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REPRESENTATION TO THE BATH AND NORTH EAST SOMERSET COUNCIL COMMUNITY INFRASTRUCTURE LEVY – DRAFT CHARGING SCHEDULE

As the market leaders in the provision of retirement housing for sale to the elderly, McCarthy & Stone Retirement Lifestyles Ltd considers that with its extensive experience and expertise in providing development of this nature it is well placed to provide informed comments on the emerging Bath and North East Somerset (BANES) Council Community Infrastructure Levy insofar as it affects or relates to housing for the elderly.

We previously provided commentary to the Draft Charging Schedule in September 2014 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. **We therefore commended the Council on their decision to provide a Viability Assessment of Sheltered / Retirement housing and Extra Care accommodation.**

McCarthy and Stone were however deeply sceptical about the results asserted by BNP Paribas in their Viability Assessment and the methodologies used in this assessment and there was very little detail provided on the viability assumptions used in this assessment outside the extent of communal floor space provided.

We therefore respectfully requested that details of the viability assumptions and development appraisals for Sheltered / Retirement and Extra Care accommodation were made available publicly and submitted a holding objection to the Charging Schedule on this basis.

The Council provided us with copies of the viability appraisals on the 13th October 2014 to which we raised the following concerns by email dated 10th October 2014:

- The viability appraisal makes no distinction between Extra Care and Sheltered developments. Extra Care accommodation differs considerably from Sheltered / Retirement not just in terms of the quantum of communal floor space but also with regards to higher build costs and greater empty property costs. These are principally due to the fact that Extra Care accommodation provides care on site and staffing and facilities need to be provided as soon as the first unit is sold. I attach a briefing note prepared by the consultants Three Dragons on behalf of the Retirement Housing Group, this provides an overview as to how these forms of development differ.

- A Sheltered / Retirement development provides, on average, communal floorspace of 30% of Gross saleable area and an Extra Care development 35%. We have proved that this is the average extent of communal facilities provided in our developments at a recent Examination Hearing at Tandridge already and I would feel confident that we would be able to provide you with evidence that this is the case in Bath / Somerset. I have attached the Tandridge Examination report.
- We would note that assuming 35% and 30% communal floorspace provision the appraisals show that these developments cannot support CIL across the majority of the Authority (indeed they are rendered significantly unviable)
- I note your response in which you stated that Extra Care that was a C2 use would not be expected to pay CIL or affordable housing. Developments which provide significant levels of Communal floorspace for care provision would therefore be exempt from CIL on that principle. In the recent planning obligations SPD however it is clear that you consider self containment to be what determines if a development is a C2 or C3 use and not the extent of care facilities. Our representation to the SPD disagreed with your position on self containment.

The evidence therefore suggests that that the level of developer contributions being sought from Extra Care and Sheltered / Retirement accommodation are unsustainable and there is confusion as to what will be sought and when.

Discussions between Council Officers and McCarthy and Stone staff took place on the 27th October 2014 in which the issues detailed above were discussed at length. It was made abundantly clear from discussions with Council Officers that there is a clear desire for the delivery of specialist accommodation for the elderly and in particular Extra Care accommodation to come forward over the plan period and it was not the Council's intention to render these forms of development unviable, merely to implement a fair and proportionate approach to developer contributions.

To assist the Council in this regard we have provided further evidence on the sales rates and extent of communal facilities for Sheltered / Retirement and Extra Care accommodation.

SALES RATES

I queried the 'Sales Rate' or 'Sales void' used by in the appraisal as this was not obvious to me and I would be grateful if you could advise me of this. I have provided an example of the rate of sales for nearby selling schemes in the West of England.

Address	Scheme Type	No. of Units	Months Selling	Date of first sale	No of Sales in 12 months	No of Sales to date	Sales Rate
Thomas Court, Cardiff	Extra Care	58	10	22.08.2013	20 (34.4%)	38 (65.6)	1.7 units per month
Edwards Court, Taunton	Extra Care	58	8	16.05.2014	30 (51%)	46 (79%)	3.75 units per month
Wainor Court, Cheltenham	Extra Care	47	78	29.08.2015	34 (44.7%)	40 (59.7%)	2.22 units per month
Daffodil Court, Newent	Sheltered / Retirement	46	80	24.10.2008	12 (26%)	45 (97%)	0.57 units per month
Coopers Court, Yate	Sheltered / Retirement	44	7	29.05.2014	31(70.4%)	31 (70.4%)	4.42 units per month
Holmcroft Court, Shepton Mallet	Sheltered / Retirement	42	27	30.08.2012	23 (54.7%)	38 (90.4%)	1.4 units per month
Anstie Court, Devizes	Sheltered / Retirement	37	18	20.12.2013	28 (75.6%)	32 (86.4%)	2.05 units per month

The Retirement Housing Group (RHG) briefing note I provided advises that ‘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 year of sales and 30% during the third year. There is typically an 18 month build period before sales commence.’

