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West Berkshire District Council
By Email Only

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03rd March 2023

Dear Sirs,

CHURCHILL RETIREMENT LIVING RESPONSE TO THE WEST BERKSHIRE DISTRICT COUNCIL LOCAL PLAN (REGULATION 19) CONSULTATION

Please find below our comment on the draft policies within this consultation insofar as they impact the delivery of specialist accommodation for older persons.

Policy SP5: Responding to Climate Change

The Council's commitment to meeting both its and the UK Government's target of net zero carbon emissions by 2040 is commendable and detailed at length in the justification to *Policy SP5*.

The wording of the policy requires all new development to achieve 'net zero operational carbon' from the point of adoption.

It is our view that the stepped approach to net zero in the Building Regulations is more pragmatic, as it allows developers appropriate time to suitably amend their designs and specifications in an efficient way and for the cost of energy efficiency technologies to fall.

Were the Council to seek net zero from new development from the point of the Local Plan's adoption then we would respectfully remind the Council that the PPG states that "*The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan*" (Paragraph: 002 Reference ID: 10-002-20190509).

Appropriate uplift to build costs for delivering net zero embodied carbon should be allowed for in the forthcoming Local Plan Viability Assessment.

Policy SP19: Affordable Housing

Churchill Retirement Living have provided commentary, supplemental evidence and their own viability appraisal on this policy in a separate document entitled '**Review of Local Plan Viability Assessment Retirement Living Housing**'.

Policy DM19: Housing to Meet the Needs of Older People

Churchill Retirement Living is an independent, privately owned housebuilder specialising in sheltered housing for older people.

Paragraph 1 of the PPG Housing for Older and Disabled people states:

“The need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing. Offering older people, a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems. Therefore, an understanding of how the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking”.

Paragraph: 001 Reference ID: 63-001-20190626

The *West Berkshire Updated Housing Needs Assessment (2022)* (HNA) advises that *‘In total population terms, the projections show an increase in the population aged 65 and over of 13,500 people. This is against a backdrop of an overall increase of 10,900 – population growth of people aged 65 and over therefore accounts for over 100% of the total projected population change’* (Paragraph 5.6 HNA).

Both the HNA and the supporting text to Policy DM19 advises that the need for specialist housing for older people in the district is estimated to be around 1,710 units over the 2021-39 period (95 per annum), Table 5.8 of the HNA concludes that there is substantial oversupply of ‘affordable’ housing with support and that all future demand is for open market tenure.

The delivery of a suitable level of specialist older persons’ housing will be a substantial undertaking over the Local Plan period and unless action is urgently taken the Council will struggle to address this need. The inclusion of a dedicated policy which is supportive of the need to deliver specialist older persons’ housing at suitable locations in West Berkshire is commendable and supported accordingly.

Sub-clause A) of the policy refers to developers to provide up-to-date evidence of local need. However, the need for these forms of accommodation is self-evident and detailed at length in the HNA and the justification to the policy itself.

Policy DM31: Residential Amenity

Policy DM31 details a set of standards for new residential developments to ensure a high standard of amenity for existing and future users of land. Requirements for new residential developments are set out in sub-clauses i) to v).

The respondent is concerned about sub-clause iv) which requires *‘a garden size which is at least a minimum of 10.5 metres in depth, where possible’* and, more generally, guidance on external requirements for outdoor amenity space in the supporting text.

Local Plan’s that incorporate policies that impose generic design standards for external amenity space on Specialist Older Persons’ Housing are problematic as they rarely consider the specific needs of the intended residents (typically a 79-year old widow) and disregard the expertise of specialist providers in delivering these types of development.

Housing designed for a range of potential occupiers, in particular families require a greater amount of outdoor space to accommodate space for children's play, space for light exercise and socialising, This is not however the case for retirement living apartments and other forms of specialist housing more generally.

Successful retirement living developments do not require large areas of external amenity space, as garden areas tend to be used for passive recreation and visual amenity. A smaller quantum of high-quality external amenity space, in conjunction with the internal communal facilities, is better suited to meet the needs of the intended residents.

We would therefore respectfully request that more flexibility on external amenity space standards is provided for specialist forms of residential development (such as specialist older persons' housing / student housing etc.).

Thank you for the opportunity for comment.

