

Planning Policy Team
Purbeck District Council
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9th August 2013

**EXAMINATION STATEMENT TO THE PURBECK DISTRICT COUNCIL COMMUNITY
INFRASTRUCTURE LEVY CHARGING SCHEDULE**

This is a joint Hearing Statement 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.

The basis of our request is our contention that the particular viability characteristics of this form of provision do not justify a CIL requirement. This issue was raised in our representation to the Preliminary Draft Charging Schedule in September 2012 and the Draft Charging Schedule in May 2013.

Introduction

The CIL Guidance published in December 2012 by the Department for Communities and Local Government (DCLG) states consistently that *‘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 CIL Guidance also 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”.

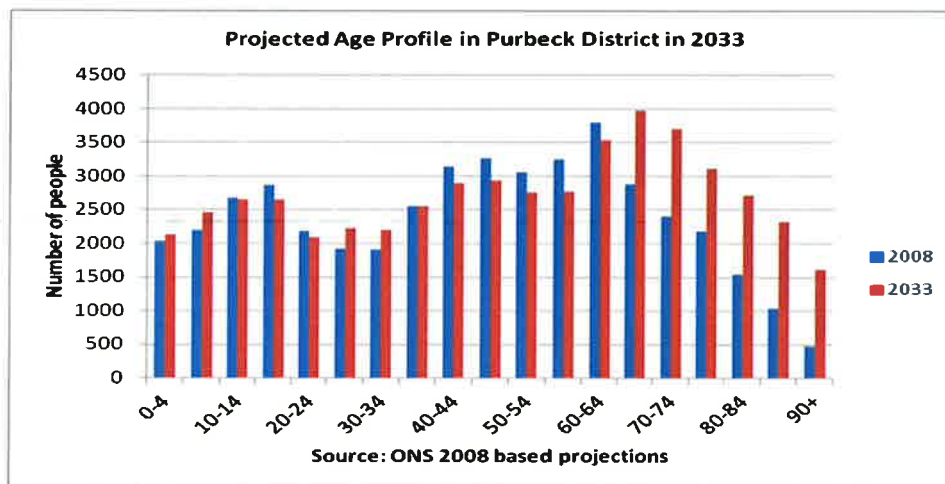
Where the provision of specialist accommodation for the elderly plays a clear role in meeting housing needs in the emerging or extant Development Plan, by not properly considering the effect of CIL on this form of development the Council would be putting the objectives of the Development Plan at risk and thereby contravening Government Guidance. This was reiterated by Nick Boles MP in a letter to the Retirement Housing Group dated 3rd June 2013.

It is therefore of clear importance that the emerging CIL rate accurately assesses the development of specialist accommodation for the elderly in Purbeck.

Growing Elderly Population

The National Planning Policy Framework stipulates 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, 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...older people’ [emphasis added].

The “What Housing Where Toolkit” developed by the Home Builders Federation uses statistical data and projections from the Office of National Statistics (ONS) and the Department for Communities and Local Government (DCLG) to provide useful data on current and future housing needs. The table below has been replicated from the toolkit and shows the projected change to the demographic profile of Purbeck between 2008 and 2033.



In line with the rest of the country, this toolkit demonstrates that the demographic profile of the District is projected to age, with the proportion of the population aged 65 and over increasing from 23.2% to 34% between 2008 and 2033. Significant increases are projected of the ‘frail’ elderly, those aged 75 and over, who are more likely to require specialist care and accommodation.

The adopted *Purbeck Local Plan: Part 1 (2013)* reflects this by identifying that the demographic profile of the area is ageing and raising concerns over the future provision of adequate support and accommodation for the growing elderly population. Whilst there is no specific policy promoting the provision of suitable housing to meet the needs of the elderly, sub-chapter 8.7: *The Needs of Different Household Groups* is entirely dedicated to this issue. Crucially, this chapter states that ‘*The Council will support the provision of supported housing for all age groups as well as sheltered housing, extra care housing, care homes and nursing homes in order to meet the District’s specific wider housing needs. Purbeck does not currently have an extra care scheme, which would provide a higher level of care, for example for people with dementia. To enable independent living over a longer period of time new residential development is expected to meet Lifetime Homes standards*’ (Paragraph 8.7.2) (Emphasis own). It is therefore clear that the development of specialist accommodation for the elderly is a priority for the Council.

