

REVIEW OF LOCAL PLAN VIABILITY ASSESSMENT

FOR RETIREMENT LIVING & EXTRA CARE HOUSING

LONDON BOROUGH OF ENFIELD
LOCAL PLAN (REGULATION 19 CONSULTATION)

SEPTEMBER 2021

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1. Introduction

- 1.1.1 This supporting statement has been prepared on behalf of McCarthy Stone and Churchill Retirement Living, two independent and competing housebuilders specialising in housing for older people. Together, they are responsible for delivering approximately 90% of England’s specialist owner-occupied retirement housing.
- 1.1.2 In this statement we critically appraise the evidence underpinning the affordable housing targets detailed in of *Draft Policy DM H5: Supporting and Specialist Housing the Enfield Borough Local Plan (Regulation 19 Consultation)* – namely the *London Borough of Enfield – Whole Plan and CIL Viability Study (LPVS)* undertaken by HDH Planning & Development.
- 1.1.3 This Statement is a focused document underpinning our representations to the *Enfield Local Plan Regulation 19 consultation on Policy DM H5*. In the interest of brevity, it does not comprehensively cover Government policy on viability in Plan preparation or detail the residual land appraisal methodology at length. These matters are covered in the LPVS.

2. Review of Local Plan Viability Study

- 2.1.1 *Draft Policy DM H5: Supporting and Specialist Housing* seeks a minimum of 35% affordable housing from all developments of 10 or more dwellings, across the Borough, in line with the threshold approach.
- 2.1.2 The affordable housing targets detailed in the above policy are informed by the *London Borough of Enfield – Whole Plan and CIL Viability Study (LPVS)* undertaken by HDH Planning & Development. We note that the LPVS has assessed the viability of older persons’ housing typologies, which is welcomed.
- 2.1.3 In reviewing the methodology for assessing specialist older persons’ housing, we note that many of the inputs align with the methodology detailed in the Briefing Note on Viability Prepared for the Retirement Housing Group (hereafter referred to as the RHG Briefing Note) by Three Dragons, although a number do not. A copy of the RHG Briefing Note has been provided as part of this submission, which could result in an unrealistic planning obligations burden in the next Local Plan. Our concerns are that the Viability Assessment has overplayed the viability of older persons’ housing.
- 2.1.4 The respondents, as part of a Retirement Housing Consortium, have consistently voiced their concerns about the Mayor of London’s threshold approach and the viability evidence underpinning this. These concerns were presented during the EiP, however despite the Examiners acknowledging our position the *London Plan Examination in Public: Panel Report* (October 2019) concluded that
- 222 *‘The threshold requirements for affordable housing have been challenged, on the basis of the higher build costs compared with mainstream housing. This is reflected in the findings of the LPVS, which indicates that viability for sheltered and extra care housing is more difficult in lower value areas. Further the case studies tested for this type of housing in the LPVS do not reflect industry practice. For these reasons, we are not convinced that viability would not hamper delivery. However, in light of the significant need for affordable homes and given that the “viability tested route” is available to assess the impact of viability on affordable housing requirements, it is worth waiting to assess the impact of this new policy approach. However, close monitoring should take place to ensure that the impacts are properly assessed and fed into any review*
- 2.1.5 This ‘wait and see’ approach does not accord with the increased emphasis for the viability of planning obligations to be tested, robustly, at the Plan making stage. The London Plan was assessed with regard to the policies in the 2012 version of the NPPF, and other relevant policy under the transitional arrangements detailed in NPPF (2019) paragraph 214 and footnote 69. It was not assessed against the revisions to the NPPF made in 2018, 2019 or 2021.
- 2.1.6 The London Plan’s approach, particularly in respect of development viability and affordable housing contributions, is not considered to be consistent with that of the NPPF (2021). While the respondents will not reiterate the point made in their submissions to the London Plan, they remain strongly of the view that the viability assessments for older persons’ housing typologies in the *London Plan Viability Study* were not fit for purpose and substantially overstated the viability of these forms of development.

