



Red & Yellow Specialist Extra Care

Melliss Avenue – Kew

Affordable Housing Statement
October 2018





MELLISS AVENUE, KEW

AFFORDABLE HOUSING STATEMENT

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EXECUTIVE SUMMARY

This Affordable Housing Statement has been prepared by DS2 in support of the planning application for redevelopment of the site at the former Biothane works on Melliss Avenue, Kew, in the London Borough of Richmond Upon Thames ('LBRuT').

The proposed redevelopment delivers a specialist extra care facility for the elderly with existing health conditions. It comprises 89 units and extensive private and communal healthcare, therapy, leisure and social facilities.

The proposed redevelopment is submitted as a C2 Use Class, however, it is acknowledged that the Council has not yet determined whether the particular delivery model of this application, if consented, would result in a C2 or C3 Use Class permission.

Notwithstanding the discussion regarding the appropriate Use Class of the proposals, the Applicant has sought to address in this application concerns raised by the Council in pre-application discussions over the viability and deliverability of affordable housing for the proposed scheme.

To address early concerns, the Applicant is providing a viability assessment of the scheme under separate cover and this Statement explains the affordable housing deliverability case.

This Statement sets out the multiple constraints on the delivery of onsite affordable housing, including integrated design, complexities of the involvement of a Registered Provider, the affordability implications of meeting the anticipated service charges and the difficulty of securing certainty over the subsidised funding of care costs. For these reasons, it is not feasible to deliver affordable housing on this Site.

1 INTRODUCTION

- 1.1 This Affordable Housing Statement ('AHS' or 'Statement') has been prepared by DS2 in support of the application for planning permission at the former Biothane site on Melliss Avenue, Kew (hereafter referred to as 'the Site') in the LBRuT.
- 1.2 The planning application seeks planning permission for the demolition of existing buildings and structures and redevelopment of the site to provide a specialist extra care facility (C2 Use Class) for the elderly with existing health conditions. Comprising 89 units, with extensive private and communal healthcare, therapy, leisure and social facilities set within a building of ground plus 3 to 5 storeys including set backs. Provision of car and cycle parking, associated landscaping and publicly accessible amenity spaces including a children's play area.
- 1.3 The AHS is submitted on behalf of the applicant, Melliss Ave Devco Ltd (hereafter referred to as 'the Applicant').
- 1.4 This Statement describes the development proposals and how they respond to the local environment, focusing on the following areas:
 - Explanation of the development proposals
 - National, regional and local planning policy considerations and the development proposal's position within this policy environment
 - Ability and requirement to address affordable housing policy priorities
 - A summary of the methodology and approach used in determining scheme viability
- 1.5 In preparing this Statement, the Applicant has held several meetings and discussions with the LBRuT - the determining local planning authority, and the Greater London Authority ('GLA').
- 1.6 This Statement should be considered alongside the other planning application documents, including but not limited to, the Planning Statement and the Design and Access Statement. A full list of the application documents is set out in the introduction to the Planning Statement.

2 EXISTING SITE DESCRIPTION

- 2.1 The Site is located within the Kew Riverside development, a private residential development of over 500 dwellings ranging from 1-bedroom units to large four-storey townhouses, and comprises the former Thames Water Biothane treatment plant associated with Stag Brewery. Following the closure of the Stag Brewery the use of the Site as a Biothane works has ceased and Thames Water have undertaken the required initial remediation works to the Site.
- 2.2 Extending to 0.7 hectares in size, the Site is located adjacent to the Thames River and the public towpath, however it is not currently accessible to the public and is surrounded by a 2.4 metre-high metal fence. On the Site are a number of buildings and structures associated with the former industrial use, all of which are becoming run down and degrading further over time.
- 2.3 Directly adjacent to the north of the Site is the retained Thames Water facility and associated structures and buildings, which remains in use and is also fully enclosed by fencing. As previously mentioned, the public Thames towpath sits directly adjacent the eastern boundary of the Site and is lined by thick vegetation and trees.
- 2.4 The main vehicular and pedestrian access to the Site is from Melliss Avenue to the south, which connects via Townmead Road with Mortlake Road/South Circular. Pedestrians are also afforded alternative access through the Kew Riverside development and from the towpath, however some of these are gated and not available 24 hours a day.
- 2.5 With regard to public transport, Kew Gardens Station is located approximately 1km (12 minutes walking or 4 minutes cycling) from the Site and provides District Line on the London Underground and North London Line on the London Overground services to central and outer London.
- 2.6 Kew Village is similarly located approximately a 12-minute walk from the site, and provide a range of local amenities including cafes, restaurants, retail shopping and a post office.
- 2.7 More widely, completed in 2005, the Kew Riverside and Riverside Park developments surround the application Site and comprises a range of contemporary buildings of up to 7 storeys in height. Saffron House is located to the south and is 4 storeys in height (without set backs), while Terrano House to the north rises to 5 storeys in height (without set backs) - both are residential apartment buildings.
- 2.8 To the north, the former Inland Revenue site on Bessant Drive has been redeveloped as 'Emerald Gardens', completed in 2017, which provides approximately 170 residential units over a series of 5 storey blocks (without set backs).

