

Wirral Metropolitan Borough Council
PO BOX 290
Brighton Street
Wallasey
CH27 9FQ



7th November 2024

Dear Sirs,

CHURCHILL LIVING & McCARTHY & STONE RESPONSE TO THE WIRRAL LOCAL PLAN (2021 - 2040) MAIN MODIFICATION CONSULTATION.

McCarthy Stone and Churchill Living are independent and competing housebuilders specialising in sheltered housing for older people. Together, they are responsible for delivering approximately 90% of England's specialist owner-occupied retirement housing.

Please find below our comment on the Main Modifications proposed within this consultation insofar as they impact the delivery of specialist accommodation for older persons.

Policy WS3.3: Affordable Housing Requirements

Under MM10, several amendments have been proposed to emerging Policy WS3.3 including amalgamating the policy. Changes includes the addition of point G, which acknowledges the provision of affordable housing will vary on a site-by-site basis taking into account evidence of local need and the viability of a development. However, it goes on to state any divergence away from the policy requirements will only be supported if it complies with emerging Policy WS 2: Viability and Delivering Development.

It is disappointing to see that the previous recommendations in proposing nil affordable housing for specialist accommodation for older persons on the grounds of viability has not been duly considered. Detailed comments on the plan wide viability underpinning the policy were previously made, however no further analysis appears to have been undertaken to reflect the comments made. The PPG on viability requires that local planning authorities engage with stakeholders on viability matters.

"It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners and infrastructure and affordable housing providers" Paragraph: 002. Reference ID: 10-002-20190509.

We attach again for reference previous comments and evidence submitted on viability matters which the Council should consider.

We must therefore reiterate it is the respondents view that the cumulative impact of differences in viability assumptions used in the Viability Appraisal presents an assessment of the viability of older persons' housing that is not credible.

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

The guidance in the NPPF and the PPG state 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.)

Council Members, Officers and the general public will assume that applications for sheltered or extra care housing will be able to support a policy compliant level of affordable housing. This would however be at odds with the viability evidence underpinning the Local Plan.

Furthermore, no reference is made to the inability of older persons' housing typologies providing policy compliant levels of affordable housing in either the text of the *Policy WS3.3* or its justification. Burdening specialist forms of accommodation with an unrealistic affordable housing requirement on the presumption that viability will be considered on a site-specific basis, but not making this clear to either developers or Council Officers in the wording of the policy creates both uncertainty and a significant opportunity for conflict.

This is particularly concerning as the NPPF and the PPG both make it clear that the weight attributed to a viability assessment is at the discretion of the decision maker.

Accordingly, we would like to draw the Council's attention to Paragraph 5.33 of Policy HP5: Provision of Affordable Housing in the now adopted Fareham Borough Local Plan which advises that:

5.33... The Viability Study concludes that affordable housing is not viable for older persons and specialist housing. Therefore, Policy HP5 does not apply to specialist housing or older persons housing.

Furthermore, policy in Swale exempts older persons housing from affordable housing in light of viability constraints and emerging policy in BCP, Birmingham and Charnwood also exempt older persons housing from the provision of affordable housing.

BCP

The Local Plan viability assessment indicates that for greenfield sites we can continue to seek 40% affordable housing provision on site. For brownfield sites we will seek 10-15% affordable housing, but due to viability, this will not apply in Bournemouth and Poole town centres, or for specialist forms of housing (e.g. build to rent, student housing, care/nursing homes (Use Class C2) or for retirement housing (sheltered housing) and extra care (assisted living) housing (both Use Class C3).

Birmingham

Due to specific viability challenges of delivering older person's housing, the evidence suggests on the basis of market research, appraisal inputs and policy requirements, Older Persons Housing is exempted from Affordable Housing provision.

Charnwood

Our viability evidence shows that neither affordable housing nor extra care housing developments are likely to be viable if a contribution towards affordable housing is sought.

RECOMMENDATION:

Therefore, in addition to MM10, we again request the following modification is made to the wording of Policy WS3:

"The provision of affordable housing may vary on a site-by-site basis taking into account evidence of local need and where appropriate the viability of the development. Any relaxation of the affordable housing requirements set out in criteria C - F will only be supported if it complies with Policy WS 2 Viability and Delivering Development.

