



**MID SUSSEX DISTRICT COUNCIL SITE ALLOCATION DPD
MATTER 3 HEARING STATEMENTS
SUBMITTED ON BEHALF OF RETIREMENT VILLAGE DEVELOPMENTS LTD & NOTCUTTS LTD**

3.1 New Homes Quantum

(i) Is the updated Minimum Residual Requirement for Mid Sussex, which has been reduced from 2,439 units in Policy DP4 of the District Plan to 1,280 units in the submitted Plan, supported by Evidence.

1.1 No. As set out in response to Matter 3.8 the residual housing figure fails to take account of any qualitative housing assessment and consequently does not make provision to meet the identified need for specialist care accommodation, specifically leasehold extra care (C2). Whilst it is acknowledged that the housing figure is expressed as a "minimum", the housing requirement makes no specific provision for specialist accommodation.

1.2 In the Appeal Decision at Albourne (Former Hazelden Nursery) (Appendix 1 to Matter 1), the Planning Inspector found at para 93 that in the case of leasehold extra care housing:

- Evidence indicates there is a significant level of current unmet need;
- The need will significantly increase over the plan period, which has not been helped by the slow progress with the Site Allocations Plan; and
- The Council has failed to recognise an unmet need which is clearly evident.

1.3 TP4 substantially "recycles" the Council's evidence to the Albourne Inquiry and has concluded again that there is no evidence of need. We address the Council's evidence and position on need under Matter 3.8 and find it unjustified, particularly in light of the Appeal decision referenced above. The Council's position that the current local policy framework would address the need is also unjustified, an approach that is evidently failing. Allied to which, it cannot be assumed that sites allocated for residential would feasibly come forward for alternative forms of specialist accommodation (see response to Matter 3.9 below).



1.4 On this basis and in the context of the recent Albourne Decision, the reduction in housing numbers is not justified by the evidence and must be increased to address the need for specialist accommodation, specifically C2 extra care, in order for the Plan to meet the soundness tests of "Justified", "Effective" and "Consistent with National Planning Policy" in accordance with the NPPF (para 35).

(ii) Does the increased housing provision amount to a sufficient buffer to ensure there is enough flexibility or housing land over the Plan period. If the Plan is found to be insufficiently flexible in this regard, what further steps should the Council take to rectify this? Are there sound arguments to support the notion that the amount of buffer is too great or has been incorrectly applied? Is the buffer excessive in relation to the requirements of para 73 of NPPF?

1.5 No. For the reasons set out in response to Matters 3.8 and 3.9 below, planned housing land makes insufficient provision for specialist accommodation. The buffer is therefore not sufficient to ensure that the need for specialist housing is addressed. It must be increased so the Plan is flexible and therefore "Effective" in meeting identified significant needs for specialist housing which should be planned for to be "Consistent with National Planning Policy" (NPPF 59 & 61, NPPG ID:63- Housing for Older and Disabled People).

(iv) The Council places significantly high reliance on the implementation of strategic sites in Policies DP9, DP10, DP11 and DP12, to enable the delivery of the District's objectively assessed need over the Plan period. These four strategic sites are expected to deliver a total of 5,800 dwellings or 35.4% of the minimum District requirement of 16,390 dwellings. Is this total realistically deliverable within the Plan period, and if not, does the Council need to allocate further additional sites in this Plan.

1.6 Yes, the Council does need to allocate further sites. Allocated sites DP9-DP12 do not provide for any leasehold extra care for which there is an identified and significant need. The Council relies on a single similarly strategic scale allocation¹ (SA20) in this Plan to deliver a component of C2, which may include leasehold extra care². This single allocated site on its own cannot meet the significant need for specialist housing within the Plan period, as identified in our representations for Matter 7 as **at least 665 additional extra care units**

¹ Site SA20 is for 550 homes, where Site DP11 in the adopted Local Plan is for 500 homes

² Refer the Reg 19 representations submitted by DMH Stallard representing Welbeck – proposals include an indicative scheme for 141 units of which 109 will potentially be extra care (C2).



(Use Class C2) are needed by 2030, of which at least 570 should be leasehold. The strategic sites, which make up a significant proportion of the Council's total OAN (6,350 homes or 38.7% including S20), therefore fail to address the significant identified need for extra care (see response to 3.8 below). Further sites must therefore be allocated to address the need and to ensure it can be realistically addressed within the Plan period, to be "Effective" and "Consistent with National Planning Policy" (NPPF, para 61 and NPPG, ID63 - Housing for Older and Disabled People). Those sites must be of sufficient size to meet the minimum requirements of retirement operators. In our experience affordable extra care is typically viable from around 50 units and optimally 100 units in the private sector. These can be developed on medium sized sites, speeding up delivery and thus making an important contribution to meeting the specialist housing requirements within the District, in accordance with the NPPF (para 68).

3.6 Bearing in mind the above considerations, and the requirement of paras 67 and 68 of the Framework, should the plan identify an increased number of specific deliverable sites in the form of housing allocations?

1.7 Yes. The Site at the Former Hazelden's Nursery is a "medium" size site and its allocation (see response to 3.9 below) would make an important contribution to meeting the need for leasehold extra care (see 3.8 also below). In addition, it would contribute to promoting a good mix of sites in accordance with the NPPF (para 68).

3.8 Qualitative aspects of housing supply – Is there a need for any qualitative parameters for housing provision of older persons accommodation (C2).

1.8 Yes. As established under Matter 1:

- It falls within the scope of this Plan to address the need and any shortfall in the provision of specialist accommodation including extra care housing (C2), as set out in Local Plan Policies DP25 and DP30; and
- For the Plan to address the need and/or shortfall it follows that there must be an assessment of need. The assessment of need must be relevant and up-to-date (Policy DP30 and NPPF, para 31)

1.9 The accompanying note (Appendix 1) provides a review of TP4 "Housing for Older People", in the context of the recent Albourne Appeal decision³. Critically, it establishes that the Council's assessment of need and policy approach is fundamentally flawed because:

- The Council's own assessment in TP4 identifies a need (para 6);
- The Albourne Appeal Inspector did not agree with the Council's provision rate and on the Council's own assessment of need, the need for leasehold extra care increased (9);
- There has been no material change in circumstances, either in the supply or pipeline within the District since the Albourne Appeal decision (para 13);
- The Inspector concluded that the evidence indicated a significant level of unmet need, which would only increase over the Plan period (para 17);
- Moreover, the *"Council's riposte that it is not being inundated by enquiries or applications does not seem to me to be a very robust or objective yardstick on which to rely"* (para 17).

1.10 In light of the need, ultimately the Inspector concluded *"that the provision of extra care units by the appeal development to be a matter of substantial weight" (our emphasis)* (para 93 of the Appeal decision⁴). As such, the Council's position that "the evidence indicated no immediate need" (para 1.61 of TP4) is untenable and is not a sound evidence basis on which the Plan should rely.

1.11 As established in our previous representations, there is an identified need for "at least" 665 additional extra care units (Use Class C2) by 2030, of which at least 570 should be leasehold.

1.12 Allied to this (as rehearsed at in the Reg 19 Reps), since the Adoption of the Local Plan, the NPPF (para 61) has only strengthened its guidance around the requirement to assess and reflect in planning policies the need for older persons accommodation, amongst other housing types. Additionally, the NPPG has been expressly updated, introducing a new section "Housing for older and disabled persons", crucially establishing that:

³ Topic Paper 4 on "Housing for Older People" is dated December 2020 and thus not available for comment at the time the Reg19 Plan was consulted on.

⁴ Appendix 1 to Matter 1 Statement



- The need to provide accommodation for older people is critical [Para 001 Ref ID: 63-001-20190626];
- Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people. [Para 006 Ref ID: 63-006-20190626] (our emphasis);
- Policies can set out how the plan-making authority will consider proposals for the different types of housing that these groups are likely to require. They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period. [Para: 006 Ref ID: 63-006-20190626]; and
- Recognises that site allocations for specialist housing for older people can provide greater certainty and encourage provision, especially where there is an unmet need. [Para: 013 Ref ID: 63-013-20190626].

1.13 To comply with the requirements of the Adopted Development Plan (Policies DP25 and DP30) and to be “Consistent with National Policy” the Plan must address the identified shortfall for extra care provision and the following policy is proposed:

There is an identified need for at least 665 additional extra care units (Use Class C2) by 2030, of which at least 570 should be leasehold. The Council will support proposals that will contribute to meeting this need. Such developments will be permitted within towns and villages within the defined built-up-area boundaries, having regard to Local Plan Policy DP26: Character and Design.

Outside defined built-up area boundaries, proposals for C2 extra care development will be supported where a site is allocated for that purpose either in the Site Allocations DPD or a Neighbourhood Plan, or it can be demonstrated that:

- **The Site is contiguous with or does not cause significant harm to the existing pattern of development in the settlement; and**
- **The development is demonstrated to be sustainable having regard to the accessibility of local services and facilities and any services and facilities that might be provided as part of the proposals; and**
- **In meeting the need for C2 extra care, the proposal would outweigh any conflict with other adopted policies, having**



regard to the degree of harm and benefits the scheme will deliver.

- 1.14 The proposed policy approach further echoes the recently jointly published report by Arco and CNN (County Council's Network). The report (at Appendix 2) recognises the benefits of and the need to increase the range and provision of retirement housing (including extra care). It is a recommendation of the report (pg3) that "*Local Planning Authorities should include policies within their local plans that outline the current and future need for older persons housing and care, including retirement communities.*" This is particularly pertinent as a matter the County Council is a need that is often overlooked (pg20).
- 1.15 The proposed policy is consistent with the proposed allocation of Former Hazelden Nursery. In combination the additions suggested would ensure the Plan is "Positively Prepared", "Justified" and "Effective". Thus, meeting the soundness tests in the NPPF (para 35).

3.9 Is the range of the size of housing allocations in the Plan appropriate to address the qualitative requirement of the District

- 1.16 No. As set out above, our experience is that affordable extra care is typically viable from around 50 units and optimally 100 units in the private sector, to ensure that it is affordable to residents whilst supporting a range of services and facilities and creating a sense of community. Of the 22 allocations in this Plan, only nine allocations meet this threshold. With reference to Table 1 below all but one site (SA16) has a promoter or housebuilder on board. Three sites (SA20, SA23 and S25) are being taken forward by promoters. The remaining five sites (SA13, SA19, SA22, SA24 and SA27) are controlled by housebuilders and are unlikely to be promoted for C2 use for the reasons specified below.
- 1.17 As summarised below, the sites controlled by housebuilders (sites SA13, SA19, SA22, SA24 and SA27) 745 homes (45%) of the total 1,620 homes allocated in the Plan. As is to be expected the sites are all promoted for C3 residential since there is no policy expectation, they should provide other forms of specialist accommodation and as established housebuilders this is not the type of development (non C3) they are in the market to deliver. These units would therefore not contribute to a supply of specialist accommodation. Furthermore, to impose late in the day requirements on these allocated sites to deliver



specialist accommodation would likely undermine their delivery when also including for affordable housing requirements (30%) across any residual C3 housing. Simply, the erosion of market C3 housing may make the sites commercially unattractive.

1.18 The remaining sites promoted by landowners and agents (sites SA16, SA20, SA23 and S25), deliver the balance of 875 homes. Only site SA20 (for 550 homes) includes a requirement in the allocation for the provision of specialist accommodation (potential 141 units of which 109 could be extra care). This single allocated site on its own cannot meet the significant need for specialist housing within the Plan period and identified in our representations for Matter 7 as **at least 665 additional extra care units (Use Class C2) by 2030, of which at least 570 should be leasehold.**

1.19 Discounting site SA20 (550 homes) from the 875, the remaining 325 homes are not being promoted to include specialist accommodation. As referenced in TP4 (para 1.25) policies in the adopted Local Plan do support C2 provision on C3 residential sites. However, even in the very unlikely scenario all the remaining sites (sites SA16, SA23 and S25) were to come forward for C2 extra care, the sites would still not address the significant identified need. Moreover, as the sites are allocated for residential development it would not be reasonable to assume the site would include anything other than general C3 housing on the basis:

- There is no policy requirement, allied to which; and
- Specialist accommodation attracts lower land values, for the reasons set out in para 1.19 below and as such the sites are very unlikely to either come forward wholly for or include an element of specialist accommodation.

1.20 Provided at Appendix 3, a note prepared by Newsteer Real Estate Providers explains in further detail why specialist accommodation providers (including extra care), cannot compete with housebuilders on land price and as such are "squeezed" out of the market on allocated C3 housing sites. In short this is because:

- The services and facilities provided on site lower total sales revenues for the amount of built space;
- Gross development values are lower when compared to market housing;



- Construction costs are higher because of the type of product and built in facilities; and
- The bespoke nature of the product results in additional costs around slower build out rates higher costs of site start up i.e. facility buildings upfront.

1.21 Accordingly, it is much harder for those seeking to deliver Extra Care to secure sites for development and meet the housing needs they aim to supply.

Table 1: Summary of Allocated Sites of 50 Dwellings or More		
Site	No. Units	Status
SA13	300	The Site is being jointly promoted by Thakenham and Persimmon Homes. As set out in Reg 19 representations to the Plan, the vision for the site, is for circa 300 dwellings. There is no reference to other forms of specialist accommodation.
SA16	200	Owned and being promoted by West Sussex County Council. No other details available at this time.
SA19	200	Promoted by Barratt Developments Ltd. As set out in Reg 19 representations to the Plan, the vision for the site, is for circa 200 dwellings. There is no reference to other forms of specialist accommodation
SA20	550	Promoted by Welbeck. Reg 19 representations to the Plan include potential for 109 extra care units and 32 independent care units (C2).
SA22	50	Promoted by Miller Homes. Documentation in the Site Allocation Library for this site, show the Site is being promoted for housing and no other forms of specialist accommodation.
SA23	55	Promoted by Glenbeigh Developments. Reg 19 representations to the Local Plan support the allocation for 55 dwellings with no reference to other forms of specialist accommodation.
SA24	130	Promoted by Rydon Homes and the Site already has Outline permission for 130 dwellings.



SA25	70	Promoted by Charterhouse Strategic Land. Reg 19 representations to the Local Plan support the allocation for 70 dwellings with no reference to other forms of specialist accommodation.
SA27	65	Being promoted by Millwood Designer Homes for housing, with no reference to other forms of specialist accommodation.
Total 1,620		

1.22 The proposed site allocations are therefore neither appropriate nor sufficient to address the qualitative requirement for leasehold extra care housing. Plainly further allocations are required to address the need for the reasons set out under Matter 3.8. In accordance with our previous representations, the Site of Former Hazelden’s Nursery should therefore be specifically allocated for extra care development and policies SA10 and SA11 amended accordingly. A proposed site allocation policy is provided (Appendix 4).

1.23 The proposed policy has been updated to reflect circa 117 units. The Appeal provision established the principle of 84 units. Pre-application discussions with the District Council have established that, circa 117 units could be acceptable subject to addressing design considerations.

1.24 Whilst the Site benefits from Outline permission, the Site of Former Hazelden’s Nursery should be allocated to secure supply and follows the approach on other sites (SA24) which already benefit from Outline permission.

3.10 Are there any other housing issues which this Plan should be addressing?

1.25 We refer back to our response at Matter 3.8 should it be felt that any of the matters raised should be addressed here.

APPENDIX 1

**MID SUSSEX DISTRICT COUNCIL SITE ALLOCATION DPD
APPENDIX 1 TO THE MATTER 3 HEARING STATEMENTS
SUBMITTED ON BEHALF OF RETIREMENT VILLAGE DEVELOPMENTS LTD & NOTTCUTS LTD**

Housing for Older People Topic Paper [TP4], December 2020

1. The following Paper sets out Barton Willmore's response to TP4 and establishes why the Council is wrong to claim that there is no evidence of significant unmet need [TP4, paragraph 1.38]. On the contrary, as the Albourne Inspector recently (September 2020) concluded:

... the evidence indicates a significant level of current unmet need, in particular for extra care leasehold housing ... Furthermore, this will significantly increase over the local plan period¹.