- 2.1.7 Notwithstanding the respondents concerns with *The London Plan Viability Study*, we note that it concluded that the viability of older persons' housing was considered to be particularly finely balanced in the outer London Boroughs (Value Bands D & E):

Other residential development types

14.2.11 This group of uses includes specialist provision for the elderly and others needing sheltered or extra care facilities and for care homes. It also includes student accommodation and another relatively new form of provision – Shared Living. Generally, all these types of uses are viable and able to provide affordable housing (when required to do so). However, there are considerable differences in viability between the uses. The policy requirements for student accommodation and Shared Living can be met across the value areas. Sheltered housing is able to provide 50% affordable housing in Value Band C, but not in D or E. Extra care, as was tested for this study, was viable with 35% affordable housing in C but not in D or E. (Emphasis own)

- 2.1.8 The need for specialist older persons' housing across Greater London is detailed in *Table 4.3 of the London Plan* which requires the Borough 195 units of specialist older persons' accommodation per annum.
- 2.1.9 Enfield's Annual Monitoring Reports (AMR) do not currently monitor the delivery of specialist older persons' housing in the Borough. The *Knight Frank Senior Housing Update 2021* is however a useful reference in this respect and highlights the London Plan target for an additional 4,115 units of specialist older persons' housing per year across the capital up to 2029. Since the start of the London Plan timeline in 2017 however, only 3,000 seniors housing units have been delivered – less than the requirement for one year. There are a further 1,600 further units either under construction or with planning granted across Greater London, which will do little to address the shortfall.
- 2.1.10 In light of the urgent need to significantly increase the delivery of specialist older persons' housing in the Borough and across Greater London, we consider that it is imperative that the viability of these forms of development is careful robustly against planning obligations and policy requirements
- 2.1.11 Mindful of the guidance in the PPG that is the responsibility of site owners and developers to engage in the Plan making process. McCarthy Stone and Churchill Retirement Living have provided commentary and supplemental evidence on the viability assumptions used in the viability appraisals for retirement living and extra care older persons' housing typologies in the LPVS.

3. Viability Appraisal Inputs

3.1 Introduction

3.1.1 McCarthy Stone and Churchill Retirement Living have considered the inputs and assumptions used in the financial viability appraisals for older persons' housing in the *London Borough of Enfield – Whole Plan and CIL Viability Study* (LPVS). A summary table has been provided in the table entitled: *Comparison of Appraisal Inputs* on page 8 this report.

3.1.2 Many of the inputs used in our appraisal of retirement living and Extra Care housing typologies align with the methodology detailed in the *Briefing Note on Viability Prepared for the Retirement Housing Group* (hereafter referred to as the RHG Briefing Note) by Three Dragons. Where they differ is clearly stated in this report. A copy of the RHG Briefing Note has been provided as part of this submission.

3.2 Unit Sizes

3.2.1 Apartments for specialist older persons' housing tend to be larger than 'general needs' open market housing. The unit sizes used in our assessment are those recommended in the RHG Briefing Note.

RHG Briefing Note Recommended Unit Sizes

	1 bed	2 bed
Retirement Living	50 m ²	75 m ²
Extra Care	60 m ²	80 m ²

3.3 Sales Values

3.3.1 Neither McCarthy Stone or Churchill Retirement Living have schemes selling within the Authority. The closest selling schemes are in Borehamwood (Hertsmere) or Waltham Abbey (Epping Forest). The sales values are provided are in the table below:

Sales Values from nearby developments

	1-bed		2-bed	
	£per m ²	Unit Price	£per m ²	Unit Price
Goldwyn House, Borehamwood (Extra Care)	£6,600	£363,000	£5,903	£472,240
Lionheart Court, Waltham Abbey (RL)	£6,847	£342,350	£6,185	£463,875
King Harold Lodge, Waltham Abbey (RL)	£5,360	£268,000	£4,983	£373,725

3.3.2 We would note that the sales values at Lionheart Court are based upon a small number of properties that are being marketed off-plan. The figures in the above table may not be representative of the achieved sales values in time.

3.3.3 Kind Harold Lodge by Churchill Retirement Living is a scheme which fully sold out in 2018 and so we would consider it reasonable to uplift the sales values by circa 5% for each year (15% in total) - Sales values would be £6,164 for a 1-bed and £5,730 for a 2-bed accordingly.