- 2.9 Finally, built in the mid-1990s, Kew Retail Park is located to the west of the application Site and comprises a substantial (120,000sqm) retail centre with associated parking and serves a large shopping catchment area in Kew and south west London. Kew Retail Park has an extensive retail offer including a large Marks & Spencer supermarket and department store, and a large Boots pharmacy. Kew Retail Park is conveniently located a quarter of a mile from the Site, under a 5-minute walk.
- 2.10 A site location plan is set out below.



Designations

- 2.11 The Site is identified as Site Allocation 'SA 26 Kew Biothane Plant, Mellis Avenue, Kew' within the London Borough of Richmond upon Thames Local Plan 2018. It is acknowledged within the designation that the Site is now surplus to requirements following the closure of the Stag Brewery and that the Council supports its redevelopment.
- 2.12 Part of the Site is designated Metropolitan Open Land ('MOL'), which comprises the elements closest to the river, of which the towpath is also identified as being Public Open Space. The Site also falls within the Thames Policy Area.
- 2.13 The Site is not located within a conservation area nor are there any listed buildings located in proximity to the Site.

Ownership

- 2.14 The site is in the full unencumbered ownership of the Applicant.

3 DEVELOPMENT PROPOSALS

Proposed Development

- 3.1 The content of the application proposal is set out in the Design and Access Statement and Planning Application Drawings and is summarised below. The proposed description of development is as follows:

“Demolition of existing buildings and structures and redevelopment of the site to provide a specialist extra care facility (C2 Use Class) for the elderly with existing health conditions. Comprising 89 units, with extensive private and communal healthcare, therapy, leisure and social facilities set within a building of ground plus 3 to 5 storeys including set backs. Provision of car and cycle parking, associated landscaping and publicly accessible amenity spaces including a children’s play area.”

- 3.2 As per the above, the proposed development comprises a new specialist extra care facility of 89 new specialist extra care units (C2 Use Class) set in landscaped grounds. The key characteristics of the proposed specialist extra care facility comprise:

- Purpose-built facility
- Caters for over 65s with long term significant health conditions
- Units are self-contained with 24 hour, permanent operator access to all areas
- Units have kitchen however as residents age in place they will become entirely dependent on the communal catering facilities
- Support is available on-site 24 hours a day, 7 days a week
- Specialist care is provided to residents depending on their varying needs
- Communal facilities are available

- 3.3 The proposed specialist extra care facility will be set within a building of ground plus 3 to 5 storeys in height, whereby the upper levels are set back from the levels below. The ground floor comprises entirely care and communal facilities and circulation space, with the extra care units themselves located on floors 1 to 5. The proposed quantum of development is as follows:

Table 1 - Areas

	GEA Area (sqm)	GIA Area (sqm)
Specialist Extra Care (C2 Use)	12,790	11,933

Table 2 - Total Units

	Total
1-bedroom	11
2-bedrooms	78
Grand Total	89

- 3.4 To complement the holistic social and health care provided, as well as to foster links and opportunities with the local and wider community, the proposals also include a variety of uses accessible for the local community. An operational team of 80 full-time equivalent staff (which are required to cover up to 31 staff on site at any one time) comprised of 20 different staff types will be present on site 24 hours a day, 7 days a week to care for residents. Residents will benefit from engaging amenities and an active social environment. A key part of the Red and Yellow care model is to integrate with the local community for the benefit of the extra care residents to ward off loneliness. The integrated package includes the following communal facilities to give residents the quality of life that they need to live fully and age gracefully:

Care Facilities

- CQC registered Medical, nursing and care operations
- Medical Centre and Nurse Station
- Rehabilitation and Exercise Room
- Therapy and Treatments Rooms
- Hydro-Therapy and Exercise Pool
- Changing Facilities
- Mobility Scooter & Charge Store

Leisure / Amenity Facilities

- Cafe
- Restaurant / Bar
- Activity Room
- Lounge
- Library
- Hair Salon
- Play Area and open space

- 3.5 From the above it is clear that a significant quantum of communal facilities are proposed, indeed the entire ground floor is given over to community facilities and back of house facilities. Requirements for plant space to service the specialist extra care facility are also substantial, and overall the proportion of gross internal area dedicated to operational, functional, plant and circulation space will amount to approximately 40% of

the total GIA. The remaining 60% will accommodate all extra care units, from first floor and above. This figure is much greater than standard residential developments and as such the proposed development differentiates itself as a specialist extra care facility by providing care provision, leisure and communal facilities, which in combination will enhance a resident's sense of community and aid treatment, rehabilitation and stimulation.

3.6 The accommodation has been designed to create a community feel within an existing urban environment which also seeks to enhance the Metropolitan Open Land and surrounding area. In design terms, the guiding principles that the architects, Marchese Partners, and the landscape architects, Wilder Associates, have identified and subsequently taken through the design development process are sought to:

- Preserve and enhance the Metropolitan Open Land as part of the character of the area
- Deliver a high-quality architecture and aesthetic which is anticipated to be a response to the adjacent plots, but also pay tribute to the historical character of Kew, drawing on high quality materials and achieving excellent design
- Consider bulk, massing, height and density in response to the established rhythm of the local area and minimise visual impact on properties of Melliss Avenue
- Consider views from buildings to the north and south
- Ensure open green areas are appropriately landscaped, respecting the Site's location
- Sensitively consider the view into the Site from the riverside path and from across the river
- Enhance the connectivity of the area, allowing permeability from the river and to adjoining areas
- Provide sufficient parking for residents, in line with policy, and minimise the use and visual impact of parking

3.7 Significant landscaping is proposed, which will dramatically improve the Site, the designated Metropolitan Open Land, and views from the surrounding area, while also providing a significant benefit to future residents. This includes completely opening up the landscaping for public access (where none is provided currently), the provision of a central hub courtyard space that acts as an extension to the MOL into the adjoining undesignated land, a formal public space and active street frontage to Melliss Avenue to signal the main entrance, as well as a play area located along the southern arm, connecting the central hub to the riverside walkway.

- 3.8 Primary access to the proposed specialist extra care facility is from Melliss Avenue, with a Porte Cochere located directly in front of the entrance to provide a covered area for disabled people to exit vehicles. Due also to the requirement to provide level access to the building and achieve Part M compliance, an access ramp is provided within the entrance courtyard, providing disabled access from the external pavement to the interior of the building, without the need for assistance. Secondary access points to the building, each also with level access, are provided to the east and south.
- 3.9 A total of 27 car parking spaces are proposed, one of which will be a drop off/short term space, and 12 out of the 27 car parking spaces are proposed as blue badge disabled. With regard to cycle parking, 8 secure and sheltered long stay cycle parking spaces are located within the ground floor, along with 18 short stay cycle parking spaces situated outside the building.
- 3.10 Within Richmond, the Council's adult social care strategy Market Position Statement 2018–2019 sets out the current and potential future demand and supply for adult social care services and outlines the investment that the Council and its partners have made in local services, to inform evidence-based commissioning. Within this document it is stated that:
- “28,900 people aged 65+ in Richmond-upon-Thames (15% of total population).”
 - “This is predicted to increase by 55% to 46,800 people by 2035 (19% of total predicted population). This is the major area of demographic change.”
 - “Richmond-upon-Thames has a high proportion of older people within its population (15% aged over 65), compared to London as a whole (12% aged over 65)”.
- 3.11 It also must be noted that the London Borough of Richmond upon Thames has the highest proportion of older people living alone in Greater London, with over 76 per cent owning their own homes.
- 3.12 Please refer to the planning statement for further details of the care need.

