

# REVIEW OF LOCAL PLAN VIABILITY ASSESSMENT

## FOR SHELTERED & EXTRA CARE HOUSING

CHARNWOOD BOROUGH COUNCIL  
LOCAL PLAN REVIEW (REGULATION 19 CONSULTATION)

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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. Together, they are responsible for delivering approximately 90% of England’s specialist owner-occupied retirement housing.
- 1.1.2 In this statement we critically appraise the evidence underpinning the affordable housing targets detailed in *Policy H4: Affordable Housing* of the *Charnwood Local Plan 2021- 2037* (EiP Reference SD/2) namely the *Charnwood Borough Council – Affordable Housing Viability Assessment* (AHVA) undertaken by HDH Planning & Development (EiP Reference No. EB/I&D/7) and the *Charnwood Local Plan Viability Study* by Aspinall Verdi (LPVS) (EiP Reference. EB/I&D/1).
- 1.1.3 This Statement is a focused document detailing our comments to the Charnwood Borough Local Plan *Policy H4: Affordable Housing*. 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 Council’s evidence base, specifically EB/I&D/7& EB/I&D/1.

## 2. Review of Local Plan Viability Study

- 2.1.1 The *Charnwood Local Plan 2021- 2037* is one of an alarmingly limited number of emerging Local Plans that have set a differential affordable housing rate for brownfield (10%) and greenfield (30%) housing.
- 2.1.2 This is, of itself, highly commendable and suggests a greater commitment to viability at the Plan making stage. This accords with the guidance in the PPG on viability which advises that ‘*Different requirements may be set for different types or location of site or types of development.*’ (Paragraph: 001 Reference ID: 10-001-20190509).

### 2.2 Older Persons’ Housing Typologies

- 2.2.1 The affordable housing targets set out in *Policy H4: Affordable Housing* of the *Charnwood Local Plan 2021- 2037* (*Regulation 19 Consultation*) are informed by the corresponding evidence base– namely the *Charnwood Borough Council – Affordable Housing Viability Assessment* (AHVA) undertaken by HDH Planning & Development in 2018. We note that the AHVA has assessed the viability of older persons’ housing typologies, which is welcomed.
- 2.2.2 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. A copy of the RHG Briefing Note has been provided as part of this submission, which could result in an unrealistic planning obligations burden in the next Local Plan. Our concerns are that the Viability Assessment has overplayed the viability of older persons’ housing.
- 2.2.3 *The Charnwood Local Plan Viability Study* by Aspinall Verdi (LPVS) (EiP Reference. EB/I&D/1) was published in 2021 and provides an updated position on the HDH Planning & Development report. Regrettably this document does not specifically test the viability of older persons’ housing.
- 2.2.4 There is a specific flatted development typologies (i.e. town centre schemes), flats have only been included on large sites of 500 and 950 dwellings. While retirement living and extra care developments differ from ‘general needs’ flatted developments, the conclusions of the testing of these typologies is useful and has been referred to later in this Statement.

### 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 *Charnwood Borough Council – Affordable Housing Viability Assessment (AHVA)*. A summary table has been provided in the table entitled: *Comparison of Appraisal Inputs* on page 6 this report.
- 3.1.2 Many of the inputs used in our appraisal of Sheltered and Extra Care 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 AHVA 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 <sup>2</sup>	75 m <sup>2</sup>
Extra Care	65 m <sup>2</sup>	80 m <sup>2</sup>

#### 3.3 Sales Values

- 3.3.1 The AHVA details its research into sales values for specialist older persons' housing in paragraphs 4.81 – 4.83 and references both the RHG methodology and comparable sales evidence from the surrounding area. A value of £3,200/m<sup>2</sup> is assumed for Sheltered Housing and £3,400/m<sup>2</sup> is assumed for Extra care.
- 3.3.2 McCarthy Stone have schemes currently selling in Leicestershire. The advertised sales values are detailed below:

**Market Sales Values: Leicestershire**

	£ per m <sup>2</sup>	
	1 bed	2 bed
Farnham House, Quorn (Sheltered)	£4,587	£3,978
Pine Gardens, Melton Mowbray (Sheltered)	£3,635	£3,927

