



Kent Older Persons Housing Research

Working Paper 5: Consultation with Developers

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1. Introduction

Following discussion with the Planning authorities, DTZ organised a discussion with 14 Developers active in Kent to explore:

- What challenges does the planning system pose to development of this type?
- What measures can be taken to formulate a strategic response?

Presented below is a summary of key findings from the discussion related to issues experienced in the planning process - ranging from the diversity of product and the effect this has on formulating a standard definition; the narrow focus (and suspicious attitude) of planners regarding affordable housing contributions; viability issues compared to general market housing; and the need to better promote the economic benefits of older persons' schemes.

2. Feedback from Developers

Definitions

Firstly it is important to recognise that '**Older people**' represent a wide range of consumers and lifestyle choices. Therefore it is difficult to capture their needs in a one size fits all housing or planning policy.

In fact there would be opposition to a 'one-size-fits all' approach in planning policy i.e. where care environments are defined by an obligatory provision of care and/or a quantitative threshold of on-site care facilities. This would undermine the diversity of purchaser and the products that different care providers offer their respective sub markets. There may be difficulty therefore in reaching an industry-wide consensus on this.

It was suggested that the current provision of care-ready facilities was the most flexible way to service future needs by providing a choice for consumers to opt-in to a range of on-site or visiting care services. The purchaser's perception of their mobility requirements and sense of security at any one time will dictate the extent of care products they invest in. Policy needs to acknowledge this and adapt accordingly.

One of the solutions discussed was the creation of a new clearly-defined use class to capture the general spectrum of older people's accommodation. This would represent a progression away from the **C2 (Care) and C3 (Housing)** dichotomy but would also present a challenge of grouping people on the grounds of their age.

Emerging definitions circulated by Developers following the workshop include:

(a) Accommodation for older people or those with care needs – Broad Definition:

"Residential accommodation designed and managed to meet the needs and aspirations of older people or those in need of care, at the point of entry or in the future. Such developments will include some form of restriction/qualification either by age (over 55) and/or established care needs, being controlled by a 106 Planning Obligation or planning condition to ensure its continued use for only those who qualify in either category."

(b) New definition for Category 2.5 schemes (those that do not fit within C2 or C3 use):

“Self contained residential accommodation designed and managed to meet the needs and aspirations of older people and to adapt to their changing circumstances and care needs. Such developments would include “Category II” type retirement/sheltered housing, extra care, close care, retirement villages and care homes having self-contained care suites for single persons or couples. However, they will also offer communal facilities and services, including a restaurant service, to encourage socialisation as well as having a 24 hour on-site staff presence. Developments may or may not be registered with the Care Quality Commission although registered care is always offered.”

Affordable Housing

At present there is a perceived rigidity in the existing planning system and a narrow focus from planning authorities on ‘**ticking the affordable housing box**’. This approach is partly a reflection of the wider planning framework in which planners are operating in that their mindset is automatically focussed on the affordable housing contributions that each scheme ought to provide within existing policy guidelines.

It was agreed that the overriding attitude amongst planners is to prioritise affordable housing contributions over the wider socio-economic benefits of older peoples’ accommodation schemes. The sentiment was that planners needed to grasp the welfare benefits to the older peoples community (e.g. more older people visiting their GP, living longer, pressure off NHS resources, care industry employment etc).

Another explanation for this was that policy to date has not specifically acknowledged the older-peoples demographic or need. Regional Spatial Strategies for example failed to address the root problem and steered more towards general housing supply and affordability.

An example of a former public house site in Bromley that McCarthy & Stone bid for was an illustration of the excessive affordable housing contributions and the lack of sentiment towards care schemes. Council expressed that retirement accommodation would have been better for the area than a McDonalds Drive-thru, but their attitude towards affordable housing did not reflect this and the provider was outbid on grounds of risk and viability.

Viability

On grounds of viability it was proposed that the proportion of affordable provision should be significantly less than that of general market housing. There are greater risks of developing retirement accommodation. 20% profit margins are not sufficient to justify the extra risk.