On this basis we commend the Council for seeking to differentiate between both general needs housing, sheltered and retirement housing and care homes. It is key however that the viability testing of such development schemes is both robust and accurately reflects the issues facing these forms of accommodation. Regrettably we consider that, presently, the Council's approach is flawed and does not accurately reflect this form of accommodation.

Viability Methodology

As you are aware, as national retirement housing companies, McCarthy & Stone Retirement Lifestyles and Churchill Retirement Living are currently submitting planning applications throughout the Country and have been historically active within Purbeck District Council. Presently all but a handful of our schemes are unable to support policy compliant levels of affordable housing contributions and as such have required viability assessments. In light of this we obviously need to ensure that the supporting viability work for the CIL is actually representative of what is happening in the real market place for all forms of housing, as, if it is not, the adoption of CIL may prevent much needed development coming forward.

This statement will first address the Council's own broad brush evidence on which the modified CIL rate appears to be based, before presenting more detailed scenario testing to determine that even the reduced CIL rate proposed is not justified.

The Council have been proactive in responding to the concerns of McCarthy & Stone and Churchill Retirement Living to the extent that modifications to the CIL charging schedule are proposed that reduce the CIL requirement for retirement housing to £100m² in Swanage and the Coastal areas, and £30m² in Wareham.

Andrew Golland prepared viability evidence on behalf of the Council to inform the CIL charging schedule in February 2013. This included a general assessment of the relative viability of market sheltered housing (CD34 in the examination library). The evidence comprised of a broad conversion of the results from the 50dph housing scheme typology to a notional sheltered housing scheme on the basis that the sales values remain broadly similar between mainstream and sheltered housing, but the build costs are £300 per square metre higher. This was sufficient to reduce the land value of the baseline scheme by £1m per hectare, as reproduced below (amended to refer only to Swanage and Wareham since these are the only towns with a population and services to sustain a sheltered housing scheme):

Table 1 - Sheltered Housing Scheme £0 CIL	Affordable Housing Assumption				
Area	0%	20%	30%	40%	50%
Swanage	£3.19	£2.24	£1.75	£1.28	£0.80
Wareham	£1.72	£1.00	£0.63	£0.28	N/A

Dr Golland goes on to state in the February 2013 addendum report that:

"If the affordable housing policy is to remain untouched (which in my view should be the case), then I feel that, given the likely reductions in residual value as a result of additional build cost, there would not, on many sites, be sufficient 'headroom' to overcome existing use constraints. Thus a nil CIL should apply" (my emphasis)

Despite the above it is still considered by the Council that there is sufficient headroom to levy CIL at £100 per m² for sheltered housing in the Coastal & Swanage areas, with a £30m² charge in Wareham. Even if we accept that the addendum report is reflective of residual land values of a sheltered scheme, a typical 50 unit sheltered housing scheme would be circa 4,150m² in Gross Internal Area making the liability for CIL for such a scheme £415,000 at £100 per m², and £124,500 at £30 per m².