Yours faithfully



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REVIEW OF LOCAL PLAN VIABILITY
ASSESSMENT
FOR RETIREMENT LIVING HOUSING

WEST BERKSHIRE DISTRICT COUNCIL
LOCAL PLAN REVIEW (REGULATION 19 CONSULTATION)

MARCH 2023

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1. Introduction

- 1.1.1 This supporting statement has been prepared on behalf of Churchill Retirement Living, an independent housebuilder specialising in housing for older people.
- 1.1.2 In this statement we critically appraise the evidence underpinning the affordable housing targets detailed in *Policy SP19: Affordable Housing* of the *West Berkshire Council Local Plan Review* (Regulation 19) consultation.
- 1.1.3 This Statement is a focused document underpinning our representations to the Local Plan Regulation 19 consultation on *Policy SP19*. In the interest of brevity, it does not comprehensively cover Government policy on viability in Plan preparation or detail the residual land appraisal methodology at length. These matters are comprehensively covered in the LPVA.

2. Review of Local Plan Viability Study

- 2.1.1 *Policy SP19: Affordable Housings* which advises that on sites of 10 dwellings or more there will be a 30% affordable housing requirement on previously developed land, and a 40% requirement on Greenfield land. .
- 2.1.2 The wording of *Policy SP19* makes it clear that a non-policy compliant level of affordable housing will only be allowed in exceptional circumstances '*...The levels set out above represent the default position and a lower provision of affordable housing should not be sought, other than in exceptional circumstances and where fully justified by the applicant through clear evidence set out in a publicly available viability assessment.*

If a lower provision of affordable housing is sought in exceptional circumstances, a review mechanism will be required to ensure that if viability improves during the lifetime of the development project, additional affordable housing, up to the levels specified in this policy, is provided.

- 2.1.3 It is clear from the wording of the policy and its justification that the Local Authority is cognisant of the increased emphasis on Local Plan viability testing in Paragraph 58 of the NPPF. Given the Council's stance towards developer contributions and affordable housing, we find aspects of the evidence base underpinning these policies to be of concern.

2.2 Older Persons' Housing Typologies

- 2.2.1 The affordable housing targets set out in *Policy SP19: Affordable Housing* of the *West Berkshire Council Local Plan Review* (Regulation 19) consultation are informed by the *West Berkshire Council – Viability Assessment Update* (VA) by Dixon Searle Partnership (Autumn 2022).
- 2.2.2 We note that the VA has assessed the viability of older persons' housing typologies, which is welcomed.
- 2.2.3 In reviewing the methodology for assessing specialist older persons' housing, we note that many of the inputs align with the methodology detailed in the Briefing Note on Viability Prepared for the Retirement Housing Group (hereafter referred to as the RHG Briefing Note) by Three Dragons, although a number do not. Our concerns are that the Viability Assessment has overlaid the viability of older persons' housing.
- 2.2.4 Mindful of the guidance in the PPG that is the responsibility of site owners and developers to engage in the Plan making process. Churchill Retirement Living have provided commentary and supplemental evidence on the viability assumptions used in the viability appraisals for retirement living housing typologies in the VA.

3. Viability Appraisal Inputs

3.1 Introduction

- 3.1.1 Churchill Retirement Living have considered the inputs and assumptions used in the financial viability appraisals for older persons' housing in the *West Berkshire Council – Viability Assessment Update (VA)* by Dixon Searle Partnership (October 2022). A summary table has been provided in the table entitled: *Comparison of Appraisal Inputs* on page 6 of this report.
- 3.1.2 Many of the inputs used in our appraisal of Retirement Living housing typologies align with the methodology detailed in the *Briefing Note on Viability Prepared for the Retirement Housing Group* (hereafter referred to as the RHG Briefing Note) by Three Dragons. Where they differ is clearly stated in this report.

3.2 Unit Sizes

- 3.2.1 Apartments for specialist older persons' housing tend to be larger than 'general needs' open market housing. The unit sizes used in the VA do however differ from those recommended in the RHG Briefing Note and no justification has been given for this deviation.

RHG Briefing Note Recommended Unit Sizes

| | 1 bed | 2 bed |
|-----------|-------------------|-------------------|
| Sheltered | 55 m ² | 75 m ² |

3.3 Sales Values

- 3.3.1 The VA tests a range of sales values in increments from £4,500 per m² to £6,250 per m². There is currently a McCarthy Stone Retirement Living Scheme schemes currently selling in the Authority - William House, Thatcham Berkshire. The asking prices are detailed on the Company's [website](#). The mean average sales values per m² in this development is £5,500 per m². This sales value is matches Value Point 8 used in the VA.

3.4 Unit Mix

- 3.4.1 The RHG briefing note recommends a 60:40 split for 1bed:2 beds. We have used the recommended mix.