- 3.3.3 It is noted that the sales values for these developments are higher than those used in AHVS and this can be attributed to the increase in houses prices since the report was issued in January 2019. The sales values are also the advertised prices and not the achieved prices which are frequently lower.
- 3.3.4 It is also noted that Farnham House, the only site within Charnwood, is located in Quorn which is the highest value area in the Borough. *Table 4.15 Worth of Sheltered & Extra Care* shows a 25% uplift on house prices in Quorn above those of Loughborough.
- 3.3.5 Mindful of the above we have applied the following sales values:

	1 bed	Unit cost	2 bed	Unit cost
Sheltered (Quorn)	£4,587	£252,285	£3,978	£298,350
Extra Care (Quorn)	£4,851	£315,356	£4,661	£372,937
Sheltered (Rest of Borough)	£3,440	£189,213	£2,983	£223,725
Extra Care (Rest of Borough)	£4,587	£252,285	£3,978	£298,350

### 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 Appendix 10 - Appraisals Older Persons' Housing of the *Affordable Housing Viability Study* advises that the build costs for Sheltered Housing is £1,654 per m<sup>2</sup>. While this is not stated in the report these figures are presumed to be the 'generally' Supported Housing BCIS costs re-based for Leicestershire and are supported on that basis.

3.5.2 We recognise that Local Plan Viability Testing is at a generic level and we have applied the BCIS rate used in the AHVS accordingly.

3.5.3 We note that 5% has been allowed for contingencies with a further 5% of base build costs allowed for abnormals which we have adopted. In terms of site costs, we note that paragraph 6.12 advises that '*On the high-density flatted schemes, we have assumed site costs of 5% (on the basis that it is likely to be on a serviced site and have very limited landscaping and other external works).*'

3.5.4 This does not reflect our experience of delivering flatted developments and both respondents very rarely obtain serviced land when redeveloping previously developed land within, or near to, town or local centres. This approach may be more appropriate if such developments are brought forward as part of greenfield urban extensions, but this is rarely the case for either Company. We have applied 10% of base build costs for site costs as is applied to small sites in the AHVA.



#### £/m<sup>2</sup> study

**Description:** Rate per m<sup>2</sup> gross internal floor area for the building Cost including prelims.

**Last updated:** 04-Jun-2022 05:42

› Rebased to Charnwood ( 102; sample 13 )

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m <sup>2</sup> gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
<b>843. Supported housing</b>							
Generally (15)	1,788	913	1,498	1,654	1,972	3,641	134
Single storey (15)	2,066	1,294	1,654	1,785	2,194	3,641	17
2-storey (15)	1,779	913	1,490	1,618	1,972	3,169	42
3-storey (15)	1,645	924	1,491	1,579	1,816	2,467	47
4-storey or above (15)	1,868	1,136	1,484	1,713	1,911	3,521	25
843.1 Supported housing with shops, restaurants or the like (15)	1,691	1,082	1,438	1,593	1,798	2,873	32

### 3.6 Sales Rate

- 3.6.1 The sales rate used for older persons' housing typologies does not appear to be stated in the main report of the *Charnwood Borough Council – Affordable Housing Viability Assessment (AHVA)*.
- 3.6.2 Churchill Retirement Living have schemes where apartments can be reserved off-plan in Leicestershire. Interested parties can reserve an apartment for a small non-refundable fee, meaning that a not insignificant number of purchasers fall away prior to the development opening. Off-plan reservations are not a reliable indicator of sales rates accordingly.
- 3.6.3 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.

### 3.7 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 The LPVS assumes communal space extending to 20% of the Gross Internal Area (GIA) for sheltered housing proposals – the lowest point of the range suggested by the RHG. The Consortium have frequently disputed the figures suggested by the RHG on this matter, contesting that a communal floorspace provision of under 25% is not representative of the sector. 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.
- 3.7.3 The RHG note advises the communal space for Extra Care accommodation extends to between 35 and 40% of the GIA. The LPVS goes below the range recommended by the RHG with a communal floorspace provision of 30%, and the reasons for doing so are not made clear. Our experience is that a minimum of 35% of GIA is allowed for non-saleable communal floorspace in Extra Care development.

