



# THE PLANNING BUREAU LIMITED



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20<sup>th</sup> February 2017

Warwick District Council  
Riverside House  
Milverton Hill  
Leamington Spa  
CV32 5HZ

**McCARTHY & STONE RETIREMENT LIFESTYLES LTD.**

**RESPONSE TO CONSULTATION ON THE WARWICK DISTRICT COUNCIL COMMUNITY INFRASTRUCTURE LEVY  
– REVISED DRAFT CHARGING SCHEDULE**

This is a representation on behalf of McCarthy & Stone Retirement Lifestyles Ltd. the market leaders in the provision of retirement housing for sale to the elderly. It is considered that with its extensive experience in providing development of this nature, the company is well placed to provide informed comments on the emerging Warwick District Council Community Infrastructure Levy (CIL), insofar as it affects or relates to housing for the elderly.

We previously jointly provided pre-consultation commentary on the Preliminary Draft Charging Schedule in July 2013 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. On this basis we respectfully requested that a specific development scenario for sheltered accommodation be carried out for this form of development.

There is an increasing consensus that specialist accommodation for the elderly should not be viewed as an oversight or 'casualty' of the CIL regime. This is being borne out via an increasing number of Local Authorities providing separate rates for the different models of specialist accommodation for the elderly and an increasing level of scrutiny from Planning Inspectorate during the Examination of CIL Charging Schedules. **Indeed the Warwick CIL viability evidence is the one of a very limited number we have reviewed in nearly 12 months which does not appear to test the viability of specialist housing.**

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.

The Council's appointed viability consultants BNP Paribas Real Estate have undertaken assessments of specialist accommodation for the elderly for other charging authorities

## **Communal Areas**

Many forms of specialist accommodation for the elderly, such as retirement housing, provide communal areas for residents at an additional cost to developers. Specialist housing providers also have additional financial requirements as opposed to other forms of development that will only pay on 100% saleable floorspace. This does not provide a level playing field for these types of specialist accommodation and a disproportionate charge in relation to saleable area and infrastructure need would be levied.



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In comparison to open market flats the communal areas in specialist accommodation for the elderly are considerably larger in size, fulfil a more important function and are accordingly built to a higher specification in order to meet the needs of the elderly than those provided by open market flatted developments. Typically an open market flatted residential development will provide 16% non-saleable floorspace, whereas this increases to approximately 30% for sheltered accommodation and 35% for Extra Care accommodation. These figures have been accepted by a number of Local Authorities and Viability consultants as robust and we have successfully defended them in a number of Examinations to date – for example the Tandridge and Bath and North East Somerset.

This places providers of specialist accommodation for the elderly at a disadvantage in land acquisition as the ratio of CIL rate to net saleable area would be disproportionately high when compared to other forms of residential accommodation.

## Empty Property Costs

Properties can only be sold upon completion of the development and the establishment of all the communal facilities and on-site house manager. These communal areas cost additional monies to construct and are effectively subsidised by the developer until a development has been completely sold out. In a McCarthy and Stone development the staff costs and extensive communal facilities are paid for by residents via a management / service charge. However, due to the nature of these developments the communal facilities have to be fully built and operational from the arrival of the first occupant. Therefore to keep the service charge at an affordable level for residents, service charge monies that would be provided from empty properties are subsidised by the Company (these are typically known as Empty Property Costs). This is a considerable financial responsibility as, as previously mentioned, it usually takes a number of years to fully sell a development. For a typical 45 unit McCarthy and Stone Later Living development the Empty Property Costs are on average £200,000.

## Build Costs

Whilst the Viability Assessment differentiates between the build costs between houses and apartments, excluding abnormals, it does not consider the build costs of flatted sheltered housing.

The Build Costs Information Services (BCIS) shows that the Mean Average Build Costs per m<sup>2</sup> for a region. This database consistently shows that build costs vary significantly between housing types with the cost of providing sheltered housing consistently higher than for general needs housing and apartments.

The most recent BCIS figures for Warwick District (18<sup>th</sup> February 2017) show that the mean cost of building one m<sup>2</sup> of Sheltered housing costs £1,429 per m<sup>2</sup>, whereas the equivalent cost of houses and flats are £1331 and £1117 respectively. While the BCIS figures are subject to fluctuation it is our experience that specialist accommodation for the elderly tends to remain in the region of 5% more expensive to construct than apartments and generally between 15 to 20 % more expensive than estate housing.

## Flats

We note that the Revised Viability Assessment provides an assessment of 100% flatted developments in urban locations (Site Type 9). Table 6.7.9 details the results of the viability appraisal for this form of development and shows that flatted development cannot support CIL and provide policy compliant levels of Affordable Housing.



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The CIL rate as proposed would therefore render flatted development unviable across the urban areas of the District. The recent Government Housing White Paper: Fixing our Broken Housing Market advises that the NPPF will be amended to indicate that '*great weight should be attached to the value of using suitable brownfield and within settlements for homes*' (para 1.25) and that '*individual development proposals should make efficient use of land and avoid building homes at low densities*' (para 1.53). It is clear that a key aspect of the Government's strategy to increase housing delivery is to facilitate higher density development on previously developed sites.

The implementation of a CIL regime that impedes the delivery of high density urban development would therefore appear to directly contradict Government initiatives on housing delivery.

As detailed above, the viability of specialist older persons' accommodation, is more finely balanced than 'general needs housing' and the delivery of these forms of accommodation will be similar rendered unviable.

## Summary

Given the extent of projected housing need for older person's accommodation it is paramount that the Warwick District Council CIL Charging Schedule does not provide a rate of CIL that renders these forms of development unviable within the Authority. Despite our representations the Council has not deemed it necessary to test the viability of specialist older persons' accommodation.

The Council's recent refreshed *CIL: Viability Update (2016)* demonstrates that high density flatted developments will not be able to support CIL and policy compliant levels of affordable housing. Specialist accommodation for the elderly, such as that provided by McCarthy & Stone, is also high density flatted development on previously development sites, albeit the viability is more marginal given the increased proportion of communal floor space and build costs. We therefore have significant concerns that the CIL rates as proposed will hinder the delivery of these forms of development in Warwick.

We therefore request that in the event our concerns remain unresolved prior to the submission of the Charging Schedule we be given the opportunity to present our case at Examination.

Thank you for the opportunity to comment,

Yours faithfully

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