4 PLANNING POLICY AND APPROACH

Defining the Planning Use Class

- 4.1 The principal statutory reference point for any land use classification is the Town and Country Planning (Use Classes) Order 1987 (as amended) ('the Order'). The Order defines residential/sleeping accommodation type uses (Part C) as follows:
- **C1 - Hotels and hostels** *"Use as a hotel, boarding or guest house or as a hostel where, in each case, no significant element of care is provided."*
 - **C2 – Residential Institution** - *"Use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses)), use as a hospital or nursing home or use as a residential school, college or training centre."*
 - **C3 – Dwelling Houses** – *"Use as a dwelling house (whether or not as a sole or main residence) (a) by a single person or by people living together as a family, or (b) by not more than 6 residents living together as a single household (including a household where care is provided for residents)."*
- 4.2 A defining feature of the sub C classification is the provision of care, namely that the distinction between C2 use and others within the C classification is the provision of care to those in need of care. The other sub classes are correspondingly distinguished by the lack of care provision.
- 4.3 Care is defined in the Order as *"personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs, or past or present mental disorder and in Class 2 also includes the personal care of children and medical care and treatment"*. It follows that residential accommodation with care provision to people in need of care, particularly those with specialist long term conditions such as dementia, is C2 and not C1 or C3.
- 4.4 As the proposals include residential accommodation with specialist health and social care and extensive medical, therapy and wellbeing facilities provided, the Use Class of the proposed scheme is C2.

Differences of Approach

- 4.5 It is acknowledged that this position has not yet been agreed by the Council and that there is sector-wide debate about the position of market elderly care accommodation within the national conversation on housing delivery. This focuses principally on whether as a sector it is financially viable to deliver planning obligations in the same way as the C3 Use Class (residential accommodation) does. Secondly, if it is deemed financially viable, whether it is practically possible for elderly care schemes to contribute towards affordable housing following the C3 series of preferred delivery; being onsite delivery as

the preference, then offsite delivery, and finally a sum in lieu of delivery. Refer to the Operating Statement and Planning Statement for full details of care provided.

- 4.6 As the debate on the position of the Use Class throughout the sector and therefore applicable policy is acknowledged, the following sections discuss the current and emerging policy environment for C3 planning applications, and those that seek to capture market extra care accommodation.
- 4.7 For this planning application, the determination of the Use Class of the proposals is largely irrelevant to achieving the Council's stated affordable housing outcomes. Firstly, the viability position of the scheme must be assessed. Secondly the ability of the scheme to make a contribution towards affordable housing via the onsite/offsite/sum in lieu hierarchy must be assessed.
- 4.8 Notwithstanding the Use Class debate, the Applicant has provided a viability assessment and this AHS sets out the affordable housing deliverability case.

National Policy

- 4.9 The NPPF was refreshed as of July 2018. The drive for sustainable development remains at its core. It advises that development proposals that accord with the development plan should be approved without delay, and where there are no relevant development plan policies permission should be granted unless adverse impacts of doing so would significantly and demonstrably outweigh the benefits of the development.
- 4.10 Councils are advised to consider the housing need of all user groups within their local area and plan accordingly for appropriate accommodation to be delivered. Where there is a need for affordable housing, plans should specify the types required, with the expectation that in normal circumstances these requirements are addressed through the provision of onsite affordable housing, and where it can be robustly justified, for contributions to be made via offsite delivery or a contribution in lieu.
- 4.11 If an applicant seeks permission for a development proposal that does not meet the local planning policy requirements on viability grounds, it is the Applicant's responsibility to demonstrate this at the application stage.
- 4.12 The NPPG was also updated in September 2018, in line with the updates to the NPPF. It provides a more detailed assessment of acceptable practices for the submission of a site-specific viability assessment covering transparency, the standardisation of inputs, and the approach to consideration of the Benchmark Land Value.

Regional Policy

- 4.13 The Draft New London Plan that incorporates minor changes to the December 2017 version was published in August 2018, ahead of the Examination in Public. This is after the proposed scheme herein has been developed and finessed for submission to the Council. As this Draft Plan has not been tested by an Inspector at Examination in Public, the weight that should be attributed to it at this stage is minimal.

