

# The Planning Bureau Limited

---

Bournemouth • Coventry • Hatfield • Manchester • Ringwood • Woking • York

Canterbury City Council  
Planning Policy team  
Council Offices  
Military Rd  
Canterbury  
CT1 1YW

Via email: consultations@canterbury.gov.uk

3<sup>rd</sup> June 2024

Dear Sir / Madam

## **McCARTHY STONE RESPONSE TO THE DRAFT CANTERBURY DISTRICT LOCAL PLAN 2040 – REGULATION 18, MARCH 2024 CONSULTATION**

Thank you for the opportunity to comment on the Draft Canterbury Local Plan 2040 consultation. McCarthy Stone is the leading provider of specialist housing for older people. We provided a response to the previous regulation 18 consultation and are disappointed to find that many of our responses have been largely disregarded despite engaging in the local plan process in line with the requirements of the NPPF/PPG.

### **Policy SS3 Development strategy for the district**

Policy SS3 Development strategy for the district, identifies the annual housing requirement for the district. The Canterbury City Council Housing Needs Assessment Outcomes and Methodology, September 2021, by Domus identifies a large housing need for older persons housing at para E23 and states ‘*Utilising the approach developed for the Housing for Older People Supply Recommendations (HOPSR) toolkit, the following minimum levels of need over the plan period have been identified for older people accommodation:*

- *Age Exclusive Housing Stock: 576 units*
- *Specialist Units: 1,732 units*
- *Care home bedspaces +1,150, 26% with nursing’*

Government’s policy, as set out in the revised NPPF, is to boost significantly, the supply of housing. Paragraph 60 reads:

*“To support the Government’s objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.”*

The revised NPPF looks at delivering a sufficient supply of homes, Paragraph 63 identifies within this context, that the size, and type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including older people. This includes those who require retirement housing, housing-with-care and care homes.

In June 2019 the PPG was updated to include a section on Housing for Older and Disabled People, recognising the need to provide housing for older people. Paragraph 001 Reference ID: 63-001-20190626 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. In mid-2016 there were 1.6 million people aged 85 and over; **by mid-2041 this is projected to double to 3.2 million**. 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**” (emphasis added).*

4th Floor, 100 Holdenhurst Road, Bournemouth, Dorset, BH8 8AQ

---

Registered Office: 4th Floor, 100 Holdenhurst Road, Bournemouth, BH8 8AQ.  
Registered in England. Registered No. 2207050. VAT No. 927579181.

Paragraph 003 Reference ID: 63-003-20190626 recognises that:

*“the health and lifestyles of older people will differ greatly, as will their housing needs, which can range from accessible and adaptable general needs housing to specialist housing with high levels of care and support.”*

Thus, a range of provision needs to be planned for. Paragraph 006 Reference ID: 63-006-20190626 sets out:

*“plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people. These 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.”*

Therefore, the Local Plan should recognise that housing for older people has its own requirements and cannot be successfully considered against criteria for adaptable and accessible general family housing. A separate requirement should be introduced to the plan that specifically the need for specialist housing for older people.

### **Recommendation**

- Incorporate the housing need for older people into point 1 of policy SS3.

### **Policy DS 2 – Housing Mix**

Draft policy DS2 identifies at point 5b that *‘Proposals for 300 or more homes will provide a minimum of 10% of homes as older persons housing. The type of provision should be based on local needs and the needs identified within the Housing Needs Assessments, or future updates’.*

Given the large need identified in our response to policy SS3 and para E23 of the Canterbury Housing Needs Assessment, Doms, 2021 and many benefits that such developments bring, an exemption from proving need for older persons housing through the application process should be provided and the requirement should be removed accordingly.

The significant benefits of specialist accommodation for older persons can help to reduce the demands exerted on Health and Social Services and other care facilities – not only in terms of the fact that many of the residents remain in better health, both physically and mentally, but also doctors, physiotherapists, community nurses, hairdressers and other essential practitioners can all attend to visit several occupiers at once. This leads to a far more efficient and effective use of public resources. There are also a number of Economic, Social and Environmental benefits of older people’s housing schemes as detailed below.

### Economic benefits

A report *‘Healthier and Happier’ An analysis of the fiscal and wellbeing benefits of building more homes for later living*” by WPI Strategy for Homes for Later Living explored the significant savings that Government and individuals could expect to make if more older people in the UK could access this type of housing. The analysis showed that:

- ‘Each person living in a home for later living enjoys a reduced risk of health challenges, contributing to fiscal savings to the NHS and social care services of approximately £3,500 per year.
- Building 30,000 more retirement housing dwellings every year for the next 10 years would generate fiscal savings across the NHS and social services of £2.1bn per year.
- On a selection of national well-being criteria such as happiness and life satisfaction, an average person aged 80 feels as good as someone 10 years younger after moving from mainstream housing to housing specially designed for later living.’

