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11<sup>th</sup> November 2024

Dear Sirs,

**CHURCHILL LIVING & McCARTHY STONE RETIREMENT LIFESTYLES RESPONSE TO THE SANDWELL LOCAL PLAN (2024-2041) (REGULATION 19) CONSULTATION.**

McCarthy Stone and Churchill Living are independent and competing housebuilders specialising in sheltered housing for older people. Together, they are responsible for delivering approximately 90% of England's specialist owner-occupied retirement housing.

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

**Policy SHO10 – Housing for People with Specific Needs**

Paragraph 1 of the PPG Housing for Older and Disabled people states:

*“The need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing. .... Offering older people, a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems. Therefore, an understanding of how the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking”.*

Paragraph: 001 Reference ID: 63-001-20190626

As part of the Local Plan evidence based, a Strategic Housing Market Assessment has been produced (dated August 2024). The SHMA identifies at paragraph 7.8 that the population aged 65 or over is going to increase notably in Sandwell over the modelling period; from 51,258 in 2024, to 72,608 in 2041, presenting a rise of 41.7%.

The SHMA goes on to set out the projected requirement for specialist accommodation for older persons households in Sandwell between 2024-2041. Table 7.2 recognises a requirement for 1,708 additional units of retirement living/sheltered housing and 378 additional units for extra care housing.

Whilst it is commendable that Policy SHO10 supports the delivery of specialist forms of housing, including children's homes, care homes, nursing homes, extra care facilities, we must question why sheltered housing/retirement living has not been specifically identified within the wording of the policy. Given the identified need of

1,708 additional units of sheltered housing/retirement living, we would expect to see specific mention supporting the delivery of this type of housing.

## RECOMMENDATION

In line with the evidence set out in the Council's own Strategic Housing Market Assessment, we recommend the following addition to Policy SHO10:

*“Proposals for specific forms of housing including children’s homes, care homes, nursing homes, extra care facilities, sheltered housing/retirement living, or any other identified need will be considered in relation to the following criteria: ...”*

We would also question whether this wording is taken far enough given there is a clear and justified need for specialist accommodation for older people in line with recent evidence. On that basis we would recommend point 3 is added with the suggested wording below:

*“Proposals for older persons housing, including sheltered housing/retirement living and extra care facilities will be supported in principle to ensure the delivery of the 2,086 units required between 2024-2041.”*

## Policy SHO4 – Affordable Housing

The Sandwell Local Plan 2024-2041 (*Regulation 19 Consultation*) is one of an alarmingly limited number of emerging Local Plans that have set differential affordable housing rates. The Lower Value Zones and Brownfield Sites in Medium Zones have an affordable housing requirement of 10% and Higher Value Zones have an affordable housing requirement of 25%. This is, of itself, highly commendable and suggests a greater focus on viability at the Plan making stage. Figure 5 of the Local Plan has been prepared highlighting the affordable housing zones, which have been demarcated through current ward boundaries.

The affordable housing targets as set out in Policy SHO4 *Affordable Housing* are informed by the evidence base – namely the *Sandwell Local Plan Viability Assessment* (November 2023) and the subsequent *Sandwell Local Plan - Addendum Report* (September 2024) undertaken by Aspinall Verdi (hereafter referred to as the Viability Assessment). We note that the Addendum Report has specifically assessed the viability of older persons housing typologies, which is welcomed.

In reviewing the methodology for assessing specialist older persons' housing, we welcome acknowledgment of the Retirement Housing Group value assumptions in premiums on typical private residential apartments, including works undertaken by both Churchill Retirement Living (*now named Churchill Living*) and McCarthy & Stone (June 2013).

The Viability Study Addendum Report undertakes viability on both older persons housing and extra care schemes comprising of 60 units in each of the value zones.

Paragraph 7.50 stipulates:

*Across all the schemes tested, negative RLV's ranging from -£4,003,000 to -£3,070,000 per acre, meaning that all the schemes produce a large deficit when compared to the BLVs. This therefore means that all the schemes are fundamentally unviable. (our emphasis added)*

Paragraph 10.10 identifies:

*Given the results of our viability appraisals in Section 7 confirming that Older Person's housing to be fundamentally unviable, **we recommend that affordable housing provision is not included on retirement living and extra care schemes.** (our emphasis added)*

The findings of the Addendum Report (2024) are welcomed by both Churchill Living and McCarthy Stone. However, despite the conclusions that affordable housing provision is not included for either retirement living or extra care scheme, Local Plan policy SHO4 *Affordable Housing* has not taken these findings into account.

It is at this stage we must highlight the guidance in the NPPF and the PPG identifying the role of viability assessment within the Plan making stage:

*Where up-to-date policies have set out contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage/ This weight to be given to a viability assessment is a matter for the decision maker having regard to all circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force (paragraph 58).*

Council Members, Officers and the general public will assume that applications for retirement living, and extra care housing will be able to support a policy compliant level (10-25%) of affordable housing. This would be wholly at odds with the viability evidence underpinning the Local Plan.

