



Planning Policy
Watford Borough Council
Town Hall
Watford
Hertfordshire
WD17 3EX

28th March 2014

**McCARTHY & STONE RETIREMENT LIFESTYLES LTD.
REPRESENTATION TO THE COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE**

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

McCarthy & Stone Retirement Lifestyles independently provided commentary on the Preliminary Draft Charging Schedule in April 2013 in which we in turn 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. Notably we raised concerns as to how specialist accommodation for the elderly differs from general needs housing through key issues including, amongst other things, communal floorspace built to a higher specification, a slower sales rate and higher empty property costs. On this basis we respectfully requested that a specific development scenario for sheltered accommodation be carried out for this form of development. For your convenience we have provided a copy of our initial response.

It must be noted that, despite the above, a separate development scenario for specialist accommodation for the elderly has not been conducted for these forms of development.

The Case for Testing Specialist Accommodation for the Elderly

As you are aware, as a national retirement housing company, McCarthy & Stone are currently submitting planning applications throughout the Country, including a number in Watford. In light of this we obviously need to ensure that the supporting viability work for the CIL is actually representative of what is happening in the real market place for all forms of housing, as, if it is not, the adoption of CIL may prevent needed development coming forward.

The Draft Charging Schedule stipulates a CIL levy rate of £120 per m² for *Specialist accommodation for the elderly and/ or disabled (within Use Class C2 and C3)* despite not completing development scenarios for either Sheltered / Retirement housing or Extra Care accommodation despite the significant differences between these forms of accommodation. The Council's rationale for this is detailed in the Statement of consultation as follows "*The Viability Assessments have considered a range of density type schemes in their assessment including houses and flats to conclude a single residential rate.*"

There are significant differences between sheltered accommodation and standard market housing and this is even more the case for Extra Care Accommodation which, crucially, provides an element of care. The provision of this care is an additional up-front cost to developers when speculatively building open market Extra Care development due to; higher build costs, the provision of on-site facilities to enable care and the cost of effectively subsidising the provision of care and services from initial occupation until the development is fully sold, often for a number of years. These are significant costs, which do not affect general needs housing, and we remain unconvinced that the flexibility in an appraisal of residential development is the best, or indeed the fairest, manner to assess the viability of specialist accommodation of the elderly.

The aforementioned viability characteristics of specialist accommodation of the elderly have been acknowledged by both the public and private sector and in the various tiers of Government. In the recently published National Planning Practice Guidance the *"How should different development types be treated in decision taking?"* (subheading: ID 10-018-130729) the guidance states that *"The viability of individual development types, both commercial and residential, should be considered. Relevant factors will vary from one land use type to another"*. The distinct viability characteristics of older persons housing are specifically acknowledged with the Guidance stating that *"For older people's housing, the scheme format and projected sales rates may be a factor in assessing viability"*.

There is an increasing consensus that specialist accommodation for the elderly should not be viewed as an oversight or 'casualty' of the CIL regime. There is now a considerable amount of guidance publically available for charging authorities and viability practitioners to address assess the viability of specialist accommodation of the elderly.

Pertinently, the Retirement Housing Group (RHG), a consortium of retirement housing developers and managers from the private sector and housing associations, recently commissioned the consultants Three Dragons to produce a paper that provides evidence and guidance for viability practitioners in appraising sheltered / retirement and extra care accommodation. This paper was sent to every viability practitioner in the UK with a copy sent to the Planning Minister, Nick Boles – a copy of this paper has also been attached for your convenience.

The Planning Minister responded positively to the RHG's paper with a letter sending out a message to charging authorities that they should differentiate between retirement housing and general needs homes where viability is an issue. The letter states *"... The revised Guidance published in December 2012 is clear that "charging schedules should not impact disproportionately on particular sectors or specialist forms of development and charging authorities should consider views of developers at an early stage". (page 121, paragraph 37). The guidance does not specify that any form of housing should be treated any differently to other sectors but is clear that if you have any evidence that your development would be made unviable by the proposed levy charge, this should be considered by the Authority and the examiner...'*. A copy of the Minister's letter is provided for your convenience.

Additionally, a joint position paper produced by McCarthy & Stone Retirement Lifestyles Ltd and Churchill Retirement Living Ltd, the two largest providers of specialist housing for the elderly, was recently sent to every local planning authority in England and Wales. The paper provides a number of recommendations on testing the viability of specialist accommodation for the elderly for CIL and how it differs from conventional housing.

We therefore consider that there is now a considerable amount of guidance available for charging authorities and viability practitioners with which to assess the viability of specialist accommodation for the elderly both competently and quickly.

Need for Private Housing Supply

We note that part of the Council's rationale for not specifically testing the viability of sheltered / retirement housing is that there will be minimal demand for these forms of development over the plan period, with the Council stating in their Statement of Consultation that – *'Given the amount of potential McCarthy and Stone schemes which are anticipated in the plan period and the proportion of the overall development they deliver, it is considered that it would not be appropriate to break down the CIL rate charging schedule further'*.

We do note that the demographic profile of Watford is not projected to age as dramatically as other areas of the Country. Moreover we have provided a report of housing need for specialist accommodation for the elderly in Watford using the Strategic Housing for Older People Analysis Tool (SHOP@) by the Housing Learning and Improvement Network's (Housing LIN). This is a well respected tool as is widely used within both the private and public sector.

Please note that in the "Future Market Split" settings we have applied the recommended settings for an 'Affluent Authority'. Whilst we appreciate there will be pockets of deprivation in the Borough we feel it is broadly fair to classify the Authority as affluent in a national context – this is alluded to in the Council's response.

The Shop@ tool does however qualify that there is presently an oversupply of sheltered housing in the Borough which will satisfy housing need for the next five years for Sheltered / Retirement Housing or owner occupation. With regards to Extra Care accommodation, there is some demand for owner occupied accommodation of this type, with a requirement for 50 units by 2020.

It is our opinion that there is some capacity for additional sheltered / retirement housing and Extra Care accommodation in the medium term and that a forward looking Council would look to improve provision of older persons housing before it became an issue in accordance with a wealth of policy and good practice guidance. Finally the Council and the attached SHOP@ report state there is a need for affordable specialist accommodation for the elderly in the Borough, it is widely known that the delivery of all forms of affordable housing will require an element of cross-subsidy, usually from an open market element. A disproportionate CIL rate could therefore be counterproductive.

Thank you for the opportunity for comment.

Yours faithfully,

Ziyad Thomas
Policy Planner
The Planning Bureau Ltd.