3.3.4 The LPVS assume a value of £6,600 per m² for both Retirement Living and Extra Care typologies which does not appear unreasonable considering nearby market comparables.

3.4 Unit Mix

3.4.1 The RHG briefing note recommends a 60:40 split for 1bed:2 beds. We have used the recommended mix.

3.5 Base Build Cost

3.5.1 Appendix 19- Appraisals Older Persons' Housing of the *Local Plan Viability Study* uses the Median 'generally' Supported Housing BCIS costs re-based for Enfield which are £1,991 per m² for Retirement Living and £2,293 per m² for Extra Care.

3.5.2 We recognise that Local Plan Viability Testing is at a generic level and we have applied the BCIS rate used in the LPVS accordingly.

3.6 Sales Rate

3.6.1 There are several specialist older persons' housing s developments currently selling within Greater London.

Address	Developer	Total Units	Units Sold	Units to Sell	Date of First Sale	Sales period to date.	Rate of Sale
King Harold Lodge, Waltham Abbey,	CRL	28	28	0	May 2015	40 months	0.7
Goldwyn House, Borehamwood	McCarthy Stone	53	41	12	August 2018	37months	1.1
Heath Lodge, Pinner	CRL	30	20	10	June 2018	39 months	0.5
Rosen House, Harrow	McCarthy Stone	29	22	7	August 2018	37 months	0.6
Randolph House,, Harrow	McCarthy Stone	49	39	10	August 2017	49 months	0.8

3.6.2 The scheme with the fastest rate of sale is Goldwyn House, Borehamwood. This is a 53 unit Extra Care scheme that has been selling since August 2018 (37 months) and has 12 units left to sell or let at the time of writing. The rate of sale does however typically slow down following the initial year after opening and we note only 6 units were sold in the entirety of 2020 with 1 recorded sales in 2021 at the time of writing.

3.6.3 A rate of sale of one unit per month, as per the RHG's best practice methodology, is considered by McCarthy Stone and Churchill Retirement Living to be, broadly speaking, an appropriate reflection of their sales rate nationally, albeit the rate of sale is lower presently.

3.7 Gross to Net

3.7.1 The RHG note stipulates a range of communal floor space between 20-30% of GIA for Retirement Living and 35-40% of GIA for Extra Care.

3.7.2 The LPVS assumes communal space extending to 20% of the Gross Internal Area (GIA) for Retirement Living housing proposals – the lowest point of the range suggested by the RHG. The Consortium have frequently disputed the figures suggested by the RHG on this matter, contesting that a communal floorspace provision of under 25% is not representative of the sector. Our experience is that this percentage should be at least 25% of the proposed total area to cater for communal lounges, lodge manager office and guest rooms.

3.7.3 The RHG note advises the communal space for Extra Care accommodation extends to between 35 and 40% of the GIA. The LPVS goes below the range recommended by the RHG with a communal floorspace provision of 30%, and the reasons for doing so are not made clear. Our experience is that a minimum of 35% of GIA is allowed for non-saleable communal floorspace in Extra Care development.

3.7.4 We note in paragraph 9.15 and 9.16 the GIA for Retirement Living and older persons' typologies is given as 4,500m² and 5,538m² for Retirement Living and extra care typologies respectively. However, looking at the saleable area as a percentage of the GIA is 16.7% and 23.1% respectively. These are substantially under the RHG recommendations.

3.8 Benchmark Land Value

3.8.1 The methodology behind the benchmark land values (BLV) used in the Local Plan Viability Assessment are detailed in Chapter 6. Land Values.

3.8.2 A 60 unit Retirement Living /extra care development built at 120dph will have a site size of 0.5ha.

Greenfield (paddock) land is valued at £100,000 per hectare with a £500,000 uplift per hectare. The BLV for 0.5 hectares of greenfield land is therefore £300,000.

3.8.3 Industrial Land is valued at £3,000,000 per hectare with a 20% uplift. The BLV for 0.5 hectares of previously developed land is **£1,800,000**.

3.8.4 The respondents do not ordinarily develop greenfield land, with a typical site being within 0.5 miles of a town or local centre, so as to best facilitate the independence of the intended residents. We have no comments on the value of greenfield sites accordingly.