Whilst the sales rates of recent schemes in the vicinity of BANES does exceed that detailed in the RHG guidance, I do feel that a sales period of under 2 years for these developments would be unreasonable given the evidence provided.

COMMUNAL AREAS

The Council’s justification for amalgamating Sheltered / Retirement housing and Extra Care accommodation appears to be based on the premise that these forms of development provide under 25% affordable housing.

The viability assessment details the amount available for CIL with increasing increments of communal floorspace provision – 15%, 20%, 22.5% 25%, 27.5% 30%.32.5% and 35%. The Viability Study concluded that higher the level of communal floorspace, the lower the amount that became available for CIL. Where the provision of communal floorspace increased to 30%, as is typical in these developments, there was no capacity for CIL across the majority of the BANES area.

We were asked to provide examples of communal floorspace provision for both Sheltered / Retirement and Extra Care accommodation that are specific to the West of England, however there have been difficulties in providing these due to administrative difficulties resulting from an office move. Information for communal floorspace provision in the South / South East of England used for the Tandridge Examination was provided previously. This is detailed below:

Address	Scheme Type	No. of Units	Gross Saleable Floor space	Communal Floor space	Developer
High Street, Cranbrook,	Sheltered Retirement /	26	69.9%	30.1%	McCarthy & Stone
Crowborough Hill,	Sheltered Retirement /	44	70.3%	29.7%	McCarthy & Stone
Penlee Hawthornes, Edenbridge	Sheltered Retirement /	34	73.3%	26.7%	McCarthy & Stone
Limpsfield Road, Sanderstead	Sheltered Retirement /	26	66.6%	33.4%	McCarthy & Stone
Waterloo Road, Epsom	Sheltered Retirement /	32	72.2%	27.8%	McCarthy & Stone
Queen Elizabeth Avenue, Burgess Hill	Sheltered Retirement /	46	72.7%	27.3%	McCarthy & Stone
Queen Elizabeth Avenue, Burgess Hill	Extra Care	58	69.5%	30.5%	McCarthy & Stone
Field Road, Field	Extra Care	65	61.2%	38.8%	McCarthy & Stone
Shutfield, Wokington	Extra Care	63	67%	33%	McCarthy & Stone

Additional to this, please find below details on recent Extra Care schemes in the West / South West of England detailed below. The Sales Area Sheets for the corresponding developments have been provided:

Name of Scheme / Location	Scheme Type	No. of Units	Gross Floor space	Saleable Floor space	Communal Floor space
Thomas Court, Cardiff	Extra Care	58	5,680 m ²	3,635 m ² (63.8%)	2,045 m ² (36.2%)
Bowles Court, Chippenham	Extra Care	58	6,069 m ²	4,125 m ² (67.9%)	1,944 m ² (32.1%)
Barnhill Court, Chipping Sodbury	Extra Care	60	6,758 m ²	4,175 m ² (61.7%)	2,583 m ² (38.3%)
Ellisfield Court, Taunton	Extra Care	58	7,073 m ²	4,217 m ² (59.6%)	2,856 m ² (40.4%)
Lady Susan Court, Basingstoke	Extra Care	57	6,266 m ²	4,069 m ² (64.9%)	2,197 m ² (35.1%)

Using the data above the average extent of communal floor space in Extra Care developments is 36.4% which would render these forms of development across the majority of the BANES area.

SUMMARY

Upon receipt of the viability appraisals for Extra Care and Sheltered / Retirement accommodation, McCarthy and Stone considers that there are significant discrepancies in the manner in which the aforementioned forms of development have been assessed. We cannot therefore consider this evidence to be robust.

Pertinently however it is clear that the recommended rate of CIL have been based on these forms of development providing lower levels of communal floor space provision than they do in reality. The evidence provided demonstrates that recent Extra Care facilities in the West / South West of England and indeed nationally by McCarthy and Stone provide in excess of 35% communal floor space provision. The inability of such developments to support CIL is therefore clear.

We note and applaud the Council's Policy team in engaging with us and their commitment to ensuring that specialist older person's accommodation is not rendered unviable by the emerging developer contributions regimes. Presently however we consider that the Proposed Modifications do not address our concerns and we request that we are able to be heard at Examination in Public.

Thank you for the opportunity for comment.

Yours faithfully,



Ziyad Thomas
Policy Planner
The Planning Bureau Ltd.