saleable area would be disproportionately high when compared to other forms of residential accommodation.

Sales Rate

In the case of retirement housing there is also a much longer sales period which reflects the specialist age restricted market and sales pattern of a typical retirement housing development. This has a significant knock on effect upon the financial return on investment. This is particularly important with Empty Property Costs, borrowing and finance costs, and with sales and marketing costs, all of which extend typically for a longer time period. Currently the typical sales rate for a development is approximately one unit per month, so a 40 unit retirement scheme (i.e. an average sized scheme) can take 3-4 years to sell out after the build phase is completed.

As a result of this, sales and marketing fees for specialist accommodation for the elderly are typically in excess of 6% of GDV, not 3% as ordinarily applied to conventional residential development.

Empty Property Costs

Properties can only be sold upon completion of the development and the establishment of all the communal facilities and on-site house manager. These communal areas cost additional monies to construct and are effectively subsidised by the developer until a development has been completely sold out. In a retirement development the staff costs and extensive communal facilities are paid for by residents via a management / service charge. However, due to the nature of these developments the communal facilities have to be fully built and operational from the arrival of the first occupant. Therefore to keep the service charge at an affordable level for residents, service charge monies that would be provided from empty properties are subsidised by the Company (these are typically known as Empty Property Costs). This is a considerable financial responsibility because, as previously mentioned, it usually takes a number of years to fully sell a development. For a typical 40 unit Retirement scheme, the Empty Property Costs are on average £225,000.

Build Costs

The Build Costs Information Services (BCIS) shows that the Mean Average Build Costs per m² for a region. This database consistently shows that build costs vary significantly between housing types, with the cost of providing sheltered housing consistently higher than for general needs housing and apartments.

While the BCIS figures are subject to fluctuation it is our experience that specialist accommodation for the elderly tends to remain in the region of 5% more expensive to construct than mainstream apartments, and generally between 15 to 20 % more expensive than estate housing.

Land Value Considerations

A crucial element of the CIL viability appraisal will be to ensure the baseline land value against which the viability of the retirement scheme is assessed properly, reflecting the local conditions within which any retirement scheme will be located.

As such, the viability of retirement development should be assessed against both existing site values, and just as importantly, of potential **alternative** (i.e. competitor) uses. Our concern is that CIL could prejudice the delivery of retirement housing against competing uses on the land suitable for retirement housing schemes.

As retirement housing is an age restricted housing type, it is important that it is located within close proximity to the services that an elderly person may require. The average age of residents in this type of housing scheme is around 79 years. They are likely to have abandoned car ownership, be of lower mobility and/or rely on close proximity to public transport. For this reason, the major retirement housing developers will not consider land more than half a mile level walk from a town centre or local centre that has a post office, pharmacy, doctor's surgery and a good array of shops for the elderly occupier's likely daily needs. This should be understood as housing for the active elderly – care homes can theoretically be sited further from town as the residents of these types of accommodation typically do not rely on their own mobility to access doctor/medical care and food shops. Care and services are bought in onto these sites to a greater degree. In coastal areas this effectively halves the available land within walking distance of the town centres of the district, and therefore means that sites suitable for retirement apartments are scarce.

The result is that the retirement housing product can only be built on a limited range of sites. If the CIL schedule sets the charging rate at a level that means retirement housing schemes cannot compete in land value terms with other uses for these sites (which by nature could be reasonably built elsewhere), then no retirement housing will come forward since no suitable sites will be secured – to the detriment of the housing needs and aspirations of local older people. It is worth noting that Paragraph 27 of the April 2013 Community Infrastructure Levy Guidance recognises that brownfield sites are those where the CIL charge is likely to have the most effect, stating; *"The focus should be in particular on strategic sites on which the relevant Plan relies and those sites (such as brownfield sites) where the impact of the levy on economic viability is likely to be most significant*".

Any CIL Viability Assessment should therefore consider a development scenario for a typical flatted retirement housing scheme, located on a previously developed site within 0.5 miles of a town centre.