3.8.5 However, while specialist older persons' accommodation is built at higher densities and 125dph is achieved on certain sites it is atypical of areas with a rural / suburban character and highly unlikely on a greenfield site - 80dph is considered more appropriate on greenfield land. This would require a site of 0.75 hectare in size with a resultant BLV of £382,500.

3.9 Profit

3.9.1 The Local Plan Viability Study allows for a 17.5% profit margin. This does not conform with the recommendations of the RHG Briefing note, but the Planning Inspectorate has also consistently concluded that an acceptable return for risk in respect of retirement living proposals is not less than 20% of gross development value.

- McCarthy and Stone proposal at Redditch (Appeal Ref: 3166677)
- Churchill Retirement Living proposal at Cheam (Appeal Ref: 3159137)
- Churchill Retirement Living scheme at West Bridgford (Appeal Ref: 3229412)

3.10 Empty Property Costs

3.10.1 Empty property costs are a function of council tax payable on finished unsold and empty property as well as the service charge which must be paid owing to longer than average sales periods for this type of proposal.

3.10.2 The London Borough of Enfield's website details how the Council has applied the Council Tax Empty Property Premium. This advises that properties that are unoccupied are not entitled to any discount. Full council tax is payable on all properties unless specific circumstances apply. If a property should remain unoccupied for more than 5 years an additional premium of 200% will apply.

3.10.3 A typical 50-unit scheme will take over 4 years to sell out and as such substantial monies will be paid in Council Tax over this period.

3.10.4 Residents of specialist older persons' housing are also required to pay a service charge to pay for the upkeep of communal facilities and for staff costs. Service charges are higher for Extra Care accommodation because of the enhanced level of communal facilities and the increased staffing associated with on-site care. Staff and facilities need to be on-site and functional from when the first resident arrives and accordingly the companies subsidise the service charges of empty apartments while they are being sold. McCarthy Stone list their typical services charges on their website as follow:

McCarthy Stone – Typical Service Charge

	1 bed per week	2 bed per week
Retirement Living	£48.93	£138.27
Extra Care	£73.36	£184.31

3.10.5 Empty property costs as a result of Council Tax and Service Charge payments are therefore a substantial cost for older persons' housing. We have applied Empty Property Costs of £3k per unit of Retirement Living housing unit and £5k per unit of Extra Care accommodation.

3.11 Sales & Marketing Costs

3.11.1 Sales and marketing allowances for specialist housing proposals for older people are widely acknowledged to differ substantially from mainstream housing. This is due to the restricted occupancy and longer than average sales periods often extending over several years.

3.11.2 Sales and marketing activities in respect of this type of proposal are considerably more intensive and long running than mainstream housing and necessitate a sustained campaign with permanent sales staff on site over the course of typically years rather than months for mainstream housing.

3.11.3 The RHG Briefing Note advises that "*Marketing costs are typically 6% of revenue compared with 3% of revenue for general needs houses and flats.*" This has been supported by a recent appeal decision in Redditch Appeal Ref: 3166677.

3.12 Professional Fees

3.12.1 The level of reporting required in the London Plan / Enfield Local Plan is substantially higher than those required in other local planning authorities. Allowances for professional fees sit between the range of 8-10% of build costs and extent of planning application requirements we feel the lowest end of that spectrum, 8%, is inappropriate. We have allowed 10% for professional fees accordingly.

3.13 CIL & s106 costs

3.13.1 The LPVS tested residential typologies against the CIL rate in the London Borough of Enfield's CIL. Currently older persons' housing typologies in C3, will be incorporated into the 'Residential' rate of £49.33, £74 and £148 per m² in the low, mid and high value areas respectively.

3.13.2 The Mayoral CIL rate in Enfield is a further £60.55 per m².

3.13.3 The LPVS also allows a s106 contribution of £1,500 per unit for residential development.

3.14 Costs of Implementing Policies

3.14.1 The LPVS considers the cost of compliance with local plan policies in *Chapter 8: Planning Policy Requirements*. We detail how these have been applied to the viability appraisals for older persons' housing below:

London Plan Policy D7: Accessible Housing – 10% of the units built to M4(3) with the uplift of £11,840 per unit and £610 for M4(2)

London Plan Policy D12: Fire Safety - £2,000 per unit for sprinkler systems

London Plan Policy G5 & G6: Urban Greening / Biodiversity – increase in site costs of 0.66%

London Plan Policy SI 2 Minimizing Greenhouse Gas Emissions – 31% reduction in CO₂ below Part L assumed to be 2.1% to base cost of construction. Cost of reducing emissions by 10% assumed to be less than 1% of build costs.