Hence, if we accept Dr Golland's figures to be representative, the residual land value produced by a 50 unit sheltered housing scheme with £100m² CIL in Swanage and £30m² in Wareham would be as follows:

Table 2 - Sheltered Housing Scheme at £100 CIL	Affordable Assumption				
	0%	20%	30%	40%	50%
Swanage	£2.78	£1.83	£1.34	£0.87	£0.39
Wareham	£1.60	£0.88	£0.51	£0.16	N/A

(i.e. Dr Golland's figures minus £415,000 CIL for Swanage and £124,500 in Wareham)

It is necessary to compare these results with an alternative scheme that could be brought forward close to higher density town centre sites on which a sheltered scheme must be located by virtue of the proximity to local shops and services. Within the viability study the 15 dwelling scheme typology produces a density of 45dph (the highest assumption made therein) and is perhaps the most representative alternative use. The results given at table 3.3 of the viability assessment for the 15 unit typology in Swanage and Wareham Areas are reproduced below but adjusted to include a £180m²/£100m² CIL rate (and adjusted to reflect affordable housing exemptions).

Table 3 - 15 dwellings @ 45dph – CIL as per Draft Charging Schedule	Affordable Housing Assumption				
	0%	20%	30%	40%	50%
Swanage	£4.78	£3.65	£3.11	£2.54	£1.95
Wareham	£3.18	£2.27	£1.84	£1.39	N/A

The above tables 3 shows that an affordable housing policy compliant 45 dph scheme with full CIL requirements produces a RLV of £1.95m/ha in Swanage and £1.39m/ha in Wareham. When compared with Table 2 it is clear that a CIL compliant sheltered housing scheme could only better these land values if 0% Affordable Housing is assumed in Wareham, and <20% affordable housing in Swanage, which is clearly detrimental to the affordable housing policy. When cross referred with Table 1, (i.e. the £0 CIL position), the sheltered housing scheme can compete with the 45dph scheme at up to 30% affordable housing provision in Swanage and perhaps up to 10% affordable housing in Wareham.

Taking the Council's own evidence it is clear that the relative viability of a retirement housing scheme when a CIL charge is imposed at £100m²/£30m² against the viability of a

general needs housing scheme would give competitive advantage to the general needs housing scheme, to the detriment of the delivery of affordable housing and sheltered housing.

Further, the above tables do not allow for any viability "buffer" to account for abnormal costs associated with any particular site.

On this basis we can only conclude that there is no reasonable justification for a CIL charge on sheltered housing at the level proposed, as the Council's own evidence states sheltered housing is less viable - sheltered housing would be therefore rendered uncompetitive through the application of the Council's methodology.

Development Scenario

Further analysis is necessary since the work carried out by the Council's consultant is on a general basis.

As we remain unconvinced by the methodology used by the Council to determine the viability of specialist accommodation for the elderly, we have provided a number of viability assessments for typical development of this type using the Homes and Communities Agency's Development Appraisal Tool (DAT). The DAT model has been completed using viability inputs specific to sheltered housing developments with the rationale behind these detailed at length within our previous representation and the joint position paper with Churchill Retirement Living Ltd, specifically Table 1 (page 5).

Results of Sheltered / Retirement Living Development Appraisal

HCA DAT appraisals have been carried out for a typical 40 unit scheme in varying scenarios using sales values attributable to the settlements of Swanage and Wareham (c£3300 and £3000 per m² respectively). Six DAT models were submitted with the representation to the Draft Charging Schedule in May 2013 however, in light of the Council's modifications to the Charging Schedule prior to Examination an additional two models have been provided to test the revised CIL rates for Swanage and Wareham. Each of the DAT models has been summarised in an appendix to this letter:

The scenarios tested are as follows:

- Scenario 1.** Swanage: 0% Affordable Housing and Nil CIL rate (i.e. the baseline scheme);
- Scenario 2.** Swanage: 50% Affordable Housing Commuted Sum and Nil CIL rate;
- Scenario 3.** Swanage: 0% Affordable Housing and £180 per m² CIL rate;
- Scenario 4.** Wareham: 0% Affordable Housing and Nil CIL rate (i.e. the baseline scheme);
- Scenario 5.** Wareham: 40% Affordable Housing Commuted Sum and Nil CIL rate;
- Scenario 6.** Wareham: 0% Affordable Housing and £100 per m² CIL rate.
- Scenario 7.** Swanage: 0% Affordable Housing and £100 per m² CIL rate
- Scenario 8.** Wareham: 0% Affordable Housing and £30 per m² CIL rate