### 3.8 Benchmark Land Value

- 3.8.1 The methodology behind the benchmark land values (BLV) used in the Local Plan Viability Assessment are detailed in Chapter 5. Land Values.
- 3.8.2 A 50 unit sheltered /extra care development built at 120dph will have a site size of 0.4ha, which we consider to be representative of a previously developed site in a typical location close to a town or local centre. Such a density would however be unlikely in areas with a rural / suburban character and therefore highly unlikely on a greenfield site - 80dph is considered more appropriate on greenfield land accordingly. This would require a site of 0.75 hectares in size.

**Greenfield land** is valued at £25,000 per hectare with a 20% uplift and a £500,000 uplift per hectare. The BLV for 0.75 hectares of greenfield land is therefore £397,000.

**Industrial Land** is valued at £500,000 per hectare with a 20% uplift. The BLV for 0.4 hectares of previously developed land is £240,000.

- 3.8.3 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.
- 3.8.4 The examples provided in *Appendix 7: CoStar Industrial Land* of the AHVS presents a mix of industrial and commercial uses in a range of locations across Leicestershire. We are surprised that in the limited categorisation between the Benchmark Land Values in the LPVS, particularly a 'catch all' BLV for previously developed land. Local Plan Viability Assessments undertaken by other practitioners differentiate to a greater extent between land uses on previously developed land often providing a different BLV for higher and lower quality industrial land, commercial units located both outside and inside town centres and residential properties

- 3.8.5 Edge-of-centre locations typically developed by the respondents 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 Existing Use Value (EUV) of industrial sites in relatively remote locations will have no bearing on the value of these sites. We are strongly of the view that the BLV for previously developed land has been skewed by the inclusion of low-quality industrial premises.
- 3.8.6 Using the BLV proposed in the AHVS, the cost of acquiring a typical greenfield site for older persons' housing would exceed that of a previously developed site. Respectfully, this is not credible, and as such we have applied the average stated in paragraph 5.18 of the AHVS (£1,650,000 per ha) giving a land value of £660,000 for a previously developed 0.4ha site.
- 3.8.7 We note that the Charnwood Local Plan Viability Study by Aspinall Verdi (LPVS) (EiP Reference. EB/I&D/1) updates the Benchmark Land Value position for Brownfield Land (small sites / large sites) in *Table 6.4 – Benchmark Land Value Assumptions* with a hectare of land valued a £518,910. The resultant BLV for 0.4 hectares of previously developed land is £207,564.
- 3.8.8 We have applied a BLV of £207,564 in our appraisals but consider it still substantially under the cost to acquire land.

### 3.9 Profit

- 3.9.1 The *Affordable Housing Viability Study* allows for a 17.5% profit margin. This does not conform with the recommendations of the RHG Briefing note, but 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)
- 3.9.2 The Local Plan Viability Study (EB/I&D/1) utilises a 20% profit margin and we have applied this accordingly.

### 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 The Charnwood Borough Council website details how the Council has applied the Council Tax Empty Property Premium. This advises that properties that are unoccupied are not entitled to any discount. Full council tax is payable on all properties unless specific circumstances apply. It advises that the Council apply a premium on empty properties as follows:
- 100 per cent premium for properties empty for two years and over.
  - 200 per cent for properties empty for five years and over.
  - 300 per cent for properties empty for ten years and over.
- 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 of sheltered housing unit and £5k per unit of Extra Care accommodation.

### 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 CIL & s106 costs

3.12.1 Charnwood Borough Council does not have an adopted CIL Charging Schedule and planning obligations are levied via Section106 contributions.

3.12.2 Paragraph 0.77 of the AHVA advises that there a flat rate of £50,000 for Section106 contributions has been allowed across the site a little over £1,000 per unit. However, Paragraph 6.20 advises the average s106 contribution is £6,000 per unit and we see no justification for applying a reduced figure to specialist older persons' housing.

