

Norwich City Council Planning Service,
City Hall,
St Peter's Street,
Norwich,
NR2 1NH

14th February 2019

By Email: LDF@norwich.gov.uk

Dear Sir/Madam,

Draft Norwich Affordable Housing SPD

This is a joint representation made on behalf of Renaissance Retirement, Pegasus Life, McCarthy and Stone and Churchill Retirement Living (referred to in the representations as "The Consortium").

We are a group of independent and competing housebuilders specialising in sheltered housing for the elderly. Together as a group, we are responsible for delivering circa 90% of England's specialist owner occupied retirement housing.

These representations are made in respect of the draft Affordable Housing SPD 2019 which seeks to update the adopted 2015 SPD to accord with the National Planning Policy Framework (NPPF) 2018 and National Planning Practice Guidance. The draft SPD provides detailed guidance on how policy 4 of the Greater Norwich Joint Core Strategy (JCS) and policy DM33 of Norwich's Development Management Policies Plan should be interpreted.

Application of Policy to C2 uses

Paragraph 1.10 states the draft SPD should be taken into account in the preparation of planning proposals for residential, mixed use, C2, C4 and residential sui generis development from the pre-application stage on, and while negotiating and undertaking development feasibility. We have a number of issues with this approach:

- We believe that it is inappropriate to apply generic affordable housing policy to C2 residential uses and this position has been established at appeal on numerous occasions;
- It would appear that the application of policy to C2 or care homes is not set out within local plan policy and the requirement is therefore being introduced through SPD which is inappropriate as it effectively expands upon adopted planning policy without Inspector's review;
- Furthermore, the evidence base supporting policy 4 of the JCS is supported by a 2010 viability study which is out of date and fails to test the viability of retirement housing typologies. The council cannot therefore suggest that the policy will not have a negative impact on the viability of specialist housing for older people within the local plan area.

Numerous recent appeal decisions reaffirm this position and in particular the Pegasus Life appeal decision at Sidmouth from January 2018.¹ The SPD should be amended to remove the requirement for C2 accommodation with care to be exempt from this policy due to the characteristics and in particular the costs of providing such facilities. Secondly, it is not the place for an SPD to make such interpretation.

The Principle of Off Site Contributions

We consider that recognition of the unique characteristics of specialist housing for older people should be recognised within the SPD. It is now commonly agreed with Local Planning Authorities throughout the country that cash in lieu payments to address affordable housing policy is the most equitable solution to addressing affordable housing requirements for such proposals.

While it is accepted that a member of the Consortium has previously been able to deliver on-site affordable housing in the City this was an atypical site for the consortium as it was a large greenfield retirement housing allocation site. A typical site for retirement housing (Cat II sheltered accommodation) would be a brownfield, windfall site of circa 0.5 acres which is located within 0.5mile of a village or town centre.

Reasoning for the above includes:

- Mixed management in single block, constrained sites is not always possible and would not lead to a successful management outcome;
- Sites are generally incapable of providing for 2 segregated blocks while allowing sufficient private units to make the finances of a proposal work and charge equitable service charges;
- By reason of the communal nature of the shared facilities within the development together with the management arrangement for providing a concierge/house manager and services covering regular maintenance of the building, access, parking and communal landscaped gardens, Registered Housing Providers are either unable or unwilling to meet these charges.

We believe that the SPD should acknowledge this and provide specific flexibility for specialist housing for older people to ensure that providers of such housing will be assured of sufficient flexibility in the application of the affordable housing policy.

Viability Evidence Base

The Consortium is concerned that the viability analysis supporting the affordable housing policy locally fails to adequately test the viability of typologies centred around specialist housing proposals for older people. While there is some flexibility in the policy for site by site consideration, our experience in negotiating with LPAs around the country is that a failure to recognise how such proposals differ in viability terms of general needs housing, often leads to protracted negotiations in respect of affordable housing obligations.

¹ APP/U1105/W/17/3177340

The revised NPPG seeks to ensure that sufficient typology testing is undertaken to test as wide a range of housing typologies as possible (Paragraph 003 of the 2018 NPPG). The council is not currently in a position to establish that their affordable housing target is deliverable on typical specialist housing proposals for older people type proposals.

The draft SPD should be amended to ensure that there is recognition of the specific viability constraints of specialist housing proposals for older people rather than treating this housing typology as the same as general needs housing. Such an approach would encourage the delivery of such housing within Norwich.

Vacant Building Credit

The SPD seeks to expand upon the criteria of the application of the VBC by not allowing its application on allocated sites. National policy (NPPF paragraph 63) simply establishes that this credit should not apply to buildings that have been abandoned. The draft SPD should be amended to adopt the requirements of VBC as set out in national policy.

It is also not appropriate to tie the requirements to define vacancy to the CIL regulations and limit the application of a CIL credit when VBC applies. This is not the intention of national policy on the application of VBC.

Viability Assessment

The draft SPD at 3.6 onwards sets out how the current policy locally does and does not accord with national policy in the form of the 2018 NPPF. This acknowledges that the current adopt plan predates the NPPF and the evidence base supporting identifies that “a significant proportion of schemes would not be viable at the target level of affordable housing.”

In relation to land value, the draft SPD suggests that the DJD viability study from 2010 should be the starting position for the premium to be applied to EUV and that this should begin at 15%. The SPD should acknowledge that every site should be assessed on its own merits and that alternative use values (AUVs) may also be relevant rather than just EUV.

Regarding profit assumptions, it is wholly inappropriate to limit this to 15-17.5% of GDV for the sole reasoning of housing need in Norwich. Such a position contradicts paragraph 3.16 of the draft SPD where it is acknowledged that profit covers risk to the developer amongst other requirements including lending terms. Each proposal needs to be judged on its own merits and specialist housing proposals for older people are widely acknowledged to be riskier developments due to the restricted occupancy of such developments (and limited pool of purchasers), very slow sales rates and exposure to changing market conditions and as such, a very slow overall payback period. Furthermore, this sector does not benefit from any incentives such as Help2Buy which props up the general needs market.

Regarding Review mechanisms, this policy should not be introduced through SPD as such a requirement is more properly established through the Local Plan process as required by the NPPG (Paragraph 009).

Commuted Sums

Recognition of viability considerations must be made when assessing the level of commuted sum appropriate on a site by site basis. Our view is that the blind application of the Appendix 3 commuted sum figures is likely to make many proposals unviable. This is particularly true of high

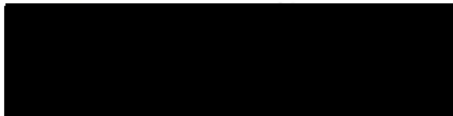
value EUV/AUV sites whereby a viability approach is the best solution to assessing appropriate off site contributions. Such contributions must be equitable and in line with the requirements of NPPF paragraph 56 (necessary to make the development acceptable in planning terms, directly related to the development and fairly related in scale and kind to the development).

Conclusions

As a consortium we are concerned with ensuring that emerging policy recognises that the application of affordable housing policy to specialist older peoples housing proposals is not straightforward. We believe that recognising this when formulating policy such as the draft SPD that problems at the planning application negotiation stage may be reduced. With this in mind we would be happy to assist further in the formulation of policies within the new Local Plan if required.

Thank you for the opportunity to comment.

Yours faithfully,

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Damien Lynch
Associate Director
Planning Issues on behalf of the Consortium