Table 4	Residual Land Value £m per ha	CIL Liability £m per ha	Affordable Housing liability £m per ha
Scenario 1.	£1.958	-	-
Scenario 2.	-£1.083	-	£5.30
Scenario 7.	£1.193	£0.871	-
Scenario 4.	£0.824	-	-
Scenario 5.	-£1.65	-	£2.80
Scenario 8.	£0.594	£0.261	-

The Council detail how affordable housing commuted sums are calculated in their latest guidance published in April 2013 entitled: *'How to calculate the contribution for affordable housing as part of a planning application'*. In Swanage commuted sums of £80,000 per 1 bed affordable unit and £155,000 per 2 bed unit are required. In Wareham the required contributions are lower at £40,000 per 1 bed unit and £100,000 per 2 bed unit. In and of themselves these requirements make specialist accommodation for the elderly unviable, as demonstrated in the negative residual land values generated in Scenarios 2 and 5.

The results in Table 4 are broadly in line with the conclusions reached by Andrew Golland, but demonstrate that actually, the critical factor in the delivery of sites in Swanage when set against a 45dph scheme (as per table 3) will be the non-negotiable element of CIL, since affordable housing contributions could be determined with reference to economic viability and are therefore flexible enough a tool to take into account alternative or existing use values. In Wareham, a sheltered housing scheme is on the margins of viability even before CIL is added into the scenario. A scheme could perhaps come forward if a higher density were achieved or better values associated with outlooks/location but the imposition of CIL at £30m² effectively makes this more difficult to the extent of £261,000 per hectare.

Summary

On this basis, it is clear that retirement / sheltered housing cannot support policy compliant levels of affordable housing and CIL within Purbeck, and that adopting the CIL levels as proposed would clearly contradict CIL Guidance as it would *'threaten delivery of the relevant Plan as a whole'* (Paragraph 29).

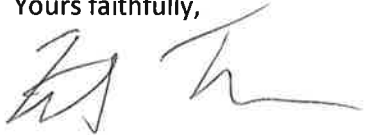
As we have demonstrated a viability case exists that reduces/limits affordable housing requirements we respectfully request that the Council modify their charging schedule to impose a zero rate for all specialist accommodation for the elderly. In practice, this would not reduce the amount of funding available for the Council, since a flexible viability approach could be used to capture the appropriate land value uplift for affordable housing. It would ensure that those schemes on the very margins of viability were not prejudiced by the imposition of an unrealistic level of CIL. It would ensure a sufficient viability buffer were in place to deliver sheltered housing. The benefits to this approach are myriad – meeting a specialist housing need, securing affordable housing contributions, contributing to the housing land supply, New Homes Bonus, freeing up larger family houses to be released to the market.

Whilst we highly commend the Council for differentiating between specialist accommodation for the elderly and general needs housing, it appears that the present methodology used is fit not for purpose.

We respectfully request that the Charging Schedule is amended to impose a £0 rate to C3 housing with an age restriction built in the Swanage and Wareham housing market areas.

Thank you for the opportunity for comment.

Yours faithfully,



Ziyad Thomas
Policy Planner
The Planning Bureau Ltd.