3.12.3 The Local Plan Viability Study (EB/I&D/1) has made specific allowances for education and highways contributions based on area. These are as follows:

- Leicester Fringe: £12,865 per dwelling
- Loughborough / Shepshed: £14,685 per dwelling
- Wider Charnwood: £17,710 per dwelling



### Comparison of Viability Input

	Sheltered Housing		Extra Care Accommodation	
	HDH	McCarthy Stone / CRL	HDH	McCarthy Stone / CRL
Sales Values (Quorn)	£3,200 per m <sup>2</sup>	£4,587 / £3,978 per m <sup>2</sup>	£3,400 per m <sup>2</sup>	£4,851 / £4,661 per m <sup>2</sup>
Sales Values (Rest of Borough)	£3,200 per m <sup>2</sup>	£3,440 per m <sup>2</sup> / £2,983 per m <sup>2</sup>	£3,400 per m <sup>2</sup>	£4,587 / £3,978 per m <sup>2</sup>
Unit Size	1bed- 50m <sup>2</sup> 2 bed -75m <sup>2</sup>	1bed – 55 m <sup>2</sup> 2 bed – 75 m <sup>2</sup>	1bed- - 65m <sup>2</sup> 2 bed -80m <sup>2</sup>	1bed – 65m <sup>2</sup> 2 bed – 80m <sup>2</sup>
Benchmark Land Values	Brownfield (PDL) - £300,000	Brownfield (PDL) - £207,564	Brownfield (PDL) - £300,000	Brownfield (PDL) - £207,564
Dwellings per hectare	120dph	120dph (GF) / 80dph (PDL)	120dph	120dph (GF) / 80dph (PDL)
Dwelling Mix	44% 1-bed 56% 2-beds	60% 1-bed 40% 2-beds	60% 1-bed 40% 2-beds	60% 1-bed 40% 2-beds
No. of units	45	50	60	50
Site size	0.5 Hectares	0.75 (GF) 0.4 Hectares (PDL)	0.5 Hectares	0.75 (GF) 0.4 Hectares (PDL)
Build Period	Unknown	18 Months	unknown	18 months
Sales Period	Unknown	50 Months	unknown	50 months
Base Build Costs	£1,654 per m <sup>2</sup> .	£ 1,654 per m <sup>2</sup> .	£1,654 per m <sup>2</sup> .	£1,654 per m <sup>2</sup> .
% Communal floorspace	20%	30%	30%	35%
Contingencies (% of Build Cost)	5% for Brownfield 2.5% Greenfield	5% for Brownfield 2.5% Greenfield	5% for Brownfield 2.5% Greenfield	5% for Brownfield 2.5% Greenfield
Site Costs	5% of build costs	10% of build costs	5% of build costs	10% of build costs
Abnormal Build Costs	5% of build costs Brownfield only	5% of build costs Brownfield only	5% of build costs Brownfield only	5% of build costs Brownfield only
Professional Fees	10% of build costs	10% of build costs	10% of build costs	10% of build costs
Residual S106 (non-CIL ) costs	£6,000 per unit	£6,000 per unit	£6,000 per unit	£6,000 per unit
Finance Costs	6%	6%	6%	6%
Profit	17.5%	20%	17.5%	20%
Agents Fee % of site value	1%	1%	1%	1%
Sales & Marketing	3.5%	6%	3.5%	6%
Legal Fees (% of site value)	0.5%	0.5%	0.5%	0.5%
Empty Property Costs	Unknown	£3,000 per unit	unknown	£5,000 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 on the basis of a 100% private proposal.
- 4.1.2 We have assessed both Sheltered and Extra Care typologies against the Benchmark Land Values in Chapter 3.8 of this report and using the sales values in Chapter 3.3.

	Sheltered	Extra Care
Previously Developed Land – Quorn	- £932,338	-£646,571
Previously Developed Land – Rest of Borough	-£3,193,755	-£1,544,625

- 4.1.3 All the scenarios tested result in a substantial deficit against the benchmark land value. The deficits are most pronounced on previously developed sites and outside the higher value areas, such as Quorn.
- 4.1.4 Specialist older persons' housing is located within 0.5 miles of a town or local centre, sites coming forward will typically comprise the redevelopment of former commercial or industrial premises, or more efficient use of larger residential plots. Such plots are unviable under the proposed framework of policy requirements and planning obligations.
- 4.1.5 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 the CIL liability being partially off-set by existing floorspace, achieving efficiencies in the build cost or achieving a lower level of profit.
- 4.1.6 The viability appraisal demonstrates that it is extremely challenging for specialist older persons' housing to be delivered in the Borough of Charnwood.

