

Planning Policy Team
Harborough District Council

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2nd May 2025

By Email Only
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Dear Sir/Madam,

CHURCHILL LIVING & MCCARTY STONE RESPONSE TO THE DRAFT HARBOROUGH LOCAL PLAN REG 19

Please find below our comment on the draft policies within this consultation insofar as they impact the delivery of specialist accommodation for older persons.

Comments are submitted on behalf of Churchill Living and McCarthy Stone who together, deliver circa 90% of dedicated older persons housing for sale in the UK each year. The comments reflect the two company's significant experience in delivering specialist housing for older people.

Churchill Living previously made comments on the emerging plan as part of the Regulation 18 consultation exercise. This specifically highlighted the policy environment necessary for providers of older persons housing to have confidence to invest in the delivery of older persons housing within Harborough. We have reviewed the Reg 19 Local Plan and provide further comments below with the intention of assisting the council in formulating policies which facilitate rather than frustrate older persons housing delivery.

Viability

We have reviewed the council's plan wide viability study or PWVS (Aspinall Verdi January 2025). Helpfully, the study seeks to test the viability of older persons housing in order to understand the typology's ability to meet policy requirements. The approach applied within the PWVS is somewhat confusing, with an emphasis on testing greenfield development over brownfield. Due to the nature of older persons housing development, the immediate observation is that older persons housing rarely, if ever, comes forward on greenfield land due to the lack of adjacent amenity and facilities, as well as a requirement to be less dependent upon use of a car. The basis of testing the viability of older persons housing is therefore flawed in our opinion.

The PWVS concludes in respect of older persons housing viability (on Greenfield sites) that:

6.49 Table 6.6 shows that the development of older persons' accommodation on greenfield sites is unviable. The Council may need to take a more flexible approach to policy requirements for this type of development.

*6.50 Based on our sensitivity tables, the Sheltered Housing Typology can support **15%** onsite affordable housing. (My Emphasis)*

6.51 The sensitivity tables show for Sheltered Housing 50-unit typologies to be viable, an increase of 10% in market values is required, or a 20% decrease in affordable housing provision and a decrease of 2% in build costs.

6.52 We note for Extra-Care 50-unit typologies all our sensitivity analyses show the site to be unviable despite favourable adjustments.

Therefore, even on the lowest value sites (Greenfield), the testing does not actually show a viable outcome for older persons housing, and it is only through sensitivity testing that viable outcomes are arrived at. At no stage has the testing shown a 40% target to be justified.

ES19 of the Aspinall Verdi study states:

Despite viability being challenging within Lower Value Greenfield and Brownfield typologies, we recommend Harborough District Council adopt a blanket rate of 40% affordable housing across the District.

ES20 continues:

The Council's existing policy is 40% across the district and we understand their preference is to retain the same blanket rate for ease of implementation.

The Local Plan itself states:

6.9. We have carefully considered the amount of affordable housing we can ask for, setting it at a rate high enough to contribute to need, but not so high that it makes development unviable. This testing gives confidence that it can be delivered, even if there are extra unanticipated costs (see Harborough Local Plan Viability Assessment, 2025).

Having examined the viability study, we would argue that this is not the case. This approach is not justified by the viability testing. It is inappropriate to simply adopt an approach for ease of implementation which ignores evidence.

We would remind officers that the PPG requires the following.

How should plan makers set policy requirements for contributions from development?

Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure).

These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types or location of site or types of development.

See related policy: National Planning Policy Framework [paragraph 34](#)

Paragraph: 001 Reference ID: 10-001-20190509

The council's viability testing has found that the target of 40% is not viable and specifically in relation to older person's housing, the council may need to take a more flexible approach in terms of application of affordable housing policy.

HNO1: Affordable Housing

The draft policy expects proposals of 10 or more homes to provide 40% affordable housing. No policy flexibility is proposed for older persons housing despite the viability testing outcomes.

We believe that the omission of an affordable housing policy specific to specialist housing for older people is a missed opportunity. Applying a high, unachievable target creates another unnecessary layer of uncertainty for developers of these products and inhibits their ability to secure land in a competitive environment. Adopting realistic policy expectations based upon evidence is a requirement of the PPG.