3.5 Base Build Cost

- 3.5.1 Build costs are covered in Chapter 2.11 of the VA which advocates the use of the appropriate BCIS 'Median Generally' costs as a base rate.

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 11-Feb-2023 05:59

> Rebased to Newbury (109; sample 39)

Maximum age of results: 10 years

| Building function (Maximum age of projects) | £/m ² gross internal floor area | | | | | | Sample |
|--|--|--------|-----------------|--------|-----------------|---------|--------|
| | Mean | Lowest | Lower quartiles | Median | Upper quartiles | Highest | |
| New build | | | | | | | |
| 843. Supported housing | | | | | | | |
| Generally (10) | 1,969 | 1,002 | 1,594 | 1,840 | 2,300 | 3,837 | 76 |
| Single storey (10) | 2,166 | 1,754 | 1,900 | 2,258 | 2,367 | 2,615 | 7 |
| 2-storey (10) | 1,993 | 1,223 | 1,616 | 1,753 | 2,394 | 3,476 | 27 |
| 3-storey (10) | 1,777 | 1,002 | 1,491 | 1,739 | 2,017 | 2,706 | 25 |
| 4-storey or above (10) | 2,136 | 1,230 | 1,626 | 1,963 | 2,505 | 3,837 | 17 |
| 843.1 Supported housing with shops, restaurants or the like (10) | 1,896 | 1,184 | 1,588 | 1,801 | 1,959 | 3,163 | 21 |

3.5.2 The respondents have based their appraisal on the February 2023 Median 'generally' BCIS rates for supported housing, re-based to Newbury which are £1,840 per m².

3.6 Sales Rate

3.6.1 The sales rate utilised in the LPVA is unknown.

3.6.2 A rate of sale of one unit per month, as per the RHG's best practice methodology, is considered by Churchill Retirement Living to be, broadly speaking, an appropriate reflection of their sales rate nationally, albeit the rate of sale nationally is lower presently.

3.6.3 West Berkshire is located in the respondent's South-West region, where the rate for all selling sites is 0.4 sales per month, which reflects the current uncertainty in the market. Evidence of this sales rate is provided in **Appendix 1**.

3.7 Gross to Net

3.7.1 The RHG note stipulates a range of communal floor space between 20-30% of GIA for Sheltered and 35-40% of GIA for Extra Care.

3.7.2 Our experience is that this percentage should be at least 25% of the proposed total area to cater for communal lounges, lodge manager office and guest rooms.

3.8 Benchmark Land Value

3.8.1 A 50-unit retirement living development built at 125dph is presumed to have a Gross site area of 0.8ha in the VA. Benchmark Land Values

Figure 10: Range of BLVs ('Viability Tests')

| EUV+ £/ha | Notes |
|------------|--|
| £250,000 | Greenfield Enhancement – Larger releases |
| £500,000 | Greenfield Enhancement (Upper) – Smaller releases not exceeding 100-250 dwellings. |
| £1,000,000 | Low-grade PDL (former community uses, yards, workshops etc.) |
| £1,500,000 | PDL land values - industrial |
| £2,000,000 | PDL - Commercial (Lower) |
| £2,500,000 | PDL - Commercial (Upper) |
| £3,000,000 | Upper PDL Benchmark/Residential land values |

(DSP 2021 - 2022)

3.8.2 The respondents do not ordinarily develop greenfield land, with a typical site being within 0.5 miles of a town or local centre, so as to best facilitate the independence of the intended residents. We have no comments on the value of greenfield sites accordingly.

3.8.3 It is also more likely that in the edge-of-centre locations typically developed by the respondents, development opportunities are likely to be commercial / office units, former health care facilities such as care homes or site assemblies comprising one or more residential properties. The PDL Commercial (Lower & Uppers) and Residential Benchmark Land Values have been tested accordingly.

3.9 Profit

3.9.1 The *West Berkshire Council – Viability Assessment Update* allows for a 20% profit margin which accords with the recommendations of the RHG Briefing note. We would emphasise that the Planning Inspectorate has also consistently concluded that an acceptable return for risk in respect of retirement living proposals is not less than 20% of gross development value. Examples include:

- McCarthy and Stone proposal at Redditch (Appeal Ref: 3166677)
- Churchill Retirement Living proposal at Cheam (Appeal Ref: 3159137)
- Churchill Retirement Living scheme at West Bridgford (Appeal Ref: 3229412)

3.10 Empty Property Costs

3.10.1 Empty property costs are a function of council tax payable on finished unsold and empty property as well as the service charge which must be paid owing to longer than average sales periods for this type of proposal.

