

MF6: Definition of C2 specialist housing and viability implications

(i) Definition of C2 specialist housing

- 1.1 In searching for the definition of specialist housing within the C2 Use Class, an appropriate place to begin is the Town and Country Planning (Use Classes) Order 1987 (as amended), which defines this as a “*use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses))*”; or a “*use as a hospital or nursing home*”; or a “*use as a residential school, college or training centre*” (our emphasis added).
- 1.2 The Order also provides a definition of care and states that this means “*personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder*”.
- 1.3 The application of this definition has and is a complex issue in planning, which has been subject to considerable inconsistencies across Local Planning Authorities and in planning appeal decisions. One of the primary reasons for this is due to the lack of Government advice, and the need for further clarification of the definition at the national level.
- 1.4 The traditional options for people as they age in the UK have been residential or nursing care or sheltered housing accommodation. Residential or nursing care homes are primarily a care setting, offering residents a single room and are associated with infirmity or end of life care. It is a very dependent form of care with residents relying on staff for all meals, assistance with washing and dressing, and all social interaction.
- 1.5 In contrast sheltered housing provides a group of independent accommodation on occasions with a visiting warden and alarm system. It is an independent living environment with no mandatory care provision and only a limited amount of support, if any.
- 1.6 Residential and Nursing care homes clearly fall within Use Class C2. Sheltered Housing, where the primary focus is on accommodation for older people, is Use Class C3. Extra care accommodation offers **housing with care**, where the care is traditionally an integral element of the accommodation offered. The terminology across schemes varies including very sheltered housing and close care units. In addition in some cases units being described as extra care are standard C3 housing units purely restricted by age. This can cause confusion and as such each scheme needs to be assessed individually.
- 1.7 Defining a use class as C2 is dependent on a range of **operational** and **physical matters**. A unit within an extra care development might appear to be self-contained on plan but if it forms

part of a wider care-providing complex it may not constitute Use Class C3; the manner of the proposed use and the setting of the overall planning unit are also relevant.

1.8 In addition, the Housing Learning and Improvement Network (Housing LIN) Factsheet: *Extra Care Housing – What is it in 2015?* (November 2015) provides a very useful explanation and definition of extra care schemes. The Factsheet is a helpful tool for Local Planning Authorities (LPAs) and developers in establishing the main considerations which should be made when planning for an extra care scheme.

1.9 The Housing LIN states that extra care housing is housing where care is provided – primarily for older people – where occupants have “*specific tenure rights to occupy self-contained dwellings*” and “*where they have agreements that cover the provision of care, support, domestic, social, community or other services*”. The Housing LIN adds (our emphasis added):

*“A fundamental feature of housing with care is that it is a housing **model**. Whilst on-site services may – and indeed should be – co-ordinated effectively, legally, the housing is a separate entity from the care – if it were otherwise, schemes would be liable to registration as care homes. Occupants have security of tenure and housing rights afforded by their **occupancy agreements** and cannot be required to move, unless in breach of the occupancy agreement.”*

1.10 With regard to the allowed planning appeal in Portishead (appeal reference APP/D0121/A/12/2168918), we would hope our comments above should be considered when assessing this appeal. As noted above, care and extra care accommodation is dependent on a range of operational and physical matters: this appeal decision is solely based on the model presented by Gladman Care Homes Limited with a particular operator in mind. This will differ to the ‘care packages’ and other operational proposals and controls offered by other providers/operators across the District and wider country.

(ii) Viability Implications of C2 specialist housing

1.11 In order to establish the viability implications of C2 specialist housing, it is firstly important to identify the key features of a typical C2 specialist housing scheme that differ from day-to-day C3 market housing. The Housing LIN Factsheet sets out the “Core Ingredients” that form a part of extra care, which include:

- *“Purpose-built, accessible building design that promotes independent living and supports people to age in place;*

- *Fully self-contained properties where occupants have their own front doors, and tenancies or leases which give them security of tenure and the right to control who enters their home;*
- *Office for use by staff serving the scheme and sometimes the wider community;*
- *Some communal spaces and facilities [link to saleable and non-saleable floorspace – see below];*
- *Access to care and support services 24 hours a day;*
- *Community alarms and other assistive technologies”;* and
- *“Safety and security often built into the design with fob or person-controlled entry”*

1.12 Additional considerations which also arose in the CIL Examination itself include elements related to:

- Funding and construction:
 - Where such schemes are funded entirely up front and at risk by the provider.
 - The phasing of development, where in many cases the scheme would need to be entirely complete, and viewed by prospective occupants and their families before such units are occupied.
- Build costs: Which are higher than general market housing, as C2 schemes will need to be built to a higher specification to meet the needs of the occupants. Guidance from the Retirement Housing Group¹ recommends that build costs typically equate to 13% above that of a block of flats over one and two storeys.
- Saleable and Non-saleable floorspace:
 - As has been set out in our previous representations and our Matter Statement on the North Somerset CIL, the BNP Paribas study into the Corby CIL explained that *“extra care housing schemes have gross to net floorspace ratios of between 55% and 60% due to the additional communal*

¹ Community Infrastructure Levy and Sheltered Housing / Extra Care Developments, The Retirement Housing Group, March 2013

areas". This therefore means 35%-40% of such schemes comprise non-saleable floorspace.

- These figures are supported by an appeal decision in Evesham² where the Inspector accepted that the extra care apartments accounted for 35% of the total floorspace, which included corridors and communal areas.

- Staffing: Chapter 6 of the Housing LIN Factsheet sets out the various services involved in extra care housing, these include roles within housing management (such as lettings/sales and performance reporting); facilities management (for example grounds maintenance and cleaning); support and housekeeping services (including providing meals and laundry services); and care services – in providing a full range of personal care. This means additional initial investment before the development becomes operational.
- Location of development: Many of the development sites are located in higher value centre or edge-of-centre locations in order to allow elderly residents access to public transport links and key services.
- Ongoing operational costs: In a recent care village development consisting of a care home and extra care C2 units, the operator explained that there would be an annual £3m budget (representing 75% of staff costs)

1.13 All of the above 'ingredients' accumulatively will generate significant costs for providers of C2 schemes, thus causing a direct impact upon the overall viability of the development. These matters mean that the period to pay back borrowing and the return on investment is much greater than that involved in C3 housebuilding.

1.14 In summary, none of the above considerations have been factored into the evidence forming part of the North Somerset CIL charge for C2 development, which should be removed from the Charging Schedule.

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² Appeal Ref. APP/H1840/A/13/2193666, Brooklands Farm, Cheltenham Road, Evesham, Worcestershire