2. There has been no material change in circumstances, either in the supply or pipeline within the District, since the Albourne Appeal decision. Accordingly the Albourne Inspector's conclusion remains valid and particularly relevant to this Plan

Policy Background

3. The Topic Paper starts by addressing the vital importance of increasing the supply of older peoples housing in all its forms, making four key points:
 - a. First, the need to provide housing for older people is critical.
 - b. Second, offering older people a better choice of accommodation increases wellbeing and reduces health and welfare costs.
 - c. Third, strategic plan making authorities should assess the needs of older people, set clear polices that address said needs and plan to provide specialist housing for older people where a need exists.
 - d. Fourth, to support choice and address different types of need, a typology of accommodation is provided, establishing extra care as a particular type of older peoples housing, a key characteristic of which is care available on site 24/7.
4. These matters are irrefutable and reflect national policy and guidance that elevates the importance of boosting the supply of older peoples housing in national planning policy.
5. Practice Guidance is clear, plans need to provide for specialist housing for older people where a need exists (ID63_012). Nevertheless, despite an assessment of need that identifies significant unmet need for various types of accommodation in Mid Sussex, the District Plan does not address

¹ Appendix 2 to the Matter 1 Statement, paragraph 93

it, nor do the Council acknowledge that there is unmet need. Consequently, undersupply is baked in.

Assessment of Need

6. The Council's assessment of need is said to have formed part formed part of the evidence base for the District Plan [TP4, paragraph 1.13]. TP4 Table 1, page 5 summarises the assessment and is itself derived from the Council's assessment of need titled 'Mid Sussex SHOP Tool – Basic Report' [SHOP Report, Appendix A to this Paper].
7. Page 1 of the Shop Report sets out the provision rates and the tenure split used in the assessment:
 - a. For extra care, the provision rate is set at 25 units of accommodation per 1,000 persons aged 75 and over living in Mid Sussex (or 2.5% of the population age 75 and over)
 - b. The tenure split is the rate prevalent at the time of the assessment. For extra care, that was 73% rent and 27% leasehold, for every year of the assessment, 2014 to 2035, ignoring the *future market split* advice on page 1, the tenure profile on page 5 (predominately owner occupier), and the advice on page 7 that in a more affluent locality the future tenure split should be 33% rented and 67% leasehold.
8. Despite an unrepresentative tenure profile that did not reflect the fact that over 70% of older people in Mid Sussex were owner occupiers, Page 2 illustrates significant unmet need across all types of housing for older people, including a 36% deficit in the supply of extra care housing (36% rent and 37% leasehold).
9. The Albourne Inspector considered this assessment in detail and concluded that it underestimated leasehold extra care need, because it ignored the prevalence of home ownership in the Mid Sussex Population age 65 and over. The Council argued that tenure split was less important than the headline figure. The Inspector strongly disagreed; her reasoning as follows:

88. In Mid Sussex the evidence indicates that the vast majority of older people are owner occupiers. Many of these people will be able to continue to live in their own homes through old age with the necessary adaptations and care support. However, not all homes are suitable. In such cases a homeowner may be attracted to an extra care facility where they can continue to own their own home and maintain a degree of independence whilst enjoying support and care within a secure environment. Within Mid Sussex such choice is largely unavailable.

89. The Appellants have used a tenure split of 33% rent and 67% purchase in their modelling. Whilst this is recognised as favouring an owner-occupied solution it nonetheless reflects the local housing market in Mid Sussex. Furthermore, it aligns with national policy insofar as it redresses the balance towards greater flexibility and

choice in how older people are able to live. It is to be noted that the SHOP@ toolkit itself recognises that the percentage of leasehold tenures will increase in the future and that areas of affluence will see a higher percentage increase by 2035. In such areas, which includes Mid Sussex, it suggests a tenure split more redolent of the Appellants' modelling.

90. The Council argued that the tenure split is of less importance than the headline figure. However, the evidence indicates that the extra care properties for rent in this District are managed by Housing Associations and therefore an existing homeowner would be unlikely to qualify for occupation. It also appears that the pipeline supply of extra care housing is all social rented tenure. It is therefore reasonable to assume that maintaining a tenure split that favours rental units would be unlikely to allow realistic alternative options to the majority of older people who are currently homeowners. In the circumstances and based on the specific evidence I have been given, I consider that the Appellants' assessment of demand in terms of tenure is more credible and thus to be preferred.²

10. Increasing the housing options available to older people who are currently homeowners is a critical point and echoes the practice guidance and the call for greater choice (ID63_0010).
11. Having regard to existing extra care supply (86 social rent units and 56 leasehold) and a pipeline of 132 additional extra care units for social rent, but no leasehold extra care, the Albourne Inspector concluded that the future extra care tenure split should be 33% rent and 67% leasehold.
12. Using the Council's provision rate, unmet need amounts to 206 leasehold extra care units in 2020, rising to 306 units in 2030. On the appellants terms, using a higher provision rate, unmet need amounts to 407 leasehold extra care units in 2020, rising to 570 units in 2030³.
13. The supply and pipeline position has not changed, the assessments of need have not changed. The conclusion of the Albourne Inspector, that both the Council's tenure adjusted assessment and the appellant's assessment indicate a significant level of unmet need for leasehold extra care housing in Mid Sussex, still applies.
14. Despite the facts before them, the Council in the Topic Paper fail to recognise unmet need. At TP4 paragraph 1.21 and 1.21, it is stated that need will be met, and supply is coming forward. It will not and it is not, a dire circumstance for older owner occupiers whose needs and preferences are being ignored. A situation that will only change when the Council acknowledges the fact that there is significant unmet need for leasehold extra care housing.

² Appendix 2 to the Matter 1 Statement, paragraph 88 to 90

³ Appendix 5 to the Site Allocations DPD (Reg 19) Consultation Response

Provision of Specialist Accommodation

15. As discussed above, leasehold extra care housing in Mid Sussex is limited to 56 units in total, with no provision in the pipeline. This illustrates a failure of the District Plan to meet the need of older owner occupiers, for whom a choice to move into extra care accommodation is effectively non-existent.
16. There are estimated to be 31,826 people aged 65 and over living in Mid Sussex in 2020, a number projected to increase by 11,700 to 43,526 in 203. The majority are owner occupiers, but there is no plan to increase the existing (since 2013) 56 units of leasehold extra care.⁴

Concluding Comments

17. The conclusion at TP4 paragraph 1.38 that there is no evidence of significant unmet need is plainly wrong and flies in the face of the facts. The Council made the same claim at the Albourne Inquiry, but their case was rejected by the Inspector:

93. In the circumstances I consider that the evidence indicates a significant level of current unmet need, in particular for extra care leasehold housing, whichever provision rate is adopted. Furthermore, this will significantly increase over the local plan period. This situation has not been helped by the slow progress on the SA DPD and the failure to recognise an unmet need that is clearly evident. The Council's riposte that it is not being inundated by enquiries or applications for this type of development does not seem to me to be a very robust or objective yardstick on which to rely.⁵

18. Considering the Inspector's conclusions at the Albourne inquiry and the evidence of significant unmet need for leasehold extra care housing, the conclusion at TP4 paragraph 1.61 not to allocate sites to deliver leasehold extra care housing in the Site Allocations DPD is contested in the strongest terms.

Barton Willmore

13th May 2021

⁴ Appendix 4, to the Site Allocations DPD (Reg 19) Consultation Response; Table 1, page 51 and page 83

⁵ Appendix 2 to the Matter 1 Statement, paragraph 93

APPENDIX A

**Strategic Housing for Older People Analysis Tool - SHOP@
West Sussex / Mid Sussex 19/06/16**

West Sussex / Mid Sussex

Data settings

	Housing Demand (units per 1,000 75+)	Current Market Split		2030 Market Split	
		Rent (%)	Sale (%)	Rent (%)	Sale (%)
Sheltered Housing	125	57%	43%	57%	43%
Enhanced Sheltered Housing	20	39%	61%	39%	61%
Extra Care - 24/7 support	25	73%	27%	73%	27%
Residential Care	65				
Nursing Care	45				

This section enables you to adjust any of the model assumptions that have been used to calculate the data tables. To change any of these assumptions, click on the + / - buttons or enter the desired value in the relevant boxes. You can use the reset buttons to reset these back to the preset assumptions stored.

The sources of the preset assumptions for each section are as follows:

Housing Demand is the number of units required per 1,000 of the population aged 75+. These are preset with prevalence rates from "More Choice, Greater Voice".













Current Market Split is the proportion of the supply in the area that is split between rent and leasehold. These are preset based on the supply data from Elderly Accommodation Counsel, national housing database 2014. All properties are allocated to the scheme's dominant tenure

Future Market Split is the estimate proportion of future supply that may be required by 2035. These are preset to the current market values from the section above. It is recommended that these figures are adjusted based on local knowledge / policy to take into account the increased number of owner occupiers across the country. (click below on Future market split for more guidance)

More information

- [Data settings](#)
- [Commissioning strategies](#)
- [Future market split](#)

Current Needs

	Demand	Supply	Variance	% Variance
Sheltered Housing	1,650	1,499	-151	-9% 
Sheltered Housing: Rent	940	848	-92	-10% 
Sheltered Housing: Lease	710	651	-58	-8% 
Enhanced Sheltered	264	104	-160	-61% 
Enhanced Sheltered: Rent	103	41	-62	-60% 
Enhanced Sheltered: Lease	161	63	-98	-61% 
Extra Care	330	210	-120	-36% 
Extra Care: Rent	241	154	-87	-36% 
Extra Care: Lease	89	56	-33	-37% 
Registered Care	1,452	1,680	228	16% 
Residential Care	858	471	-387	-45% 
Nursing Care	594	1,209	615	104% 

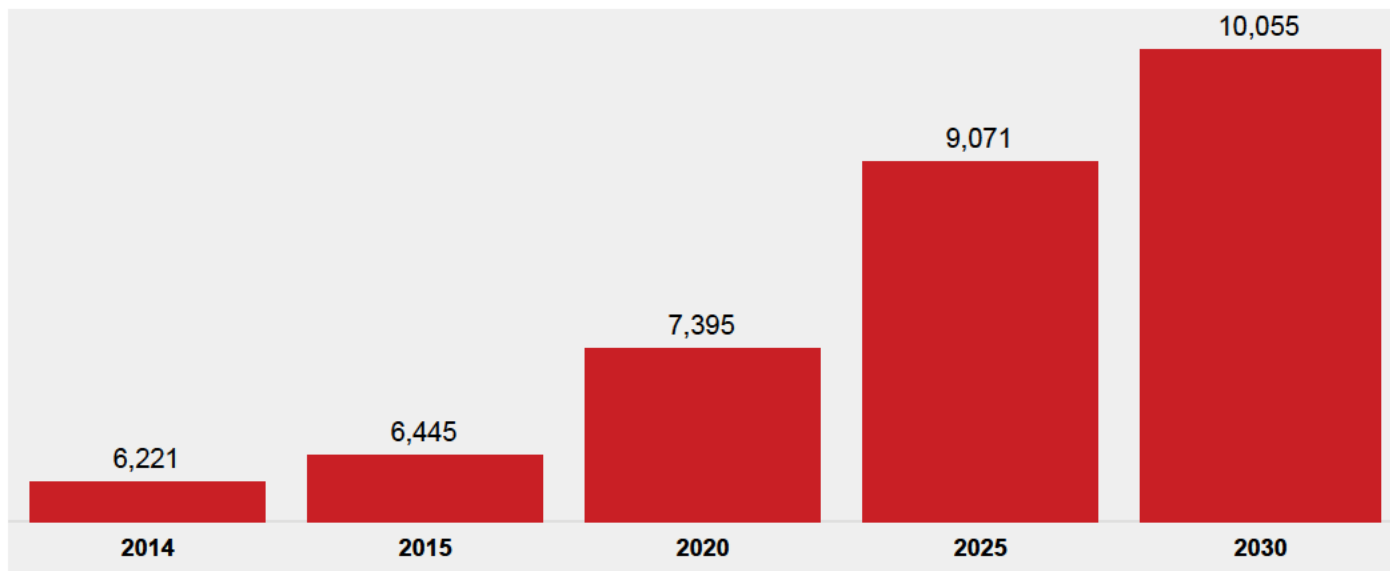
Estimated Future Needs

	2014 % increase from 2014	2015 2%	2020 19%	2025 46%	2030 64%	2035 83%
Sheltered Housing	1,650	1,688	1,963	2,413	2,713	3,025
Sheltered Housing: Rent	940	962	1,119	1,375	1,546	1,724
Sheltered Housing: Lease	710	726	844	1,037	1,166	1,301
Enhanced Sheltered	264	270	314	386	434	484
Enhanced Sheltered: Rent	103	105	122	151	169	189
Enhanced Sheltered: Lease	161	165	192	235	265	295
Extra Care	330	338	393	483	543	605
Extra Care: Rent	241	246	287	352	396	442
Extra Care: Lease	89	91	106	130	146	163
Registered Care	1,452	1,485	1,727	2,123	2,387	2,662
Residential Care	858	878	1,021	1,255	1,411	1,573
Nursing Care	594	608	707	869	977	1,089

Older People Living Alone

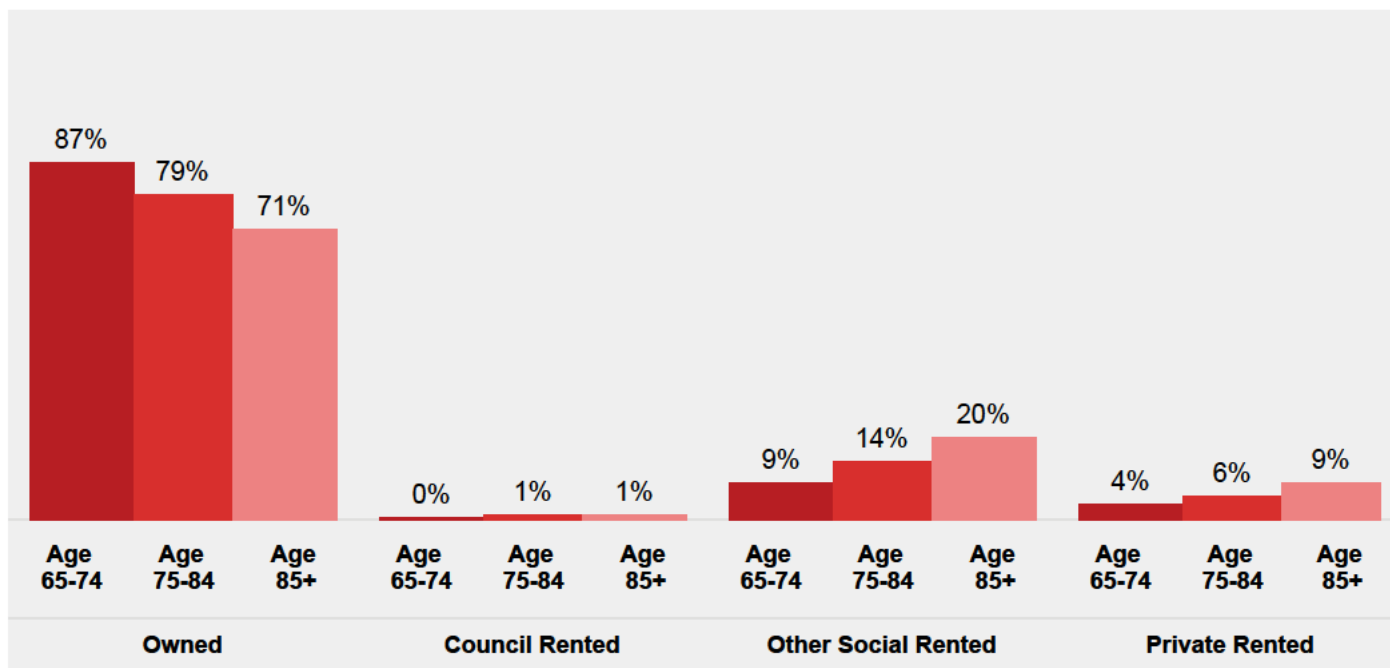
This information has not been updated with data from ONS release May 2014.

