

Greater Norwich Local Plan Local Plan Examination

Hearing Statement

Matter 6 - Homes (Policy 5)

Gillings Planning on behalf of Perseus Land & Developments Limited

January 2022

Matter 6 – Homes (Policy 5)

This Statement has been prepared on behalf of Perseus Land & Developments Limited to Matter 6, Issue 1, Question 8 only.

Issue 1 - is the policy for affordable housing justified, effective and consistent with the evidence and national policy?

Q8 - Is the requirement for specialist older people's accommodation, including care homes, to provide an affordable housing contribution justified and consistent with national policy? Have these requirements been subject to viability testing?

No, the requirement for specialist older people's accommodation, and *specifically* care homes, to provide affordable housing:

- a) has not been justified,
- b) is not consistent with national policy, and
- c) has not been subject to viability testing.

This Statement relates to the way the policy could be applied to care homes.

It sets out our views on the practical difficulties of using the generic description 'older people's accommodation' to form the basis of the affordable housing policy wording, which implies that retirement housing, extra care housing and care homes, for example, would all be assessed on the same basis.

Use of Terminology

At face value, the policy is worded in a manner which implies that affordable housing could be sought from care homes. This is as a result of imprecise wording. The policy text reads:

*"Development proposals providing **specialist housing options for older people's accommodation** and others with support needs, **including** sheltered housing, supported housing, extra care housing and **residential/nursing care homes** will be supported on sites with good access to local services including on sites allocated for residential use" (emphasis added)*

The use of the word 'including' suggests that care homes fall within the definition of 'older people's accommodation/housing', which is then in turn expected to contribute to the Council's affordable housing targets as follows:

*"Irrespective of C2 or C3 use class classification, **specialist older people's housing** will provide 33% affordable housing or 28% in the city centre."*

A strict interpretation of the policy would therefore confirm that care homes are expected to make an affordable housing contribution.

Whilst the support for older persons housing, in all its forms, is welcome, requiring affordable housing from care homes is not justified.

Lack of Justification

There is simply no evidence to justify application of affordable policy to care homes (or indeed to extra care).

Lack of Viability Testing

The Council's response to the Reg 19 representations simply states that 11 typologies have been tested to demonstrate if affordable housing is achievable.

However, the 2020 Viability Assessment states at Para 58:

"58. It is important to note therefore that in addition to strategic sites the following are also not considered:..."

- *Supported accommodation such as sheltered housing, extra care and care homes, residential care and supported living.."*

It is therefore clear that care homes, and indeed extra care have **not** been viability tested as part of the 2020 Assessment. These are also absent from the 2021 Appendix (which sought only to look at two further sub typologies).

Moreover, the said Assessment considers viability solely on the basis of location, and for conventional houses and flats. Separate viability testing is critical for care uses due to the very specific nature of the provision. This is widely accepted by the Viability Assessments required for other Local Plans, as it is by the nps group, authors above, in their specific exclusion of supported accommodation.

For example, in the case of the Havant Borough Council Viability Assessment, prepared by DSP, although care homes are included within the assessment (for the purposes of CIL), they are clearly, and correctly, assessed under a separate heading to residential, with different inputs, particularly on rental income, specific to that location. This is also the case in Colchester and Hart, to name but three examples.

It is fundamentally flawed to apply viability evidence prepared for C3 Use *dwelling*s, to C2 Use care *institutions*, particularly in the case of care homes which are entirely different forms of accommodation with different sets of variables which determine their viability.

The process of assessing the viability of both types of development starts with calculating the Gross Development Value (GDV), from which costs may be deducted before arriving at the profit figure. In the case of *dwelling*s (houses and flats), the GDV will simply comprise either the forecast net receipts from the sale of all the units, or a capital value derived from the projected rental income multiplied by a net initial yield.

The calculation of the GDV for care homes however has some major differences:

- Care homes are not based on a sales rate per unit / type / GIA range found via published data on Rightmove, Zoopla or Land Registry. There is no sales range per sqm. The GDV of a care home cannot be compared with House Price Data as the bespoke design of each property is not directly comparable.
- Achievable average weekly care fees are considered in the calculation of the care home GDV. Average weekly fees differ depending on the Local Authority funding, level and type of care. For instance, the level of fees for a dementia care resident is likely to be higher than for residential, due to higher acuity of care.
- Fee levels depend on the Local Authority need and relate directly to demographics for private fees. The demographics, such as age profile, have an acute impact on GDV compared to residential.
- Care homes have a high proportion of communal space for residents. This includes shared kitchens, communal living areas and dining. Residents do not occupy a single unit or independent dwelling like residential. Generally care homes require 52sqm per resident as a minimum benchmark.

The Gross Development Costs for care homes also differ to residential as follows;

- Construction costs for care homes are higher due to the building being considerably larger, over more floors and subject to a higher specification than residential.
- Unlike residential, care homes must comply with Care Quality Commission guidelines. This includes approximately a minimum of 15sqm per resident for bedrooms, and 5sqm per resident for day space areas.
- Other requirements include: Size of door openings (1010mm), size of corridors (1900mm), window sill heights (600mm), windows to have opening restrictors, parking usually at a ratio of 1-3 per resident.
- The care home will include wheelchair accessible corridors, wet rooms, staff facilities, laundry, nursing station and assistive technologies which are all fundamental to its use and operation. These facilities would not necessarily be available in housing stock.
- Care home viability is based on supply and demand data for existing care homes in the locality vs demand for care beds. Therefore, bespoke reports such as Care Planning Needs Assessments are required during the planning process, which are not required for residential schemes.

It is also true that what constitutes a good location for *dwelling*s is not necessarily a good location for institutions including new care homes. The locational drivers for the latter are very different and include being located in an area with an undersupply of existing 'market standard' care home bed spaces, coupled with close proximity to staffing, public transport and primary care facilities. These factors are not necessarily as important to house builders when selecting new sites.

As such, one can not use C3 evidence to support a requirement from care, and particularly from care homes.

Equally, one can not apply the findings of the Rectory Homes judgement to a Local Plan viability context. The Rectory Homes judgement relates to the site by site assessment of whether a proposal constitutes a 'dwelling', whereas Local Plan Viability must be assessed on a different basis.

In conclusion, there is no viability testing to support the proposed approach.

Not consistent with National Policy

As such, the policy is not consistent with the NPPF.

Necessary Actions

We suggest the Council have three options

1. As proposed in the representations at Reg 19 stage, add additional wording to make clear that affordable housing will not be sought from care homes.

Or

2. Accept that there is no justification to apply affordable housing from any form of older persons accommodation and delete this sentence in its entirety.

Or

3. Prepare detailed evidence to justify the application of affordable housing to these uses.

Perseus Land & Developments' interest relates to care homes only, and hence option 1 is proposed. However, this element of the policy must be found unsound unless evidence is provided to justify application to all uses.