3.10.2 West Berkshire Council applies the Council Tax Empty Property Premium. Council Tax rises to 150% if the property has been empty for longer than two years, 200% if it is still empty for between two and five years, and to 300% if it remains empty for longer than ten years

3.10.3 A typical 50-unit scheme will take over 4 years to sell out and as such substantial monies will be paid in Council Tax over this period.

3.10.4 Residents of specialist older persons' housing are also required to pay a service charge to pay for the upkeep of communal facilities and for staff costs. Service charges are higher for Extra Care accommodation because of the enhanced level of communal facilities and the increased staffing associated with on-site care. Staff and facilities need to be on-site and functional from when the first resident arrives and accordingly the companies subsidise the service charges of empty apartments while they are being sold. McCarthy Stone list their typical services charges on their website as follow:

McCarthy Stone – Typical Service Charge

| | 1 bed per week | 2 bed per week |
|------------|----------------|----------------|
| Sheltered | £48.93 | £138.27 |
| Extra Care | £73,36 | £184.31 |

3.10.5 Empty property costs as a result of Council Tax and Service Charge payments are therefore a substantial cost for older persons' housing. We have applied Empty Property Costs of £3k per unit retirement living unit.

3.11 Sales & Marketing Costs

3.11.1 Sales and marketing allowances for specialist housing proposals for older people are widely acknowledged to differ substantially from mainstream housing. This is due to the restricted occupancy and longer than average sales periods often extending over several years.

3.11.2 Sales and marketing activities in respect of this type of proposal are considerably more intensive and long running than mainstream housing and necessitate a sustained campaign with permanent sales staff on site over the course of typically years rather than months for mainstream housing.

3.11.3 The RHG Briefing Note advises that *"Marketing costs are typically 6% of revenue compared with 3% of revenue for general needs houses and flats."* This has been supported by a recent appeal decision in Redditch Appeal Ref: 3166677.

3.12 Interest Rates

3.12.1 We note that the appraisals assume 6% for total debit balances (to include interest and associated fees). This does not reflect increased cost of borrowing arising because of the Bank of England changes to base lending rates in September 2022 and the forecasted further increases in 2023 to curb rates of inflation.

3.12.2 In our experience a minimum of 7% is now acknowledged as appropriate when viability is assessed at the development management stage.

Comparison of Viability Inputs

| | Retirement Living | |
|-----------------------------------|-------------------------------------|------------------------------------|
| | DSP | CRL |
| Sales Values | £4,500 to £6,250 per m ² | £5,500per m ² |
| Unit Size | 1bed- 55m ² | 1bed – 55 m ² |
| | 2 bed -75m ² | 2 bed – 75 m ² |
| Benchmark Land Value | £1.5 - £3million per ha | £1.5 - £3million per ha |
| Dwellings per hectare | 125dph | 125dph |
| Dwelling Mix | unknown | 60% 1-bed 40% 2-beds |
| No. of units | 30 | 50 |
| Site size | 0.24 Hectares (Gross) | 0.4 Hectares (Gross) |
| Build Period | 18 months | 18 months |
| Sales Period | Unknown | 50 Months |
| Base Build Costs | £1,557 per m ² . | £ 1,840 per m ² . |
| Site Costs | £500kper ha | £500k per ha |
| % Communal floorspace | 25% | 25% |
| Biodiversity Net Gain | 0.1% of Build Costs | 0.1% of Build Costs |
| Contingencies | 5% of build costs | 5% of build costs |
| Professional Fees | 10% of build costs | 10% of build costs |
| Sustainable Design / Construction | +4% Build Costs | 4% Build Costs |
| EV Charging | £500 per unit | £500 per unit |
| S106 Costs | £2k per unit | £2k per unit |
| CIL | £97.56 / £162.60 per m ² | 97.56 / £162.60 per m ² |
| Finance Costs | 6% | 7% |
| Profit | 20% | 20% |
| Agents Fee % of site value | 1.5% | 1.5% |
| Sales & Marketing | 3% | 6% |
| Legal Fees (% of site value) | 0.75% | 0.75% |
| Empty Property Costs | £2,000 per unit | £3,000 per unit |