Older People Living Alone: Total



Year	People 75+	% Increase from 2014
2014	6,221	-
2015	6,445	4%
2020	7,395	19%
2025	9,071	46%
2030	10,055	62%

Tenure of Older People



Housing Type	People 65-74	People 75-84	People 85+
Owned	87%	79%	71%
Council Rented	0%	1%	1%
Other Social Rented	9%	14%	20%
Private Rented	4%	6%	9%

Appendix

Current Needs

This section shows the estimated number of older people aged 75+ who are likely to require specialist housing or registered care (demand) against the current number of units available in each area (supply).

The data for demand is calculated by applying the prevalence rates (as shown in the data settings) to the 2012 population aged 75+. The population data used is from the May 2014 Office for National Statistics (ONS) sub-national population projections.

The data for supply is the current number of specialist housing and registered care beds from Elderly Accommodation Counsel, national housing database 2014. EAC's classifications are as follows:

Sheltered housing: Schemes / properties are included where some form of scheme manager (warden) service is provided on site on a regular basis but where no registered personal care is provided. A regularly visiting scheme manager service may qualify as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to be included in sheltered stats. In most cases schemes will also include traditional shared facilities - a residents' lounge and possibly laundry and garden.

Enhanced sheltered housing: Schemes / properties are included where service provision is higher than for sheltered housing but below extra care level. Typically there may be 24/7 staffing cover, at least one daily meal will be provided and there may be additional shared facilities.

Extra care housing: Schemes / properties are included where care (registered personal care) is available on site 24/7.

Residential care: Where a care homes is registered to provide residential (personal) care only, all beds are allocated to residential care.

Nursing care: Where a care homes is registered to provide nursing care all beds are allocated to nursing care, although in practice not all residents might be in need of or receiving nursing care.

More information

- [Current needs](#)

Estimated Future Needs

This section is a key component for organisations working on their Market Position Statements (MPSs), planning submissions and analysis of future housing and care needs of older people. It shows the estimated number of older people aged 75+ who are likely to require specialist housing or registered care in future years, from 2014 - 2035.

Adjusting the Future market split:

The housing market split for rental and leasehold sectors for 2035 is set at the same percentage as the current level. It is accepted that the percentage of leasehold will increase in the future and this change will vary depending on whether the market is attractive to leasehold sales, i.e. areas of affluence will see a higher % increase in leaseholds by 2035.

There are no definitive figures for 2035 but one proposed suggestion is linked to the assumptions in "Housing in later life - planning ahead for specialist housing for older people" toolkit published in December 2012. It is suggested that users of SHOP@ consider the options on the attached chart and look at the results from scenarios using different percentages.

	More deprived locality		More affluent locality	
	Rented	Leashold	Rented	Leashold
Sheltered	50	50	33	67
Enhanced Sheltered	67	33	50	50
Extra Care	50	50	33	67

For more information on developing an MPS, go back to the Housing LIN/ADASS Strategic Housing for Older People Resource Pack, "Planning, designing and delivering housing that older people want" published in December 2011.

More information

- [Estimated future needs](#)

Older People Living Alone

This section shows the current and future estimated number of older people aged 75+ who are living alone. This section also contains an option for showing the number of older people who are living alone with a long-term illness.

This information is from POPPI (Projecting Older People Population Information.) Figures are taken from the General Household Survey 2007 table 3.4, Percentage of men and women living alone by age, ONS.

The information has not been updated in the new SHOP@ release and therefore the figures should be treated with caution.

The information is not available for Welsh Authorities.

More information

- [Older people living alone](#)

Tenure of Older People

This section shows the proportion of older people who are in different tenure types.

This information is from POPPI (Projecting Older People Population Information.) Figures are taken from ONS 2001 census, standard tables, table S017 tenure and age by general health and limiting long-term illness. The terms used to describe tenure are as follows:

Owned: either owned outright, owned with a mortgage or loan, or paying part rent and part mortgage (shared ownership).

Other social rented: includes rented from Registered Social Landlord, Housing association, Housing Co-operative and Charitable Trust.

Private rented: renting from a private landlord or letting agency, employer of a household member, or relative or friend of a household member or other person.

This information has not been updated in the latest SHOP@ release and therefore the figures

should be treated with caution.

The information is not available for Welsh Authorities.

More information

- [Tenure of older people](#)

Disclaimer

The information provided within this tool is drawn from national and sub national statistics and calculates future need based on assumptions in publicly available national reports. Further assessment and investigation may be required to consider specific local conditions and opportunities. Any interpretation of the data will be solely the responsibility of the user organisation with no responsibility or liability attached to the authors of this analysis tool.

APPENDIX 2

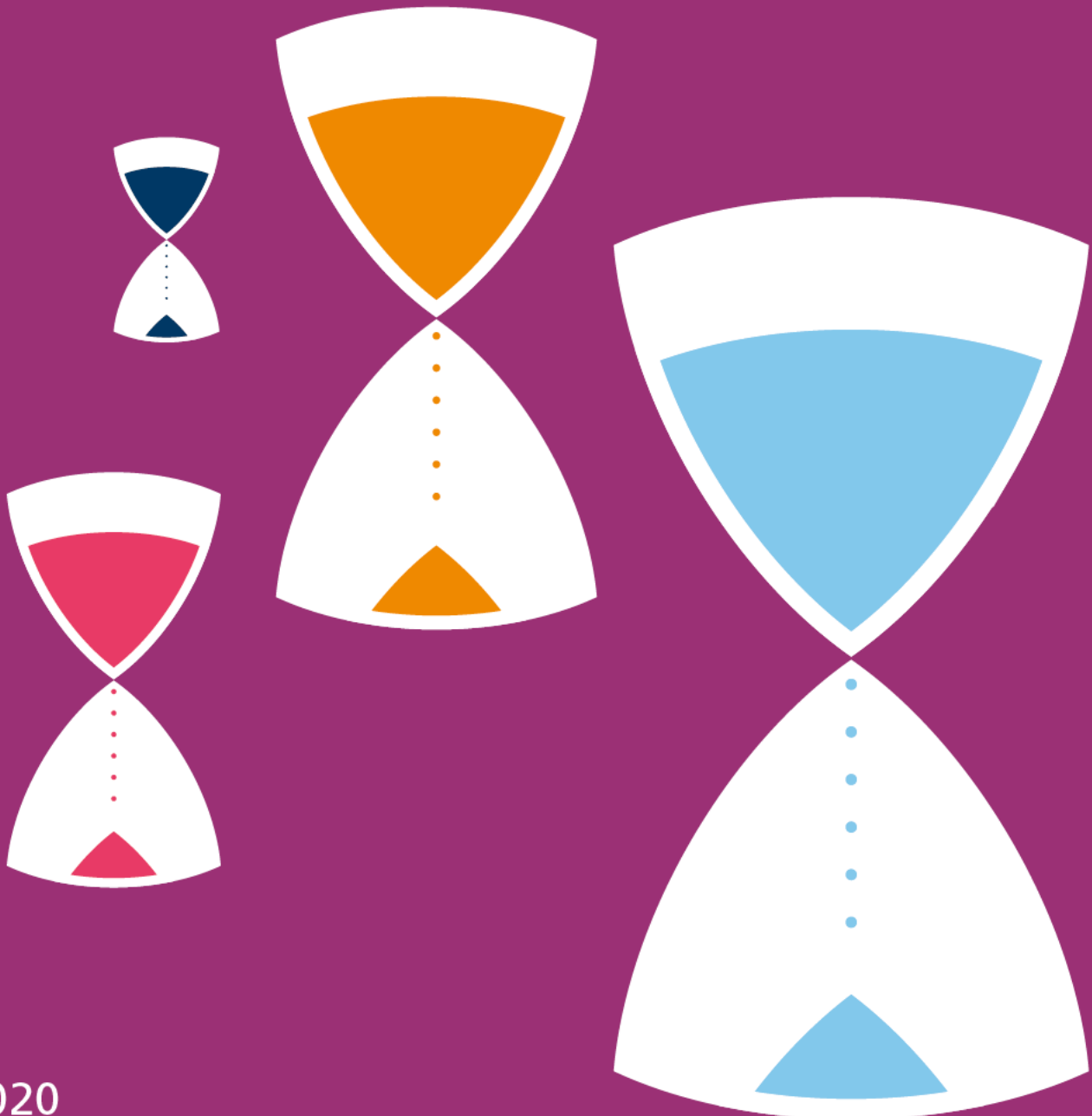


Setting Standards for Retirement Communities



Planning for Retirement

How Retirement Communities can help meet the needs of our ageing population



2020

About ARCO

ARCO (the Associated Retirement Community Operators) is the trade association for operators of housing-with-care developments for older people. ARCO was founded in 2012 and comprises over 30 private and not-for-profit operators of Retirement Communities, representing approximately 50% of this sector which includes retirement villages.

ARCO sets high standards and members must adhere to the externally assessed ARCO Consumer Code. The sector sits between traditional retirement houses (which have less extensive staffing and leisure facilities) and care homes.

About CCN

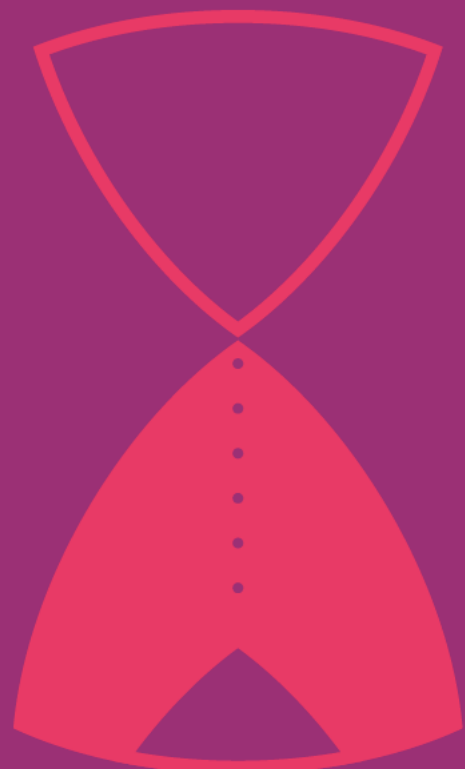
Founded in 1997, the County Councils Network (CCN) is the voice of England's counties. A cross-party organisation, CCN develops policy, commissions research, and presents evidence-based solutions nationally on behalf of the largest grouping of local authorities in England.

In total, the 26 county councils and 10 unitary councils that make up the CCN represent 26 million residents, account for 39% of England's GVA, and deliver high-quality services that matter the most to local communities.

The network is a cross-party organisation, expressing the views of member councils to the government and within the Local Government Association.

Foreword	1
Executive Summary	2
Introduction	4
Methodology	5
- Section 1: Shaping places to support healthy ageing	6
- Section 2: Choosing Retirement Communities	10
Recommendations	18

It is not an overstatement to say that adult social care will continue to be one of the most significant policy challenges facing councils in the coming decade – particularly following the increased spotlight placed on the sector during the Covid 19 health emergency. People are living longer – 10.2 million people aged over 65 currently live in England¹, and the number of people aged over 75 is projected to double in the next 30 years². The country faces a rising tide of need, as people live longer but spend more of those years in ill-health, often with multiple conditions which impacts on their independence and quality of life.



Foreword

Shaping healthy places where residents can thrive throughout their lifetime is key to driving down demand on services and helps people live fulfilled and active lives for longer. The intrinsic link between health and housing has rightly been recognised by government as a crucial determinant of health. This is particularly pertinent in later years where having access to the right accommodation is key to supporting healthy ageing and can help prevent people from needing to access over-burdened social care services unnecessarily, as well as reducing the impact on NHS services.

The proportion of households where the oldest person is 85 or over will grow faster than for any other age group – by 2037 there are projected to be 1.42 million more such households in England¹. Ensuring that the housing market has the right mix of options to match the needs of the community, and that these options are widely understood by residents, can help people make the right choice for their future – this is a national challenge for all local authorities which requires place-based solutions that meet the needs of local communities. In two-tier county areas, where social care and housing functions are held within separate organisations, planning appropriate retirement housing requires a partnership approach to be taken and clear collaboration across both tiers of local authority alongside other key players.

It is with this spirit of partnership that the County Councils Network (CCN) and the Association of Retirement Community Operators (ARCO – the representative body of operators of housing with care developments in the UK) have come together to produce this report, drawing on expert input from crucial partners across the sector including the District Councils' Network (DCN). It focuses exclusively on one type of accommodation that local areas may explore to help support healthy ageing,

'Retirement Communities', which contain a range of health, wellbeing and social services within the same site as purpose-built housing. Retirement Communities provide a graduated offer which allows people to choose a home later in life offering access to the company and activity which help promote a happy and healthy retirement alongside the assurance that professional on-site care assistance will be readily available if and when needed. Crucially they challenge the traditional model of retirement or sheltered housing, and represent an approach which incorporates increased leisure facilities, optional care services and dining options and so can help address problems early and prevent their residents from developing the larger and longer term problems that require more intensive support from our already stretched health and social care systems.

The aim of this report is to take a closer look at where the Retirement Community model is working well and where there are still barriers preventing councils from delivering the range of housing which could make the difference for communities across the country. It is not intended that this report has the solutions to solve all of the impending challenges of housing older people in an ageing society such as ours. But it does seek to understand why Retirement Communities offering care and support are currently under-represented in the UK housing stock compared to similar countries. It is hoped that the findings and the case studies included here will provide support and inspiration to county and district authorities across England tackling their own social care and housing challenges and looking to increase provision of Retirement Communities; and it is hoped that the new government responds to our recommendations for where it can usefully provide the support and guidance that is needed to make the process work better for everyone – most importantly our citizens and communities.



Michael Voges Executive Director



David Williams Chair

¹ Based on Office of National Statistics estimates for mid-2018: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/analysisofpopulationestimatestool>

² Later Life in the United Kingdom Age UK (2018): https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/late_life_uk_factsheet.pdf

³ <https://www.ageing-better.org.uk/sites/default/files/2019-03/The-state-of-ageing.pdf>

Executive Summary

The challenge of providing effective retirement housing is a vital aspect of reforming social care as the average age of the population is projected to continue rising through the coming decades. Historically the UK has focused on a binary strategy of developing retirement housing for independent living alongside the provision of designated care and nursing homes to cater for people when they become more infirm. But more recently new models – most often referred to under the umbrella term of ‘Retirement Communities’ – have begun to emerge to provide a more seamless link between these extremes, recognising that people age in different and incremental ways where health and quality of life can be better retained by fusing care in a graduated manner. It also will help to prevent the risks where small unattended issues around safe living lead over time to crises which escalate into costly problems for the NHS and/or potentially expensive care costs for the individual.

This report highlights the impetus for local collaboration between housing and social care in order to make Retirement Communities offering care and support a key part of the sector rather than the niche provision it currently is. This need is common across all local authorities, but our report looks particularly at the issues facing two-tier authority areas where responsibility for housing and social care sit across different organisations in order to more easily identify and address areas of challenge and celebrate best practice. The report also explores the benefits this would bring in terms of a thriving Retirement Community sector, and suggests a number of policy recommendations which can make this happen, one of which is the designation of a new ‘C2R’ planning use class for Retirement Communities offering care and support. Below is a summary of the key points made in each of the main sections.

1

Shaping places to support healthy ageing

When housing and social care professionals work together, a more **holistic approach to mapping local need** can be developed.

Early external engagement is needed at the local plan stage, and older people and those with disabilities need to be involved right from the start.

In two-tier areas **collaboration between County Councils and District Councils** brings great **immediate benefits** by raising awareness of the Retirement Community model, enabling councils to more clearly evidence appetite for housing with care, and informing housing providers of opportunities.

Collaboration also brings a range of **longer-term benefits** through cost savings for both health services and the local authority, with older people staying independent for longer and using residential care less.