- 4.14 Policy H5 details the strategic targets for affordable housing delivery across London, setting a target of 50% of all new homes to be affordable. It explains the sequential approach to affordable housing delivery with a preference for onsite delivery, an acknowledgement that offsite delivery can be appropriate when onsite delivery is not achievable or would deliver better outcomes, or cash in lieu being appropriate in very exceptional circumstances.
- 4.15 The 'Threshold Approach' to assessing development schemes is detailed under Policy H6. This explains that schemes that deliver a minimum of 35% affordable housing and meet other relevant policy requirements can follow the Fast Track Route without submitting viability evidence, and schemes that do not will follow the Viability Tested Route.
- 4.16 The Mayor's emerging approach to market older persons' housing is explained in Policy H15. It explains that the extra care accommodation type is "generally" considered as being Use Class C3 based on the fact the units have their own front door.
- 4.17 This is somewhat contrary to the position outlined in the adopted Affordable Housing and Viability Supplementary Planning Guidance, which recognises at paragraph 3.7.18 that even if units within a building have their own front door this does not mean that the use falls outside of Class C2.

*"Consultants suggest that the most robust way of distinguishing between the two is the 'front door' test – if the unit of accommodation has its own front door then it is usually C3, if not it is C2. **However, development management experience suggests in many cases this may require some refinement to take appropriate account of the components of care and support and level of communal facilities such as those associated with some extra care schemes where units may have their own front door, but functionally are effectively C2.** Providing the proposal is justified by identified need and addresses wider policy considerations, the planning system should not be used to restrict development of either – this is an evolving market and provision should not be constrained by what, in need terms, might appear to be an arbitrary and perhaps dated planning distinction".*

- 4.18 Draft policy H15 and the SPG rely heavily on the 'front door test' and, generally, assess self-contained accommodation as C3, but without reference to the provision of care as set out and defined by the Order. Notwithstanding that presumption, neither is prescriptive (ref use of the term 'generally') and the SPG recognises the need to consider all matters where an operation is functionally C2, but with its own front doors.
- 4.19 The GLA interpretation of the policy and proposals included in this planning application gives rise to the application of the affordable housing policies set out in the Draft London Plan. In principle they are that the scheme should contribute towards affordable housing delivery and if it is not able to meet the conditions for the Fast Track Route, the Viability Tested Route should be followed.

- 4.20 Notwithstanding the Applicant's disagreement with the principle of the application of the affordable housing policies set out in the Draft London Plan, this AHS explains the viability and deliverability context of the application scheme.

Local

- 4.21 The local statutory Development Plan for the application site is the newly adopted LBRuT's Local Plan (July 2018). It notes that the borough's recent housing delivery policy target has been an average of 315 homes per year, and that this will be reviewed, following the adoption of the emerging London Plan. The current Draft London Plan aims to increase this to 811 homes per year for 2019/20 to 2028/2029. The affordable housing specific policies are supported by guidance included in the Affordable Housing Supplementary Planning Document (2014).
- 4.22 Local Plan Policy LP 36 outlines the borough's approach to affordable housing delivery. It specifies a target of 50% of all new housing to be delivered as affordable housing, in a tenure split of 80% for rent and 20% for intermediate housing. When considering planning applications on a case by case basis, the Council will have regard to economic viability, individual site costs, the availability of public subsidy and the overall mix of uses and other planning benefits brought forward by the proposed scheme.
- 4.23 If an Applicant is unable to meet the policy target for affordable housing delivery, it is necessary to submit viability evidence to demonstrate that the scheme is maximising its contribution towards affordable housing delivery. The Council's primary (but not exclusive) approach to assessing benchmark land value is to consider the Existing Use Value plus a premium approach, in most circumstances.
- 4.24 The Council's Retirement Housing Review recognises the need for the viable delivery of c. 145 new retirement homes by 2020, with specific delivery gaps in Kew, Whitton and Heathfield. It does not specify that market tenure extra care accommodation should be classified as Use Class C3 on a de facto basis, without detailed consideration of each planning application on a case-by-case basis.
- 4.25 Carterwood is experienced in providing advice on the care sector and currently advise 70% of the top 20 operators across the elderly care sector. Carterwood has prepared a need assessment for the subject site, based on the market catchment area and the LBRuT Council Boundary.
- 4.26 Carterwood's analysis assuming all planned units have been developed and are operational, indicates an exceptional unmet need of 1,210 private extra care units in the market catchment and 322 in the local authority catchment. Further to this the shortage is predicted to rise substantially over the next six years to 2025. Accordingly, this shortfall could more than accommodate the 89 proposed specialist extra care units.
- 4.27 It is therefore considered that there is a critical undersupply of extra care accommodation for private leasehold sale within the LBRuT, and this is likely to continue given the lead in time for extra care schemes to be developed.