This excludes any application which is seeking to delivering specialist accommodation for older persons housing including retirement housing (Use Class C3) and extra care housing.

A nil affordable housing rate could facilitate a step-change in the delivery of older person's housing in the Wirral helping to meet the diverse housing needs of the elderly as detailed in *Policy WS 3: Specialist Housing*. The benefits of specialist older persons' housing extend beyond the delivery of planning obligations as these forms of development contribute to the regeneration of town centres and assist Council's by making savings on health and social care.

Policy WS 2: Viability of New Development

Emerging Policy WS 2: Viability of New Development is considered under MM9. The main modifications document seeks to insert a new Policy WS 2 and additional supporting text. The amendments to Policy WS2 states:

"Where appropriate, a review and clawback mechanism will need to be incorporated into a legal agreement where viability might improve over the lifetime of delivering the development, and therefore further public benefit can be gained from contributions to infrastructure"

This is formally added under point C. to emerging Policy WS 2: Viability and Delivering Development with the following wording:

"Where deemed appropriate, a review and clawback mechanism will be incorporated into legal agreements to ensure that additional contributions are provided over time as viability improves."

We are of the opinion, alongside many Planning Inspectors, that there should be specific exemption from the review mechanism for smaller, single phased developments. It has been continually suggested by Inspectors that insisting on review mechanisms for smaller sites is unnecessary. For example, under Appeal

decision reference APP/C4235/W/120/3256972 dated 1st April 2021, the Inspector noted in paragraph 17 that ‘as the development would almost certainly be completed in a single phase with an estimated build time of 12-18 months, it is not the sort of large multi-phased scheme where stronger arguments for a review/clawback mechanism may otherwise exist’.

RECOMMENDATION

Therefore, an addition to the main modification MM9, we request the following wording is proposed:

“C. With the exemption of smaller single-phased sites (1ha and under), a review mechanism will be incorporated into legal agreements to ensure that additional contributions are provided over time as viability improves””

Policy WS 3: Specialist Housing

Under MM10, there have been a number of amendments proposed to the policy wording; however, it is disappointing to see that no further amendments have been proposed to the policy relating to the delivery of older persons housing.

Within our previous representations, we had highlighted the undeniable fact that there is an increasing age population in the Wirral area, as well as acknowledging a growing national platform supporting the delivery of older persons housing.

Paragraph 1 of the PPG Housing for Older and Disabled people 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. 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”.

Paragraph: 001 Reference ID: 63-001-20190626

The age profile of the population can be drawn from the 2018 population projections from the Office for National Statistics. This advises that there were 72,467 persons aged 65 and over in 2021. This age range is projected to increase by 19,922 individuals, or 28%, to 92,389 by 2037.

In the Council’s latest Strategic Housing Market Assessment report (dated 2021), it is identified that there will be an estimated need of 2,332 units of specialist older persons housing falling under Use Class C3 up until 2037. This equates to 179 units per annum to accommodate this need.

Given the significant need for older persons accommodation identified within the SHMA report (2021), we would expect to see more emphasis supporting the delivery of older persons accommodation within the wording of Policy WS 3.

RECOMMENDATIONS:

To that effect, we would request to see an additional amendment proposed to the wording of Policy WS 3 as we would question whether the current wording is taken far enough given the clear and justified need for specialist accommodation for older people. On that basis, we would further recommend Policy WS 3 is amended in line with the proposed wording:

“Specialist housing for older people will be supported to help ensure delivery of the 2,332 units of specialist accommodation for older people (falling under C3) required up until 2037.

A planning application should demonstrate the following:

- The development is proposed in a sustainable location;
- Provides good access to local services;
- Provision of appropriate on-site amenity space;
- Is designed and managed to provide the most appropriate types and levels of support to the proposed occupiers; and
- Adequately caters for the needs of any support staff and associated services including medical support, where applicable.”

Thank you for the opportunity for comment.

Yours faithfully

A solid black rectangular box used to redact the signature of the sender.