2

Increasing Retirement Community provision

The Retirement Community model combines **high-quality housing with a range of care and support services, alongside communal facilities** such as a restaurant, bar, gym and activity room.

Evidence shows that Retirement Communities keep people healthy for longer, can reduce and even reverse frailty, and provide more effective and cost-efficient delivery of health and care.

If we progress towards the goal of providing Retirement Communities for **250,000 people by 2030**, we will

- Help to **tackle the housing crisis:** releasing over 562,500 bedrooms in general housing.
- **Aid the health and care systems:** delivering £5.6bn aggregate savings and improving efficiency in delivery.
- **Boost the economy:** investing over £40bn and turning over £70bn.

However, currently **only 0.6% of over-65s in the UK live in a Retirement Community** – about a tenth of the level of provision in similar countries, with New Zealand and Australia being closer to 6%.

Currently, there is **no clear definition of Retirement Communities**, with at least 10 different terms having been used to describe them by Government and other organisations, including ‘Assisted Living’, ‘Extra Care’ and ‘Retirement Villages’. This makes it difficult to come up with sector-specific recommendations.

Confusion about Retirement Communities is also generated by the **binary nature of the current planning system**, given that Retirement Communities combine elements of both the C2 class for residential institutions and C3 class for dwelling houses.

3

Recommendations

1 Establish a comprehensive HMG task force Review on meeting the current and future housing and care needs of people as they age in communities and the economy

This Review should be established as soon as possible to dovetail with the wider consensus being sought on a long-term solution for social care.

2 Use consistent language to describe ‘Retirement Communities’

Government should ensure it speaks consistently with the same language across all sectors involved in delivering housing with care.

3 Designate a new C2R planning use class for Retirement Communities

The Government should consider introducing a new planning use class ‘C2R’ for Retirement Communities offering care and support, which would meet strict criteria.

4 Introduce annual inspections of Retirement Communities built under C2R

Annual inspections should be introduced to ensure Retirement Communities are meeting high-level criteria set out for C2R providers.

5 Establish a framework for more strategic collaborative arrangements in two-tier local authority areas

The Government should set out a duty to help facilitate District Council representation on Health and Wellbeing Boards and County Council Social Care representation on Strategic Housing Boards.

6 Set up a Health and Housing funding pot to support the development of Retirement Communities in two-tier areas

This should be set up by DHSC to help District Councils make decisions about C2RC developments without fearing the loss of revenue which alternative non-C2RC developments may bring in.

7 Local planning authorities should include policies within their local plans that outline the current and future need for older people’s housing and care, including Retirement Communities

This will help increase choices for communities, and facilitate the collection of relevant data by local authorities to ensure robust evidence.

8 Raise awareness of Retirement Community models

Government and the sector should do more to promote the Retirement Community model both within public services and with the wider public.

9 Capital funding and land provision support for initial builds by Housing Associations and local councils

Greater guidance and capital funding should be given to boost the availability of Retirement Communities as a form of affordable housing.

10 Count Retirement Community housing as double against delivery targets

Retirement Community housing frees up larger houses and makes significant contributions to local infrastructure and social care.

11 Support councils in two-tier county areas to take the opportunity presented by bringing together all health and housing partners to improve residents’ outcomes, led nationally by the CCN and DCN working together

CCN and DCN will work together to help County and District councils take the opportunities and solve the challenges around establishing Retirement Communities.

Introduction

The need to reform the social care system in England is becoming ever more urgent. The challenges are manifold – a rapidly ageing population; reduced resource after a decade's spending restraint in public services; systemic problems in sustaining often fragile care markets; and the political and public opposition which has met various attempts from across the political spectrum to offer practical, if unpalatable, funding solutions to this intractable issue.

One area of consensus though is that as well as creating a system that fully meets the growing need for older people's social care, we must at the same time become a lot better at preventing this need arising in the first place. This is why local authorities have been working to establish a more preventative approach, aiming to reduce unnecessary (and very expensive) admissions to institutions of elderly people and facilitate their early release from hospitals into safe, suitable accommodation.

Too often the central issue is of someone who has continued to live in accommodation which becomes increasingly less appropriate for them as their health deteriorates into old age – leading to a 'cliff edge' where they are forced to move into an institution because home is no longer safe, perhaps following a fall or illness. In some cases this risk can be mitigated and delayed through the provision of appropriate adaptations in the home (e.g. grab-rails etc.). But even where people are forward thinking and actively looking to 'downsize' into more appropriate accommodation before things become unmanageable, their present options may be limited by what is available in a suitable location – perhaps near to family or other support. Equally too many people are unaware of the range of retirement housing options which may be available to them.

When the new government sets out its plans for the future of social care it is likely that specialist housing with care will play an increasingly important role. It is clear that for the social care system to thrive there needs to be access to the right kind of housing/residential accommodation, in the right place, at the right time. In an ideal world, people should want to – and be able to – have the choice to move into appropriate accommodation before they are forced to through ill-health or infirmity (in other words, homes that can support positive ageing through good, flexible design and the ability to make straightforward changes). In addition, more advice and guidance must be provided to help people understand the choices available on the market so they can make informed decisions about their future.

Making this offer into a reality, though, requires collaboration across housing and social care to ensure that local areas have the right provision to meet the needs of their residents and the market is supported to ensure it is balanced with demand. Whilst for unitary authorities this is an internal co-ordination issue, in two-tier county areas it can present more complex challenges for how social care and the planning system interact given that these functions sit across two separate types of local authority. Much of this report specifically focuses on the two-tier context because it is simpler to see where difficulties, but also solutions lie which may also help to support practice across all local authorities.

Part of the problems identified in this report come down to a need for consistency and definition of more complex models in a system that is built to more easily accommodate a binary notion of private retirement housing and institutional care. There are at least ten different terms in use across local and central Government to describe the Retirement Community model which aims to fuse the benefits of both in a more seamless manner. As such it is far too easy for public and professionals alike to confuse Retirement Communities offering care and support with different options such as care homes and retirement flats (see distinction between these in Figure A). Until the planning system, the regulatory system and providers themselves start to use consistent classifications it will remain very difficult for people to make informed choices.

Retirement Communities offer a different choice for people and can help them retain independence for as long as possible, with the added insurance of care options being close at hand and readily accessible should it be needed in the future. By being open to the wider community and acting as hubs for the towns and villages around them they also keep older people engaged with wider society which is key to tackling loneliness and isolation in later years.

This short report explores how Retirement Communities could help meet the needs of our ageing population and how their role could be better supported in policy.

Methodology

- 1** A stakeholder roundtable bringing together representatives from the Association of Retirement Community Operators, the County Councils Network, and the District Councils' Network.
- 2** A survey of Retirement Community operators conducted by ARCO.
- 3** Case study examples of practice across the country drawn from members of the three organisations.

Section 1

Shaping places to support healthy ageing



There needs to be far more recognition that older people's housing is just as important as affordable housing – and that there's even more of a shortage. There are older people at all income and wealth levels and all need to be provided for.

Retirement Community Operator



Planning effectively for the future, by determining the type of accommodation and range of services needed, requires housing and social care systems to work together locally to map levels of demand and establish joint solutions. Where housing and social care teams are brought together across their local authority to synchronise their work, a more holistic approach can be taken to mapping need. This is naturally more challenging for two-tier county areas where responsibilities are held in separate organisations, although this report highlights examples of good practice where this is happening.

At the Stakeholder Roundtable held to inform this paper it was widely agreed that the availability of suitable housing stock is critical to the health and wellbeing of individuals. It is also a key factor in the capacity of public services to sustainably support healthy ageing over the long term, delivering both improved outcomes and huge efficiencies. This sentiment was voiced by both unitary councils and those from two-tier areas.

Representatives of both CCN's upper-tier council members and the District Councils' Network (DCN) pointed to good examples of councils and health partners coming together early to understand the overall strategic need of communities around the future and the adequacy of the current housing supply. This was of help for local authorities to then go about leading an appropriate response to the community's housing needs. Despite some challenges it highlighted the great opportunity for District and County councils together on a comprehensive plan for how to support people to age well in places – and this was earmarked as the potential focus of a future project between the two organisations.

More broadly wider liaison is needed between external partners at the local planning stage so that residents are better engaged with the process to help communities share an understanding of what options are available to them for where they live in later life. Through a range of indicators and methods such as analysing demographic data, assessing planning tools and engaging with residents, councils are able to find solutions to meet the needs of local areas.

Within the diverse mix of different strategies – from building new age-friendly homes, to shaping and enabling the market, integrating housing with health and care, and developing new models for adapting and creating smart homes – local leadership and collaboration between local partners is critical throughout.

A key message that came from the roundtable discussions was that early engagement between partners, particularly at the local plan stage, was helpful in establishing expectations and a cohesive strategy:



In theory I think there is a way forward through the local plan on this [provision of Retirement Communities] if you look at this and get everyone engaged in the process at the early stages. It is more difficult as we don't tend to get many of the sites come forward at an early stage.

District planning representative

What can be learnt in this process can be valuable in ensuring that Local Plans have a clear picture of local need; that there is full understanding of what the market can offer to meet this need; and that there is buy-in from the community to help inform more difficult decisions. This can be important to ensure sound decisions over windfall sites coming forward and help grasp the nettle over the broader questions can be properly discussed – e.g. viability, affordable housing requirements, demand/need and what provision may be on offer. It also makes the local plans transparent for all key partners in the process:



It helps when [councils] are aware of the local need and can see the benefits – including the financial benefits to them of making savings on care homes. This support tends to be at planning committee level – councillors see the broader need.

Retirement Community Operator

Below are two case studies of local County and District councils working together to effectively plan social care housing in their communities.

Case Study

Stroud, Gloucestershire

Inter-authority collaboration in strategically planning for retirement housing

In Gloucestershire, County and District colleagues came together to develop a strategy for housing with support for older people which determined the types of housing the councils would focus on developing in each area over the next ten years. As part of this process a wide scale consultation was undertaken to ensure that older people and those with disabilities who have an interest in housing with additional support were involved with shaping the strategy. As well as establishing project support, integrated boards were created which ensured involvement from across the housing and health sector.

Objectives of the strategy included:

- To identify what housing with care is needed in each of the six districts of Gloucestershire.
- To identify opportunities to develop new housing with care schemes in each of the districts and take forward those that meet identified needs wherever possible.
- To identify opportunities to repurpose existing schemes or buildings to offer new opportunities for housing with care.
- To find new models of housing with care which will give sustainable solutions to the differing housing challenges experienced in each district.
- To find ways to support people to live in their own home wherever possible including adaptation of existing properties and identifying new models of care delivery.
- To review systems and processes that facilitate hospital discharge and leaving care home placements in the context of housing with care.
- To devise systems to measure effectiveness of strategy in meeting its aims from the beginning.
- To develop six District prospectuses which will showcase opportunities envisaged in each area.

The impact of collaboration has been seen over both the short and long term:

Short term

The short term impact of the project was to raise awareness of housing with care. This included promotion of the model to potential residents and their families and also to practitioners who might refer to schemes. It has enabled a more strategic approach to the development of new schemes and given clear direction to providers of Gloucestershire's commissioning intentions.

The resulting engagement has enabled the council to more clearly evidence what appetite there is locally for housing which offers care, and as such will both inform housing providers of opportunities and inform planning strategies in each district.

Medium/long term

It is anticipated that the strategy will deliver significant cost savings to both health and the local authority over time as people are enabled to remain independent for longer and less use is made of residential care. A figure of £4.5m has been projected against the initiative, although the timescale for the saving has been flagged as a risk.

It is anticipated that there will be an increase of homes in each district but the numbers have not yet been calculated in any detail as the analysis work is at an early stage. Housing LIN estimates made in early 2017 showed a shortfall of housing with care in every district except Gloucester in a year and a shortfall in every area for 2035. Numbers vary from a shortage of 185 in Gloucester by 2035 to 566 in Stroud by that time.



Case Study

Stevenage, Hertfordshire

Ensuring care and housing markets work together

As with many sizeable towns, Stevenage has a rising older population. By 2030, the proportion of people aged 55 and above is expected to increase from 26.29% to 33.27% of the total population. People 'age' at different rates, regardless of the number of years they have lived, and some people need more services than others at different stages of their lives. Therefore there is a need in the area to recognise that a range of housing is required in different settings and tenures to meet the aspirations of older people, using co-production and connected lives principles wherever possible.

In response, SBC and HCC are developing a joint ten year 'Housing for Older People in Stevenage (HOPS) Strategy' to ensure that the care and health markets and housing markets are working together well. The HOPS Strategy has one strategic objective: **to enable healthy ageing for older people in Stevenage through the provision of a new housing offer.**

Drawing on a number of sources of information, including surveys and conversations with current and future older residents, service user forums and community groups, housing and social care professionals who work with older people in Stevenage, and local and national research, policy drivers and initiatives, the Project team have identified four key areas to focus their thinking on:

- **Development, standards and design:** ensuring mixed communities, flexible spaces, good design and high standards that older people will want to move to, close to facilities and providing features that matter to them. Balanced communities work better and keep people more active and engaged: people's needs change, but they may not want to leave their community and housing development must be sensitive to this;
- **Information, advice and technology:** finding ways of working better together to provide timely advice to people who need or wish to move in later life, and using technology to change perceptions and encourage earlier choices;
- **Support and assistance to help people move:** linked to the information and advice theme, people asked for practical help in accessing suitable housing, and for support both during and after the move. Forms, managing utilities and legal matters, packing and unpacking, and support to help people emotionally adjust to moving to a smaller property were all areas of concern;

- **Inter-organisational working:** joining up existing services in different statutory and voluntary organisations to better identify and support people to move earlier, more quickly and to settle well into their new home. A collective better understanding of the individual as a whole, what support is needed and who is involved with whom is looked for: using a place-based approach, people asked for a sharing of ideas, working together and keeping momentum going.

The strategy expects to achieve the following key outcomes:

- An increased number of age appropriate housing developed in Stevenage across all tenures, but in particular through the SBC regeneration programme, and HCC's Extra Care and Residential Care development programmes;
- Older persons housing to be reflected in Planning Policy in the Borough, identifying requirements for accessible and age friendly development as a percentage of all homes built through the development processes of the next Local Plan;
- Strategic co-operation between SBC and HCC's assets, services and commissioning practices, particularly in relation to land and property use;
- Improved working with residents, families and carers, as well as the professionals who care for them, to ensure new homes are places where people want to live now and in the future;
- Clearer shared objectives between SBC and HCC, health services and the Voluntary and Community Sector, including an increased understanding of roles and responsibilities, and how services can be shaped to maximise efficiency and effectiveness to residents;
- Reduced pressure on all public services, and improved data management / sharing to measure and interpret quantitative and financial data, to identify what works well and where improvement could be made;
- The release of family housing back into the market across all tenures, reducing under-occupancy and over-crowding.

These outcomes are all intended to lead to:

- A better quality of life for older people in Stevenage, including better health, care and social outcomes.

Section 2

Increasing Retirement Community provision

For those areas which choose to develop Retirement Communities offering care and support as an option which meets their population's needs, this next section explores how such developments can best be enabled in place. Much of the content in this section of the report is drawn from the Stakeholder Roundtable which brought together members from ARCO and CCN alongside representatives of the District Councils' Network (DCN). The discussion from the roundtable highlighted two main areas of concern:

- (a) how the concept of Retirement Communities should be properly defined consistently for professionals and the public; and
- (b) the challenges around balancing the differing drivers that determine the needs of providers and councils respectively, particularly where social care and planning services are delivered by different authorities.

What is a Retirement Community? Getting definitions right

Benefits of Retirement Communities and the ageing population

Research has shown that Retirement Communities keep people healthy for longer, can reduce and even reverse frailty, and provide more effective and cost-efficient delivery of health and care.^{4,5}

The Retirement Community model combines high quality housing options for older people with tailored support services. When delivered effectively it allows residents to rent or own their property and to maintain their privacy and independence as far as they wish, with the added reassurance of 24-hour on-site care staff available if needed. Retirement Communities sit in between traditional sheltered housing (also known as retirement flats, which have less extensive staffing and leisure facilities), and care homes, and can be in urban or suburban locations. The model offers on-site facilities such as restaurants, bars, gyms, craft or activity rooms, or allotments which offer easy opportunities for regular interaction and community which are essential to a healthy and happy retirement for many people.