4. Results

4.1 Older Persons' Housing Typologies

- 4.1.1 The outputs of the viability appraisals for older persons' housing typologies are summarised below for ease of reference. This FVA does not include any affordable housing as part of the appraisal and is therefore undertaken based on a 100% private proposal. A summary is provided in Appendix B
- 4.1.2 The residual land value is £760k which does not exceed the benchmark land values of £1.5 to £3million for previously developed land results. When assessing the 100% private scheme against this benchmark, there is no financial headroom available to contribute towards affordable housing.
- 4.1.3 Specialist older persons' housing providers are already heavily reliant on factors that reduce the cost of development in order to bring specialist older persons' housing coming forward such as achieving efficiencies in the build cost or achieving a lower level of profit.
- 4.1.4 The respondents' do however have significant reservations over aspects of the *West Berkshire Council – Viability Assessment Update* which overstates the viability of these forms of accommodation. For example, it is presumed that sales rate used in the VA was higher than the 1 unit per month which, generally, reflects the respondent's experience.
- 4.1.5 Moreover, the VA was published in October 2022 and utilises evidence from early 2022, when the market was more buoyant. The report therefore does not incorporate the substantial increase in build costs and to the costs of borrowing and the greater pessimism in the housing market on sales values and rates.
- 4.1.6 It is the respondent's view that the cumulative impact of other differences in viability assumptions used in the VA presents an overly optimistic assessment of the viability of older persons' housing.

4.2 Sensitivity Testing

- 4.2.1 The Argus Developer sensitivity function has been applied to test the impact of variations within proposed sales values and build costs for the appraisal assuming 0% affordable housing. The output in **Appendix 3**.
- 4.2.2 Looking across the next 5 years, BCIS tender prices are forecast to increase at a rate of circa 9% over 2021/22 and from thereon 5%, 4% and 3% or in excess of 25% over the next 6 years.

Table 7: BCIS forecast of tender prices

| Period | Forecast |
|------------------|----------|
| 2Q2021 to 2Q2022 | +9.1% |
| 2Q2022 to 2Q2023 | +5.5% |
| 2Q2023 to 2Q2024 | +4.7% |
| 2Q2024 to 2Q2025 | +3.8% |
| 2Q2025 to 2Q2026 | +2.7% |
| 2Q2026 to 2Q2027 | +2.4% |

Source: BCIS

- 4.2.3 In terms of sales value growth over the same period, there is much uncertainty regarding the property market at present given the Bank of England changes to base lending rates in September 2022 and forecast further increases in 2023 to curb rates of inflation. It is forecast that the knock-on impact on mortgage affordability and wider cost of living issues at present will put an end to the inflation seen in house price growth seen over the last few years. In general, market commentators are forecasting house price reductions across the market during 2023¹.
- 4.2.4 The RICS Market Survey (Oct 22)² concludes:

1.1.1 _____

¹ [UK housebuilders' shares tumble on gloomy house price predictions | Financial Times \(ft.com\)](#)

² [10. web -october 2022 rics uk residential market survey final.pdf](#)

Looking ahead, the net balance for the twelve-month price expectations series sank to -42% in the latest findings, falling from a reading of -18% last time. When viewed at the regional/country level, respondents across all parts of the UK are now (on balance) of the opinion that prices will see some degree of decline over the year ahead.

4.2.5 Savills at November 2022³ forecast the following 5 year mainstream housing performance.

UK mainstream house price forecasts

| | 2023 | 2024 | 2025 | 2026 | 2027 | 5-year |
|----------------------------|--------|------|------|------|------|--------|
| UK mainstream house prices | -10.0% | 1.0% | 3.5% | 7.0% | 5.5% | 6.2% |

Source: Savills Research

4.2.6 The immediate outlook therefore is for costs to continue to inflate with some uncertainty in relation to open market sales values beyond 2022.

5. Commentary on LPVS Results

5.1.1 Churchill Retirement Living find the basis on which the 30% affordable housing target for retirement living housing on previously developed sites across the Authority to be unjustified.

5.1.2 The results of the viability modelling for sheltered housing are provided in the appendices of the *West Berkshire Council – Viability Assessment Update* and detailed in Chapter 3.2 of the VA.

3.2.25 *The achievable values for this typology were found to be difficult to judge at the time of the further updating – there were very few current or sufficiently recent examples to draw upon for sales values assumptions. As an exploratory approach again using the same principles these were sensitivity tested across a VL range going from a lower/mid level for general market developments through to added higher VL tests up to £6,250/m² (approx. £580/ft²) – highest test represent by the noted VL11.*

3.2.26 *With uncertainty on this, but current values expected to be beneath those upper test levels at perhaps VLs 6 to 9 in at least some cases, the results indicate potentially challenging viability when it comes to including more than around 20% AH equivalent (noting that the AH contributions from such schemes have usually been financial in-lieu of on-site provision). In this instance, from experience of site specific (DM stage) appraisals often use 20% GDV profit owing to the increased sales risk that is frequently noted. This means that in this case, our experience is such that the Table 2f results should probably be considered as more than potential sensitivities reflecting short term uncertainty and higher than typical risk through the development cycles overall. This reinforces the finding that the achievable AH level is unlikely to exceed the 20% or so noted here, viewed based on available information and experience at this time.*

