CIL - Received Late -

ID NO: 3653
REP NO: 21
ACK: via email 22.8.12
SUMMARISED:

Mid Devon
DISTRICT COUNCIL

Draft Community Infrastructure Levy Charging Schedule – Form for Representations

Please enter your personal details below

	Personal Details	Agent Details (if applicable)
Title		
First Name		
Last Name		
Job Title		
Organisation	McCarthy + Stone Retirement	c/o The Planning Bureau Ltd
Address 1	Lifestyles Ltd.	Homelife House
Address 2		26-32 Oxford Road
Address 3		Bournemouth
Address 4		Dorset
Post Code		
Telephone		
Email		
Signature		

Representations on the draft Community Infrastructure Levy (CIL) Charging Schedule should relate to either the level of the charge or its variance across Mid Devon, or to the supporting evidence.

What aspect of the draft CIL Charging Schedule does this representation relate to? (Fill in one box).

Paragraph	
Omission, General, Other (please specify)	

Please explain below why this part of the draft CIL Charging Schedule is incorrect or inappropriate
Please refer to attached letter.

Please explain, as clearly as possible, how the draft CIL Charging Schedule should be altered to make it correct or appropriate

If you are unsatisfied with the supporting evidence to the draft CIL Charging Schedule please explain, as clearly as possible, why the evidence is unsatisfactory

Please indicate whether you:

☑ Wish to appear at the Examination [To review options at the time]

☑ Wish to be notified that the draft charging schedule has been submitted to the Examiner in accordance with section 212 the Planning Act 2008

☑ Wish to be notified of the publication of the recommendations of the Examiner and the reasons for those recommendations

☑ Wish to be notified of the adoption of the charging schedule by the charging authority.

Please return completed forms to Programme Officer, Forward Planning, Mid Devon District Council, Phoenix House, Phoenix Lane, Tiverton EX16 6PP or email to programmeofficer@middevon.gov.uk

Data Protection Act. Please note that this information on this form will be entered onto a database and the paper copies retained on file. The information will be used for the purposes of Town and Country Planning and may be viewed by any person for such purposes.

The text of the draft CIL Charging Schedule and the supporting evidence can be seen on the Council's website at www.middevon.gov.uk/cil

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REPLY TO: HOMELIFE HOUSE, 26-32 OXFORD ROAD, BOURNEMOUTH, DORSET, BH8 8EZ

Programme Officer
Forward Planning
Mid Devon District Council
Phoenix Lane
Tiverton
EX16 6PP

20th August 2012

RE: Community Infrastructure Levy - Consultation on Draft Charging Schedule August 2012

On behalf of my Client, McCarthy & Stone Retirement Lifestyles Ltd, I provide comments below on the draft Charging Schedule for the introduction of the Community Infrastructure Levy (CIL).

McCarthy & Stone Retirement Lifestyles Ltd. are the market leader in the provision of private specialised accommodation for older people with over 30 years experience providing over 40,000 homes designed to address the specific needs of older people. McCarthy & Stone has consistently been recognised by the house building industry for the quality and expertise within this specialist field of development.

PPS3 sets out the national strategic housing policy objective of achieving a wide choice of high quality homes for all, including meeting the accommodation needs of older people. By 2026 older people will account for almost half (48 per cent) of the increase in the total number of households, resulting in 2.4 million more older households than there are today[1]. The number of people aged 85 or over will increase by 2.3 million by 2036 – 184 per cent increase[2]. The ageing of society poses one of our greatest housing challenges. The Government has recognised this and has set out its aims and objectives of providing more specialised housing for older people in 'A National Strategy for Housing in an Ageing Society – Lifetime Homes, Lifetime Neighbourhoods'. The National Strategy identifies the important role the planning system has in delivering housing choice for older people, stating;

'Spatial planning offers a new and real opportunity to provide more and better quality housing – across the necessary range – for an ageing population in a way that we've not done before.'