**Each person living in a home for later living enjoys a reduced risk of health challenges, contributing fiscal savings to the NHS and social care services of approximately £3,500 per year** (*Homes for Later Living September 2019*). More detail on these financial savings is set out within the report.

A further report entitled *Silver Saviours for the High Street: How new retirement properties create more local economic value and more local jobs than any other type of residential housing* (February 2021) found that retirement properties create more local economic value and more local jobs than any other type of residential

development. For an average 45 unit retirement scheme, the residents generate £550,000 of spending a year, £347,000 of which is spent on the high street, directly contributing to keeping local shops open.

As recognised by the PPG, retirement housing releases under-occupied family housing and plays a very important role in recycling of housing stock in general. There is a 'knock-on' effect in terms of the whole housing chain enabling more effective use of existing housing. In the absence of choice, older people will stay put in properties that are often unsuitable for them until such a time as they need expensive residential care. A further Report "*Chain Reaction*" *The positive impact of specialist retirement housing on the generational divide and first-time buyers (Aug 2020)*" reveals that about two in every three retirement properties built, releases a home suitable for a first-time buyer. A typical Homes for Later Living development which consists of 40 apartments therefore results in at least 27 first time buyer properties being released onto the market.

#### Social benefits

Retirement housing gives rise to many social benefits:

- Specifically designed housing for older people offers significant opportunities to enable residents to be as independent as possible in a safe and warm environment. Older homes are typically in a poorer state of repair, are often colder, damper, have more risk of fire and fall hazards. They lack in adaptations such as handrails, wider internal doors, stair lifts and walk in showers. Without these simple features everyday tasks can become harder and harder
- Retirement housing helps to reduce anxieties and worries experienced by many older people living in housing which does not best suit their needs by providing safety, security and reducing management and maintenance concerns.
- The Housing for Later Living Report (2019) shows that on a selection of wellbeing criteria such as happiness and life satisfaction, an average person aged 80 feels as good as someone 10 years younger after moving from mainstream housing into housing specifically designed for later living.

#### Environmental benefits

The proposal provides a number of key environmental benefits by:

- Making more efficient use of land thereby reducing the need to use limited land resources for housing.
- Providing housing in close proximity to services and shops which can be easily accessed on foot thereby reducing the need for travel by means which consume energy and create emissions.
- Providing shared facilities for a large number of residents in a single building which makes more efficient use of material and energy resources.

#### **Recommendation:**

Amend policy DS 3 point 5b as follows 'Proposals for 300 or more homes will provide a minimum of 10% of homes as older persons housing. ~~The type of provision should be based on local needs and the needs identified within the Housing Needs Assessments, or future updates.~~

#### **Policy DS5 – Specialist housing provision**

Policy DS5 aims to support specialist housing provision including older person's housing. Point 1 a states that in respect to specialist older person accommodation that such schemes will be supported where '(a) They help address an identified need for care homes, nursing homes, age exclusive housing, retirement/ sheltered housing, enhanced sheltered housing or extra care housing;'

Paragraph E23 of the Canterbury Housing Needs Assessment, Domos, 20221 states '*Utilising the approach developed for the Housing for Older People Supply Recommendations (HOPSR) toolkit, the following minimum levels of need over the plan period have been identified for older people accommodation:*

- *Age Exclusive Housing Stock: 576 units*
- *Specialist Units: 1,732 units*
- *Care home bedspaces +1,150, 26% with nursing.*

Given this significant need and the many benefits that such developments bring, an exemption from proving need for older persons housing schemes through the application process should be provided and the requirement should be removed accordingly.

## Recommendation

Delete point (a) Policy DS5:

~~(a) They help address an identified need for care homes, nursing homes, age exclusive housing, retirement/sheltered housing, enhanced sheltered housing or extra care housing; and~~

### **Policy DS1 – Affordable housing**

The plan and affordable housing policy is evidenced by the Canterbury City Council Local Plan Viability Study, HDH Planning and Development, May 2022 (Viability Study) with respect to older persons housing. The viability study has tested the extra care and sheltered housing typologies and this is welcomed. The council have largely translated a reduced affordable housing requirement into point 3 of the policy where relevant. However, para 10.73 of the viability study states *'Based on this analysis, greenfield and brownfield Sheltered housing sites are able to bear 30% affordable housing and CIL. The Extracare housing is able to bear up to 20% affordable housing on greenfield sites, **but not affordable housing on brownfield sites.** In considering this analysis it is important to note that this type of development is most likely to come forward on brownfield sites within the towns or on the Strategic Sites, rather than on smaller greenfield sites'*.