As noted in the foreword to this paper, the ONS projects that as a society we will be living longer as the century progresses with the number of people aged over 75 projected to double in the next 30 years, likely living through longer stages of both healthy and less healthy retirement. At the roundtable it was agreed that there is already unmet demand for Retirement Communities to provide housing, support and care for older people in the UK.

Based on these predictions this is only likely to become even more pronounced as internationally the UK has less provision than similar countries – currently only 0.6% of over 65s in the UK live in Retirement Communities offering care and support, about a tenth of the level on offer in similar countries, with New Zealand and Australia being closer to 6%.

More recently, though, the housing-with-care sector has started to grow more rapidly, accounting for 75% of the planned increase in provision of older people's housing as it progresses towards its goal of providing for 250,000 people by 2030. Local authorities are naturally keen to support the market to deliver this ambition as doing so is intended to:

- help to tackle the housing crisis: releasing over 562,500 bedrooms in general housing.
- aid the health and care systems: delivering £5.6bn aggregate savings and improving efficiency in delivery.
- boost the economy: investing over £40bn and turning over £70bn.

But there can still be confusion about what a Retirement Community is and what it should provide which can create barriers to effective development at local level, and at worst may impact on whether this target is met.

⁴ <https://www2.aston.ac.uk/1hs/research/centres-facilities/archa/extracare-project>
⁵ <https://www.arcouk.org/resource/housing-health-and-care>

Case Study

High Wycombe, Buckinghamshire Improving Health and Wellbeing

Hughenden Gardens Village is located just north of High Wycombe town centre as part of the District Council's re-development of the former CompAir factory site. The two-hectare village has 260 mixed-tenure, fully-accessible one and two-bedroom apartment-homes with capacity for over 350 residents. Homes are self-contained and surround a village centre with 18 community facilities (including a gym, hobby room, bistro and greenhouse), landscaped terraces and 165 parking spaces.

The village's key partners are The ExtraCare Charitable Trust (a registered charity); Wycombe District Council; Buckinghamshire County Council; and Homes England. A S106 agreement ensured 120 homes were nominated for affordable shared-ownership through Wycombe District Council and the charity, whilst 88 homes were directly sold through leasehold purchase by the charity; a further 52 homes were available for affordable social rent, supported by a £1.4m grant from Homes England. Up to a third of residents within the village receive help with their care, supported through Buckinghamshire County Council who have nominated up to 80 care packages.

Building a successful and sustainable community on this scale required commitment. ExtraCare has a unique and holistic model where 'Home', 'Lifestyle' and current

(or future) 'Care' needs are carefully and collaboratively considered with respect to every resident applicant, to ensure a balanced, fully occupied and sustainable community can be created.

Dependent on individual circumstances, the village can support residents with significant assessed care needs. A wellbeing service provides preventative health checks and advice on living a healthy lifestyle. A specialist supports residents with dementia, memory and mental health issues. The village also supports End of Life Care (linked to the Gold Standard Framework) and has a bereavement support network, supported by funding from Cruse Bereavement.

• **Key outcomes from ExtraCare's research with Aston and Lancaster University has found that, for ExtraCare residents:**

- Unplanned hospital stays reduce from 8-14 to 1-2 days;
- Overall NHS costs reduce by 38%

• **Residents are also:**

- 75% more physically active than the wider community;
- Have 23% reduced levels of anxiety;
- Show reduced levels of isolation and loneliness - 87% of residents 'never or hardly ever feel lonely.'

Definitions
















There is broad consensus that the Retirement Community model could play an important role in helping to address the growing social care crisis. However, it has proved challenging finding an agreed definition as to exactly what level of social value such a model should be expected to provide so new developments can be classed as such within the planning system.

This is in part due to an emerging variety of potential models situated in mid-points between living independently within one's own retirement housing at one end of the spectrum and the more intensive care and support delivered within a care home at the other. These represent the two traditional models which the existing regulatory framework is built around. This is why ARCO produced a clearer definition of how these might be better incorporated under the broad term 'Retirement Community' (as described in Fig. A) so that the common beneficial aspects of these different settings can be better understood and aspired to.

Fig. A

Living Options for Older People



 Retirement Housing Also known as sheltered housing or retirement flats	 Retirement Communities Also known as extra care, retirement villages, housing-with-care, assisted living or independent living	 Care Homes Also known as Nursing Homes, Residential Homes, Old People's Home
 Self-contained homes for sale, shared-ownership or rent	 Self-contained homes for sale, shared-ownership or rent	 Communal residential living with residents occupying individual rooms, often with an en suite bathroom
 Part-time warden and emergency call systems	 24-hour onsite staff with optional care and domestic services available	 24-hour care and support (including meals)
 Usually have a lounge, laundry facilities, gardens and a guest room	 Range of facilities including a restaurant or café usually alongside leisure and wellness facilities such as gyms, hairdressers, activity rooms, residents' lounges and gardens	 Range of facilities and activities, including gardens, lounges and dining rooms
 Typically 40 - 60 units	 Typically 60 - 250 units	 Sizes vary considerably

One of the sector's biggest challenges is that the absence of a clear definition makes it difficult for policymakers to come up with sector-specific recommendations. Different parts of Government use at least ten different terms to describe the sector (see panel).

Panel 1 - Terms in use to describe the Retirement Community model			
1	Assisted Living	6	Later Living
2	Close Care	7	Retirement Living
3	Extra Care	8	Retirement Villages
4	Housing With Care	9	Senior Living
5	Independent Living	10	Retirement Communities

These terms are also too often confused with different living options for older people such as 'retirement flats/sheltered housing' and 'care homes', which may be understood more widely and/or narrowly in different professional contexts (e.g. social care, housing, health, planning) meaning it is not always clear that people are talking about the same thing when using them without context.

At the same time, though, as many people often still best understand a dual model between retirement housing and care home, the additional complexity of so many terms can often fail to adequately distinguish between different models of older people's housing. This failure to keep up with a rapidly evolving sector is also causing detriment for consumers who often struggle to locate the right provision in the wider social care and housing landscape.

Of course the boundaries between these three categories will still be somewhat blurred. It is important that professionals looking at commissioning consider deeply what a good Retirement Community provider will be offering. Fig. B contains a list of criteria suggested by a provider attending the roundtable that should represent the minimum standards to be met for a Retirement Community proposal to be eligible for C2R classification.

Fig. B

Potential criteria that should be met for C2R Classification

Suggestions on how criteria for C2R classification could be introduced were made by operators themselves at the roundtable to inform this paper. While this may seem surprising, there was agreement between both operators and planners that Retirement Community operators could at times be seen with suspicion and suspected of wanting to 'sell and move on' rather than remain the operator for many years to come.

To increase confidence in the long-term operational nature of plans, suggestions for criteria were made that would clearly define planning applications as being within the C2R classification. These included:

- 1** Retention of the freehold of the development (or retention of a clear long-term financial interest through some other means) so that they are responsible for its long term operation and ultimately its success as a business. As one operator put it: "Retaining the freehold differentiates Retirement Community operators from C3 developers who sell the last unit and disappear never to be involved in the development again".
- 2** A developer must provide substantial communal facilities, including leisure facilities, dining facilities and offices for staff and treatments.
- 3** Meals should be available to residents, enabling them to have access to nutritious food even if they were unable to cook for themselves.
- 4** Staff would need to be available on site 24h per day.
- 5** To cater for the increasing social care needs of residents, a CQC registered domiciliary care agency should be based on site. There would also be regular CQC inspections confirming the quality of the care being provided. These reports are available for inspection. The care would be provided either by the operator themselves, or in close contractual partnership with a high quality partner.
- 6** The provision of high levels of service should be detailed in the lease, meaning staffing levels, meal services etc could not be withdrawn.
- 7** Age restrictions in place could be higher than age 55: As the average age of entry into Retirement Communities was in the late 70s, age restrictions of 65 would be acceptable (provided there were scope for the local authority to agree younger residents e.g. those in need of care at a younger age or partners of older residents).

How can the stock of Retirement Communities be increased? Helping developers, social care and planning teams to deliver together

Planning categories

A major challenge to increasing the stock is that the planning system currently lacks consistency in how Retirement Communities offering care and support are classified, planned for and delivered (as the element of care and support delivery is often overlooked). This partly relates to the issue around definitions described above. The importance of better defining what constitutes a 'Retirement Community' stretches beyond good practice and helps add wider clarity into the market of what is deliverable and expected.

As has been shown, Retirement Communities have emerged to bridge the gap between what has traditionally be seen as a retirement housing and a nursing home. This offers multiple benefits – both for individual citizens and for the state – by allowing residents to more securely plan for potentially needing care in their old age on a graduated basis rather than reaching 'cliff edge' where they need to move from home to institution at a time in their life where this can often be far more traumatic and costly.

However, planning law operates according to the Town and County Planning (use classes) Order 1987 which still encourages viewing provision in binary terms (see Fig. C). This creates confusion which ultimately makes establishing Retirement Communities a more laborious and fraught process for legitimate providers of Retirement Communities – this is necessary though as unclear definitions can also encourage developers to game the system in order to attempt to seek favourable planning concessions for a limited outlay to make their housing development appear to offer 'extra care'.

Fig. C

Currently, planning applications to create retirement housing are likely to be considered as either category C2 covering "residential institutions", or C3 which is "dwelling houses".

Use Class C2 is defined as a residential institution as follows:

"Use for the provision of residential accommodation and care to people in need of care (other than a use within a class C3 (dwelling house)). Use as a hospital or nursing home. Use as a residential school, college and training centre."

Use Class C3 is defined as a dwelling house as follows:

- C3 (a) those living together as a single household – a family
- C3 (b) those living together as a single household and receiving care
- C3 (c) those living together as a single household who do not fall within C4 definitions of a house in multiple occupancy

Planning categorisation matters to developers and to local authorities. By classing a building as C2 it results in significantly lower Section 106 contributions being charged – due to the overall social and community benefits such schemes provide – as well as potentially including exemption from certain requirements such as the provision of affordable housing (although many Retirement Communities run by housing associations incorporate affordable housing as part of their mix of provision in any case). Naturally this means that local authorities are alert to what they may perceive is inappropriate promotion of what are in effect C3 schemes as C2 schemes to try to avoid higher S106 contributions.

The difficulty with classifying a Retirement Community in these terms is that the intent of this provision is to holistically combine elements of both C2 and C3. In practice this means that usually on arrival residents will occupy an individual property in the same way as any private dwelling house under class C3. But over time, as they become more infirm, the option to receive care either within their own premises or on a residential basis on-site, begins to blur the boundaries towards class C2. This means that whilst the provision of care is crucial to Retirement Communities, they cannot guarantee that every resident will receive a given number of hours of care a week. Data from ARCO's members does however show that over time over 50% of residents use the onsite care facilities.

In addition, two thirds of Retirement Communities in the UK are currently provided on an affordable basis by housing associations or not for profit operators, yet these too can face challenges in being appropriately categorised in the planning system even where they have been planned or commissioned in partnership with social care authorities.

A new planning category?

One of the ideas proposed in the roundtable was whether Retirement Communities should be granted their own planning category (for the purposes of this report to be called 'C2R'). Prospective C2R developers would need to demonstrate they meet very clear and demanding conditions for this to be effective and to give local authorities certainty that this was not yet another loophole which developers were exploiting to avoid making a fair contribution. This could provide the flexibility in local plans to be considered in place of either C2 or C3 allocations.

The last section provided an indication of the clear responsibilities which a reputable Retirement Community provider should commit to adopt in order to help distinguish them from private developers of retirement housing. Principal among these providers should be able to meet the following criteria to demonstrate their intent:

- agreed retention of the property's freehold for a period of time or other clear long-term interests on site;
- a demonstrable intention to providing ongoing services;
- adequate space in the development allocated to communal space for activities and social interaction;
- the provision of CQC registered care and 24 hour onsite staffing;
- agreement to a mechanism to ensure compliance with these criteria on an ongoing basis.

What this report proposes is that subject to meeting such criteria as deemed necessary a developer would be eligible for C2R. The advantage is that C2R would provide a clearer distinction between C2 and C3 for local authorities and developers by helping categorise developments which currently too often sit in a grey area and create a degree of disagreement and legal wrangling.

Of course there will still be challenges. For instance for larger housing/mixed-use allocations, requiring some parts of the site to be set aside for retirement/care/extra-care uses is relatively straightforward. Indeed this model can be more favourable for local plans as it is adaptable and flexible – local authorities need to think less about 'specialist accommodation' and can plan more sensibly and pragmatically knowing that this model will meet the needs of people with varying levels of need. However, how far this model should then be classed as 'care' accommodation and benefit from concessions attached to C2 status is less clear – containing the potential for care accommodation to be built does not (in itself) mean that such a site will necessarily be delivered and operated – an operator must be found to do this.

There is also potential to agree reduced S106/CIL contributions (as appropriate) or an alternative form of contribution including some element of in-kind provision, but it should be remembered that affordable retirement and care housing is a huge and growing need, so inappropriate attempts to avoid affordable housing contributions (through badging C3 schemes as C2 schemes) can be unhelpful. It is, though, encouraging that affordable Retirement Communities (often referred to as 'extra care') have already become the largest and best established part of the sector leading to many councils already reviewing whether they can offer their own landholdings for retirement/care accommodation.

However, this can create political tension – particularly in two-tier areas – if the value that can be obtained for a site is lower than could be achieved through normal market housing. It is also worth remembering that the infrastructure, care, and communal areas provided in Retirement Communities do have their own costs which general housing does not – and that these need to be reflected in viability calculations.

Case Study

Runnymede, Surrey

Effective planning support in action

A good working relationship with a local planning authority does not arise simply because the applicant gets their own way and planning permission is granted swiftly. Although these are desirable outcomes for any planning application, a good working relationship is built on respect, courtesy and good communication. In Runnymede, with a challenging Green Belt site, developer Audley Villages were supported by a forceful planning officer who with great efficiency and courtesy helped refine their proposals and guide the provider to a unanimous decision to grant planning.

The site had been the Brunel University campus and previously the Indian Engineering College. It was in close proximity to a number of important listed sites including the Royal Airforce Memorial and the Magna Carta memorial. The site was considered to be of high conservation and landscape value.

The first meeting to take place was with the planner where Audley presented its model of care and initial brief for the site. They then met with the local councillors and with their guidance and that of the planning officer, developed their designs.

The proposals were then examined by the conservation and design officer and warmly welcomed. As the scheme developed, Audley met with virtually every interested party to make them aware of the benefits that their scheme would bring to the area. Public exhibitions were also held. As a result of the extensive consultation, residents, planners and politicians took ownership of the scheme and supported it through to planning committee.

It is clear that the local council want to continue their engagement with Audley and will contribute to the project's future success. The scheme granted planning was for 129 units of accommodation. The planning was submitted as two applications, the first for 79 units and all communal facilities and the second for 50 units.

Planning for the needs of everyone in the community

Councils have to make decisions, within the bounds of planning legislation, where long-term advantages of minimising the burden on social care services in years to come are often set against the benefits of development and growth. Achieving the right balance can create challenging decisions for all types of local authority. But in two-tier local authority areas these tensions can be particularly exacerbated as these competing responsibilities sit across two separate agencies. District councils will be balancing a great range of interests in meeting the future housing and place needs of their communities, giving more attention to the growing numbers of older people in their areas as the local, regional and national population ages. Meanwhile

County authorities are looking at models of extra care as a vital means of managing the costs of an already fracturing social care system set to face increased demand pressure in years to come, seeing them as needing priority in local plans at least until the unmet need for the provision that currently exists, feels like it is closer to being met.