Emerging Practice

In the context of Regulation 13 of the CIL regulations and paragraph 35 of the April 2013 Community Infrastructure Levy Guidance document produced by DCLG, this is an important point. Paragraph 35 states;

> *"Regulation 13 also allows charging authorities to articulate differential rates by reference to different intended uses of development provided that the different rates can be justified by a comparative assessment of economic viability of those categories of development. The definition of 'use' for this purpose is not tied to the classes of development in the Town and Country Planning Act (Use Classes) Order 1987, although that Order does provide a useful reference point".*

The Three Dragons consultancy is currently working with the Retirement Housing Group, (which represents a wide range of retirement housing providers, both public and private), on CIL appraisals and has also recognised this distinction.

We have seen a growing number of charging schedules that throw this into sharp relief. In Central Bedfordshire the authority set the charging rate for retirement housing at £nil in light of the non-viability of these schemes. In Dacorum Council, a bespoke CIL Levy rate for retirement housing has been proposed in light of the differences between this form of housing and general needs residential. Dacorum Council also exempt Extra Care housing completely on the basis of non viability.

It is also important to recognise that retirement housing sites, due largely to their location near to town and local centres, are typically built on brownfield land which in most cases is in current use (i.e. not derelict or abandoned). Paragraph 27 of the Guidance recognises that brownfield sites are those where the CIL charge is likely to have most effect.

Conclusion

It is a requirement of the CIL regulations that the imposition of CIL does not prejudice the delivery of the development plan. For this reason alone, it is of the utmost importance that charging authorities consider this form of housing when drafting charging schedules. Retirement housing brings with it many environmental, economic and social benefits. These attributes further embed the notion that retirement housing is a distinct housing market type deserving of special consideration within the Development Plan. These are set out at Appendix 1 to this letter.

The experience of McCarthy and Stone and Churchill Retirement Living on recent planning application schemes throughout the country is such that, at best, viability is challenging. There is a ready supply of evidence to prove this in a Development Control setting.

Below at Table 2 is a summary of the agreed affordable housing provision secured via off-site affordable housing and s106 payments at recent (2013) Churchill and McCarthy and Stone planning applications throughout the country. This reflects the viability of schemes against the most up to date housing market conditions at the time of writing. As is shown, in the vast majority of cases, the provision of the full policy requirement for affordable housing was not possible because of its effect on the economic viability of the scheme;

Churchill Retirement Living

McCarthy & Stone Later Life. Greater Life

Table 2 – Planning application decisions made in 2013 on developments by Churchill Retirement Living and McCarthy & Stone

Site	Units	Local Authority	Affordable Housing & s106 contributions	Viability Issue? (Yes/No)	Date	Existing Land Use
CRL Bishop's Stortford	52	East Herts DC	£565,300	No	Mar '13	Redundant and vacant commercial centre. Low EUV
CRL Worthing	29	Worthing BC	£89,547	Yes	Mar '13	Existing Care Home use
CRL Caterham	35	Tandridge DC	Nil	Yes	Feb '13	Car showroom, workshop and under-utilised offices
CRL Orpington	50	LB Bromley	£255,500	Yes	Jan '13	Redundant Office Block
CRL Dorchester	39	West Dorset DC	£150,000	Yes	Jan '13	Fire Station and 2 residential properties
CRL Penzance	60	Cornwall	£300,000	Yes	Jan '13	Cleared development site, extant hotel permission.
M & S Kenilworth	22	Warwick BC	£250,000	Yes	Feb '13	2 houses
M & S Skipton	33	Craven DC	£73,350	Yes	Feb '13	Mill
M & S Folkestone	25	Shepway DC	£56,086	Yes	Feb '13	Nursing home
M & S Sidcup	50	LB Bexley	£78,979	Yes	Feb '13	6 storey office block
M & S Braintree	32	Braintree DC	£17,718	Yes	Mar '13	Govt offices
M & S Bembridge	40	IOW Council	£216,000	Yes	Mar '13	Garage and pfs
M & S Monton	48	Salford BC	Nil	Yes	Mar '13	Hotel
M & S Stroud	32	Stroud DC	Nil	Yes	Mar '13	Garage/car repairs