### 4.2 Commentary on LPVS Results

- 4.2.1 The results of the viability modelling for older persons' housing typologies are provided in *Table 9.16: Older Persons' Housing Results* and Appendix 10 - Appraisals Older Persons' Housing. This concludes that '*neither Sheltered Housing nor Extra care Housing are able to bear affordable housing in Charnwood, although it is understood that the Council has sought and achieved affordable housing from Extra care schemes in the past.*' (Paragraph 9.79)
- 4.2.2 The AHVA highlights the difficulties of bringing forward any residential development on previously developed land concluding that: "*The analysis shows that whilst some brownfield sites are not viable at 30% affordable housing, most greenfield sites are. The results are not only sensitive to the amounts of affordable housing, but also the type (tenure) of affordable housing provided.*" (Paragraph 10.71)
- 4.2.3 The provision of a 10% affordable housing requirement on brownfield land appears to be based on the Council previously delivering affordable housing contributions from such sites in the past. While it is not explicitly stated this does appear to be the underlying rationale for not exempting older persons' housing from affordable housing contributions. The requirement for affordable housing contributions from specialist older persons' housing typologies is therefore speculative rather than based on the evidence presented.
- 4.2.4 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.)*

4.2.5 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 (10 -30%) of affordable housing. This would however be wholly at odds with the viability evidence underpinning the Local Plan.

4.2.6 We do not however that Paragraph 4.33 of the *Charnwood Local Plan 2021- 2037 (Regulation 19 Consultation)* states that:

*'It may not always be viable or practical for sheltered housing or extra care housing to provide an element of affordable housing, this will be considered on a case-by-case basis.'*

4.2.7 This is welcomed and the respondents do recognise that the Council is attempting to be reasonable in the manner it is seeking a speculative affordable housing contributions from unviable development. It is seeking a limited affordable housing contribution - 10% on brownfield sites, where these forms of development are most likely to come forward – while acknowledging in the supporting text of the policy that this may not always be viable.

4.2.8 The respondent's concern is however that in supporting this position, other less reasonable Local Planning Authorities will use the Charnwood Local Plan as a precedent to set unviable affordable housing contributions on a speculative basis. **The Local Plan is therefore considered to be unsound on the grounds the affordable housing targets are not justified, positively prepared or effective.**

4.2.9 We 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).

4.2.10 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.*

4.2.11 A nil affordable housing rate could facilitate a step-change in the delivery of older person's housing in the Borough, helping to meet the diverse housing needs of the elderly as detailed in *Policy H2: Housing for Older People and People with Disabilities*. 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.

## 5. Conclusion

- 5.1.1 The *Charnwood Local Plan 2021- 2037 (Regulation 19 Consultation)* is one of an alarmingly limited number of emerging Local Plans that have set a differential affordable housing rate for brownfield (10%) and greenfield (30%) housing. This is, of itself, highly commendable and suggests a greater focus on viability at the Plan making stage. This accords with the guidance in the PPG on viability which advises that *'Different requirements may be set for different types or location of site or types of development.'* (Paragraph: 001 Reference ID: 10-001-20190509)
- 5.1.2 The *Charnwood Borough Council – Affordable Housing Viability Assessment* concludes that neither sheltered housing or extra care accommodation can support affordable housing contributions. The evidence provided in this FVA supports this position. We are therefore strongly of the view that it would be more appropriate to set a lower, potentially nil, affordable housing target for sheltered and extra care development, particularly in urban areas
- 5.1.3 As a suggestion we would recommend an addition to *Policy H4: Affordable Housing* which is as follows:

### *Policy H4: Affordable Housing*

*...New affordable housing should be delivered on site and integrated with market housing unless there are exceptional circumstances which contribute to the creation of mixed communities. A clear justification supported by an independent viability assessment will be required if the applicant considers that particular circumstances justify the need for a lower level of provision.*

*Developers are expected to make efficient use of land and attempts to artificially reduce the scale of development to below the threshold for providing affordable housing will not be acceptable.*

*Contributions will not be sought from self-build, custom housebuilding developments or **specialist older persons' housing including sheltered and extra care accommodation.***