That said, the difficulties councils have in ensuring an adequate supply of appropriate retirement/care accommodation are not new. The costs of such developments can be significant and are frequently higher than 'standard' residential accommodation. Central locations which have good access to public transport,

healthcare facilities, local shops and other community facilities are much sought-after. But for the same reasons they are also attractive to standard residential developers.

Both County and District local authorities are committed to working together in the collective interest to deliver the best communities for their residents. But when faced with the sort of trade-offs described in this paper it is important that collaborative decisions are guided by wider Government policy to incentivise prevention. The new guidance on older people's housing issued in June 2019 is an important first step but it does not go far enough in recognising the central role of suitable housing provision in driving down demand for social care. County Councils need to be sure that a growth in their population likely to need social care will be properly funded both now and in the future – and the new Prime Minister has already indicated that social care is a key priority for his administration.

Similarly the needs of localities that forego S106 income from commercial development in order to support the wider long-term objective of social care must be supported appropriately. In order to ensure their decisions are as balanced as they can be, District councils must be assured that the needs of their residents will be adequately balanced to the benefits housing a Retirement Community will have for the wider county. This could easily be achieved by the Government providing a central pot to support such developments within the planning system to help ensure District councils do not lose out on vital S106 income as a result of making a decision which helps residents across the wider county.

Case Study

Chipping Norton, Oxfordshire

Commissioning a Registered Provider for extra care projects

Chipping Norton was procured as one of two extra care schemes by Oxfordshire County Council in May 2018. The County council acknowledged the growing population of older people and sought to appoint a Registered Provider to work with them to provide for the specialist needs of the communities in Oxfordshire. The procurement process was efficient and effective without the repetitive and protracted submission, clarification and resubmission processes that can be both costly and typical of such procurement processes. The procurement documents were clearly set out which enabled Housing 21 to submit a strong proposal for the delivery of extra care in both locations. After a short series of discussions and a visit to a recently completed Housing 21 scheme, the contract was awarded in July 2018.

In this case the County were in ongoing dialogue with the District over both planning and housing. The Chipping Norton site had been identified in the draft West Oxfordshire Local Plan 2031 – despite it currently being agricultural land – and outline planning consent for an 80-unit extra care scheme had already secured. Likewise, a suite of legal documents – including a nominations agreement – had been included in the tender pack.

Clear collaborative working between the County and District councils was also evidenced by the availability of Oxfordshire Growth Deal funding for the scheme which enabled Housing 21 to have certainty over delivery sooner. The appointment of the contractor has now been finalised it is anticipated the development of the site will commence shortly.

Recommendations

This report has explored how Retirement Communities can play a part in helping to meet the social care needs of older people in the context of an ageing population and a growing demand for more housing options for those later in life. But it has also highlighted some of the barriers to increasing the amount of this provision across the country to levels which already exist in comparable countries elsewhere in the world. These issues are common to all types of local government but can prove particularly cumbersome for authorities in two-tier areas where social care and housing functions are spread across separate organisations.

However, this project has also exposed the huge opportunities that County and District councils have to work together to achieve positive health outcomes for people as they age in the community. To help realise these opportunities, the CCN and DCN now intend to work together further with the wider sector on a future project to support and promote models that can bring together the whole housing and health landscape in ways that improve residents' lives.

In the meantime, the recommendations below are designed to address some of these barriers and ensure that Retirement Communities offering care and support are a viable and desirable option for development in all parts of England.



1 Establish a comprehensive government task force Review on meeting the current and future housing and care needs of people as they age in communities and the economy

This report has set out some evidence of the potential to grow the Retirement Community model to help meet an escalating demand for social care. However, it represents only one part of a wider need to assess the overall provision of housing and care options for older people. All partners including ARCO, CCN and DCN urge the Government to take steps now to understand the current and future housing needs of older people and it is recommended that a comprehensive Review of this matter is established as soon as possible to dovetail with the wider consensus which is being sought on a long-term solution for social care. The subsequent recommendations below, as well as being worthy of policy action in their own right, are all matters which the task force (which should include representatives of local government, MHCLG, DHSC, DWP, the Treasury and representatives of the Retirement Community sector might reasonably include within its remit for consideration.

2 Use consistent language to describe 'Retirement Communities'

Provision which fuses housing with care has become more prevalent in recent years, but the language used to describe such provision seems to have evolved organically in different sectors – with at a number of different terms being used, often interchangeably. This can create confusion when different professionals need to talk to each other and, at worst, risks misunderstandings which can delay or even derail development.

This report has articulated a case for using 'Retirement Communities' as a preferred term, but ultimately government should ensure it speaks consistently with the same language across all sectors involved in delivering housing with care – including operators and local authority housing, planning, social care, economic development teams and investors.

3 Designate a new planning use class for Retirement Communities

Historically, housing for older people has mainly been viewed as a binary system of age restricted housing against institutions such as care homes. However, despite more sophisticated options combining on-site housing and care having emerged, the current planning system has limited scope for recognising the potential wider benefits of such developments for local communities. In order to limit gaming of the system and reduce lengthy disputes (or even litigation), the Government should consider introducing a new planning use class 'C2R' for Retirement Community developments.

Developments applying for C2R status would need to adhere to strict criteria in order to meet the definition 'Retirement Community' as described in this report. Further detail on related options would need to be worked out through consultation with all partners.

4 Introduce annual inspections of Retirement Communities built under C2R

A new use class will only be viable if there are sufficient checks in place to ensure that Retirement Community operators are delivering in the way that is intended under C2R status through an annual inspection to validate that they are offering high quality care and meeting ongoing criteria set out for C2R providers. It is clear though that a source of funding for these inspections needs to be identified to avoid adding to the financial burdens faced by councils.

5 Establish a framework for more collaborative arrangements strategically in two-tier local authority areas

In order to ensure there is clear strategic integration of housing and social care policy in two-tier areas government should set out a duty to co-operate to help facilitate District council representation on Health and Wellbeing Boards and County council representation on Strategic Housing Boards in all areas.

6 Set up a Health and Housing funding pot to support the development of Retirement Communities in two-tier areas

The central thrust of this report is that, in the medium- to long-term, Retirement Communities contribute to the prevention of issues which might otherwise impact on health and social care services. But the advantages reflected in the planning system can come at a cost in reduced Section 106 revenue for councils depending on what alternative developments may be competing to use the same land. In unitary authorities this trade-off can be more easily balanced within the whole quantum of the local authority budget, but in two-tier areas where responsibility is split it can be more difficult. This report urges that a dedicated Health and Housing pot should be set up centrally by DHSC which can be used to help ensure District Councils are able to make decisions about permitting C2R developments without fearing the loss of Section 106 revenue which alternative development non-C2R developments may bring in.

7 Local planning authorities should consider including policies within their local plans that outline the current and future need for older people's housing and care, including Retirement Communities

Retirement Communities represent the fastest growing form of provision for older people's housing, yet because they are a relatively recent phenomenon they are often overlooked when specific forms of housing need are being assessed. Including policies specific to older people's housing, and including Retirement Communities as part of the mix, will help to increase the choices communities have. It would also help to facilitate the collection of relevant data by local authorities ensuring a robust evidence base for policies. The case studies on pages 10-11 provide examples of how local planning policy for housing for older people can be co-ordinated among a number of stakeholders.

8 Raise awareness of Retirement Community models

Alongside the above recommendations designed to increase the supply of Retirement Communities offering care and support, it is also important that Government and the sector considers how it can help channel demand. The findings of this report show that Retirement Communities can have significant benefits for both individuals and the wider society, as well as playing a part in reducing the fiscal burden of social care on the state. But they also suggest that there is still limited awareness of the Retirement Communities choices on offer, particularly among those who would most benefit – e.g. older people looking to plan early for their housing later in life and some local councils which could see significant community benefits. This report recommends that Government and the sector should do more to promote the model of Retirement Communities both within public services and with the wider public and just as importantly, how the sector differs from adjacent sectors such as care homes and retirement flats/sheltered housing.

9

Capital funding and land provision support for initial builds by Housing Associations and local councils

Feedback from Housing Associations who run Retirement Communities is that councils (when distributing S106 funding) and other capital funding bodies are often insufficiently aware of the possibility of Retirement Communities as a form of affordable housing. This can also be the case when public land is being made available for development. Providing greater guidance to these bodies on the availability of this option and the social benefits of it would lead to increased provision for those of limited means. It would also save operators and authorities time when dealing with future applications. Some thought should also be given to establishing a dedicated pot for capital funding of affordable Retirement Communities which are supported by their local councils. This should be separate to the existing Homes England Care and Support Specialised Housing fund (CASSH) and have fewer restrictions on council preferences for housing to be provided for local residents.

10

Allow local planning authorities to count Retirement Community housing as double against delivery targets

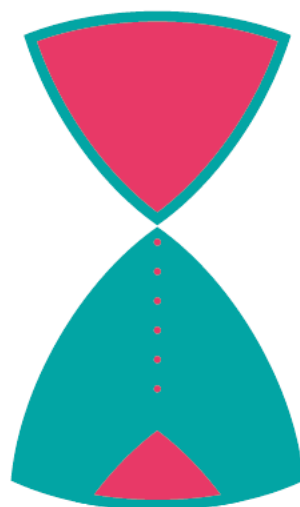
As Retirement Community housing frees up larger houses (each move to a one bedroom apartment in a Retirement Community frees up on average of 2.25 bedrooms elsewhere), enables a whole sequence of further moves down the chain, and makes significant contributions to local infrastructure and social care, there is a case for it counting for more against local housing targets.

As such, councils should be able to opt to count each unit of Retirement Community housing as double against their housing delivery target – e.g. 100 units in a Retirement Community would count as 200 housing units.

11

Support all councils in county areas to take the opportunity presented by bringing together all health and housing partners to improve residents' outcomes, led nationally by CCN and DCN working together

This project has exposed the huge opportunity that County and District councils have in working together to achieve positive health outcomes for people as they age in the community. To help take this opportunity, CCN and DCN will work together and with the sector on a future project to support and promote models that can bring together the whole housing and health landscape in ways that improve residents' lives.



**Associated Retirement
Community Operators (ARCO)**

The Heals Building, Suites A&B, 3rd Floor
22-24 Torrington Place, London WC1E 7HJ

Phone: 020 3697 1204

Email: members@arcouk.org

Twitter: @ARCOTweets

For more information on ARCO, visit:

www.arcouk.org

The County Councils Network (CCN)

5th Floor, 18 Smith Square, London SW1P 3HZ

Phone: 020 7664 3011

Email: countycouncilsnetwork@local.gov.uk

Twitter: @CCNOffice

For more information on the
County Councils Network visit:

www.countycouncilsnetwork.org.uk

APPENDIX 3

Site Allocations DPD Reqs – Viability of Retirement Villages.

Site of Former Hazeldens Nursery
London Road
Albourne
BN6 9BL

Prepared on behalf of:
Retirement Villages

13th May 2021

Version Control

Document owner		Richard Garside				
Date created		12/05/21				
Next scheduled review						
Version number	Modified by		Modifications made	Date modified	Reviewed by	Date reviewed
0.1	Richard Garside			13/05/21	Lottie Smallwood	13/05/21

Versioning guidelines:

- 0.1 <draft version>
- 1.0 <approved version>
- 1.1 <minor amendment>
- 2.0 <major revision>

Table of Contents

1	INTRODUCTION & SCOPE	4
2	AGE RESTRICTED DEVELOPMENTS	5
3	ISSUES AFFECTING VIABILITY	7
4	COMPARISON OF EXTRA CARE RETIREMENT VILLAGE & GENERAL NEEDS HOUSING LAND VALUES.	16
5	CONCLUSIONS	18

Appendices

APPENDIX A:	BCIS – MAY 2021	19
APPENDIX B:	HYPOTHETICAL APPRAISAL – RETIREMENT VILLAGE	20
APPENDIX C:	HYPOTHETICAL APPRAISAL – GENERAL NEEDS HOUSING	21

1 INTRODUCTION & SCOPE
















- 1.1 Newsteer is instructed by Retirement Villages to comment generally on the viability of the Retirement Village Typology and the ability of Retirement Village Developers/Operators to compete in the land market with General Needs Housebuilders.
- 1.2 This comes as a result of this and other Councils reliance on Extra Care need being met by current site allocations.
- 1.3 Our concern is that in a straight forward bidding process for a site the Retirement Village operator will always be able to pay less for a site than a general needs housebuilder due to the significant additional costs which are related to this type of development.
- 1.4 We set out in the following:
- Details of the Typology under consideration – which is only a part of the age restricted market
 - Details of the additional costs which apply to this typology
 - A high level example of a 10 acre site and the values which both a residential developer and a Extra Care Village developer could pay for the site.

2 AGE RESTRICTED DEVELOPMENTS

- 2.1 There are a number of differing types of developments for older people. These are very distinct from traditional residential developments. All provide specialist facilities but the level of facilities and care given can vary significantly as will the design of the development.
- 2.2 The government's 'Housing for Older and Disabled People Guidance (2019)' set out four types of specialist housing to meet the diverse needs of older people (Paragraph: 010 Reference ID: 63-010-20190626, revision date 26 June 2019):
- **Age-restricted general market housing:** This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.
 - **Retirement living or sheltered housing:** This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24 hour on-site assistance (alarm) and a warden or house manager.
 - **Extra care housing or housing-with-care:** This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.
 - **Residential care homes and nursing homes:** These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.
- 2.3 Retirement communities may also be referred to as extra care and housing-with-care and the following image is from ARCO's website (<https://www.arcouk.org/>), which highlights the distinction between retirement housing, retirement communities (or extra care), and care homes.

Living Options for Older People



 Retirement Housing Also known as sheltered housing or retirement flats	 Retirement Communities Also known as extra care, retirement villages, housing-with-care, assisted living or independent living	 Care Homes Also known as Nursing Homes, Residential Homes, Old People's Home
 Self-contained homes for sale, shared-ownership or rent	 Self-contained homes for sale, shared-ownership or rent	 Communal residential living with residents occupying individual rooms, often with an en suite bathroom
 Part-time warden and emergency call systems	 24-hour onsite staff with optional care and domestic services available	 24-hour care and support (including meals)
 Usually have a lounge, laundry facilities, gardens and a guest room	 Range of facilities including a restaurant or café usually alongside leisure and wellness facilities such as gyms, hairdressers, activity rooms, residents' lounges and gardens	 Range of facilities and activities, including gardens, lounges and dining rooms
 Typically 40 - 60 units	 Typically 60 - 250 units	 Sizes vary considerably

- 2.4 Retirement village developers fall within the definition of extra care housing or Retirement Communities.
- 2.5 The importance of the distinction from a viability point of view is that each typology has its own set of costs and values which apply and need to be considered and understood in order to fully understand the economics which apply in each case.

3 ISSUES AFFECTING VIABILITY

- 3.1 There are a number of issues that affect the viability of age restricted developments. These can relate to internal factors such as design efficiencies or external factors such as the market and competition with traditional / general needs housing.
- 3.2 In the private sector both retirement housing and retirement community developments predominantly operate on a sales model whereby an individual home comprising part of a managed development is sold to a purchaser by the developer/operator. Care packages (Assisted Living & Extra Care schemes) are separately provided, either by the operator or by a 3rd party care provider, at an additional cost.
- 3.3 Care Homes operate on an investment basis whereby the home is sold or let to an operator with individual residents paying for their room, board and care. Any lease to the operator (whether created by themselves or the developer if separate) is then often sold as an investment. Accordingly the economics are quite distinct from 'for sale' age restricted developments. Given that I am instructed to consider the viability of retirement villages I will limit this statement to the development viability issues affecting the sale of individual age restricted developments.