As a result of this finding and the fact that extra care housing is more likely to come forward on brownfield sites the fact that extra care housing cannot bear any affordable housing on brownfield sites should be recognised by the policy at point 3 as a minimum and the policy should be amended accordingly as follows to be effective. This would also be consistent with national policy

For clarification, the PPG on viability, Paragraph: 001 Reference ID: 10-001-20190509 confirms that *'policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that **takes into account all relevant policies, and local and national standards**, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. **Different requirements may be set for different types or location of site or types of development.**'*

The PPG on Viability then confirms at Paragraph: 002 Reference ID: 10-002-20190509 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.....Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, **without the need for further viability assessment at the decision making stage.**'*

This policy approach, with the Council largely ignoring their own evidence, will lead to further viability discussion at the decision-making stage as to whether or not it is appropriate for a viability assessment to be submitted and long, protracted, and probably adversarial, negotiations with council officers and commissioned consultants and resulting difficulties with decision makers expecting policy compliance.

As such for the plan to be justified and consistent with national policy and amendment should be made to policy DS1 that acknowledges the more challenging viability position as detailed in our recommendation below.

### **Assumptions used within Viability Assessment.**

Notwithstanding the above recommendations, whilst we welcome that the Council have tested sheltered and extra care housing on brownfield and greenfield sites, we do have some concerns with regard to some of the assumptions that have been used and if amended would make sheltered and extra care housing even less viable than the Viability Study already shows. As such the Viability Study should be re-run using the assumptions recommended below. If this is achieved, the evidence will show that older persons housing is even less viable than the viability study already shows.

We would direct the Council towards the Retirement Housing Consortium paper entitled 'A briefing note on viability' prepared for Retirement Housing Group by Three Dragons, May 2013 (updated February 2016 ('RHG

Briefing Note') available from <https://retirementhousinggroup.com/rhg/wp-content/uploads/2017/01/CIL-viability-appraisal-issues-RHG-February-2016.pdf>. The RHG Briefing Note establishes how sheltered housing and extra care development differs from mainstream housing and looks at the key variables and assumptions that can affect the viability of specialist housing for older people. These key variables include unit size, unit numbers and GIA, non-saleable communal space, empty property costs, external build cost, sales values, build costs, marketing costs and sales periods and significantly variable benchmark land values. We are also aware that the RHG Briefing Note is being updated and indeed we are informing that process. We therefore have the following comments on the assumptions that should be used within the Viability Study with respect to extra care and sheltered housing as defined by the PPG on housing for older and disabled people Paragraph: 010 Reference ID: 63-010-20190626. If the Viability update was re-run using these assumptions extra-care and sheltered housing would be likely to be shown to be even less viable in terms of delivering affordable housing and if this found to be the case the policy should be redrafted accordingly.

### **Unit numbers / GIA / Density**

We note that the Viability Assessment has modelled a unit density of 120 dwellings per hectare resulting in a 60 unit scheme being modelled on a 0.5 hectare site for both the Sheltered and Extra-Care typology. However, a typical sheltered housing / retirement living scheme would consist of 45 dwellings on a gross site area of 0.45 hectares creating a density of 100 units per hectare. Extra care housing tends to have a lower density and a typical scheme would consist of 60 units on a 0.75 hectare site at a lower density of 80 units per hectare. Therefore, a scheme of 50 units should be modelled for sheltered housing and a scheme of 40 units should be modelled for extra care, both on a site of 0.5 hectares.

### **Unit Size**

The Viability Study should amend the 1 bedroom apartment sizes as follows. These have evolved in recent years with the National Space Standards and M4 (2) requirements and allow for additional storage and circulation space to facilitate downsizing:

- 1 bed sheltered 55 sq m
- 1 bed extra care 60 sq m

### **Unit mix**

A typical scheme provides 1 and 2 bedroomed apartments using a mix of 60% 1 bed and 40 % 2 bed units on a development. This is the case for both sheltered (retirement) and extra care (retirement living plus) schemes.

### **Non-chargeable / communal space**

Older persons' housing has a larger communal and non-saleable areas such as residents lounge, laundries, guest rooms, managers office and wellness rooms. Extra care housing also includes additional facilities such as a restaurant area. For sheltered schemes the non-chargeable space used should be 25% and for extra care schemes this should be 35% of GIA. We note that the Viability Assessment has used 20% and 30% respectively.