Therefore, as Policy SHO4 does not provide an affordable housing contribution exemption for retirement living and extra care housing specifically, **we must consider the Local Plan to be unsound on the grounds that affordable housing targets are not justified, positively prepared, effective or consistent with national policy.**

Accordingly, we would like to draw the Council's attention to Paragraph 5.33 of Policy HP5: *Provision of Affordable Housing* in the now adopted Fareham Borough Local Plan which advises that:

*5.33... The Viability Study concludes that affordable housing is not viable for older persons and specialist housing. Therefore, Policy HP5 does not apply to specialist housing or older persons housing.*

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

### **BCP**

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

## Birmingham

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

## Charnwood

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

Having gone to the extents of testing the typology at the plan making stage, in particular with the additional Addendum Report produced in September 2024, to then ignore the findings seems to be a wasted exercise and contrary to the PPG which clearly requires that local plan policy consider viability at the plan making stage. The above examples of adopted and emerging policy reflect the correct approach in this regard.

A nil affordable housing rate could facilitate a step-change in the delivery of older persons housing in the Borough, helping to meet the diverse housing needs of the elderly as detailed in Local Plan Policy SHO10 *Housing for People with Specific Need*. The benefits of specialist older persons housing extend beyond the delivery of planning obligations as these forms of developments contribute to the regeneration of town centres and assist Council's by making savings on health and social care.

## RECOMMENDATION:

We recommend the following addition to Policy SHO4:

*The Viability Study concludes that affordable housing is not viable for retirement living and extra care housing. Therefore, Policy SHO4 does not apply to retirement living or extra care housing.*

## Policy SCC1 - Energy Infrastructure

The Council's commitment to meeting both its and the UK Government's target of net zero carbon emissions is commendable and detailed at length in the justification to Policy SCC1.

The policy requires somewhat stringent targets in meeting this reduction in carbon emissions. However, these requirements are arguably lost within the proposed wording of the policy, with 9 separate stages set out.

Having reviewed the Local Plan Viability Assessment report dated November 2023, it is clear to see that the requirements as set out in Policy SCC1 of the Regulation 19 document have not been appropriately assessed.

The policy stipulates in Section 1 a) there must be a 63% improvement on the Part L Target Emissions Rate (TER), however Section 1 c) also denotes that a variation of reductions must be complied with dependent on the housing type, for example flats/apartments are required to show a 24% reduction on Part L TFE (Target Fabric First Energy Efficiency). Neither of these requirements have been tested in the viability assessment.

This is taken further in Section 4 a) with a requirement of achieving, at a minimum, 39% of all energy being taken from onsite renewable electricity generation in addition to the requirement of Section 1 described above. Section 8 of Policy SCC1 must also be questioned. As per the wording of the policy, it requires for large scale developments (50+ units) must submit an outline plan for the implementation of total energy use and renewable energy generation values, alongside the Energy Statement already required as part of the policy. It is assumed that this will be monitored for 5 years post completion via condition, however this is not clearly set out.

Finally, section 9 of the policy identifies if the policy requirements are unviable then applicants will be expected to prioritise and deliver the fabric efficiency improvements set out in Section 1 of the policy. This is also reflected in Section 4 c) which identifies if not feasible or viable, then the greatest extent feasible must be demonstrated in the energy statement.

We consider this policy to be contrary to PPG guidance which requires the viability of policy to be undertaken during the plan making process, of which in this instance has not been undertaken. We would respectfully like to remind the council of the increased emphasis on Local Plan viability testing in Paragraph 58 of the NPPF and that the PPG states that

*“The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan”* (Paragraph: 002 Reference ID: 10-002-20190509).

Therefore, as the requirements stipulated within the wording of Policy SCC1 have not been tested appropriately within the Viability Report (2023), we must consider the Local Plan to be **unsound on the grounds the renewable energy targets are not justified, positively prepared or effective.**

Additionally, and as already highlighted, the older persons housing typology has been found to be unviable even without applying the costs associated with draft Policy SCC1. Is it therefore inappropriate to levy these additional costs on a form of development which already struggles to achieve viable outcomes. Neither Churchill Living or McCarthy Stone have a significant presence in the area but given the identified housing demand, would actively seek to develop in the area where opportunities arise. The imposition of this proposed policy together with other S106 requirements as drafted is likely to severely restrict each company’s ability to develop older persons housing schemes in Sandwell.

## **RECOMMENDATION**

We request that an appropriate review is undertaken as part of a revised Viability Assessment and that the requirements of the Policy SCC1 are costed within this. Within this viability assessment we recommend that this is run for sheltered and extra-care housing including the costs of implementing Policy SCC1. If it is the case that specialist accommodation for older persons, specifically sheltered housing/retirement living and extra care housing, is unable to meet the stringent requirements of emerging Policy SCC1 on the grounds that it is unviable, then we would strongly recommend that this exemption is added into the wording of Policy SCC1.

Finally, given the seriousness of the issues raised within this letter, we would be grateful if we could be kept informed of dates and times relating to the hearing sessions.

Thank you for the opportunity for comment.

Yours faithfully

**Lauren Bishop**  
Planner – Planning Issues Ltd.