Design Efficiencies

- 3.4 The development and construction of houses is highly efficient as a purchaser is buying the entirety of the built house, including any external storage. Apartment blocks require shared bin stores, lobbies, corridors, stairwells, as well as cycle parking and lifts. These are outside the apartment and thus, within the constraints of a block, reduce its saleable space and in turn the efficiency of the scheme. In most Extra Care communities a proportion and in some cases all of the accommodation will be provided as apartments even in areas where general needs accommodation is generally provided as housing.
- 3.5 All types of age restricted developments incorporate a significant provision of facilities in addition to the individual units themselves and the common parts found in general needs apartment blocks. In some very high value locations, such as Central London, additional on-site facilities (eg swimming pools) will be provided within a general needs development but this is rare.
- 3.6 As a result the 'efficiency' of age restricted developments, i.e. the floor spaces of individual units ('net') which can be sold to the total floor space ('gross') for which there will be no receipt, is significantly poorer than in traditional / general needs housing. The exact efficiency will depend upon the detailed design of each scheme and the number of units within it but in general I would expect the following design efficiencies:
- Traditional / General Needs Houses – 100% Net to Gross efficiency
 - Traditional / General Needs Apartments – 85% Net to Gross
 - Sheltered Living / Retirement Living Apartments – 75% Net to Gross
 - Extra Care Village/Community – Mix of Apartments and Bungalows – 70% -75% Net to Gross depending on size and mix.

- 3.7 As one can see, age restricted developments, in particular Assisted Living / Extra Care, have a significantly lower amount of saleable space compared with traditional developments. The precise efficiency will vary and where houses form part of an age restricted development and where it is larger it will improve marginally but cannot achieve the 100% efficiency of traditional housing estates given the facilities provided. Larger Extra Care communities will be more efficient than older apartment schemes and I would therefore expect a more efficient ratio of closer to 75% reflecting the current trends for larger villages/communities.
- 3.8 As a consequence of the net:gross ratio of age restricted schemes a comparatively lower total sales revenue for the same amount of built space is achieved making them less viable.

Gross Development Values

- 3.9 Due to the facilities age restricted developments include a sales premium (ie a higher sales value) that can be achieved from prospective purchasers who value the benefits this provides. However, to overcome the differences in efficiency set out above, Extra Care schemes would have to achieve a significant premium against general residential apartments and an even greater one against general needs houses to achieve a comparative level with these developments. The premium I have experience in the market is not at the level require to achieve parity mainly because the majority of prospective purchasers will come from the local area and therefore the value of the extra care unit has to reflect the value of the customers current property to ensure it is affordable to them. The level of premium will vary depending on the supply of similar extra care property in an area but in my experience of this market I would expect to see a premium of circa 10% -20% on a £psf/m basis over similar quality new general needs housing.
- 3.10 In addition to the efficiency of units they are also significantly larger than general housing. National Described Space Standards (NDSS) benchmark minimum floor areas for general housing at 50sqm for a one bed and 61- 70sqm for a two bedroom unit. In comparison, the extra care accommodation far exceeds these standards in order to provide improved mobility access, storage and flexible living spaces. Apartments within schemes I have worked on recently range in floor area from around 70sqm for a one bed to up to 100sqm plus for the larger two bedroom units. For the extra care bungalows/cottages the floors areas are also generous ranging from circa 110sqm to 140sqm. The majority of units in schemes tend to be two beds and the average size of unit across schemes is circa 107 sqm or 1,150 sq ft. This means that if the same £/psft/m value is applied to these units as to general housing a significantly higher unit price will result. This can prove a barrier to achieving the higher levels of value required to compete with general needs housing.
- 3.11 Deferred Management Fees (DMF) or Event Fees also need to be considered. The Retirement Villages business model requires those taking a lease to agree that a Fee is paid when their flat is eventually vacated, normally after their death. The charging of such 'event fees' is a feature of the majority of operators in this market and it is therefore right to consider for planning viability purposes.
- 3.12 The inspector in the Gondar Gardens Case (Appeal Ref: APP/X5210/W/18/3198746 Gondar Gardens Reservoir, Gondar Gardens, London NW6 1QF) considered the need to include the DMF within the value of the scheme and concluded that an element of the DMF could be reflected in the value of the scheme when deciding how much it could afford towards affordable housing.
- 3.13 Based upon my experience of the market I would suggest that an average fee of up to 10% of the sale price when an occupier decides to sell their home is the market norm. The initial

fee on first purchase would be zero but this then increases up to this level usually over the first five years of occupation at circa 2% per annum and after that the occupier would pay the full amount. In the Gondar case the inspector references a report by a firm specialising in finance for healthcare and retirement living (Conaghan Healthcare and Corporate Finance: Retirement Communities and 'Event Fees', June 2016). The report confirms that event fees are becoming commonplace within the 'retirement community' sector and suggests that the majority of these are set at 10% or less.

- 3.14 However only a proportion of this fee can be taken into account in consideration of the GDV of the scheme at the outset as it is designed to cover a number of costs. Extra Care villages require long term investment which will not be covered by the service charge. Service charges may pay for repainting corridors, communal areas, landscaping etc and the sinking fund included within the service charge means that if roof needs replacing, there is money for that. However longer term investment needed to maintain the villages value and attractiveness as a place to live in retirement will be required which cannot be covered by this service charge. For example; at some point in future every car will be electric and will need additional electricity sub-stations and electric charging points installations. This is just one example of the sort of costs retirement villages built in recent decades will face and it cannot be known now what similar challenges will be faced over the term of a long lease and beyond.
- 3.15 Many operators also carry out a complete refurbishment of a property once it becomes vacant and prior to re sale to ensure values within the estate are maximised. I am aware from clients that currently the average cost of this is circa £12,000 per unit. The communal services which have to be provided upfront are a considerable cost to the development in terms of both the provision and the interest thereon until units can be sold. This is not covered by the sale price of the properties and the DMF helps to pay towards these and thus an element of the fee can be included reflected in the GDV value. The operation of the amenities and services within retirement villages are not materially profit-making, being either based on a cost-recovery service charge model or a management fee model with minimal profitability. Given the operational risks associated, which are far in excess of those for a standard portfolio of managed rental accommodation, an additional role of the DMF is to offset this risk which would otherwise be commercially insupportable.
- 3.16 As yet there is no common market practice which can be referred to in valuing the DMF and RICS guidance with regard to viability assessments makes it clear that benefits or disbenefits unique to the applicant should be disregarded other than in exceptional circumstances. Whatever we add in has to be appropriate to the market as a whole and also has to be in line with the evidence from which the base value for the unit is drawn.
- 3.17 I have created our own model in order to arrive at the value of the DMF. This considers:
- Scheme Build out and the average length of time to maturity for villages
 - The average length of tenancies at villages
 - Growth in market value
 - The discount rate applicable
 - The level of reinvestment required
- 3.18 Based on the above our model suggest that the addition to the base market value of properties will be in the order of 5-7.5%. In terms of carrying out viability testing for plan making purposes I would suggest that it would be prudent to allow no more than a 5% addition to reflect the potential for DMF.

Construction Costs

- 3.19 Notwithstanding the need to build a larger scheme to achieve the same sales space, age restricted developments are more expensive to construct than general residential housing. Firstly any apartment development is more expensive to construct due to the proportionally higher costs of a larger structure, noise insulation, incorporating car, cycle and bin storage (which often cannot be put into a separate, cheaper structure), and higher proportion of bathrooms and kitchens which cost more to fit out. Secondly, age restricted developments cost more to construct compared to general developments as they will often include lifts (even if only two storey), specially adapted bathrooms, fitted out treatment rooms and other specialist items such as underfloor movement sensors etc.
- 3.20 For Local plan and CIL viability work local authority advisors will often rely on average price reports from the Building Cost Information Service (BCIS) provided by the RICS. The RICS guidance notes suggest that this is acceptable for plan testing purposes but a fully costed plan should be adopted for individual site testing. We attach as Appendix A BCIS costs for Mid-Sussex.
- 3.21 It should be noted that the BCIS Costs for 'Supported Housing' include homes for those with learning difficulties which do not require the same level of care facilities. Likewise BCIS do not provide a separate cost for Sheltered / Retirement Living developments in comparison to Assisted Living / Extra Care which require additional expensive facilities. And finally large retirement scheme villages of the typology under consideration are a recent phenomenon and therefore do not tend to be reflected in BCIS rates. Accordingly the cost differential compared to residential housing is likely to be larger for Extra Care developments than reported.
- 3.22 For this reason I would always suggest that when considering Extra Care viability practitioners should adopt the upper quartile of the BCIS costs and compare this with the median quartile for good quality general needs housing. The rates shown for Mid-Sussex are £1,924 per square metre (psm) for supported housing generally, approximately 25% higher than Flats (£1,535 psm) and 46% higher than 'Estate' housing at only £1,321 psm.
- 3.23 I would note that even at these levels in our experience the costs for Extra Care villages can often be higher.
- 3.24 BCIS costs do not account for external works such as service connections or landscaping which is proportionally higher for housing estates. In my experience I would apply approximately 10% of costs for external works to apartment developments (whether age restricted or for general needs) and 15% for housing led schemes. Extra Care schemes have very high levels of design quality and significant external landscaped spaces as this part of what the community will be buying into. Based upon my experience to date external works costs of 15-20% of the base cost are appropriate for Extra Care village schemes.
- 3.25 These higher construction costs are compounded by the aforementioned reduced efficiency of age restricted developments. The increased costs are shown below across a range of housing types:

	Housing Estates	Residential Flats	Retirement Living	Extra Care Village
Net Sales Area	100	100	100	100
Efficiency	100%	85%	75%	75%
Gross Internal Area	100	118	133	133

BCIS £/psm Costs	£1,321	£1,535	£1,617	£1,924
Plus External @	15%	10%	10%	15%
Total £/psm Costs	£1,519	£1,689	£1,779	£2,213
Total Costs	£151,915	£198,647	£237,160	£295,013
Difference to Housing	0%	31%	56%	94%

- 3.26 In order to back up the levels suggested above for Extra Care the following are details of a number of sites which one of our Extra Care developer clients has built out within the last year. It will be noted that the average exceeds the above figure:

	No of Apts	Location	£per m2
Project 2	51	Surrey	2,329
Project 3	80	Berkshire	2,168
Project 4	53	Surrey	2,249

- 3.27 I also have another operator client who has a number of projects recently tendered or currently on site the base costs for which may be compared with the BCIS rates and are as follows:

	No of Apts	Location	£per m2
Project 1	39	Cheshire	2,017
Project2	54	Kent	2,098
Project 3	76	Bedfordshire	1,902
Project 4	circa 50	Hampshire	2,176

- 3.28 It is clear that the above actual evidence from recently built schemes supports the use of the upper quartile BCIS figure.
- 3.29 Finally, many of the house builders (i.e. the larger well known companies such as Barratts, Redrow, Crest Nicholson etc), as the name suggests, build their houses themselves through their own construction arm. Conversely most age restricted developers do not have the scale that enables them to employ their own in-house team and they must appoint a third party contractor. As a result the house builders are able to secure more competitive construction rates in comparison to the figures reported by the BCIS.

Professional Fees

- 3.30 In addition to the cost of building any scheme professional fees will need to be expended designing, securing planning and undertaking technical work. Housing estates are often designed around an existing set of plans based upon a house builder's product types; such that anyone can see the same home at many different sites. Accordingly fees only need be expended to place these designs within the specific site's setting and make any adjustments for local materials or the planning conditions. In the Site Allocations Document – Viability Review carried out for Mid-Sussex by HDH Planning & Development Ltd they adopt 9% for general needs housing.
- 3.31 The majority of Extra Care schemes include an element of apartments and any apartment development is ultimately a bespoke product requiring it to be individually designed by Architects with appropriate input from allied professionals (Quantity Surveyors, Planners,

Environmental Consultancy, Mechanical & Electrical Engineers, Structural Engineers etc) which increases its cost.

- 3.32 In addition the design of Age Restricted Living products and particularly Assisted living/Extra Care has to be high to try and recoup some of the additional build costs by way of improved sale values.
- 3.33 Age restricted developments will therefore require a greater level of professional input than a general needs housing scheme in order to ensure the scheme meets the specific needs of its intended occupants as well as the need to design the additional facilities that these schemes have. For this reason it is my opinion that the rate adopted for Extra Care schemes should be higher than that which is adopted for general needs schemes.
- 3.34 In the majority of local plan viability assessments we see Professional Fees set at circa 9-10% for General Needs residential as HDH do in the Mid-Sussex review and therefore I am of the opinion that a minimum rate of 10%-12% for plan viability testing is appropriate for Extra Care schemes and that this should always be higher than the rate used for the General Needs housing tests.

Construction Rates

- 3.35 Because of its design any apartment block must be fully constructed before the sale of a single unit can be completed. As a result the capital cost of the block must be financed in its entirety. An age restricted development, in particular Extra Care schemes, with their additional construction costs and facilities (which must be completed in time for the first occupation) therefore entails a greater funding burden.
- 3.36 In both cases this will result in all of the units within a block coming onto the market at the same time increasing the supply versus the static demand and thereby having a negative effect on values. Clearly a mix of housing and flats will improve matters however it is still the case that buyers for this type of product prefer to see the end product and are far less likely to buy off plan.
- 3.37 Conversely a housing estate can be built out on a rolling basis such that a small number of homes are started at any one time before moving onto the next set. This results in the sales of the completed houses funding the construction of the next set and so forth thus reducing the financing cost of the project significantly. This also has the effect of restricting the supply of homes on the market at any one time.
- 3.38 Furthermore, this rolling construction programme can be adjusted to meet market expectations (if sales rates slow the construction rate can be reduced) whereas apartments must be completed in their entirety. As a result general house building is fundamentally a less risky venture which is reflected in finance costs and profit expectations.
- 3.39 In a scheme of 100-150 units the development will be split into two or three phases generally with separate build contracts being awarded for each. Each phase will be completed prior to sales commencing on the next in order that purchasers can see the entirety of what they are buying into. This model is common to the way in which the various retirement operators I work with build out their schemes.

Start Up Costs / Empty Property Costs

- 3.40 As the facilities within an age restricted development assist in residents well-being, in the case of Assisted Living / Extra Care, their day to day care needs must be fully operational before the scheme can be occupied.
- 3.41 Once completed any facilities within a development will need their operational costs covering. This is achieved through a service charge paid by residents. However, the amount chargeable to any one owner is only proportionate to the development at full occupation. Accordingly the developer has to cover the cost of any unsold units which is significant particularly at the outset of the sales programme.
- 3.42 In addition to the service charge, as units have to be completed to encourage purchasers the developer will have a Council Tax liability for the sales period which again is likely to be considerable given the sales period.
- 3.43 As most general needs residential schemes do not have additional facilities developers of such schemes do not face this cost burden. Even where schemes do include additional facilities (such as swimming pools) their operational start can be delayed until a certain level of occupation is achieved. Furthermore, due to the differences in the market, the sales rates of general needs housing is faster and thus any Empty Property Costs are further reduced.
- 3.44 We estimate that on a typical 120 bed Extra Care village typically selling at 2 units per month and with a typical service charge of £8,500 and average Council Tax liability this amounts to a total additional scheme cost of circa £2,600,000.
- 3.45 These additional costs have an added impact on the finance costs for the scheme.

Sales Rates

- 3.46 By their nature, age restricted developments are limited to those over the age of 55 or indeed often older – 65+ or even 75+ in many cases. As a result this significantly limits the market for potential purchasers in comparison to general needs housing which carries no age restrictions whatsoever. Considering moving away from the family home is a sizeable decision and because of a prospective purchaser's age and care needs, any sale is likely to involve additional family members, predominately their children, who will also need convincing that a property provides the best place for their parent(s) to live out their remaining years (and as importantly without eroding any inheritance)s. Accordingly, the sales rates of age restricted developments are much slower which increases their finance costs and decreases the Internal Rate of Return. Extra Care developments are further impacted as such schemes are limited to purchasers with care needs.
- 3.47 In addition given the importance of the decision and often the involvement of the whole family buyers will want to see the finished product and the quality of the community facilities being provided. This means that the facilities must be available prior to sales and that off plan sales are not commonly achieved at such developments. The build out programme for a Retirement Village/Community will ensure that there is a constant supply of finished units but the phases will not overlap. Hence the build of the second and third phases will be timed to complete in line with the sale of the last unit in the previous phase.
- 3.48 In contrast general needs residential schemes are not restricted by age or care requirements and are open to all who can afford them; including the elderly who often resist a move to

specialist housing despite their existing homes becoming increasingly inappropriate to their needs. Consequently these developments are able to sell at a much faster rate providing another competitive edge that age and care need restricted developments struggle to match.