REVIEW OF LOCAL PLAN VIABILITY
ASSESSMENT
FOR SHELTERED HOUSING

WIRRAL METROPOLITAN BOROUGH COUNCIL
LOCAL PLAN 2021-2037 (REGULATION 19 CONSULTATION)

JULY 2022

Contents

1.	Introduction.....	2
2.	Review of Local Plan Viability Study.....	2
2.2	Older Persons’ Housing Typologies	2
3.	Viability Appraisal Inputs	3
3.1	Introduction	3
3.2	Unit Sizes	3
3.3	Sales Values	3
3.4	Unit Mix	3
3.5	Base Build Cost.....	4
3.6	Sales Rate.....	4
3.7	Gross to Net.....	4
3.8	Benchmark Land Value	4
3.9	Profit.....	5
3.10	Empty Property Costs.....	5
3.11	Sales & Marketing Costs	6
3.12	CIL & s106 costs	6
4.	Results.....	8
4.1	Older Persons’ Housing Typologies	8
5.	Commentary on LPVS Results	8
6.	Conclusion	9

1. Introduction

- 1.1.1 This supporting statement has been prepared on behalf of Churchill Retirement Living an independent developer of specialist owner-occupied retirement housing.

- 1.1.2 In this statement we critically appraise the evidence underpinning the affordable housing targets detailed in *Policy WS3.3: Affordable Housing Requirements of the Wirral Local Plan 2021-2037 (Regulation 19 Draft)* – namely the *Wirral Local Plan 2021 to 2037 CIL & Viability Assessment* (hereafter referred to as the Viability Assessment) undertaken by Aspinall Verdi (2022).
- 1.1.3 This Statement is a focused document underpinning our representations to the Local Plan Regulation 19 consultation on *Policy WS3.3*. 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 comprehensively covered in the Viability Assessment.

2. Review of Local Plan Viability Study

- 2.1.1 The Wirral Local Plan 2021 – 2037 (Regulation 19 Consultation) is one of an alarmingly limited number of emerging Local Plans that have set a differential affordable housing rate. The Low and Lower Medium Value Areas have an affordable housing requirement of 10% and the Upper Medium and High Value Areas have an affordable housing requirement of 20%. This is, of itself, highly commendable and suggests a greater focus on viability at the Plan making stage.
- 2.1.2 It is clear from the wording of the policy and its justification that the Local Authority is cognisant of the increased emphasis on Local Plan viability testing in Paragraph 58 of the NPPF. Given the Council's stance towards developer contributions and affordable housing, we find aspects of the evidence base underpinning these policies to be of concern.

2.2 Older Persons' Housing Typologies

- 2.2.1 The affordable housing targets set out in *Policy WS3.3: Affordable Housing Requirements of the Wirral Local Plan 2021 -2037 (Regulation 19 Draft)* are underpinned by the evidence comprising the *Wirral Local Plan 2021 to 2037 CIL & Viability Assessment* undertaken by Aspinall Verdi (2022).
- 2.2.2 We note that the Viability Assessment has assessed older persons' housing typologies, which is welcomed.
- 2.2.3 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. Our concerns are that the Viability Assessment has overplayed the viability of older persons' housing.
- 2.2.4 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 sheltered and extra care older persons' housing typologies in the Viability Assessment.

3. Viability Appraisal Inputs

3.1 Introduction

- 3.1.1 Churchill Retirement Living have considered the inputs and assumptions used in the financial viability appraisals for older persons' housing in the *Wirral Local Plan 2021 to 2037 CIL & Viability Assessment* undertaken by Aspinall Verdi (2022).
- 3.1.2 A summary table has been provided in the table entitled: *Comparison of Appraisal Inputs* on page 7 this report.
- 3.1.3 Many of the inputs used in our appraisal of Sheltered 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.

3.2 Unit Sizes

- 3.2.1 Apartments for specialist older persons' housing tend to be larger than 'general needs' open market housing. The Viability Assessment has deviated slightly from the recommendations of the RHG note and no justification has been given.

RHG Briefing Note Recommended Unit Sizes

	1 bed	2 bed
Sheltered	55 m ²	75 m ²

3.3 Sales Values

- 3.3.1 The Viability Assessment details its research into sales values for specialist older persons' housing in Table 6.2.
- 3.3.2 A relevant comparable scheme in the vicinity of the subject site is Gibson Court in Woodhall Spa (McCarthy Stone). While outside the Authority, this is an affluent area which would correspond with the Higher Value sales values used in the WPVA.

