

Received 11.7.14
Ack 14.7.14
Rp:19 ID:3653

Dean Titchener

From: Ziyad Thomas
Sent: 11 July 2014 1
To: DPD
Cc: Alex Child; Greg Hilton
Subject: Representation to the Mid-Devon District Council CIL - Preliminary Draft Charging Schedule
Attachments: Mid Devon CIL PDCS Jul14.pdf
Follow Up Flag: Follow up
Flag Status: Flagged

As the market leader in the provision of sheltered 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 aforementioned document insofar as it affects or relates to housing for the elderly.

For your convenience, please find attached our comments with regards to the recent round of consultation on the Mid-Devon District Council CIL – Preliminary Draft Charging Schedule

Thank you for the opportunity for comment.

Yours faithfully

Ziyad

Ziyad Thomas
Policy Planner
The Planning Bureau Ltd



Disclaimer – The information in this e-mail and any attachments is confidential and may be legally privileged and protected by law. If you have received it in error please notify us immediately and then delete it. Unauthorised use, dissemination, distribution, publication or copying of this communication is prohibited.

You should carry out your own virus checks before opening any attachment. The Planning Bureau accepts no liability for any loss or damage which may be caused by software viruses.

The Planning Bureau Limited. Registered in England and Wales No. 2207050.
Registered Office: Homelife House, 26-32 Oxford Road, Bournemouth, Dorset, BH8 8EZ.

Mid Devon District Council
Phoenix Lane
Tiverton
EX16 6PP

11th July 2014

**REPRESENTATION TO THE MID –DEVON DISTRICT COUNCIL COMMUNITY
INFRASTRUCTURE LEVY - DRAFT CHARGING SCHEDULE**

This is a joint representation on behalf of McCarthy & Stone Retirement Lifestyles Ltd. (M&S) and Churchill Retirement Living Ltd. (CRL) the market leaders in the provision of retirement housing for sale to the elderly. It is estimated that of the specialist housing providers currently active in this specific market (not including the out of town "retirement village" model), the two companies deliver over 80% of the current supply between them. It is therefore considered that with the extensive experience in providing development of this nature, these companies are well placed to provide informed comments on the emerging Mid-Devon District Council Community Infrastructure Levy (CIL), insofar as it affects or relates to housing for the elderly.

McCarthy & Stone Retirement Lifestyles Ltd. independently provided commentary on the previous Preliminary Draft Charging Schedule in August 2012 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. 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 responses.

We therefore commend the Council on their decision to provide a Viability Assessment of Sheltered / Retirement housing in the revised CIL.

We are in broad agreement with the findings of the Viability Assessment and the corresponding levy rates explored within the Charging Schedule. We would however seek clarification and justification of some of the viability assumptions used.

Viability Assumptions

We are concerned that the DSP appraisal underplays a number of viability assumptions contributing to results that are not "typical" of a sheltered / retirement housing scheme. This could potentially underestimate the costs so that it has disproportionately positive effect on the residual land value of the scheme.

Please find attached our comments related chiefly to the viability assumptions:

Unit Sizes – DSP have assumed average unit sizes of circa 45m² for a one bedroom unit and 60m² for a 2-bedroom apartment.

McCarthy & Stone and CRL also use “typical” flat sizes of c50sq m and 75 sq m respectively. This is the case across the industry where space standards have increased recently in response to a number of factors such as the HAPPI report, Lifetime Homes standards and Sustainability standards. A typical unit mix for a retirement housing development is a 60:40 ratio of 1-bed to 2-bed units.

The typical unit size proposed by DSP is “only” 5m² and 15m² lower than our typical unit sizes than our respective position. Applied across the entire development it reduces the land take of the development by 120m², or by 2 units.

Size of Development – we note that DSP use a scheme size of 30 units. Whilst both representors may occasionally develop a scheme of this size, it is an exception, with typical schemes being between 40 units in size.

Non-Saleable Space – We would appreciate it if DSP clarified the proportion of non-saleable space (i.e. communal areas & corridors etc).

Sales Values – We find the sales values as detailed to be broadly comparable and do not dispute this aspect of the appraisal.

Sales Rate - Again the rate of sale used is not obvious and we would appreciate clarification in this matter.

The previous representations to the Preliminary Draft Charging Schedule highlighted that in the case of retirement housing there is a much longer sales period which reflects the niche market and sales pattern of a typical retirement housing development. This has a significant knock on effect upon the final return on investment.

We would like to point out that the slower sales rate attributed to specialist accommodation for the elderly was recently recognized by Government in their recently published Draft National Planning Practice Guidance. Specifically the guidance within the “*How should different development types be treated in decision taking?*” subheading (ID 10-018-130729), 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*”. It goes on to highlight that “*For older people’s housing, the scheme format and projected sales rates may be a factor in assessing viability*”.

Again we would highlight the nearby River’s Edge scheme in Okehampton which has been selling since September 2010 and is still selling (46months +).

Sales and Marketing Costs – We do not dispute the sales and marketing costs used by DSP.

Base Build Costs - We do not dispute the build costs used by DSP which provides an uplift on general residential build costs.

Density – We note the density of 125dph used in this instance by DSP, which is more representative of a scheme of this nature than the 200dph used in the viability appraisals for other Local Authorities.

Affordable Housing Thresholds and Renewable Energy

We note the findings of the recent DSP Viability Appraisal specifically with regards to lowering affordable housing requirements in order to facilitate CIL. The reduction from the existing Core Strategy requirement for affordable housing contributions of 35% to contributions of 30% in rural areas and 25% in the towns would logically allow an increase in CIL levy rates due to the concomitant improvement to development viability. It is the Council's decision as to whether it sees the delivery of infrastructure to support development or affordable housing as a priority. We would however support a more pragmatic approach to affordable housing which would of course need to be dealt with through changes to the Local Plan.

Similarly the removal of the Core Strategy's requirement for on-site renewable energy would also improve viability and allow for a proportionate increase in CIL rates. In this instance it would appear there is a greater guidance from Government as the ongoing Housing Standards Review indicate that sustainability will be dealt with more comprehensively in the building regulations. It seems unlikely that on-site renewable energy requirements will be permitted, or at least will need significant justification, under the forthcoming proposals

Summary

Given the extent of projected housing need for older person's accommodation it is paramount that the Mid Devon District Council CIL provides an accurate and robust assessment of the viability of sheltered / retirement housing. Whilst we highly commend the Council for differentiating between Sheltered / Retirement housing and general needs housing, we have concerns over some of the viability assumptions used and therefore request clarification from the Council on the issues raised..

Both McCarthy and Stone Retirement Lifestyles Ltd. and Churchill Retirement Living are willing to assist the Council in ensuring that the issue of specialist accommodation for the elderly is dealt with accurately and appropriately in the forthcoming CIL Charging schedule. We do not consider that at present there is a considerable distance between our respective positions and we would welcome the opportunity to resolve any outstanding issues prior to the next iteration of the Charging Schedule.

Thank you for the opportunity for comment.

Ziyad Thomas
Policy Planner
The Planning Bureau Ltd.