Appendices – Summary Tables for DAT Viability Testing of Sheltered Housing

DAT SCENARIO 1) SWANAGE: 0% AFFORDABLE HOUSING / CIL LIABILITY NIL				
Site area (ha)		0.4		
Total Number of Open Market Units		40 units		
Total Net Internal Area		2,440m ²		
Density		100 units per hectare		
Type of Open Market Housing:	Net Area (m ²)	Revenue (£/m ²)	Total Revenue (£)	Monthly Sales Rate
Open Market Phase 1:	1,110	£3,297	£3,660,000	1.38
Open Market Phase 2:	720	£3,271	£2,355,000	0.92
Open Market Phase 3:	610	£3,287	£2,005,000	0.59
Total	£2,440		£8,020,000	
		Average Value (£per unit)		
Open Market Phase 1:		£203,333		
Open Market Phase 2:		£196,250		
Open Market Phase 3:		£200,500		
Total Capitalised annual Ground Rent		£257,143		
Total Capital Value of Scheme		£8,277,143		
Build Costs per m ²		£1,010		
Total Open market Housing Build Costs		£3,520,571		
Site Specific Sustainability Initiatives		£105,000	£2,625 per unit	
Plot Specific External Works		£352,000	£8,800 per unit	
Empty Property Holding Costs		£220,000	£5,500 per unit	
Building Contingencies	5.0%	£176,029	£4,401 per unit	
Fees & Certification		£369,660	9,242 per unit	
Total Build Cost including Fees		£4,743,260	£118,582 per unit	
Sales Fees	6.0%	£481,200	£12,030 per unit	
Legal Fees		£24,000	£600 per unit	
Total Marketing Costs		£505,200		
Land Value	£783,205 for site	£1,958,013 per Hectare	£19,580 per Unit	
Agents fee		£11,748		
Legal Fees		£5,874		
Stamp Duty		£31,328		
Total Interest Paid		£592,527		
Total Finance & Acquisition Costs		£1,424,683		
Developers Return	20%	£1,604,000	£40,100 per unit	
Total Operating Profit		£1,604,000		

DAT SCENARIO 2) SWANAGE: 50% AFFORDABLE HOUSING / CIL LIABILITY NIL				
Site area (ha)		0.4		
Total Number of Open Market Units		40 units		
Total Net Internal Area		2,440m ²		
Density		100 units per hectare		
Type of Open Market Housing:	Net Area (m ²)	Revenue (£/m ²)	Total Revenue (£)	Monthly Sales Rate
Open Market Phase 1:	1,110	£3,297	£3,660,000	1.38
Open Market Phase 2:	720	£3,271	£2,355,000	0.92
Open Market Phase 3:	610	£3,287	£2,005,000	0.59
Total	2,440		£8,020,000	
		Average Value (£per unit)		
Open Market Phase 1:		£203,333		
Open Market Phase 2:		£196,250		
Open Market Phase 3:		£200,500		
Total Capitalised annual Ground Rent		£257,143		
Total Capital Value of Scheme		£8,277,143		
Build Costs per m ²		£1,010		
Total Open market Housing Build Costs		£3,520,571		

Site Specific Sustainability Initiatives	£105,000	£2625 per unit	
Plot Specific External Works	£352,000	£8,800 per unit	
Empty Property Holding Costs	£220,000	£5,500 per unit	
Building Contingencies	5.0%	£176,029	£4,401 per unit
Fees & Certification	£369,660	£9,242 per unit	
Total Build Cost including Fees	£4,743,260	£118,582 per unit	
Affordable Housing	£2,120,000		
Sales Fees	6.0%	£481,200	£12,030 per unit
Legal Fees		£24,000	£600 per unit
Total Marketing Costs	£505,200		
Land Value	- £1,083,248 for site	- £2,708,119 per Hectare	- £27,081 per Unit
Total Finance & Acquisition Costs	- £695,317		
Developers Return	20%	£1,604,000	£40,100 per unit
Total Operating Profit	£1,604,000		

