

JR/LF/BRS.6512

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Dear Sir/ Madam

**Community Infrastructure Levy (CIL) Draft Charging Schedule, September 2016
(Regulation 16 Consultation)
Wyndham Way, Portishead**

Pegasus Group are instructed to submit representations to this Regulation 16 consultation on behalf of Anchor in respect of land at Wyndham Way, Portishead.

Anchor has over 50 years of experience as a not-for-profit provider of services to older people and is currently England's largest not-for-profit provider of housing and care for older people. Anchor provides homes for more than 37,000 older people in almost 1,000 locations and was due to deliver almost 600 new properties in 2015/16. Anchor therefore has extensive experience of delivering developments for older persons housing and is therefore able to offer well informed comments on the Draft North Somerset Council Community Infrastructure Levy (CIL) Charging Schedule in relation to housing for older people.

The land at Wyndham Way is proposed for the development of specialist housing for older people. The site has a long-standing employment allocation and extant outline planning permission for a furniture retail store. The site has been identified as a suitable location for the development in principle.

The proposals have been subject to pre-application discussions with Development Management.

Provision of accommodation for older people

The National Planning Policy Framework (NPPF) requires Local Planning Authorities to:

"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)". (Paragraph 50)

The adopted North Somerset Core Strategy recognises the need for the Plan to address the needs of an aging population and reflects the NPPF in Priority objective 4 which states that the Council will:

"Make provision for the needs of an ageing population, prioritising supported living as opposed to residential care."

Core Policy CP15: Mixed and balanced communities seeks to deliver Priority Objective 4:

"The council will seek to ensure a genuine mix of housing types within existing and future communities in North Somerset through considering proposals for development in terms of the extent to which they:

a) Contribute to a well-integrated mix of housing types and tenures to support a range of household sizes, ages and incomes to meet identified housing needs."

Both National and Local Policy is clear that the development of residential accommodation which addresses the specialist needs of older people, such as Extra Care or Assisted Living schemes, is considered a priority.

CIL and accommodation for older people

Planning Policy Guidance (PPG) states that the implementation of the Levy should aid the Council in delivering the objectives of the Local Development Plan. As such,

"appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments."

(NPPF Paragraph: 009 Reference ID: 25-009-20140612)

The CIL Guidance issued in 2014 draws on the issue of balancing the viability of developments particularly in relation to individual market sectors, such as specialist accommodation for Older People. Paragraph 37 of the Guidance recommends that:

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

In order to avoid compromising the delivery of specialist accommodation, such as Extra Care or Assisted Living, the Charging Schedule and supporting evidence base should, in the least, differentiate housing for the elderly from Class C3 residential in terms of charging rates.

It is our understanding that the North Somerset Draft Charging Schedule identifies specialist housing for older people as a Class C3 residential use and both general Class C3 residential development and specialist housing for the elderly are subject to the same Charging Levy. This approach is strongly contested by Anchor as the Council has failed to acknowledge the key differences between the development of specialist housing for older people and general needs housing (as detailed below) and the varying impact of CIL on the viability of such development. In doing so, the Council risks compromising the

objectives of the Local Development Plan and consequently contravening National Guidance in relation to the implementation of Levy.

Viability Testing

The CIL viability Report Update (2015) prepared by Dixon Searle Partnership (DSP) indicates that specialist housing developments for the elderly were not tested as a distinct development typology.

"DSP's consistent assessment findings, are that housing-led development (including sheltered / retirement housing for independent living) should not be differentiated for in comparison with the approach to C3 in general.... At this stage, we see no clear viability pointers to varying the PDCS approach in these respects."

(paragraphs 3.2.11 & 3.2.14)

This is in direct contradiction with the guidance issued by the Retirement Housing Group (RHG) and consultants Three Dragons for viability practitioners in 2013. Since its publication, the guidance has been well received by both Planning Inspectors in the examination of CIL Charging Schedules and the National Government.

The RHG guidance sets out several important differences between specialist and general needs housing which, it recommends, should be acknowledged and fed into the CIL viability testing process. The Guidance reflects National Planning Practice Guidance which, in relation to assessing the viability of development, states that

"For older people's housing, the specific scheme format and projected sales rates may be a factor in assessing viability."

(Paragraph: 018 Reference ID: 10-018-20150326)

The most pertinent issue relates to the differences in the area of communal, non-saleable floorspace. Specialist residential schemes for the elderly which are comprised of self-contained units also incorporate a significant amount of communal floorspace in order to provide care services and facilities such as common rooms, dining rooms, warden's offices and laundries. These aspects of development are not typically provided in non-specialist housing and do not make up part of the saleable floor-space of the individual units. Furthermore, the majority of assisted living and extra care schemes are built as flatted development which requires additional non-saleable floorspace in order to accommodate lifts, stairs and corridors. It should be noted that the DCS does not differentiate between flatted and housing Class C3 development and in failing to do so, does not recognise the additional development costs associated with delivering flatted development.

Additionally, older persons housing usually demands a higher build cost than 'general needs' residential units as individual units and communal areas are required to be built to higher specification in order to accommodate the specialist needs of residents. RHG Guidance recommends that Sheltered Housing build costs typically equate to 9% above that of 1-2 storey flats and Extra care 13% above as reported by BCIS.

The DSP report indicates that the potential variation in development costs between specialist and general needs accommodation is counter balanced by the higher sales values of such scheme which can “very often command premium level values” (paragraph 3.2.11). Whilst it is recognised that revenue per unit is often higher for these types of developments, this does not necessarily translate to a higher per square metre value on account of the significant non-saleable floorspace in conjunction with higher build costs.

There are also further recognised costs associated with assisted living and extra care developments. As developments are built in flatted blocks, it is not possible to phase development in the same way as with non-flatted residential schemes. As such, these developments represent a greater financial risk. In many instances, the scheme will need to be entirely complete, as potential residents often wish to see the communal and care facilities ahead of purchase, making buyers of these properties less likely to buy off-plan.

Marketing costs are also recognised as higher; typically 6% of GDV as standard compared with 3% for open market; as the decision to buy these units often involves extended family.

It should be recognised that by the nature of most assisted living and extra care schemes, many of the development sites are located in high value centre or edge-of-centre locations in order to allow elderly residents access to public transport links and key services and facilities. This means that many schemes comprise high density (flatted at around 80-100 dph) development on brownfield sites which are associated with greater abnormal and remediation costs, in addition to a higher total CIL levied due to the density of the scheme. When combined with the additional development costs associated with the provision of specialist housing for older people as set out above, the provider’s ability to operate competitively within the residential land market is compromised.

Summary and recommendations

In accordance with National Guidance (Paragraph: 021 Reference ID: 25-021-20140612) it is recommended that North Somerset revisit the viability testing which supports DCS and include testing of flatted development and retirement/extra care housing distinct development typologies in order to acknowledge the implications of the aforementioned viability characteristic of these types of development. They should also be addressed as distinct charging categories in the schedule itself.

In order to facilitate the delivery of specialist housing for the growing elderly population of North Somerset, it is recommended that the CIL rate for both Class C2 Care Homes and Assisted living/Extra care development be levied at nil. Failing to recognise and counteract the differences in the viability characteristics of specialist housing for the elderly and general open market housing compromises the viability of such schemes and therefore the delivery of the objective of the Local Development Plan.

We look forward to being kept up to date with the progress of the draft CIL charging schedule and would be grateful for the opportunity to give verbal evidence at the Examination in public.

Yours sincerely



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