5 PRACTICALITY OF DELIVERING AFFORDABLE HOUSING

- 5.1 Setting aside the viability of the inclusion of affordable housing delivery on any planning application scheme, it is also necessary to examine where it is practically possible to deliver affordable housing as part of a planning application scheme.
- 5.2 Local planning policy on affordable housing delivery states a preference for onsite delivery of affordable housing. If this is not possible then offsite delivery can be considered, and following that, a contribution in lieu of delivery.
- 5.3 As this is a hierarchical approach, the following section sets out the constraints to successful delivery of affordable housing onsite and considers the practicality of the scheme making a contribution towards affordable housing. Section 6 considers the process of assessing the viability of affordable housing delivery.

Scheme Design

- 5.4 Part of the 0.7ha Site is designated MOL, which comprises the elements closest to the river. The massing and footprint of the buildings currently proposed have been the subject of extensive scrutiny by planning and design officers.
- 5.5 It is not possible to deliver additional buildings on the development site according to the feedback received from planning officers throughout the pre-application consultation, predominantly because the MOL is largely protected and additionally because the scheme already delivers the appropriate development capacity for the Site.
- 5.6 Reducing the size of the market scheme and having a discrete affordable housing building onsite has also been considered by the application team. However, the proposed scheme has been cut back in several locations throughout the pre-application consultation and as a result the final footprint and massing is on the limit of viability for the Applicant. By this, it is meant that should the Applicant be required to deliver a smaller or less efficient scheme than currently proposed, it is unlikely to be a development proposal that the Applicant can secure the necessary funding to deliver.
- 5.7 As a result of the spatial planning of the Site, it is not possible to deliver traditional affordable housing onsite in a building which is separate from the main specialist extra care facility that could be sold to a Registered Provider.

- 5.8 It is then necessary to examine the deliverability of including affordable housing within the scheme as proposed.

Ongoing Management and Maintenance

- 5.9 The proposed scheme is designed to be a 'home' setting with the most advanced care and service provision built-in. As part of that integrated care provision, a number of leisure and communal facilities will be provided, which enhance a resident's sense of community and aid treatment, be it rehabilitation or stimulation. The development

proposals include an extensive array of communal facilities which make up a significant proportion of the total built area, delivered at ground floor. This includes a therapy pool, rehabilitation and exercise facilities, medical and treatment rooms, and leisure facilities such as a library and a café.

- 5.10 It is clear from the intended operation of the facility that this specialist extra care scheme is about more than just the delivery of housing for age-qualified residents. It is an integrated approach to delivering care to residents within their own homes and within the wider development, that can adapt and change over the resident's lifetime. At its heart is the comfort for residents to know that this is a whole life solution and would not require a further move to a care home if their care needs escalate.
- 5.11 As such, the accommodation, the communal facilities and care provisions are not separate elements of the proposals. They form one interlinked proposal that cannot be separated and still deliver the intended benefits, irrespective of the tenure of units delivered.
- 5.12 With this as the context, it would not be possible to separate the ownership of the ground floor facilities from the ownership of the accommodation. Accordingly, all service charges need to be split on a proportional basis. Additionally, any onsite affordable housing could not be owned or managed by a Registered Provider as this would isolate it from the communal facilities and care provision. The inability to share the ownership of the building with a Registered Provider would preclude the delivery of any rented affordable accommodation onsite within the proposed building.