Sales & Marketing Costs

- 3.49 A significant cost in any development is the cost of sales. Only the smallest developments can rely solely upon an estate agent to sell the units at an acceptable rate. Most schemes will require a significant degree of marketing including a manned sales office and show home.
- 3.50 The increased sales period faced by age restricted developments means that the sales office has to be manned for longer which increases its cost relative to general needs housing. Furthermore, in order to secure the support of family members, additional time will need to be spent with each family which also increases costs. Additionally less mobile purchasers will be met at their home further increasing the time and expense required to sell each unit relative to general needs housing developments.
- 3.51 On average a typical market housing scheme might cost circa 3% of the developed value to sell compared to 5% -6% for an age restricted development.

Risk Return / Profit

- 3.52 Profit is widely considered as an output of any development which is collected at the point a scheme is completed. However, when deliberating what can be paid when bidding for a site a developer will have to consider their profit requirement. Once this (together with the costs of construction, professional fees, finance etc) is deducted from the expected revenue (i.e. sales values) the residual is the amount that can be paid for a site. This is known as the Residual valuation method.
- 3.53 Any profit requirement that a developer seeks is carefully balanced between the need to secure highly competitive and limited development sites versus the risks of a potential project. As a result of the issues raised above (higher construction costs, slow sales rates etc) funders of age restricted developments often require a greater 'hurdle rate' compared to general needs housing.
- 3.54 The governments' Planning Policy Guidance at Paragraph: 018 Reference ID: 10-018-20190509 sets out that "For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies". The level of profit will vary depending on risk with housing estates normally at the bottom of this range, standard apartment developments in the middle and age restricted or other complex developments (e.g. tower developments) at the top. This further reduces the competitiveness of operators of age restricted development in the market for land.

Land Value

- 3.55 In line with Planning Policy Guidance I do not consider the price paid for land to be relevant in determining what a scheme can afford to pay towards planning policy requirements including affordable housing. If a developer has overpaid for land for whatever reason this is not good reason not to make a fair contribution towards planning benefits and if that in turn means the land deal has to be renegotiated then so be it.

- 3.56 Having stated this the price which developers have to pay for land, when forced to complete with housebuilders in the open market is the single biggest concern for the viability of Age Restricted Retirement Housing and in particular Extra Care.
- 3.57 As a result of the viability issues set out above the price which Extra Care operators/developers can pay for land is less than the general needs housebuilder can pay. Where planning policy dictates that competition is the only way on which sites for this use can be bought forward the likelihood of such sites being progressed is minimal.

Summary

- 3.58 The impact on viability of the above issues is that ultimately Age Restricted Developers are less able to pay the same price for land as residential developers. There is a continuum of reducing viability in relation to housing types with Age Restricted Retirement Housing less viable than General Needs housing and Extra Care Retirement Communities being even less viable than Retirement Housing. Accordingly it is much harder for Age Restricted Developers and in particular those seeking to deliver Extra Care to secure sites for development and meet the housing needs they aim to supply.
- 3.59 I believe that it is imperative that Local Authorities fully test the ability of different sectors of the elderly housing market to deliver planning benefits and remain able to compete for sites to ensure planning need is met. This testing must be rigorous and with a full understanding of the economics which relate to this class of property. Authorities should also consider taking the positive step of actively allocating sites for Retirement village use.

4 COMPARISON OF EXTRA CARE RETIREMENT VILLAGE & GENERAL NEEDS HOUSING LAND VALUES.

- 4.1 In order to highlight the difference in land values achievable for these two different uses I have undertaken the valuation of a hypothetical 10 acre site in the Mid Sussex area adopting sales values considered appropriate across the area and BCIS build costs.
- 4.2 The inputs adopted for Extra Care use for this review can be summarised as follows:

Appraisal Assumptions for Retirement Village - Extra Care - Mid Sussex

Site Area	10 acres	
Unit Numbers	120	
Average unit Size	1,150 sq ft (107 sq m.)	
Affordable Housing %	0%	
Value	£550 psf	(£5,920 psm)
Value Uplift of DMF Affordable	5% uplift on GDV	
	N/A	
Build Costs	£178.74psf	(£1,924 psm)
External Works Addition	15%	
Professional Fees	12%	
s 106	£2,000 per unit	
Sale Costs		
Sales and Marketing	5%	
Legal	0.25%	
Start Up Costs	2,600,000	
Finance	7%	
Profit	20% on GDV	

4.3 The inputs adopted for Extra Care use for this review can be summarised as follows:

Appraisal Assumptions for General Needs Housing - Mid-Sussex

Site Area	10 acres	
Unit Numbers	100	
Average unit Size	1,250 sq ft (116 sq m.)	
Affordable Hosuing %	30%	
Value	£450 psf	(£5,920 psm)
Value Uplift of DMF	N/A	
Affordable	N/A	60% of OMV
Build Costs	£122.72psf	(£1,321 psm)
External Works Addition	15%	
Professional Fees	12%	
s 106	£20,000 per unit	
Sale Costs		
Sales and Marketing	2.5%	
Legal	£750 per unit	
Start Up Costs	N/A	
Finance	7%	
Profit - Market Housing	17.5% on GDV	
Profit - Affordable Housing	6% on GDV	

4.4 Full details of the Argus development appraisals undertaken for each scheme are attached as Appendix B and C.

4.5 Based upon the above inputs we reach the following conclusions in respect of residual land value for the two land uses:

- Retirement Village – Extra Care **£0.634m per acre**
- General Needs Housing **£1.435m per acre**

4.6 Essentially the above exercise shows that **Retirement Village operator/developers can pay approximately half of the land value which a general need housebuilder is able to pay** for development sites.

4.7 Hence the conclusion reached is that the Retirement Village model is not competitive when bidding for land against general needs housebuilders in the open market.

5 CONCLUSIONS

- 5.1 As set out above age restricted products differ from general needs / traditional housing, whether this is in terms of the limited target market or differences in design. This results in significant additional development challenges which affect the viability of such schemes which I have addressed above.
- 5.2 These challenges will result in a reduction in the amount of money available for land purchase at a retirement village/extra care scheme.
- 5.3 There is a continuum of reducing viability in relation to housing types with market housing most able to deliver significant land value alongside affordable housing, with Retirement Housing developments at a disadvantage and Extra Care developments at a greater disadvantage when competing for land.

Yours sincerely



For and on behalf of

Newsteer

APPENDIX A: BCIS – May 2021

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 08-May-2021 00:48

> Rebased to Mid Sussex (108; sample 15)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810. Housing, mixed developments (15)	1,372	697	1,198	1,334	1,499	3,118	1228
810.1 Estate housing							
Generally (15)	1,371	663	1,170	1,321	1,499	4,749	1548
Single storey (15)	1,540	876	1,305	1,482	1,718	4,749	251
2-storey (15)	1,326	663	1,153	1,292	1,448	2,873	1195
3-storey (15)	1,412	854	1,139	1,358	1,590	2,837	97
4-storey or above (15)	2,882	1,399	2,316	2,586	3,849	4,261	5
810.11 Estate housing detached (15)	1,771	1,029	1,325	1,510	1,784	4,749	21
810.12 Estate housing semi detached							
Generally (15)	1,367	810	1,176	1,339	1,502	2,528	365
Single storey (15)	1,524	1,012	1,309	1,501	1,686	2,528	74
2-storey (15)	1,329	810	1,171	1,305	1,456	2,287	278
3-storey (15)	1,299	972	1,035	1,275	1,393	1,986	13
810.13 Estate housing terraced							
Generally (15)	1,412	854	1,167	1,332	1,558	4,261	298
Single storey (15)	1,589	1,059	1,350	1,496	1,825	2,246	29
2-storey (15)	1,361	862	1,149	1,307	1,502	2,873	221
3-storey (15)	1,430	854	1,134	1,333	1,584	2,837	46
816. Flats (apartments)							
Generally (15)	1,611	798	1,339	1,535	1,817	5,538	878
1-2 storey (15)	1,524	943	1,298	1,457	1,691	2,721	207
3-5 storey (15)	1,587	798	1,336	1,524	1,801	3,366	571
6 storey or above (15)	1,937	1,183	1,577	1,810	2,092	5,538	97
843. Supported housing							
Generally (15)	1,733	895	1,452	1,617	1,924	3,533	135
Single storey (15)	2,006	1,244	1,597	1,969	2,134	3,533	19
2-storey (15)	1,728	895	1,449	1,568	1,911	3,075	41
3-storey (15)	1,591	896	1,447	1,532	1,762	2,367	47
4-storey or above (15)	1,785	1,090	1,440	1,652	1,834	3,409	25

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
843.1 Supported housing with shops, restaurants or the Ikea (15)	1,656	1,068	1,402	1,584	1,740	2,780	31

APPENDIX B: Hypothetical Appraisal – Retirement Village

Albourne
Hypothetical 10 acre site - Retirement Village

Development Appraisal
Newsteer
May 13, 2021

**Albourne
Hypothetical 10 acre site - Retirement Village**

Appraisal Summary for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Village Core incl apartments	60	69,000	550.00	632,500	37,950,000
Apartments/Bungalows	60	69,000	550.00	632,500	37,950,000
Totals	120	138,000			75,900,000

Additional Revenue

Deffered Management Fee			3,795,000		
				3,795,000	

NET REALISATION

79,695,000

OUTLAY

ACQUISITION COSTS

Residualised Price (10.00 Acres @ 634,153.62 /Acre)			6,341,536		
				6,341,536	
Agent Fee		1.00%	63,415		
Legal Fee		0.50%	31,708		
				95,123	

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Village Core incl apartments	92,000	178.74	16,444,080
Apartments/Bungalows	92,000	178.74	16,444,080
Totals	184,000 ft²		32,888,160
Contingency		5.00%	1,891,069
s106 costs	60 un	2,000.00 /un	120,000
s 016 Costs	60 un	2,000.00 /un	120,000
			35,019,229

Other Construction

External Works		15.00%	4,933,224		
				4,933,224	

PROFESSIONAL FEES

Professional Fees		12.00%	4,538,566		
				4,538,566	

DISPOSAL FEES

Sales and Marketing		5.00%	3,795,000		
Sales Legal Fee		0.25%	189,750		
				3,984,750	

Additional Costs

Start Up Costs			2,600,000		
				2,600,000	

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)					
Total Finance Cost				7,002,573	

TOTAL COSTS

64,515,002

PROFIT

15,179,998

Performance Measures

Profit on Cost%	23.53%
Profit on GDV%	20.00%
Profit on NDV%	20.00%
IRR% (without Interest)	15.80%
Profit Erosion (finance rate 7.000)	3 yrs 1 mth

APPENDIX C: Hypothetical Appraisal – General Needs Housing

Albourne

Hypothetical 10 acre site - General Needs Appraisal

Development Appraisal

Newsteer

May 13, 2021

**Albourne
Hypothetical 10 acre site - General Needs Appraisal**

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Units	70	87,500	450.00	562,500	39,375,000
Affordable Units	<u>30</u>	<u>21,903</u>	270.00	197,125	<u>5,913,736</u>
Totals	100	109,403			45,288,736

NET REALISATION 45,288,736

OUTLAY

ACQUISITION COSTS

Residualised Price (10.00 Acres @ 1,434,597.59 /Acre)			14,345,976		
Stamp Duty			706,799		14,345,976
Effective Stamp Duty Rate		4.93%			
Agent Fee		1.00%	143,460		
Legal Fee		0.50%	71,730		
					921,989

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Private Units	87,500	122.72	10,738,000	
Affordable Units	<u>21,903</u>	122.72	<u>2,687,903</u>	
Totals	109,403 ft²		13,425,903	
Contingency		5.00%	671,295	
S 106 Contributions	100 un	20,000.00 /un	2,000,000	
				16,097,198
Other Construction				
External Works		15.00%	1,610,700	
External Works		15.00%	403,185	
				2,013,885

PROFESSIONAL FEES

Professional Fees		9.00%	1,389,581	
				1,389,581

DISPOSAL FEES

Marketing and Disposal Fees		2.50%	984,375	
Marketing and Disposal Fees		0.75%	44,353	
Sales Legal Fee	70 un	750.00 /un	52,500	
Sales Legal Fee		0.35%	20,698	
				1,101,926

MISCELLANEOUS FEES

Private Profit		17.50%	6,890,625	
Affordable Profit		6.00%	354,824	
				7,245,449

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				2,172,733

TOTAL COSTS 45,288,736

PROFIT

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR% (without Interest)	6.61%
Profit Erosion (finance rate 7.000)	N/A

APPENDIX 4

FORMER HAZELDENS NURSERY – ALBOURNE	
SHELAA:	Ref 58
Settlement:	Albourne
Gross Area:	Approx 4.3ha
Description:	C2 Extra care housing development for circa 117 units
Current Use:	Former nursery including residential dwelling
Indicative Phasing:	1-5yrs
Objectives	
<ul style="list-style-type: none"> To deliver a high-quality landscape led and sustainable extra care development (Use Class C2) which meets the accommodation and care needs of older people, respects the character of the village and the adjacent countryside. 	
Urban Design	
<ul style="list-style-type: none"> Provide specialist accommodation for older people, including a central building providing community facilities. Extra care units should comprise a range of building forms appropriate to the location. Provide for different character areas within the Site, responding to location and the Site characteristics. Building heights should respect the scale of surrounding development; the densest development should be positioned in the northern and eastern areas of the Site; and the central facilities building located adjacent to the northern boundary to contribute to the integration of the development with the wider settlement. Architectural style and materials to be reflective of those traditionally used in Albourne and other settlements in the area. Development to include demolition of the existing house on the Site. 	
Landscape and Green Infrastructure	
<ul style="list-style-type: none"> Include native and locally characteristic species in all structural planting. Retention, reinforcement and management of vegetated boundaries. Reinforcement and extension of internal belts of vegetation, allowing for replacement of existing non-native species shelterbelt trees. Development will be set back from the Site boundaries to provide space for extension of existing structural vegetation whilst avoiding undue enclosure of visual amenity of proposed residents. Deliver a central multifunctional linear green space running through the Site from north to south to maintain a view corridor to the South Downs, including a framed view from the PROW flanking the northern boundary. Entrance green provided adjacent to the access into the Site, onto which a local shop will provide western frontage. Incorporate SuDS as an integral part of the green infrastructure enhancement. 	
Social & Community	
<ul style="list-style-type: none"> Central facilities building to include a small local shop to be accessible to the public. Provide publicly accessible electric car charging points. 	
Historic Environment & Cultural Heritage	
<ul style="list-style-type: none"> Central facilities building in the north of the Site will be set back from London Road. Development to the south of the Site access will be set behind a retained and reinforced landscaped boundary with the London Road. Enhanced landscape buffer to be provided adjacent to the boundary with Spurk Barn. 	
Biodiversity	
<ul style="list-style-type: none"> Provide for wildlife mitigation and a range of ecological enhancement measures, including providing a greater range of habitats on site, such as a habitat pond at the entrance green and a habitat zone on the southern boundary. Incorporate SuDS as an integral part of the ecological enhancement measures. 	
Highways & Access	

- Provide an upgraded priority junction onto London Road.
- Provide for a pedestrian footpath from the Site access to the north along the London Road connecting with the existing footpath to the north of the Brethren Hall entrance.
- Provide traffic calming measures to the London Road within the vicinity of the Site including providing a pedestrian refuge.
- Proposals to be supported by a Travel Plan, which incorporates measures to reduce reliance of residents and staff on use of the private car.

Flood Risk & Drainage

- Design a surface water drainage strategy to incorporate SuDs and to ensure that flood risk is not increased.
- Provide a site-specific FRA