The Council should note that the viability of specialist older persons' housing is more finely balanced than 'general needs' housing. Specialist housing schemes for older people are different to mainstream housing or flats and tend to be based around communal facilities and community living and delivered on smaller sites.

Older persons housing therefore differs from a standard model of development because, as confirmed within the PPG (Paragraph: 010 Reference ID: 63-010-20190626) it generally has additional facilities such as extensive communal areas and or space to socialise, some have a wellbeing centre as well as a care service with 24 hour access to support services and staff, meals are also often available. This enables residents to live much more independently than they would otherwise. However, the facilities do take up floorspace and there are other additional costs which make the viability of such schemes much more challenging. and we are strongly of the view that older persons housing typologies should be robustly and accurately assessed in the Local Plan Viability Assessment.

'This would accord with the typology approach detailed in Paragraph: 004 (Reference ID: 10-004-20190509) of the PPG which states that.

A typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period.

The PPG on viability, Paragraph: 001 Reference ID: 10-001-20190509 confirms that

*'...policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that **takes into account all relevant policies, and local and national standards**, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. **Different requirements may be set for different types or location of site or types of development.**'*

We would direct the Council towards the Retirement Housing Consortium paper entitled 'A briefing note on viability' prepared for Retirement Housing Group by Three Dragons, May 2013 (updated February 2016 ('RHG Briefing Note') available from <https://retirementhousinggroup.com/rhg/wp-content/uploads/2017/01/CIL-viability-appraisal-issues-RHG-February-2016.pdf>. The RHG Briefing Note establishes how sheltered housing and extra care development differs from mainstream housing and looks at the key variables and assumptions that can affect the viability of specialist housing for older people. These key variables include unit size, unit numbers and GIA, non-saleable communal space, empty property costs, external build cost, sales values, build costs, marketing costs and sales periods and significantly variable benchmark land values. If a viability update was run using these assumptions extra-care and sheltered housing would be likely to be shown to be even less viable in terms of delivering affordable housing in comparison with non age restricted housing but we will not go into detail here. .

Providing affordable housing in block

Excluding issues of viability, the practicalities of seeking affordable housing on older persons housing proposals must also be considered. The vast majority of these proposals are brought forward on small brownfield sites where single blocks of between 30-60 units overall are typical and considered to make the optimum use of such sites.

Integrating affordable housing within such small proposal is impractical for several reasons. Firstly, proposals are built around communal areas with a communal management arrangement paid for through service charges by residents. Our experience of engaging with registered providers is that they are unwilling to own and manage relatively small number of such units in mixed management blocks due to the affordability of ongoing service charges for both their tenants and the exposure for themselves in times when any property is 'void'.

Secondly, it is not feasible to create two managed blocks on such constrained sites whilst enabling sufficient quantity of development for both market and affordable providers. Anything less than 25-30 units for each tenure is likely to create affordability issues for residents.

For these reasons, our experience is that registered providers prefer to acquire blocks of sufficient scale so they can maintain and control service charges at appropriate levels for their own business model. Service charges may not be subsidised within mixed management blocks and all residents must pay equally to ensure a harmonious community. Where an affordable housing need exists for older people, policies should recognise how such developments may come forward over the plan period and seek to facilitate registered providers in finding sites and securing funding for developments they wish to bring forward and manage.

We have engaged in considerable local plan representations over the last number of years and can point to a number of recently adopted or emerging local plans where suitable bespoke affordable housing policies have been brought forward.

We would draw the Council's attention to Paragraph 5.33 of Policy HP5: Provision of Affordable Housing in the now adopted 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.

Furthermore, policy in Swale exempts older persons housing from affordable housing in light of viability constraints and emerging policy in BCP, Birmingham and Charnwood also exempt older persons housing from the provision of affordable housing.

BCP

The Local Plan viability assessment indicates that for greenfield sites we can continue to seek 40% affordable housing provision on site. For brownfield sites we will seek 10-15% affordable housing, but due to viability, this will not apply in Bournemouth and Poole town centres, or for specialist forms of housing (e.g. build to rent, student housing, care/nursing homes (Use Class C2) or for retirement housing (sheltered housing) and extra care (assisted living) housing (both Use Class C3).