The table above shows that at the majority of planning applications for retirement apartments decided in 2013, an independently agreed assessment of viability has demonstrated to the satisfaction of decision makers that the imposition of the full affordable housing requirement would have rendered these schemes economically unviable. The logical conclusion to this is that the imposition of any CIL onto these schemes would have at best reduced the amount remaining for affordable housing (thereby putting the delivery of the development plan in jeopardy), or at worst rendered these schemes wholly economically unviable, even with no affordable housing contributions. Aggregate floor space of the developments above is some 45,000 square metres, whilst the total AH & s106 contributions are some £2.05m. This is scope to make some £45 per square metre of planning gain contributions. Therefore, had any CIL have been implemented then it cannot be said that these sites would have some forward as retirement housing developments.

Whilst only on an aggregate basis, the above figures demonstrate that even before affordable housing is taken into account, aggregate levels of CIL anywhere over £45 per sq m applied to these developments would have rendered them unviable, jeopardising retirement housing delivery. When taken in the context of affordable housing planning policy, any CIL whatsoever would likely have constrained supply significantly.

Without properly assessing a retirement housing scheme against a range of existing and competitor uses, the implication of adopting a CIL rate based on general needs housing is that supply will be constrained in this important market sector. Paragraph 37 of the CIL Guidance should be noted here. Furthermore, the examples provided of the schemes where planning decisions were made in 2013 show that any CIL requirement for a retirement housing scheme is not justified if affordable housing is to be delivered.

The paper recommends that any CIL evidence base should have regard to spatial variations in land use and the competitive nature of a constrained and rationed market for land in close to town centre settings.

Andrew Burgess BA (Hons) MRTPI
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Director - Churchill Retirement Living Ltd

Gary Day MRTPI MCIH
Land and Planning Director - McCarthy and Stone Retirement Lifestyles Ltd

Appendix 1

The Benefits of Retirement Housing

To further embed the notion that retirement housing is a distinct housing market type that deserves special consideration within the Development Plan, it is worth setting out the benefits of retirement housing to both residents and the wider community. Sheltered housing gives rise to many social benefits by providing specialized accommodation to meet a specific housing need. In summary, sheltered housing:

- provides purpose built specifically designed housing for local elderly people
- a recognised local housing need (according to the latest research by Churchill Retirement Living, of their existing sheltered housing developments, reinforcing previous findings of McCarthy & Stone, over 50% of occupants of sheltered housing move from within a 10 mile radius of the development);
- helps to reduce anxieties and worries experienced by many elderly people living in housing which does not best suit their needs in retirement by providing safety, security and reducing management and maintenance concerns;
- provides companionship and a community which helps to reduce isolation, loneliness and depression;
- provides a form of housing which addresses the onset and increasing problems of mobility/frailty;
- is very well located in relation to shops and other essential services, being within easy walking distance or readily accessible by public transport which can reduce isolation and reduce the worry of depending on a car;
- helps to maintain an independent lifestyle; and
- helps to maintain health and general well-being.

There are also many planning benefits which include:-

- sheltered housing releases under-occupied housing and plays a very important role in the recycling of stock in general;
- there is a 'knock-on' effect in terms of the whole housing chain enabling the more effective use of the existing housing stock;
- sheltered housing maximises the use of previously-developed land;
- because of its location, sheltered housing reduces the need to travel by car (the elderly living in more remote locations will remain far more dependent upon the private car); and
- helping to introduce mixed land uses in town centres, revitalising such areas.

Private sheltered housing is a 'good neighbour' in all respects. There is a very low traffic generation, and the general lack of peak hour traffic movement ensures that conflict does not occur with other peak traffic movements such as school and work journeys. Residents tend to be relatively active in the local community, be a watchful eye on the local neighbourhood in terms of crime and safety, and are local shoppers/spenders.

In addition to the above retirement housing provides a number of key sustainability benefits including;

- Making more efficient use of land thereby reducing the need to use limited land resources for housing;
- Providing high density housing in close proximity to services and shops which can be easily accessed on foot thereby reducing the need for travel by means which consume energy and create emissions;
- Providing shared facilities for a large number of residents in a single building which makes more efficient use of material and energy resources.