3.2.27 *In making its overview however, the Council is able to consider that with these schemes usually coming forward on PDL, which does reinforce the above, they would usually attract lower AH% expectations - consistent with the DSP suggested approach to other PDL scheme proposals with which they would be competing for sites. Also worth noting is that should this type of development come forward as part of a larger GF site then the applicable BLV would be considerably lower and the results indicate that viability with some AH could be achieved on lower value schemes that noted above – potentially at VL7 to 8 (lower with 17.5% GDV profit).* 3.2.28 *Overall, on this development type it may be appropriate for the Council to consider the likely frequency of such schemes and whether that justifies a particular approach. We offer these comments bearing in mind that outcomes seem likely to vary to some extent. For the Council's consideration, we suggest that if there were a little more flexibility built into the draft LPR policy wording (proposed SP19 scope as understood by DSP at the time of writing) - similar to that set to be provided for extra care housing schemes (which we often see developed on a broadly similar format) - then this may assist in respect of any potential viability issues. In our view this need not dilute too much the overall expectations / LPR approach and starting point.*

5.1.3 **This concludes that retirement living typologies cannot deliver up to 30% affordable housing on previously developed land.**

6. Conclusion

6.1.1 Churchill Retirement Living are strongly of the view that it would be more appropriate to set a nil affordable housing target for sheltered and extra care development, at the very least in urban areas. This approach accords with the guidance of the PPG which states that 'Different (affordable housing) requirements may be set for different types or location of site or types of development' (Paragraph: 001 Reference ID: 10-001-20190509).

6.1.2 The guidance in the NPPF and the PPG is that the role for viability assessment is primarily at the Plan making stage:

Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force (paragraph 57.)

6.1.3 Council Members, Officers and the general public will assume that applications for sheltered or extra care housing will be able to support a policy compliant level of affordable housing. This would however be wholly at odds with the viability evidence underpinning the Local Plan.

6.1.4 The requirement for affordable housing contributions from specialist older persons' housing typologies is therefore speculative rather than based on the evidence presented. The Local Plan is therefore considered to be unsound on the grounds the affordable housing targets are not justified, positively prepared or effective.

6.1.5 We therefore respectfully request that a new subclause is added stating that:

Specialist older persons' housing will be subject to a nil affordable housing requirement on brownfield / urban sites and a 40% affordable housing requirement on greenfield sites.

6.1.6 To that end, we would like to draw the Council's attention to Paragraph 5.33 of Policy HP5: Provision of Affordable Housing in the emerging Fareham Borough Local Plan which advises that:

5.33 ... The Viability Study concludes that affordable housing is not viable for older persons and specialist housing. Therefore, Policy HP5 does not apply to specialist housing or older persons housing.

6.1.7 A nil affordable housing rate could facilitate a step-change in the delivery of older person's housing in the District, helping to meet the diverse housing needs of the elderly. The benefits of specialist older persons' housing extend beyond the delivery of planning obligations as these forms of development contribute to the regeneration of town centres and assist Council's by making savings on health and social care.

100% Open Market Sheltered
West Berkshire Local Plan
Retirement Living Viability Appraisal CIL £97.56sq/m

L

Development Pro Forma
CRL
March 3, 2023

100% Open Market Sheltered
West Berkshire Local Plan
Retirement Living Viability Appraisal CIL £97.56sq/m

Project Pro Forma for Phase 1 Retirement Housing

Currency in £

REVENUE

| Sales Valuation | Units | m ² | Sales Rate m ² | Unit Price | Gross Sales |
|-----------------|-----------|-----------------|---------------------------|------------|-------------------|
| 1 Bed Flats | 30 | 1,650.00 | 5,500.00 | 302,500 | 9,075,000 |
| 2 Bed Flats | <u>20</u> | <u>1,500.00</u> | 5,500.00 | 412,500 | <u>8,250,000</u> |
| Totals | 50 | 3,150.00 | | | 17,325,000 |

TOTAL PROJECT REVENUE **17,325,000**

DEVELOPMENT COSTS**ACQUISITION COSTS**

| | | | | | |
|----------------------------------|--|---------|--------|--|---------|
| Residualized Price | | 760,145 | | | 760,145 |
| Land Transfer Tax | | | 27,507 | | |
| Effective Land Transfer Tax Rate | | 3.62% | | | |
| Agent Fee | | 1.00% | 7,601 | | |
| Legal Fee | | 0.75% | 5,701 | | |
| | | | | | 40,810 |