London Plan S1 3 Energy Infrastructure - £6,000 per units for District Heating connection.

London Plan Policy T6: Parking - £976 per EV charging point.

Enfield Policy SE4: Energy, Heat and Carbon Emissions - £1,000 per unit where it is not possible to connect to district heating

Comparison of Viability Inputs

	Retirement Living Housing		Extra Care Accommodation	
	HDH	McCarthy Stone / CRL	HDH	McCarthy Stone / CRL
Sales Values	£6,600 per m ²	£6,600 per m ²	£6,600 per m ²	£6,600 per m ²
Unit Size	1bed- 50m ²	1bed – 55 m ²	1bed- - 65m ²	1bed – 65m ²
	2 bed -75m ²	2 bed – 75 m ²	2 bed -80m ²	2 bed – 80m ²
Benchmark Land Values	Greenfield (Paddock)- £300,000	Greenfield (Paddock)- £382,500	Greenfield (Paddock)- £300,000	Greenfield (Paddock)- £382,500
	Brownfield (PDL) - £1,800,000	Brownfield (PDL) - £1,800,000	Brownfield (PDL) - £1,800,000	Brownfield (PDL) - £1,800,000
Dwellings per hectare	120dph	80dph (GF) 120dph (PDL)	120dph	80dph (GF) 120dph (PDL)
Dwelling Mix	50% 1-bed 50% 2-beds	60% 1-bed 40% 2-beds	60% 1-bed 40% 2-beds	60% 1-bed 40% 2-beds
No. of units	60	60	60	60
Site size	0.5 Hectares	0.75ha (GF) / 0.5 ha (PDL)	0.5 Hectares	0.5 Hectares
Build Period	12 Months	12Months	12 Months	12 months
Sales Period	3 months	60 Months	3 Months	60 months
Base Build Costs	£1,991 per m ² .	£ 1,991 per m ² .	£2,292 per m ² .	£2,292 per m ² .
% Communal floorspace	20%	30%	30%	35%
Contingencies	5% (PDL) /2.5% (GF) of build costs	5% (PDL) /2.5% (GF) of build costs	5% (PDL) /2.5% (GF) of build costs	5% (PDL) /2.5% (GF) of build costs
External Build Costs	5% of build costs	5% of build costs	5% of build costs	5% of build costs
Abnormal Build Costs PDL	5% of build costs	5% of build costs	5% of build costs	5% of build costs
Professional Fees	8% of build costs	10% of build costs	8% of build costs	10% of build costs
Sustainable Design / Construction	3.1% of build costs	3.1% of build costs	3.1% of build costs	3.1% of build costs
Part M4(2) and Part M4(3)	£610 / £11,840 per dwelling	£610 / £11,840 per dwelling	£610 / £11,840 per dwelling	£610 / £11,840 per dwelling
Fire Safety	£2,000 per dwelling	£2,000 per dwelling	£2,000 per dwelling	£2,000 per dwelling
Residual S106 (non-CIL)costs	£5,000 per unit	£5,000 per unit	£5,000 per unit	£5,000 per unit
Mayoral CIL	£60.66 per m ²	£60.66 per m ²	£60.66 per m ²	£60.66 per m ²
CIL	£49.33, £74 and £148 per m ²	£49.33, £74 and £148 per m ²	£49.33, £74 and £148 per m ²	£49.33, £74 and £148 per m ²
Finance Costs	6.5%	6.5%	6.5%	6.5%
Profit	17.5%	20%	17.5%	20%
Agents Fee % of site value	1%	1%	1%	1%
Sales & Marketing	Unknown	6%	unknown	6%
Legal Fees (% of site value)	0.5%	0.5%	0.5%	0.5%
Empty Property Costs	Unknown	£3,000 per unit	unknown	£5,000 per unit

4. Results

4.1 Older Persons' Housing Typologies

4.1.1 The outputs of the viability appraisals for older persons' housing typologies are summarised below for ease of reference. This FVA does not include any affordable housing as part of the appraisal and is therefore undertaken on the basis of a 100% private proposal.