### **Professional fees**

Given that a large number of specialist housing for older people is delivered on brownfield sites, in our experience these often involve more professional advisors associated with contamination, legal fees, drainage, air quality, overheating, sunlight, noise amongst other areas. We would therefore recommend that a 10% of build cost figure is used for brownfield sites for professional fees rather than 8%.

### **Sales and marketing costs**

As detailed within the RHG Briefing Note sales and marketing costs for older persons housing schemes are typically 6% of GDV and this should be used within the older persons modelling rather than the 3.5% level for general housing.

### **Sales periods**

As discussed in the RHG Briefing Note, sales periods of older persons' housing schemes are typically longer for retirement and extra care housing than general needs housing. There is a typical 18 month build period before sales can commence. Sheltered and Extra care schemes cannot be phased but must be fully operational and completed from month 1 of sales / occupation. As detailed within the RHG Briefing Note, once sales commence a rough guide is that 40% of units will be sold at the end of the first year of sales, 30% during the second year of

sales and 30% during the third period. This should be considered within the viability modelling. These longer sales periods should therefore be incorporated into the Viability Study. It is not clear if they have been or not.

#### **Empty property costs**

It is recommended that a standard allowance of £5,000 per unit is assumed as a typical average empty property cost – to cover Council Tax liability on unsold units and service charges (which will be applicable to the whole building from day first resident moves in). This increases to £10,000 for extra care accommodation to reflect higher costs particularly in maintaining care, communal and catering facilities, staff and services and reflecting a slower sales rate than Retirement Living.

#### **Developer Return**

PPG 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. However, for specialist housing for older people there is a clear precedent for a return of not less than 20% of gross development value primarily because of the risks associated with such developments. This is consistent with the Inspector's conclusions for appeals such as McCarthy Stone proposal at Redditch (Appeal Ref: 3166677), Churchill Retirement Living proposal at Cheam (Appeal Ref: 3159137) and the Churchill Retirement Living scheme at West Bridgford (Appeal Ref: 3229412) in 2019. 20% profit should therefore be assumed for specialist housing for older people.

#### **Policy costs –BNG**

Since the price of statutory BNG units have been published it has enabled it to be determined how much BNG may cost and this needs to be incorporated into the viability assessment at a realistic level. In addition, brownfield site BNG costs are often more substantial than Greenfield but this very much depends on the site characteristics. For example, if an older persons housing scheme consisting of 50 units on a 0.5 hectare site needed to purchase 1 off-site statutory credit, if this was for the cheapest low quality habitat type this would cost £84,000 or £1,680 per unit given that 2 credits are needed per unit. Older Persons housing schemes are ideally located on small windfall sites close to local facilities and it will most likely be that BNG requirements will need to be met largely or entirely off site by contribution

#### **Recommendation:**

- Update the viability study to ensure up to date assumptions reflect the current market conditions
- Update policy DS1: Affordable Housing to reflect the updated evidence and provide exemptions for older person's typology where evidence suggests.
- Add to end of point 2

#### **'Older person's housing schemes are exempt from first homes and affordable home ownership in line with NPPF'.**

- Amend point 3 as follows:

3. Development proposals for student accommodation, for sheltered housing or for extra care housing will be required to make financial contributions towards the provision of off-site affordable housing, in line with requirements below and the council's Commuted Sums Calculator:

- (a) Student accommodation (excluding shared living housing) - 30%;
- (b) Sheltered housing (greenfield and brownfield sites) - 30%; and
- (c) Extracare housing (greenfield sites) - 20%.

#### **(d) Extra care housing (brownfield sites) – 0%**

Offsite financial contributions will only be considered where evidence is provided to confirm that onsite provision is not suitable or possible. In such cases, a financial contribution will be calculated in accordance with the council's Commuted Sums Calculator. **Extra care housing on brownfield sites is not viable with affordable housing provision and therefore is not required to provide affordable housing on site or a financial contribution.**

### **Policy DS6 – Sustainable design**

Whilst Council's commitment to meeting both its and the UK Government's target of net zero carbon emissions is commendable, it appears that the Council is going to achieve this through having mandatory carbon and climate standards from adoption of the plan that may go beyond government targets. However, it is our view that any requirement should be 'stepped' in line with Government targets and the proposed changes to the building regulations.

This approach is confirmed within the Ministerial Statement (statement no : Statement UIN HCWS123 available from Written statements - Written questions, answers and statements - UK Parliament) released on 13th December 2023. The ministerial statement confirms that with respect to the net zero goal...