Table 7.2 – Age Restricted / Sheltered Housing Value Assumptions

No. of Beds	Unit Price	Floor Area (sqm)	Price psm
1-Bed	£210,000	50	£4,200
2-Bed	£280,000	75	£3,733

Source: AspinallVerdi (October 2021)

- 3.3.3 There is no current selling sheltered housing schemes in the Authority and the prices proposed appear proportionate, however we note that a flat sales value has been applied across the Council. We would note that sales values for other housing typologies vary by £70,000 between the low and high values zones. It is not considered credible that the above sales values are achievable across the Wirral.


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 Build costs are covered in Chapter 7. Specialist Accommodation for Older People which advocates the use of the BCIS costs as a base rate.
- 3.5.2 Unusually Aspinal Verdi have applied the median BCIS costs for conventional forms of housing (£1,370 per m²) to specialist older persons' housing. This contradicts the Guidance in the RHG Guidance Note and is not in keeping with the methodology the same consultant has used on other Local Plan Viability Appraisals nationally. No justification for this deviation in approach is provided.
- 3.5.3 The respondents have based their appraisal on the July 2022 Median 'generally' BCIS rates for supported housing, re-based for The Wirral which are £1,683 per m².

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims. 

Last updated: 16-Jul-2022 05:38

Maximum age of results:

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
843. Supported housing							
Generally (15)	1,824	940	1,525	1,683	2,004	3,715	133
Single storey (15)	2,128	1,319	1,674	1,958	2,288	3,715	16
2-storey (15)	1,814	959	1,502	1,649	2,004	3,230	41
3-storey (15)	1,674	940	1,514	1,609	1,847	2,540	47
4-storey or above (15)	1,906	1,143	1,514	1,775	1,942	3,574	26
843.1 Supported housing with shops, restaurants or the like (15)	1,727	1,111	1,475	1,626	1,831	2,948	32

- 3.5.4 We note that a standard allowance of £50,000 per acre has been made for abnormal build costs in the viability appraisal and that the same figure has been applied to both greenfield and previously developed sites.

3.6 Sales Rate

- 3.6.1 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 nationally 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 Sheltered and 35-40% of GIA for Extra Care.
- 3.7.2 The Viability Assessment assumes communal space extending to 25% of the Gross Internal Area (GIA) for its sheltered housing typology.

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 5 and Appendix 3.

- 3.8.2 We have significant concerns over the approach used to determine the value of brownfield land in the Authority, particularly that the existing use value of plots is the same across all value zones in the Authority (i.e. £741,300 per ha).
- 3.8.3 No justification is given for providing an existing use value for brownfield land across the Borough and this makes little sense. It is also contradicted by the transactional evidence in paragraph 6.12 in which a better positioned site in the Birkenhead Commercial District sold for nearly 8x as much. It is worth noting that all of these sites sold for over £1million per ha.
- 3.8.4 We also note that differing premiums were applied to the EUV in the different value zones. In the lowest value area, the premium being 5% an uplift on the EUV of under £40k. This is highly unlikely to be sufficient incentive for a willing landowner to sell the scheme. No justification for the application of the different premiums
- 3.8.5 The value attributed to brownfield land (£889,560 per ha in the highest value area) is insufficient to acquire a 0.5hectare site within 1 mile of a town or local centre based on the premise of existing use value plus 20%.

3.9 Profit

3.9.1 The *Wirral Local Plan 2021 to 2037 CIL & Viability Assessment* allows for a 20% profit margin. This conforms 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. Examples include:

- 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 Wirral Council detail how the Council has applied the Council Tax Empty Property Premium. Full council tax is payable on all properties unless specific circumstances apply. It advises that the Council apply a 100 per cent premium is applied for properties empty for over two years and a 200% premium on properties empty of over 5 years/
- 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
Sheltered	£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 sheltered housing unit and £5k per unit of Extra Care accommodation.

3.10.6 We cannot determine if Aspinall Verdi have applied empty property costs, as per the RHG Guidance, in their appraisals for specialist older persons' housing.