4.1.2 We have assessed both Retirement Living and Extra Care typologies against the Benchmark Land Values in Chapter 3.8 of this report).

	£49.33	£74	£148
Retirement Living PDL	- £997,747	-£1,108,232	-£1,439,640
Retirement Living Greenfield	+£419,753	£309,269	-£22,140
Extra Care PDL	-£10,173,968	-£10,322,942	-£11,033,786
Extra Care Greenfield	-£8,755,698	-£8,905,442	-£9,616,286

4.1.3 The majority of the scenarios tested result in a substantial deficit against the benchmark land value, with only Retirement Living greenfield sites generating a surplus. As specialist older persons' housing is located within 0.5 miles of a town or local centre, sites coming forward will typically comprise the redevelopment of former commercial or industrial premises, or more efficient use of larger residential plots. Such plots are unviable under the proposed framework of policy requirements and planning obligations.

4.1.4 The difference in the results between the respective viability appraisals reflects the difference in the sales rates and the error in calculating the Gross to Net ratio in the LPVS.

4.1.5 The extent of the deficit for Extra Care housing is such that it is simply not credible for such schemes to come forward using the viability assumptions in the LPVS. Even with an uplift to the sales values of 25%, as per the RHG guidance, resulting in sales values of £8,250 per m² result in deficit against the benchmark land values for extra care accommodation on previously developed land.

4.1.6 Specialist older persons' housing providers are already heavily reliant on factors that reduce the cost of development in order to bring specialist older persons' housing coming forward such as the CIL liability being partially off-set by existing floorspace, achieving efficiencies in the build cost or achieving a lower level of profit. The planning obligation regime being proposed by Enfield Borough Council will render these forms of development unviable.

4.2 Commentary on LPTVR Results

4.2.1 McCarthy Stone and Churchill Retirement Living find the basis on which the affordable housing target is recommended across the Authority to be flawed. The results of the viability testing in Chapter 10: Residential Appraisals overstates the viability of the older persons' housing typologies.

4.2.2 In respect of Retirement Living Housing the LPVS advises that:

10.68 *the development of Sheltered housing on greenfield sites and brownfield sites is able bear 35% affordable housing, in addition to a £2,500/unit s106 contribution and CIL.*

4.2.3 We note the results tables show that previously developed sites are less viable than greenfield sites, with affordable housing contributions of 40% on the margins of viability and contributions over this figure unviable. While Section 3.3 of this report confirms that these sales figures are realistic, in the more affluent parts of the Borough at least, there are grounds to consider they would be challenging in lower value parts of the Authority. The respondents' do however have significant reservations over aspects of the HDH viability assessment which overstates the viability of these forms of accommodation. For example, the sales rate used in the LPVA appears to presume this form of development sells out within 3 months which is substantially higher than the 1 unit per month which reflects the respondent's experience.

Table 10.8 Older People's Housing (Sheltered), Appraisal Results (£/ha)					
			EUV	BLV	Residual Value
Site 1	Green	0%	100,000	600,000	11,809,475
Site 2	Green	10%	100,000	600,000	10,090,853
Site 3	Green	20%	100,000	600,000	8,372,231
Site 4	Green	30%	100,000	600,000	6,653,610
Site 5	Green	35%	100,000	600,000	5,817,784
Site 6	Green	40%	100,000	600,000	4,934,988
Site 7	Green	45%	100,000	600,000	4,099,162
Site 8	Green	50%	100,000	600,000	3,216,355
Site 9	Brown	0%	3,000,000	3,600,000	10,531,122
Site 10	Brown	10%	3,000,000	3,600,000	8,812,500
Site 11	Brown	20%	3,000,000	3,600,000	7,093,878
Site 12	Brown	30%	3,000,000	3,600,000	5,375,257
Site 13	Brown	35%	3,000,000	3,600,000	4,530,908
Site 14	Brown	40%	3,000,000	3,600,000	3,656,635
Site 15	Brown	45%	3,000,000	3,600,000	2,812,286
Site 16	Brown	50%	3,000,000	3,600,000	1,938,002