DAT SCENARIO 3) SWANAGE: 0% AFFORDABLE HOUSING / CIL LIABILITY £180 PER M ²				
Site area (ha)	0.4			
Total Number of Open Market Units	40 units			
Total Net Internal Area	2,440m ²			
Density	100 units per hectare			
Type of Open Market Housing:	Net Area (m ²)	Revenue (£/m ²)	Total Revenue (£)	Monthly Sales Rate
Open Market Phase 1:	1,110	£3,297	£3,660,000	1.38
Open Market Phase 2:	720	£3,271	£2,355,000	0.92
Open Market Phase 3:	610	£3,287	£2,005,000	0.59
Total	2,440		£8,020,000	
		Average Value (£per unit)		
Open Market Phase 1:		£203,333		
Open Market Phase 2:		£196,250		
Open Market Phase 3:		£200,500		
Total Capitalised annual Ground Rent		£257,143		
Total Capital Value of Scheme		£8,277,143		
Build Costs per m ²		£1,010		
Total Open market Housing Build Costs		£3,520,571		
Site Specific Sustainability Initiatives		£105,000		£2625 per unit
Plot Specific External Works		£352,000		£8,800 per unit
Empty Property Holding Costs		£220,000		£5,500 per unit
Building Contingencies	5.0%	£176,029		£4,401 per unit
Fees & Certification		£369,660		£9,242 per unit
Total Build Cost including Fees		£4,743,260		£118,582 per unit
Community Infrastructure Levy		£627,429		
Sales Fees	6.0%	£481,200		£12,030 per unit
Legal Fees		£24,000		£600 per unit
Total Marketing Costs		£505,200		
Land Value	£231,194 for site	£577,984 per Hectare		£5,780 per Unit
Agents fee		£3,468		
Legal Fees		£1,734		
Stamp Duty		£9,248		
Total Interest Paid		£551,611		
Total Finance & Acquisition Costs		£797,254		
Developers Return	20%	£1,604,000		£40,100 per unit
Total Operating Profit		£1,604,000		

DAT SCENARIO 4) WAREHAM: 0% AFFORDABLE HOUSING / CIL LIABILITY NIL				
Site area (ha)		0.4		
Total Number of Open Market Units		40 units		
Total Net Internal Area		2,440m ²		
Density		100 units per hectare		
Type of Open Market Housing:	Net Area (m ²)	Revenue (£/m ²)	Total Revenue (£)	Monthly Sales Rate
Open Market Phase 1:	1,110	£2,973	£3,300,000	1.38
Open Market Phase 2:	720	£2,979	£2,145,000	0.92
Open Market Phase 3:	610	£2,975	£1,815,000	0.59
Total	2,440		£7,260,000	
		Average Value (£per unit)		
Open Market Phase 1:		£183,333		
Open Market Phase 2:		£178,750		
Open Market Phase 3:		£181,500		
Total Capitalised annual Ground Rent		£257,143		
Total Capital Value of Scheme		£7,517,143		
Build Costs per m ²		£1,010		
Total Open market Housing Build Costs		£3,520,571		
Site Specific Sustainability Initiatives		£105,000	£2625 per unit	
Plot Specific External Works		£352,000	£8,800 per unit	
Empty Property Holding Costs		£220,000	£5,500 per unit	
Building Contingencies	5.0%	£176,029	£4,401 per unit	
Fees & Certification		£369,660	£9,242 per unit	
Total Build Cost including Fees		£4,743,260	£118,582 per unit	
Sales Fees	6.0%	£435,600	£10,890 per unit	
Legal Fees		£24,000	£600 per unit	
Total Marketing Costs		£459,600		
Land Value	£329,573 for site	£823,932 per Hectare	£8,239 per Unit	
Agents fee		£4,944		
Legal Fees		£2,472		
Stamp Duty		£13,183		
Total Interest Paid		£512,112		
Total Finance & Acquisition Costs		862,283		
Developers Return	20%	£1,452,000	£36,300 per unit	
Total Operating Profit		£1,452,000		