Birmingham

Due to specific viability challenges of delivering older person's housing, the evidence suggests on the basis of market research, appraisal inputs and policy requirements, Older Persons Housing is exempted from Affordable Housing provision.

Charnwood

Our viability evidence shows that neither affordable housing nor extra care housing developments are likely to be viable if a contribution towards affordable housing is sought.

It is clear that in this case, a similar exemption should be examined to enable the typology to come forward.

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 significant savings on health and social care as well as the added benefit of enabling housing 'rightsizing'.

It is also worth considering that paragraph 008 of the PPG Viability section requires that when a viability assessment is submitted at the development management stage, reference is taken from the plan wide viability assessment underpinning the policy requirement and the applicant is required to set out what changes have taken place since the plan wide viability assessment was undertaken. In this case it is likely that the plan wide viability assessment would be entirely consistent with the application viability assessment. Therefore, by not adopting a different policy in respect of housing for older people, the policy is adding uncertainty and an unnecessary layer of cost and delay to such proposals.

Policy HN01 is not considered to be sound as it is not positively prepared, not justified, not effective and not consistent with national policy.

In order to be justified, it is recommended that the conclusions of the Plan Wide Viability Study are referenced and that HN01 confirms that the affordable housing policy will not apply to proposals for older persons housing. It should be acknowledged that affordable forms of older persons housing are more likely to come forward as part of developments by registered providers for the reasons set out above.

We would also like to highlight that the council's evidence of housing need for older people at Table 11 of the plan shows that overall, the affordable housing needs for older people is closer to 15% of overall demand. On the basis of housing need alone, a 40% target is not justified.

Table 11 Types of Specialist Housing for Older People Required

Category	Additional Units Needed by 2041	Total Units Needed by 2041 (including previous shortfall/surplus)
Housing with Support (Retirement/ Sheltered Housing) - Market Sector	653	1,043
Housing with Support (Retirement/ Sheltered Housing) - Affordable Sector	343	206
Total (housing with support)	996	1249
Housing with Care (Extra Care Housing) - Market Sector	267	489
Housing with Care (Extra Care Housing) - Affordable Sector	92	140
Total (housing with care)	359	629
Residential Care (bedspaces)	319	346
Nursing Care (bedspaces)	359	473
Total bedspaces	678	819

Source: Harborough Local Housing and Employment Land Evidence, 2024

At 6.11 the draft plan states

We have included an upward review mechanism where a policy-compliant level of affordable housing cannot be viably supported on site, as evidenced at the decision-

making stage by the independent viability assessment and subsequent review. This will enable affordable housing contributions to be reassessed over the lifecycle of a development...

This is a particularly unreasonable requirement considering this would be applied to older person's housing development where a 40% requirement has not been shown to be justified through viability analysis and nor is it justified based upon housing need.

Policy HN02 Housing Need: Mix of New Homes

This policy requires all homes to meet accessible and adaptable M4(2) Building Regulations technical standards and allows for evidence provided concerning site-specific factors that may make it impossible to meet the accessible and adaptable standard. It also requires all major residential developments to provide 5% of market homes must meet Building Regulations technical standard M4(3)A and a minimum of 10% of affordable homes must meet standard M4(3)B (wheelchair accessible). The M4(3) requirements appear to be mandatory.

The plan wide study has not shown the above requirements to be viable in respect of older persons housing. It also fails to address the additional size requirements of providing M4(3) accommodation which result in larger unit and communal area requirements.

Policy HN02 is not considered to be sound as it is not positively prepared, not justified, not effective and not consistent with national policy.

The PPG States:

Planning policies for accessible housing need to be based on evidence of need, viability and a consideration of site specific factors.

Paragraph: 009 Reference ID: 63-009-20190626

The policy must be amended to allow for these standards to be applied subject to financial viability and evidence of need.

Conclusions

We would like to engage with officers to address the issues set out above and welcome the opportunity to take part in further consultation events going forward. Where the council propose to update and consult upon their plan wide viability assessment, we like to contribute to the stakeholder events.

Thank you for the opportunity for comment.

Yours faithfully,