Source: HDH (October 2019)

4.2.4 In respect of Extra Care accommodation the LPVS advises that:

10.69. *Based on this analysis, the development of Extracare housing on greenfield sites is able bear in excess of 35% affordable housing, in addition to a £2,500/unit s106 contribution and CIL. The capacity is less on brownfield sites where the maximum amount of affordable housing is between 20% and 30%.*

10.70 *In this regard it is timely to note that the PPG acknowledges that older people's housing is different to mainstream housing, giving it as one of the exceptions as to when viability testing may be appropriate at the development management stage.*

Where up-to-date policies have set out the contributions expected from development, planning applications that fully 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. ... Such circumstances could include, for example ... where particular types of

development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); ... PPG 10-007-20190509

10.71 With this in mind it is not necessary for the Council to develop a specific affordable housing policy for this type of housing

4.2.5 The LPVS acknowledges that the viability of Extra Care accommodation is more finely balanced . We note the results tables show that this form of accommodation cannot deliver affordable housing contributions in excess of 20% on previously developed land. Again, Section 3.3 of this report confirms that these sales figures are feasible, albeit at the time of writing there are no direct comparables available however as with Retirement Living typologies, of the view that the LPVS has overstated the viability of such schemes in some areas.

			EUV	BLV	Residual Value
Site 1	Green	0%	100,000	600,000	10,680,200
Site 2	Green	10%	100,000	600,000	8,755,344
Site 3	Green	20%	100,000	600,000	6,761,742
Site 4	Green	30%	100,000	600,000	4,836,886
Site 5	Green	35%	100,000	600,000	3,874,458
Site 6	Green	40%	100,000	600,000	2,843,285
Site 7	Green	45%	100,000	600,000	1,880,857
Site 8	Green	50%	100,000	600,000	918,416
Site 9	Brown	0%	3,000,000	3,600,000	9,024,794
Site 10	Brown	10%	3,000,000	3,600,000	7,099,938
Site 11	Brown	20%	3,000,000	3,600,000	5,106,336
Site 12	Brown	30%	3,000,000	3,600,000	3,181,480
Site 13	Brown	35%	3,000,000	3,600,000	2,219,052
Site 14	Brown	40%	3,000,000	3,600,000	1,187,879
Site 15	Brown	45%	3,000,000	3,600,000	215,867
Site 16	Brown	50%	3,000,000	3,600,000	-793,985

Source: HDH (April 2021)

4.2.6 While we acknowledge the PPG does states that circumstances that justify the need for a viability assessment at application stage can include where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people) (Paragraph ID: 10-007-20190509). The guidance in the NPPF and the PPG is that the role for viability assessment is primarily at the Plan making stage:

Where up-to-date policies have set out the 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. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the 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 57.)

4.2.7 Council Members, Officers and the general public will assume that applications for Retirement Living / extra care accommodation, or in close proximity to town centres, will be able to support a policy compliant level (35%) of affordable housing. This would however be at odds with the viability evidence underpinning the Local Plan.

4.2.8 The PPG however advises that 'Different (affordable housing) requirements may be set for different types or location of site or types of development' (Paragraph: 001 Reference ID: 10-001-20190509). We are strongly of the view that it would be more appropriate to set a lower, potentially nil, affordable housing target for Retirement Living and extra care development, particularly in areas close to town or local centres.

4.2.9 The Local Plan is therefore considered to be unsound on the grounds the affordable housing targets are not justified, positively prepared or effective.

5. Conclusion

- 5.1.1 The respondents as part of a Retirement Housing Consortium have consistently voiced their concerns about the affordable housing threshold approach and the viability evidence underpinning this in the London Plan.
- 5.1.2 As the Enfield Local Plan Review will be determined against the NPPF (2021), with its increased emphasis on robust viability assessments at the plan making stage, it is the Borough's responsibility to ensure its planning obligations regime is sufficiently robust and justified.
- 5.1.3 The evidence we have provided in our viability appraisals for Retirement Living Housing and Extra Care Housing typologies, concludes that these forms of development should be exempt from affordable housing provision.