DAT SCENARIO 5) WAREHAM: 40% AFFORDABLE HOUSING / CIL LIABILITY NIL				
Site area (ha)		0.4		
Total Number of Open Market Units		40 units		
Total Net Internal Area		2,440m ²		
Density		100 units per hectare		
Type of Open Market Housing:	Net Area (m ²)	Revenue (£/m ²)	Total Revenue (£)	Monthly Sales Rate
Open Market Phase 1:	1,110	£2,973	£3,300,000	1.38
Open Market Phase 2:	720	£2,979	£2,145,000	0.92
Open Market Phase 3:	610	£2,975	£1,815,000	0.59
Total	2,440		£7,260,000	
		Average Value (£per unit)		
Open Market Phase 1:		£183,333		
Open Market Phase 2:		£178,750		
Open Market Phase 3:		£181,500		
Total Capitalised annual Ground Rent		£257,143		
Total Capital Value of Scheme		£7,517,143		
Build Costs per m ²		£1,010		
Total Open market Housing Build Costs		£3,520,571		
Site Specific Sustainability Initiatives		£105,000	£2625 per unit	
Plot Specific External Works		£352,000	£8,800 per unit	
Empty Property Holding Costs		£220,000	£5,500 per unit	
Building Contingencies	5.0%	£176,029	£4,401 per unit	

Fees & Certification		£369,660	£9,242 per unit
Total Build Cost including Fees		£4,743,260	£118,582 per unit
Affordable Housing		£1,120,000	
Sales Fees	6.0%	£435,600	£10,890 per unit
Legal Fees		£24,000	£600 per unit
Total Marketing Costs		£459,600	
Land Value	- £661,740 for site	- £1,654,350 per Hectare	- £16,543 per Unit
Total Finance & Acquisition Costs		- £257,717	
Developers Return	20%	£1,452,000	£36,300 per unit
Total Operating Profit		£1,452,000	

DAT SCENARIO 6) WAREHAM: 0% AFFORDABLE HOUSING / CIL LIABILITY £100 PER M ²				
Site area (ha)		0.4		
Total Number of Open Market Units		40 units		
Total Net Internal Area		2,440m ²		
Density		100 units per hectare		
Type of Open Market Housing:	Net Area (m ²)	Revenue (£/m ²)	Total Revenue (£)	Monthly Sales Rate
Open Market Phase 1:	1,110	£2,973	£3,300,000	1.38
Open Market Phase 2:	720	£2,979	£2,145,000	0.92
Open Market Phase 3:	610	£2,975	£1,815,000	0.59
Total	2,440		£7,260,000	
		Average Value (£per unit)		
Open Market Phase 1:		£183,333		
Open Market Phase 2:		£178,750		
Open Market Phase 3:		£181,500		
Total Capitalised annual Ground Rent		£257,143		
Total Capital Value of Scheme		£7,517,143		
Build Costs per m ²		£1,010		
Total Open market Housing Build Costs		£3,520,571		
Site Specific Sustainability Initiatives		£105,000	£2,625 per unit	
Plot Specific External Works		£352,000	£8,800 per unit	
Empty Property Holding Costs		£220,000	£5,500 per unit	
Building Contingencies	5.0%	£176,029	£4,401 per unit	
Fees & Certification		£369,660	£9,242 per unit	
Total Build Cost including Fees		£4,743,260	£118,582 per unit	
Community Infrastructure Levy		£348,571		
Sales Fees	6.0%	£435,600	£10,890 per unit	
Legal Fees		£24,000	£600 per unit	
Total Marketing Costs		£459,600		
Land Value	£22,900 for site	£57,250 per Hectare	£572 per Unit	
Agents fee		£343		
Legal Fees		£172		
Stamp Duty		£916		
Total Interest Paid		£489,380		
Total Finance & Acquisition Costs		£513,711		
Developers Return	20%	£1,452,000	£36,300 per unit	
Total Operating Profit		£1,452,000		