Charnwood LP 2022 - Shelterd (0% AH) ZT  
Quorn

Development Appraisal  
Licensed Copy  
06 June 2022

**Charnwood LP 2022 - Shelterd (0% AH) ZT  
Quorn**
**Appraisal Summary for Phase 1 Retirement Housing**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
1 Bed Flats	30	1,650.00	4,587.00	252,285	7,568,550
2 Bed Flats	<u>20</u>	<u>1,500.00</u>	3,978.00	298,350	<u>5,967,000</u>
<b>Totals</b>	<b>50</b>	<b>3,150.00</b>			<b>13,535,550</b>

**NET REALISATION** **13,535,550**
**OUTLAY**
**ACQUISITION COSTS**

Residualised Price (Negative land)	932,338	932,338
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**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost
1 Bed Flats	2,357.14	1,654.00	3,898,714
2 Bed Flats	<u>2,142.86</u>	1,654.00	<u>3,544,286</u>
<b>Totals</b>	<b>4,500.00 m<sup>2</sup></b>		<b>7,443,000</b>

Developers Contingency		5.00%	372,150
s106	50.00 un	6,000.00 /un	300,000
			672,150

**Other Construction**

External Costs		5.00%	372,150
Abnormals		5.00%	390,758
			762,908

**PROFESSIONAL FEES**

Architect		10.00%	744,300
			744,300

**MARKETING & LETTING**

Marketing		3.00%	406,066
			406,066

**DISPOSAL FEES**

Sales Agent Fee		2.00%	270,711
Sales Legal Fee	50.00 un	600.00 /un	30,000
			300,711

**Unsold Unit Fees**

1 Bed Flats			241,466
2 Bed Flats			145,706
			387,172

**FINANCE**

Timescale	Duration	Commences
Acquisition	1	Mar 2022
Pre-Construction	6	Apr 2022
Construction	15	Oct 2022
Sale	50	Jan 2024
Total Duration	76	

Debit Rate 6.500%, Credit Rate 2.750% (Nominal)	
Total Finance Cost	1,044,471

**TOTAL COSTS** **10,828,440**
**PROFIT** **2,707,110**
**Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR	17.16%

Charnwood LP 2022 - Extra Care (0% AH) ZT  
Quorn

Development Appraisal  
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06 June 2022

**Charnwood LP 2022 - Extra Care (0% AH) ZT  
Quorn**

**Appraisal Summary for Phase 1 Retirement Housing**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
1 Bed Flats	30	1,532.14	4,851.00	247,748	7,432,425
2 Bed Flats	<u>20</u>	<u>1,392.86</u>	4,661.00	324,605	<u>6,492,107</u>
<b>Totals</b>	<b>50</b>	<b>2,925.00</b>			<b>13,924,532</b>

**NET REALISATION** **13,924,532**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price			646,371		646,371
Agent Fee		1.00%	6,464		
Legal Fee		0.50%	3,232		
					9,696

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost	
1 Bed Flats	2,357.14	1,654.00	3,898,714	
2 Bed Flats	<u>2,142.86</u>	1,654.00	<u>3,544,286</u>	
<b>Totals</b>	<b>4,500.00 m<sup>2</sup></b>		<b>7,443,000</b>	<b>7,443,000</b>

Developers Contingency		5.00%	372,150	
s106	50.00 un	6,000.00 /un	300,000	
				672,150

**Other Construction**

External Costs		5.00%	372,150	
Abnormals		5.00%	390,758	
				762,908

**PROFESSIONAL FEES**

Architect		10.00%	744,300	
				744,300

**MARKETING & LETTING**

Marketing		3.00%	194,763	
				194,763

**DISPOSAL FEES**

Sales Agent Fee		2.00%	129,842	
Sales Legal Fee	50.00 un	600.00 /un	30,000	
				159,842

**Unsold Unit Fees**

2 Bed Flats			145,706	
				145,706

**FINANCE**

Timescale	Duration	Commences
Acquisition	1	Mar 2022
Pre-Construction	6	Apr 2022
Construction	15	Oct 2022
Sale	50	Jan 2024
<b>Total Duration</b>	<b>76</b>	

Debit Rate 6.500%, Credit Rate 2.750% (Nominal)	
Total Finance Cost	360,890

**TOTAL COSTS** **11,139,626**

**PROFIT**

**2,784,906**

**Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR	24.80%



Charnwood LP 2022 - Extra Care (0% AH) ZT  
Quorn

Charnwood LP 2022 - Shelterd (0% AH) ZT  
Rest of Borough

Development Appraisal  
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**Charnwood LP 2022 - Shelterd (0% AH) ZT  
Rest of Borough**

