

Chichester Local Plan Examination – CDC Written Update

Matter 4c

**Written Note in response to Churchill  
Retirement Living in relation to  
viability**

November 2024

- 1.1 The attached note provides a response from the council's viability consultants, Dixon Searle Partnership (DSP) to viability issues raised by Churchill Retirement Living in their hearing statement (ref M4c.20) and following the Hearing session on the 8 October 2024.

## Dixon Searle Partnership (DSP) response to Churchill Retirement Living (CRL) Hearing Statement

1. This note is provided to Chichester District Council (CDC), the Council having been asked by the Inspector for a further written response in respect of representations made by CRL, carried through into their Hearing Statement (HS).
2. The CRL HS seeks a bespoke differential affordable policy response to fairly specific forms of specialist housing, in the Chichester Local Plan. It takes the view that the Local Plan Viability Assessment (VA)<sup>1</sup> has the effect of overstating the viability of typical CRL type schemes, based on comments on a number of individual assumptions which in DSP's view need to be considered in the wider context involved in Local Plans and their viability.
3. However, as the VA shows, DSP also considers it appropriate to directly reflect key characteristics of these forms of development when building up assumptions – just as has been done as part of assessing the appropriate broad typologies of development. Many of these particular assumptions are already referenced within the VA and align with those referred to by CRL, while in relatively limited areas CRL maintain that a different and very specific view on assumption levels should be reflected. In DSP's view, this seeks to put in place an overly specific and in some cases elevated set of assumptions based wholly upon which, collectively, DSP is not sure that development would always or even regularly proceed.
4. In practice, development characteristics, sites and schemes overall are more variable – both within this sector and across the wide spectrum of the market housing offer. The Plan Making process should be proportionate and not too specific in dealing with specialisms, or particular developers' products, with lots of schemes potentially considered as unique in some way. There is more variety than it is considered the submitted points represent and in DSP's experience it is not appropriate or necessary to seek to follow all of this variety, or seek to pick out and specifically respond to only particular parts of it.
5. Although the RHG Briefing Note dates from 2013 (updated 2016) as with other such strategic level work, the VA has taken its principles into account alongside the Viability PPG and DSP's long running experience of appraising these more specialist forms of housing development for both policy/CIL purposes and to inform planning application stage reviews and negotiations. It is noted that many principles applied as well as much of the assumptions detail is common or broadly similar and in viability in planning it is usual to have some differences of opinion. Overall, there is not widespread difference between the respective opinions on many aspects, which can be expected to vary under normal circumstances and as different schemes and sites are considered more specifically at decision making stages. DSP's understanding is that the CDC Policy approach reflects this.
6. On matters such as development profit, a non-agreed area at this proportionate high level of review, DSP does not consider it appropriate to adopt what then likely becomes a fixed higher percentage default position. DSP acknowledges that higher percentage profits tend to be claimed (and in some cases agreed after detailed discussion) in application stage submissions for schemes of this particular nature (CRL or very similar schemes). However, across market housing provision, and including for older persons, the submission of viability assessments at application stage

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<sup>1</sup> Ref: IN03.01, IN02.02, IN02.01

represents a portion of all activity, not the whole picture. There is variety within but more so outside the representors’ scheme types and submissions of course, and it is appropriate to keep in perspective the overall context, range of delivery and business models etc. Therefore, it is necessary in DSP’s view to consider whether it would be appropriate to place what could be undue weight towards a particular set of views or positions, or narrow findings, based on the specifics of the schemes referred to; and potentially resulting in an unlevel rather than level playing field.