CONSTRUCTION COSTS

| Construction | m ² | Build Rate m ² | Cost | |
|---------------------------------|-------------------------------|---------------------------|------------------|-----------|
| 1 Bed Flats | 2,200.00 | 1,840.00 | 4,048,000 | |
| 2 Bed Flats | <u>2,000.00</u> | 1,840.00 | <u>3,680,000</u> | |
| Totals | 4,200.00 m² | | 7,728,000 | |
| Developers Contingency | | 5.00% | 386,400 | |
| s106 | 50.00 un | 2,000.00 /un | 100,000 | |
| Net Zero | | 4.00% | 309,120 | |
| Biodiversity | | 0.10% | 7,728 | |
| Site Costs | | | 200,000 | |
| CIL | 4,200.00 m ² | 97.56 | 409,752 | |
| EV Charging | 50.00 un | 500.00 /un | 25,000 | |
| | | | | 9,166,000 |
| Other Construction Costs | | | | |
| External Costs | | 10.00% | 772,800 | |
| | | | | 772,800 |

PROFESSIONAL FEES

| | | | | |
|-----------|--|--------|---------|---------|
| Architect | | 10.00% | 850,080 | |
| | | | | 850,080 |

MARKETING & LEASING

| | | | | |
|-----------|--|-------|---------|--|
| Marketing | | 3.00% | 519,750 | |
|-----------|--|-------|---------|--|

100% Open Market Sheltered**West Berkshire Local Plan****Retirement Living Viability Appraisal CIL £97.56sq/m**

| | | | | |
|---|----------|------------|---------|-------------------|
| | | | | 519,750 |
| DISPOSAL FEES | | | | |
| Sales Agent Fee | | 2.00% | 346,500 | |
| Sales Legal Fee | 50.00 un | 600.00 /un | 30,000 | |
| | | | | 376,500 |
| Unsold Unit Fees | | | | |
| 1 Bed Flats | | | 168,618 | |
| 2 Bed Flats | | | 100,529 | |
| | | | | 269,147 |
| TOTAL COSTS BEFORE FINANCE | | | | 12,755,232 |
| FINANCE | | | | |
| Debit Rate 7.00%, Credit Rate 0.50% (Nominal) | | | | |
| Land | | | 103,482 | |
| Construction | | | 452,712 | |
| Other | | | 548,574 | |
| Total Finance Cost | | | | 1,104,768 |
| TOTAL COSTS | | | | 13,860,000 |
| PROFIT | | | | 3,465,000 |
| Performance Measures | | | | |
| Profit on Cost% | | 25.00% | | |
| Profit on GDV% | | 20.00% | | |
| IRR% (without Interest) | | 19.68% | | |

100% Open Market Sheltered
West Berkshire Local Plan
Retirement Living Viability Appraisal CIL £97.56sq/m

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Development Pro Forma
CRL
March 3, 2023