In respect to future planning policy the Strategy is clear as to the level of importance to be given to an ageing society, stating;

'Recent reforms to the planning system require regional and local plans to take proper account of ageing and the needs of older people. Future planning policy reform will reflect the high priority we are giving to the challenge of ageing.'

It is considered that in light of the Government Strategy guidance that it is appropriate for the Community Infrastructure Levy to have regard to this objective. My Client's response to the draft regulations on the introduction of the Community Infrastructure Levy are based on meeting the

[1] Reference from 'Lifetime Homes, Lifetime Neighbourhoods – A National Strategy for Housing in an Ageing Society', (2008) CLG.
[2] As above footnote reference.

Government's objective, set out in the National Strategy, to ensure that sufficient specialised housing is delivered to meet the growing needs of an ageing population.

My Client is particularly concerned with some of the assumptions and the mechanics of the Community Infrastructure Levy Schedule, how the figures have been achieved and how they would apply to specialist forms of accommodation for older people such as retirement housing.

As you are probably aware, as a national retirement housing company, we are currently submitting applications throughout the country and are finding that all but a handful of our schemes require a viability assessment to determine what is a reasonable level of affordable housing contribution it can absorb before it becomes unviable. Retirement Housing is being hit disproportionately higher than other forms of residential due to the nature of its high net to gross internal floor space, longer sales periods, higher build costs and also higher charges compared to the current s106 infrastructure which quite rightly considers the impact of the specific development and proportionately considers this. A flat uniform rate based upon GIA penalises retirement housing providers. With the sheer number of schemes that are not currently viable particularly if policy compliant schemes are being pursued then we obviously need to ensure that the supporting viability work is actually representative of what is happening in the real market place.

Whilst accepting that some of the CIL cost will come off the land value, a significant amount would be absorbed directly as a cost. Ultimately land will not be released in the short run and opportunities to meet wider objectives for meeting housing provision for the older population will suffer contrary to NPPF and Local Plan requirements. Alternatively retirement housing will be unable to compete against other open market housing or retail uses, particularly on accessible edge of town centre locations where retirement housing is best located.

Whilst on the one hand one seeks a relatively low overall level of contribution being sought for residential this has to be seen in the relative and comparable context where a use such as retirement housing has a high gross internal Floorspace of which a significantly smaller element is net saleable. This compares starkly to say residential houses or even a traditional block of flats where communal space will be smaller.

Nearly all types of retirement developments are impacted on financially by communal space and also a slower sales rate than other residential development. Given that viability of such schemes may therefore be marginal, application of a CIL may prevent many forms of retirement housing coming forward. Whilst there is an understandable desire to keep the charging rates as simple as possible the broad inclusion of some retirement housing within a "general residential heading" fails to acknowledge the very specific viability issues associated with such Housing.

A retirement housing development typically has 30% of its internal floor area devoted to necessary communal areas and facilities, such as residents lounge, laundry, guest suites, and communal space. It is these specific communal areas and facilities that differentiate retirement / older peoples' housing developments from other forms of accommodation for the wider population. These communal areas are a necessary part of a retirement housing development that are non-saleable floor space which the developer has to build but does not receive any direct revenue from. Therefore, to apply a CIL rate based on 'pounds per square metre of gross internal floor space' would unreasonably penalise a retirement housing developer who would have a building of typically 70% net saleable area to acquire revenue from, compared to other forms of residential accommodation that would have 90-100% net saleable floor area to acquire revenue from. This would place those providers of retirement housing 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. It is considered that this would threaten the delivery of much needed specialist accommodation for older people, contrary to the Government's aims and objectives to ensuring the provision of appropriate specialist accommodation for older people as set out in 'A National Strategy for Housing in an Ageing Society'.