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 CIL & s106 costs

3.12.1 The existing Viability Appraisal allows £1,639 per unit for site specific s106 contributions.

Comparison of Viability Input

	Sheltered Housing	
	Aspinall Verdi	McCarthy Stone / CRL
Sales Values	1 bed: £210,000 2 bed: £280,000	1 bed: £210,000 2 bed: £280,000
Unit Size	1bed – 55 m ² 2 bed – 70 m ²	1bed – 55 m ² 2 bed – 75 m ²
Benchmark Land Value	£302,460	£302,460
Dwellings per hectare	125dph	125dph
Dwelling Mix	unknown	60% 1-bed 40% 2-beds
No. of units	55	50
Site size	Unknown	0.5 Hectares
Build Period	Unknown	12Months
Sales Period	Unknown	50 months
Base Build Costs	unknown	£1,683 per m ²
% Communal floorspace	25%	25%
Contingencies	3% of build costs	5% of build costs
Externals	10% of build costs	10% of build costs
Professional Fees	6.5% of build costs	10% of build costs
Biodiversity Net Gain	£244 per unit	£244 per unit
Part M4(2)	M4(2) - £523per unit	M4(2) - £420 per unit
Part M4(3)	+£9,754 (£29,262)	+£9,754 (£29,262)
Energy Efficiency	£4,847 per unit	£4,847 per unit
Sustainable Construction	£7,500 per unit	£7,500 per unit
S106 Costs	£632 per unit	£632 per unit
Finance Costs	6.25%	6.25%
Profit	20%	20%
Agents Fee % of site value	1%	1%
Sales & Marketing	3%	6%
Legal Fees (% of site value)	0.5%	0.5%
Empty Property Costs	-	£3,000 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 based on a 100% private proposal.
- 4.1.2 The appraisal for retirement living development generates a negative land value of £2,078,996 (See Appendix 1. - ARGUS Summary Retirement Living) and as such retirement living development could not viably come forward on that basis. Developers would most likely require build costs to fall, sales values to rise and accept a lower level of profit for retirement living housing to come forward.
- 4.1.3 The respondents would like to stress that 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.
- 4.1.4 The viability of Retirement Living development is currently such that it cannot support affordable housing contributions or CIL.

5. Commentary on LPVS Results

- 5.1.1 Churchill Retirement Living find the basis on which the affordable housing targets is recommended for retirement living and extra care housing development across the Authority to be unjustified.

- 5.1.2 The results of the viability modelling for sheltered housing are provided in Chapter 7 are detailed below:

7.14 *We have tested 6 no. typologies in all four housing zones on the following basis. A summary of these viability appraisals can be found in Table 7.5 below.*

- 55-unit scheme (low value / brownfield) – 10% affordable housing
- 55-unit scheme (lower median / brownfield) – 10% affordable housing
- 55-unit scheme (upper median / brownfield) – 20% affordable housing
- 55-unit scheme (upper median / greenfield) – 20% affordable housing
- 55-unit scheme (high value / brownfield) – 20% affordable housing
- 55-unit scheme (high value / greenfield) – 20% affordable housing

Despite the above viability issues, the schemes are all viable across all value zone areas.

7.15 *All typologies produce a RLV in excess of £1.1m per acre. Due to the high density of the scheme, the BLV is relatively low in absolute terms. Based on the assumptions outlined above, there is a healthy surplus across all four zones. It should be noted that these typologies are also subject to less S106 contributions than the generic residential typologies.*

7.16 *In terms of affordable housing, the sensitivity analysis shows that each of the typologies could accommodate a 30% contribution whilst maintaining a surplus of over £900,000 per acre.*

7.17 *Alternatively, when considering a potential CIL, the sensitivity analysis shows that whilst remaining at their respective affordable housing contributions (10% for AE & AF, 20% for AG-AJ) these typologies could accommodate a charge of £250 psm whilst maintaining surpluses in excess of £500,000 per acre*

- 5.1.3 It concludes that elderly persons' housing can deliver policy compliant levels of affordable housing and CIL contributions well in excess of those proposed for 'standard' affordable housing.

- 5.1.4 The respondents' do however have significant reservations over both the methodology and assumptions used in the Local Plan Viability Assessment which substantially overstates the viability of these forms of accommodation.
- 5.1.5 We consider that the *Wirral Local Plan 2021 to 2037 CIL & Viability Assessment* has significantly downplayed several viability assumptions in order to generate the level of surplus shown in the Viability Assessment. Most pertinently they have not applied the BCIS build costs for supported housing
- 5.1.6 Indeed, very little consideration has been given to the guidance of the RHG in the consultation with, for the most part, standardised inputs for standard types of housing used. The Viability Appraisal retains the positive appraisal inputs, such as a premium on sales values, yet omits or reduces the negative appraisal inputs, such as sales rate and build costs. The approach taken towards build costs is particularly concerning as uncharacteristic of retirement living apartments, reducing the base build cost by £300 per m².
- 5.1.7 It is the respondents view that the cumulative impact of differences in viability assumptions used in the Viability Appraisal presents an assessment of the viability of older persons' housing that is not credible.