**100% Open Market Sheltered
West Berkshire Local Plan
Retirement Living Viability Appraisal CIL £97.56sq/m**

Table of Land Cost and Land Cost

| Construction: Rate /m ² | Sales: Rate /m ² | | | | | | |
|------------------------------------|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | -10.000% | -7.500% | -5.000% | -2.500% | 0.000% | +2.500% | +5.000% |
| | 4,950.00 /m ² | 5,087.50 /m ² | 5,225.00 /m ² | 5,362.50 /m ² | 5,500.00 /m ² | 5,637.50 /m ² | 5,775.00 /m ² |
| -10.000% | (£595,862) | (£854,309) | (£1,112,757) | (£1,371,204) | (£1,629,652) | (£1,888,099) | (£2,146,546) |
| 1,656.00 /m ² | (£595,862) | (£854,309) | (£1,112,757) | (£1,371,204) | (£1,629,652) | (£1,888,099) | (£2,146,546) |
| -7.500% | (£378,485) | (£636,933) | (£895,380) | (£1,153,828) | (£1,412,275) | (£1,670,722) | (£1,929,170) |
| 1,702.00 /m ² | (£378,485) | (£636,933) | (£895,380) | (£1,153,828) | (£1,412,275) | (£1,670,722) | (£1,929,170) |
| -5.000% | (£158,538) | (£419,556) | (£678,004) | (£936,451) | (£1,194,898) | (£1,453,346) | (£1,711,793) |
| 1,748.00 /m ² | (£158,538) | (£419,556) | (£678,004) | (£936,451) | (£1,194,898) | (£1,453,346) | (£1,711,793) |
| -2.500% | £73,268 | (£200,797) | (£460,627) | (£719,074) | (£977,522) | (£1,235,969) | (£1,494,417) |
| 1,794.00 /m ² | £73,268 | (£200,797) | (£460,627) | (£719,074) | (£977,522) | (£1,235,969) | (£1,494,417) |
| 0.000% | £314,201 | £27,746 | (£243,055) | (£501,698) | (£760,145) | (£1,018,593) | (£1,277,040) |
| 1,840.00 /m ² | £314,201 | £27,746 | (£243,055) | (£501,698) | (£760,145) | (£1,018,593) | (£1,277,040) |
| +2.500% | £555,134 | £268,679 | (£16,826) | (£284,321) | (£542,769) | (£801,216) | (£1,059,663) |
| 1,886.00 /m ² | £555,134 | £268,679 | (£16,826) | (£284,321) | (£542,769) | (£801,216) | (£1,059,663) |
| +5.000% | £796,068 | £509,613 | £223,158 | (£59,915) | (£325,392) | (£583,839) | (£842,287) |
| 1,932.00 /m ² | £796,068 | £509,613 | £223,158 | (£59,915) | (£325,392) | (£583,839) | (£842,287) |
| +7.500% | £1,037,676 | £750,546 | £464,091 | £177,636 | (£103,004) | (£366,463) | (£624,910) |
| 1,978.00 /m ² | £1,037,676 | £750,546 | £464,091 | £177,636 | (£103,004) | (£366,463) | (£624,910) |
| +10.000% | £1,279,890 | £991,886 | £705,025 | £418,570 | £132,115 | (£146,093) | (£407,534) |
| 2,024.00 /m ² | £1,279,890 | £991,886 | £705,025 | £418,570 | £132,115 | (£146,093) | (£407,534) |
| +12.500% | £1,522,985 | £1,234,100 | £946,095 | £659,503 | £373,048 | £86,593 | (£188,427) |
| 2,070.00 /m ² | £1,522,985 | £1,234,100 | £946,095 | £659,503 | £373,048 | £86,593 | (£188,427) |

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate /m²

Original Values are varied by Steps of 2.500%.

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Retirement Living Viability Appraisal CIL £97.56sq/m**

| Heading | Phase | Rate | No. of Steps |
|-------------|-------|-----------|----------------|
| 1 Bed Flats | 1 | £5,500.00 | 4.50 Up & Down |
| 2 Bed Flats | 1 | £5,500.00 | 4.50 Up & Down |

Construction: Rate /m²

Original Values are varied by Steps of 2.500%.

| Heading | Phase | Rate | No. of Steps |
|-------------|-------|-----------|----------------|
| 1 Bed Flats | 1 | £1,840.00 | 4.50 Up & Down |
| 2 Bed Flats | 1 | £1,840.00 | 4.50 Up & Down |

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| +7.500% | +10.000% | +12.500% |
|--------------------------|--------------------------|--------------------------|
| 5,912.50 /m ² | 6,050.00 /m ² | 6,187.50 /m ² |
| (£2,404,993) | (£2,663,439) | (£2,921,886) |
| (£2,404,993) | (£2,663,439) | (£2,921,886) |
| (£2,187,617) | (£2,446,064) | (£2,704,510) |
| (£2,187,617) | (£2,446,064) | (£2,704,510) |
| (£1,970,241) | (£2,228,688) | (£2,487,135) |
| (£1,970,241) | (£2,228,688) | (£2,487,135) |
| (£1,752,864) | (£2,011,311) | (£2,269,759) |
| (£1,752,864) | (£2,011,311) | (£2,269,759) |
| (£1,535,487) | (£1,793,935) | (£2,052,382) |
| (£1,535,487) | (£1,793,935) | (£2,052,382) |
| (£1,318,111) | (£1,576,558) | (£1,835,006) |
| (£1,318,111) | (£1,576,558) | (£1,835,006) |
| (£1,100,734) | (£1,359,182) | (£1,617,629) |
| (£1,100,734) | (£1,359,182) | (£1,617,629) |
| (£883,358) | (£1,141,805) | (£1,400,252) |
| (£883,358) | (£1,141,805) | (£1,400,252) |
| (£665,981) | (£924,428) | (£1,182,876) |
| (£665,981) | (£924,428) | (£1,182,876) |
| (£448,604) | (£707,052) | (£965,499) |
| (£448,604) | (£707,052) | (£965,499) |