7. At an appropriately high-level for the assessment purpose, the sheltered and extra care typologies were tested with adapted, more specific assumptions summarised below: -

<b>30 Flats Sheltered and 60 Flats Extra Care</b>
<b>Floor Area</b> – 55 – 58.5sqm 1BF and 75 – 76.8sqm 2BF
<b>Non-saleable floorspace</b> – 20% - 35% (reflects the range specified in the RHG Briefing Note)
<b>BCIS supported housing build cost applied</b>
<b>External works</b> – 7.5%
<b>Empty Property Costs</b> - £2,000-£5,000/unit
<b>Sales rate</b> – reflecting 1.5 units per month (reduced rate of sale overall)
<b>Values tested at £5,000 - £7,000/sq. m.</b> with £5,750 - £6,000 as the key range for sheltered. Typically, values supported by Extra Care are higher than sheltered i.e. towards the upper end of the above range i.e. from £6,000+/sq. m.

*Note – See VA Appendix I<sup>2</sup>, appraisal summaries to the rear of VA Appendix IIa<sup>3</sup>. The Stage 1 VA<sup>4</sup> also references older persons housing typologies testing and results at 3.5.27 (pg 87).*

8. Overall, the VA approach and assumptions are considered to remain suitable for the strategic purpose. While the likelihood of site and scheme specific variance means that in practice a range of viability outcomes will be encountered, DSP’s experience across a large number of planning application stage reviews is that in a great majority of cases of this type there is some scope for affordable housing to be supported alongside a CIL / other s106 requirements – and this does vary. Viability is part of the equation and local authorities will consider its weight. The significant affordable housing need cannot risk being under-addressed through setting a default type approach too low or at nil AH. Instead, the combination of the differential in policy expectations/starting points for PDL sites and a continued pragmatic approach to policy implementation where needed, should serve better overall in DSP’s view – on balance,
9. There is considered to be an insufficient case for a reduced and certainly for a nil affordable housing requirement on such schemes. They form part of the overall housing supply and while acknowledging the population trends means the emphasis on this (and demand for provision) is likely only to increase, this may also mean new models of provision / types of schemes or more mixed schemes come forward as delivery evolves; a factor and potential which should not be set aside based on a fairly specific model of provision.
10. In summary, the requested consideration of a significantly reduced or nil AH policy approach is considered inappropriate and most likely to undershoot the affordable housing enabling scope in many instances (acknowledging the majority of contributions from such schemes are via payments in lieu rather than, recently or currently, on-site AH provision) and perhaps inhibit the potential moving ahead. Sidelining or overly diluting expectations is considered likely to overly restrict the

<sup>2</sup> Ref: IN03.02, IN02.03

<sup>3</sup> Ref: IN03.03, IN03.04

<sup>4</sup> Ref: IN03.01

scope for supporting affordable housing enabling in some capacity, and perhaps especially if delivery models or finances change. These developments do compete successfully for sites in the market, and as such it is considered that a suitable starting point is the policy approach applied to housing sites generally (including the noted policy differential reflecting typically reduced viability on PDL – as applicable to all scheme types, others of which will include relatively high-density apartments as well).

11. DSP has overviewed the examples of other policies/approaches noted in the CRL HS. Clearly, local circumstance and context varies. Many other policy approaches do not reflect similar positions. As far as it has been possible to see, only one of the examples (Fareham) represents adopted policy or policy which is the subject of completed examination. The Birmingham emerging policy at this point does not appear to reflect the part of the justification text that has been extracted by CRL. However, in all of these matters it is possible to draw on various and varying examples. Further supporting the reasoned approach proposed in the Chichester Local Plan, as a relevant example in addition, the Council’s proposal approach is considered to be consistent with the findings of the recent Crawley Borough Council Inspector’s Report (September 2024) which supported the above approach to older persons housing, extract as follows:-

*“193. In terms of seeking affordable housing provision on older persons’ schemes including retirement living, sheltered housing and extra care housing where there is a degree of independent living, the Plan-wide viability assessment has assessed this...The plan-wide evidence shows that viability is likely to be variable resulting in a more frequent use of viability review and negotiation. To devise a policy that sought to deal with the wide variation in the nature of such schemes would result in an overly complex approach. As such it remains justified that the policy starts from a position of seeking a requirement with the provision that in exceptional circumstances, on a case-by-case basis, this could be relaxed.”*