6. Conclusion

- 6.1.1 Churchill Retirement Living consider that the conclusions of the *Wirral Local Plan 2021 to 2037 CIL & Viability Assessment* do not in our view provide a credible basis for the affordable housing rates detailed in *Policy WS3.3: Affordable Housing Requirements* of the *Wirral Local Plan (Regulation 19 Draft)*.
- 6.1.2 The evidence we have provided in our viability appraisals for Sheltered Housing, concludes that these forms of development cannot support the level of affordable housing and CIL being proposed in the emerging planning obligations regime.
- 6.1.3 The affordable housing targets for specialist older persons' housing typologies detailed in *Policy WS3.3: Affordable Housing Requirements* would therefore prejudice the delivery of these forms of development over the Plan period. *Policy WS3.3* is therefore considered to be unjustified and ineffective and contrary to paragraph 35. of the NPPF accordingly.

APPENDIX 1: ARGUS APPRAISAL SUMMARY
RETIREMENT LIVING APARTMENTS

APPRAISAL SUMMARY**LICENSED COPY****100% Open Market Sheltered****Appraisal Summary for Phase 1 Retirement Housing**

Currency in £

REVENUE

Sales Valuation	Units	m²	Sales Rate m²
1 Bed Flats	30	1,767.86	3,563.64
2 Bed Flats	<u>20</u>	<u>1,607.14</u>	3,484.44
Totals	50	3,375.00	

NET REALISATION**OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)		2,078,996
Agent Fee	1.00%	119,000
Legal Fee	0.75%	89,250

CONSTRUCTION COSTS

Construction	m²	Build Rate m²	Cost
1 Bed Flats	2,357.14	1,683.00	3,967,071
2 Bed Flats	<u>2,142.86</u>	1,683.00	<u>3,606,429</u>
Totals	4,500.00 m²		7,573,500

Developers Contingency		5.00%	378,675
s106	50.00 un	1,639.00 /un	81,950
M4(3)			29,262
Policy 8.1	50.00 un	4,847.00 /un	242,350
Policu 8.3	50.00 un	7,500.00 /un	375,000
Abnormals			50,000

Other Construction

External Costs		10.00%	757,350
----------------	--	--------	---------

PROFESSIONAL FEES

Architect		10.00%	833,085
-----------	--	--------	---------

 Project: 100% Open Market Sheltered
 ARGUS Developer Version: 8.10.004

Date: 24/07/2022

APPRAISAL SUMMARY**LICENSED COPY****100% Open Market Sheltered****MARKETING & LETTING**

Marketing		3.00%	357,000
-----------	--	-------	---------

DISPOSAL FEES

Sales Agent Fee		2.00%	238,000
-----------------	--	-------	---------

Sales Legal Fee	50.00 un	600.00 /un	30,000
-----------------	----------	------------	--------

Unsold Unit Fees

1 Bed Flats			79,442
-------------	--	--	--------

2 Bed Flats			94,831
-------------	--	--	--------

FINANCE

Timescale	Duration	Commences
Acquisition	1	Apr 2021
Pre-Construction	6	May 2021
Construction	15	Nov 2021
Sale	50	Feb 2023
Total Duration	76	

Debit Rate 6.500%, Credit Rate 2.750% (Nominal)

Total Finance Cost

TOTAL COSTS**PROFIT****Performance Measures**

Profit on Cost%	25.00%
-----------------	--------

Profit on GDV%	20.00%
----------------	--------

IRR	32.76%
-----	--------

APPRAISAL SUMMARY**LICENSED COPY****100% Open Market Sheltered**

Unit Price	Gross Sales
210,000	6,300,000
280,000	<u>5,600,000</u>
	11,900,000

11,900,000

2,078,996

208,250

7,573,500

1,157,237

757,350

APPRAISAL SUMMARY**LICENSED COPY****100% Open Market Sheltered**

833,085

357,000

268,000

174,273

270,301

9,520,000**2,380,000**