Care-ready accommodation requires extra space provision, as per development space standards. This type of accommodation cannot be assessed with the same viability equation as general market housing. In addition the diversity of products offered makes it difficult to assess via a single model equation.

Planners' Attitudes

Planners must realise the employment potential of these schemes – the care industry is growing and can provide valuable local jobs. This needs to be recognised in cases where care schemes are proposed on designated employment land sites in the local development plans. These sites are traditionally safeguarded for B1, B2 and B8 use classes and care homes are not given an equal consideration.

The past problems in planning prejudice the developers' ability to secure a site in the first place. One respondent commented that the likelihood of gaining planning permission first time round was about 50% or less and therefore a planning appeal would have to be incorporated into the initial development appraisal which guides a site acquisition. When taking this risk into account, the lower site values that care providers are willing to pay leaves them exposed to more risk-averse retail and employment competitors, plus storage and NCP car parks. None of these are subject to Code for Sustainable Homes or affordable housing contributions. Planners need to grasp the bigger picture and understand the benefits of older persons' schemes.

There were reports that vast volumes of supporting evidence is not even read at planning committees. There is a need to overcome attitudes amongst policy makers and decision makers.

Mixed Tenure (shared equity) has not worked for developers. There are operational/management issues with respect to the communal service charges, for example, across different tenures.

Developer frustration towards planners' 'blinkered' perspective led to the following proposals:

- A need to relax policy restrictions in the grounds of the benefits that they offer. Care schemes offer more tangible welfare benefits to the community than general housing and planners need to be aware of this.
- The potential to involve planning officers and key councillors on site visits to "champion" these schemes could provide a positive starting point to relaxing current policy restrictions.
- Future policy should be steered by housing policy specialists before it filters into planning policy. This will change perceptions to a greater extent than planning policy and will make applications easier.
- Eliminate the affordable housing tariff and instead pay more in other sectors of S106 which are clearly linked to older peoples' uses e.g. libraries, community centres, open space etc.

3. Conclusions

Feedback from the developers has highlighted some key issues and raised questions on how the planning system could enable development. The key arguments and suggestions are presented below:

- Developers argue that care accommodation is not general market housing since there is a unique set of challenges with a tangible aspect of welfare provision. General housing does not offer this and this needs to be taken into account.
- There is an aspiration to eliminate Planners' attitude of suspicion and Developers hope a change in approach will raise awareness of the socioeconomic benefits offered to older people. Private schemes offer the chance of a better lifestyle, healthcare provision and a sense of security. The industry needs to play its part in convincing key decision makers (i.e. councillors and planning professionals) that private schemes benefit the local community and reduce the strain on NHS resources.
- Policy needs to recognise choice and diversity and Planners need to recognise that older people have the right to choose between institutional or independent units. The current policy approach towards quantitative housing need is insufficient and needs to comprehend the diversity of the market and the flexible response to future requirements. Care needs change over time.
- A re-think on affordable housing contributions is needed. Current policy does not acknowledge the unique spatial requirements of care homes and the viability issues associated with affordable housing. Viability calculations need to be adjusted so that care-home proposals are not outbid for suitable sites by economic competitors from other sectors. It has been suggested affordable housing tariffs could be waived, in favour of specific Section 106 contributions towards infrastructure associated with the older peoples demographic.

Appendix 1 – Consultees

Name	Company
Gary Day	McCarthy & Stone
James Puckering	Retirement Villages
John Montgomery	Tanner & Tilley
Ernie Graham	Graham Care
Jon Gooding	Retirement Villages
Scott Westgate	Avante Partnership
Neill Tickle	Amicus Horizon
Roger Battersby	PRP Architects
Clare Cameron	PRP Architects
Darren Welch	Denne
Boris Worrall	Orbit
Eleanor Pyper	Housing 21
Gary Reeve Wing	Court Royal
Lee Newlyn	Barton Willmore