Viability Appraisal Assumptions

We would ask that the site testing is also expanded to include a brownfield town centre or edge of town centre location such as a petrol station or employment use where a sustainable use such as retirement housing may be attracted to. Here abnormals are likely to be relative high due to site demolition and contamination / ground works / drainage and flood prevention or additional design works may be required. Market Value may be higher due to competing alternative land uses.

With construction costs the BCIS make the distinction between residential and retirement/ sheltered housing. Typically retirement housing will be attracted to brownfield sites close to the Town centre, often with higher than average abnormal costs and higher build costs. The basic build costs may typically be £100 - £150 psqm higher than non retirement / sheltered housing.

In the case of retirement housing for example there is also 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. This is particularly important with empty property costs, borrowing and finance costs and sales and marketing which extends typically for a longer time period. Sales and marketing fees are typically in excess of 6% of GDV, for example, and increasing in the ever fragile housing market. A typical 46 unit retirement scheme can take 3-4 years to sell out. Properties can only be sold upon completion of the development and the establishment of all the communal facilities and on site house manager. There is typically a 12-13 month build programme before occupation and revenue streams start.

In the foreseeable economic climate 20 % developer profits may still not be enough incentive to achieve the required finance backing for a retirement scheme to proceed and the developer take on the risk of return. Similarly the incentives required to acquire land, particularly brownfield sites the type where sustainable uses such as retirement housing are best located, in the first place is likely to be at least 40%+ of current existing use market value. Obviously the market value is influenced by a number of factors which can easily be over generalised.

All these factors have the potential to impact upon what development will come forward. The Minister for State for Decentralisation (Mr Greg Clark) in his Written Ministerial Statement: Planning for Growth 23rd March 2011 states that LPAs should support enterprise and facilitate housing and economic and other forms of sustainable growth. LPAs are required to avoid unnecessary burdens on development and with this in mind greater flexibility is required in the interpretation when CIL is payable for different types of residential use. For example retirement housing does not have the same impact upon open space, sports, recreation, education and strategic transport and yet is being lumped in with the same CIL as family residential housing. This is unfair and unreasonable. Typically a retirement scheme will be located in a highly sustainable location very close to public transport, shops and services and will inevitably have a relatively large amount of floorspace reflecting its central location and yet will not have the same proportionate impact upon local infrastructure. Eg: education, health, road movement, recreation children's play areas. It is acknowledged that retirement housing that which falls within a Class C3 use has similar viability implications to those falling within a Class C2 care home or extra care type use and should be treated in a similar way.

Payment by Instalments

Consideration should also be given to the timing of CIL payments and an allowance for payment by instalments. We **would welcome flexibility in the timing of CIL as payments on commencement will introduce an additional financial cost on the development prior to the receipt of any revenue from the proposed development. This would place an additional burden on the developer and would affect the viability of the development, and possibly in the case of residential development impinge upon the developer's ability to provide for affordable housing. This issue is compounded in the case of retirement housing providers, as developments need to be completed in their entirety before a single unit of accommodation can be sold.** It is considered that at the earliest, part payment on ***first occupation*** would be fairer and would reduce unnecessary financial costs to the developer. This should then be ***phased depending upon occupation levels.*** For the foreseeable economic climate, such as currently being experienced, there is considerable merit in staged payments reflecting occupation levels throughout the sale of the development.

Summary

Given the extent of projected housing need for older persons accommodation including specialist forms of older persons housing and extra care accommodation identified in 'A National Strategy for Housing in an Ageing Society', and at the local level, it is paramount that CIL schedule recognises the potential shortcomings of considering retirement housing in the same way as open market family housing. It is respectfully requested that these comments are given due consideration in the formulation of the charging schedule for the introduction of the CIL and that specialist housing is treated the same as say a Class C2 use such as a care home or extra care housing for very similar viability reasons.

It is respectfully requested that these comments are given due consideration in the formulation of regulations for the introduction of the Community Infrastructure Levy.

Planning Associate
The Planning Bureau Ltd.