Affordability

- 5.13 Accepting that the scheme is not able to deliver onsite rented affordable housing, the hypothetical remaining option to consider would be whether shared ownership housing onsite would be practical. It is acknowledged that this is not the borough's preferred affordable housing tenure type, as it constitutes 20% of the policy delivery requirement. A test of affordability at the proposed scheme market values, taking into account the anticipated service charges and care costs, shows that it would be prohibitively expensive for shared owners, particularly at the Council's preferred target income threshold.

Service charges and care costs

- 5.14 The building proposed as part of the planning application is in the optimum configuration for its intended use. The nature of extra care schemes is that a significant amount of ground floor space is required to provide appropriate facilities and back of house for the care and social uses including a therapy pool, rehabilitation, exercise and leisure facilities such as a library and a café.
- 5.15 Access to the ground floor facilities is a requirement for all tenure residents, therefore the service charge that funds the provision of services must lawfully be fairly and

proportionately split between all potential users of the facilities. This is anticipated to be prohibitively expensive for affordable housing occupiers.

- 5.16 Care services will be privately funded by residents in market tenure accommodation. For residents of affordable housing who are eligible for government support for their care costs, this funding cannot be guaranteed in the long term as the government's social care funding mechanism is dynamic, and it cannot be guaranteed that it will increase in line with the individuals' needs. For these reasons, it would not be possible to commit to affordable housing residents that this can be their home for life without a future need to move on if their care needs escalate.
- 5.17 As government funding for care costs is uncertain, it would not be sensible to accommodate residents with care needs in integrated affordable housing within the scheme when it is not known whether their care costs will be supported either at the time of moving in or in future.

Summary

- 5.18 The interdependent sections above explain why it is not practical to deliver affordable housing on the proposed Site, either on a stand-alone basis or as part of the proposed building.
- 5.19 The remaining section discusses the viability of delivering an alternative contribution towards affordable housing.

6 APPROACH TO FINANCIAL VIABILITY

- 6.1 This section of the report sets out the methodology for determining whether a contribution is available to support scheme-wide Section 106 benefits, including the delivery of affordable housing. In line with local and regional policy, the amount of affordable housing capable of being supported will be determined principally by the scheme viability.
- 6.2 The financial appraisal of the proposed development will be available for review by the Council's Independent Assessor, under separate cover.
- 6.3 The financial appraisal is based on a residual valuation methodology. The financial model robustly tests that the maximum reasonable contribution towards affordable housing is made, in line with adopted policy.
- 6.4 The Applicant has engaged a wider team of experts to advise on the proposed development (e.g. architects, cost consultants and technical delivery specialists), who have applied their development experience to determine the appropriate inputs to the financial appraisal. The team has been working together throughout the pre-application process to provide comprehensive and robust information to the Council's Independent Assessor.
- 6.5 Following scrutiny of the appraisal by the Independent Assessor which establishes the overall financial position of the scheme, the amount of any subsidy that is available to meet the requirements of the total S106 package is identified. This total subsidy requirement is allocated in accordance with Council policy towards items such as education, public realm, healthcare, CIL etc, as well as affordable housing delivery.

7 CONCLUSION

- 7.1 This report outlines the development proposals on the subject Site.
- 7.2 It identifies the tensions that currently exist in the planning and housing sector, between different interpretations of Use Class of proposals that deliver market extra care accommodation and their associated affordable housing requirements.
- 7.3 If the Applicant's approach prevails, the scheme will be considered a C2 development and the viability and deliverability cases that have been set out alongside the planning application will determine whether the scheme can make a contribution towards affordable housing and what form it should take.
- 7.4 If the Use Class is not unanimously agreed upon, the response from the Applicant under the affordable housing delivery policies would be to submit the same viability and deliverability cases that have already been provided.
- 7.5 The first strand of the affordable housing delivery policies is to establish whether it is financially viable for the scheme to contribute towards affordable housing. This is examined in detail through a viability appraisal, assessed by the Council's Assessor.
- 7.6 If it is determined that a contribution can viably be provided, the second strand of the delivery policies follows to assess deliverability of affordable housing.
- 7.7 This AHS details that if it is deemed that a contribution towards affordable housing delivery should be provided by this scheme, then it is not practically possible to deliver affordable housing onsite. Consequently, any contribution towards affordable housing delivery arising from the proposed development would need to be made by way of offsite affordable housing delivery or a contribution in lieu.

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