**Appraisal Summary for Phase 1 Retirement Housing**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
1 Bed Flats	30	1,650.00	3,340.00	183,700	5,511,000
2 Bed Flats	<u>20</u>	<u>1,500.00</u>	2,983.00	223,725	<u>4,474,500</u>
<b>Totals</b>	<b>50</b>	<b>3,150.00</b>			<b>9,985,500</b>

**NET REALISATION** **9,985,500**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price (Negative land)	3,193,755	
		3,193,755

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost	
1 Bed Flats	2,357.14	1,654.00	3,898,714	
2 Bed Flats	<u>2,142.86</u>	1,654.00	<u>3,544,286</u>	
<b>Totals</b>	<b>4,500.00 m<sup>2</sup></b>		<b>7,443,000</b>	<b>7,443,000</b>

Developers Contingency s106	50.00 un	5.00% 6,000.00 /un	372,150 300,000	672,150
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**Other Construction**

External Costs		5.00%	372,150	
Abnormals		5.00%	390,758	762,908

**PROFESSIONAL FEES**

Architect		10.00%	744,300	744,300
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**MARKETING & LETTING**

Marketing		3.00%	299,565	299,565
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**DISPOSAL FEES**

Sales Agent Fee		2.00%	199,710	
Sales Legal Fee	50.00 un	600.00 /un	30,000	229,710

**Unsold Unit Fees**

1 Bed Flats			240,838	
2 Bed Flats			145,706	386,544

**FINANCE**

Timescale	Duration	Commences
Acquisition	1	Mar 2022
Pre-Construction	6	Apr 2022
Construction	15	Oct 2022
Sale	50	Jan 2024
<b>Total Duration</b>	<b>76</b>	

Debit Rate 6.500%, Credit Rate 2.750% (Nominal)	
Total Finance Cost	643,979

**TOTAL COSTS** **7,988,401**

**PROFIT** **1,997,099**

**Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR	22.94%

Charnwood LP 2022 - Extra Care (0% AH) ZT  
Rest of Borough

Development Appraisal  
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06 June 2022

**Charnwood LP 2022 - Extra Care (0% AH) ZT  
Rest of Borough**

**Appraisal Summary for Phase 1 Retirement Housing**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
1 Bed Flats	30	1,532.14	4,587.00	234,265	7,027,939
2 Bed Flats	<u>20</u>	<u>1,392.86</u>	3,978.00	277,039	<u>5,540,786</u>
<b>Totals</b>	<b>50</b>	<b>2,925.00</b>			<b>12,568,725</b>

**NET REALISATION** **12,568,725**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price (Negative land)	1,544,625	
		1,544,625

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost	
1 Bed Flats	2,357.14	1,654.00	3,898,714	
2 Bed Flats	<u>2,142.86</u>	1,654.00	<u>3,544,286</u>	
<b>Totals</b>	<b>4,500.00 m<sup>2</sup></b>		<b>7,443,000</b>	<b>7,443,000</b>

Developers Contingency s106	50.00 un	5.00% 6,000.00 /un	372,150 300,000	672,150
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**Other Construction**

External Costs		5.00%	372,150	
Abnormals		5.00%	390,758	762,908

**PROFESSIONAL FEES**

Architect		10.00%	744,300	744,300
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**MARKETING & LETTING**

Marketing		3.00%	377,062	377,062
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**DISPOSAL FEES**

Sales Agent Fee		2.00%	251,375	
Sales Legal Fee	50.00 un	600.00 /un	30,000	281,375

**Unsold Unit Fees**

1 Bed Flats			240,838	
2 Bed Flats			145,706	386,544

**FINANCE**

Timescale	Duration	Commences
Acquisition	1	Mar 2022
Pre-Construction	6	Apr 2022
Construction	15	Oct 2022
Sale	50	Jan 2024
<b>Total Duration</b>	<b>76</b>	

Debit Rate 6.500%, Credit Rate 2.750% (Nominal)	
Total Finance Cost	932,267

**TOTAL COSTS** **10,054,980**

**PROFIT** **2,513,745**

**Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR	17.99%