DAT SCENARIO 7) SWANAGE: 0% AFFORDABLE HOUSING / CIL LIABILITY £100 PER M ²				
Site area (ha)		0.4		
Total Number of Open Market Units		40 units		
Total Net Internal Area		2,440m ²		
Density		100 units per hectare		
Type of Open Market Housing:	Net Area (m ²)	Revenue (£/m ²)	Total Revenue (£)	Monthly Sales Rate
Open Market Phase 1:	1,110	£3,297	£3,660,000	1.38
Open Market Phase 2:	720	£3,271	£2,355,000	0.92
Open Market Phase 3:	610	£3,287	£2,005,000	0.59
Total	£2,440		£8,020,000	
		Average Value (£per unit)		
Open Market Phase 1:		£203,333		
Open Market Phase 2:		£196,250		
Open Market Phase 3:		£200,500		
Total Capitalised annual Ground Rent		£257,143		
Total Capital Value of Scheme		£8,277,143		
Build Costs per m ²		£1,010		
Total Open market Housing Build Costs		£3,520,571		
Site Specific Sustainability Initiatives		£105,000	£2,625 per unit	
Plot Specific External Works		£352,000	£8,800 per unit	
Empty Property Holding Costs		£220,000	£5,500 per unit	
Building Contingencies	5.0%	£176,029	£4,401 per unit	
Fees & Certification		£369,660	9,242 per unit	
Total Build Cost including Fees		£4,743,260	£118,582 per unit	
Community Infrastructure Levy		£348,571		
Sales Fees	6.0%	£481,200	£12,030 per unit	
Legal Fees		£24,000	£600 per unit	
Total Marketing Costs		£505,200		
Land Value	£476,532 for site	£1,191,330 per Hectare	£11,913 per Unit	
Agents fee		£7,418		
Legal Fees		£3,574		
Stamp Duty		£19,061		
Total Interest Paid		£569,796		
Total Finance & Acquisition Costs		£1,076,111		
Developers Return	20%	£1,604,000	£40,100 per unit	
Total Operating Profit		£1,604,000		

DAT SCENARIO 8) WAREHAM: 0% AFFORDABLE HOUSING / CIL LIABILITY £30 PER M ²				
Site area (ha)		0.4		
Total Number of Open Market Units		40 units		
Total Net Internal Area		2,440m ²		
Density		100 units per hectare		
Type of Open Market Housing:	Net Area (m ²)	Revenue (£/m ²)	Total Revenue (£)	Monthly Sales Rate
Open Market Phase 1:	1,110	£2,973	£3,300,000	1.38
Open Market Phase 2:	720	£2,979	£2,145,000	0.92
Open Market Phase 3:	610	£2,975	£1,815,000	0.59
Total	2,440		£7,260,000	
		Average Value (£per unit)		
Open Market Phase 1:		£183,333		
Open Market Phase 2:		£178,750		
Open Market Phase 3:		£181,500		
Total Capitalised annual Ground Rent		£257,143		
Total Capital Value of Scheme		£7,517,143		
Build Costs per m ²		£1,010		
Total Open market Housing Build Costs		£3,520,571		
Site Specific Sustainability Initiatives		£105,000	£2,625 per unit	
Plot Specific External Works		£352,000	£8,800 per unit	
Empty Property Holding Costs		£220,000	£5,500 per unit	

Building Contingencies	5.0%	£176,029	£4,401 per unit
	Fees & Certification	£369,660	£9,242 per unit
Total Build Cost including Fees		£4,743,260	£118,582 per unit
Community Infrastructure Levy		£104,571	
Sales Fees	6.0%	£435,600	£10,890 per unit
Legal Fees		£24,000	£600 per unit
Total Marketing Costs		£459,600	
Land Value	£237,571 for site	£593,927 per Hectare	£5,939 per Unit
	Agents fee	£3,564	
	Legal Fees	£1,782	
	Stamp Duty	£9,503	
	Total Interest Paid	£505,292	
Total Finance & Acquisition Costs		£757,711	
Developers Return	20%	£1,452,000	£36,300 per unit
Total Operating Profit		£1,452,000	



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03 JUN 2013

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.

NICK BOLES MP