*'The improvement in standards already in force, alongside the ones which are due in 2025, demonstrates the Government's commitment to ensuring new properties have a much lower impact on the environment in the future. In this context, the Government does not expect plan-makers to set local energy efficiency standards for buildings that go beyond current or planned buildings regulations. The proliferation of multiple, local standards by local authority area can add further costs to building new homes by adding complexity and undermining economies of scale. Any planning policies that propose local energy efficiency standards for buildings that go beyond current or planned buildings regulation should be rejected at examination if they do not have a well-reasoned and robustly costed rationale' and 'To be sound, local plans must be consistent with national policy – enabling the delivery of sustainable development in accordance with the policies in the National Planning Policy Framework and other statements of national planning policy, including this one'.*

Deleting the policy and aligning the Council's requirement for carbon neutral development with those of Government would therefore be pragmatic, more achievable and consistent with national policy.

### **Recommendation:**

It is recommended that policy DS6 is stepped in line with emerging government targets and requirements or the requirement is deleted from the plan and the council relies on amendments to the building regulations.

### **Policy DS21 – Supporting biodiversity recovery**

Policy DS21 requires at point 3 that *'3. All proposals for development, other than those exempt through national legislation, will be required to demonstrate and deliver a minimum of 20% biodiversity net gain calculated using the latest Natural England biodiversity metric (or an alternative metric set out in legislation), and taking consideration of any national or local guidance on what values should be used'.*

The policy as written requires developers to deliver more than 20% net gain. The Council should not set a higher biodiversity net gain (BNG) requirement for development than the 10% that is set out in the Environment Act 2021. Requiring BNG above 10% does not meet the tests set out in paragraph 57 of the NPPF. The Council should also note that the recently finalised Planning Policy Guidance on Biodiversity Net Gain at paragraph: 006 Reference ID: 74-006-20240214 confirms that *'Plan-makers should not seek a higher percentage than the statutory objective of 10% biodiversity net gain, either on an area-wide basis or for specific allocations for development unless justified. To justify such policies they will need to be evidenced including as to local need for a higher percentage, local opportunities for a higher percentage and any impacts on viability for development. Consideration will also need to be given to how the policy will be implemented'.* Therefore a 10% requirement should also be maintained in order to ensure that the requirement is 'fairly and reasonably related in scale and kind to the development' (para 57, NPPF) and consistent with national policy guidance.

The Council should also reconsider the additional wording it proposes with regard to BNG to ensure the policy is in line with the guidance and statutory instruments that the government have recently updated / published regarding statutory Biodiversity Net Gain. The Council should then amend the preferred options so that it is consistent with any updated guidance and regulations.

### **Recommendation**

For the policy to be consistent with national policy and legislation the Council should:

- Only seek a minimum of 10% Biodiversity Net Gain

- Reconsider the additional policy wording to ensure it is consistent with recently published legislation and planning guidance.

### **Tree Canopy**

Policy DS21 also requires sites to deliver a 20% Tree canopy. NPPF para 16. identifies that 'plans should b) be prepared positively, in a way that is aspirational but deliverable'. Para 136 provides guidance specifically associated with trees and states '*Trees make an important contribution to the character and quality of urban environments, and can also help mitigate and adapt to climate change. Planning policies and decisions should ensure that new streets are tree-led, that opportunities are taken to incorporate trees elsewhere in developments (such as parks and community orchards), that appropriate measures are in place to secure the long-term maintenance of newly-planted trees, and that existing trees are retained wherever possible. Applicants and local planning authorities should work with highways officers and tree officers to ensure that the right trees are planted in the right places, and solutions are found that are compatible with highways standards and the needs of different users*'.

Requiring a 20% tree canopy cover across sites of over 300 units is not deliverable or realistic and could compromise sustainability development and is therefore contrary to NPPF. Any requirement would also need to be fully evidenced and the requirement incorporated into the viability study.

**Recommendation:** The council should therefore reconsider this element and ensure any such policy approach introduces more flexibility or is deleted.

### **Policy DS24 – Publicly accessible open space and sports**

Policy DS24 – Publicly accessible open space and sports requires new residential development to deliver a certain quantum of public open space as detailed within the policy. This is a long, detailed policy amounting to 4 pages, that details a large number of open space and sports typology and the associated requirement.

The council should note that the open space needs of older people are much less than that presented in the plan. For older people the quality of open space either on site or easily accessible for passive recreation is much more important than formal open space. The council should therefore acknowledge this within the policy and amend policy DS24 accordingly.

### **Recommendation:**

Add to end of policy DS24:

**'Older people's housing schemes will be exempt from the requirements of the above open space and sports requirements so long as high quality open spaces for passive recreation is provided on site or is available in an easily accessible location'**.

Thank you for the opportunity for comment.

Yours faithfully



Natasha Styles  
Group Planning Associate