

The Planning Bureau Limited

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Hyndburn 2040 Local Plan

Examination in Public

Hearing Statement

The Planning Bureau on behalf of

McCarthy & Stone Retirement Lifestyles Ltd and

Churchill Living Limited

August 2025

Matter 5 Housing Requirement and Housing Policies SP10, SP11 and SP12

Policy SP10: Housing Provision (including affordable housing)

Policy SP11 Suitable Range of Housing

Issue 5.1: Has the Plan been positively prepared and is it justified, effective and consistent with national policy in meeting the housing needs of all groups in Hyndburn over the plan period?

Issue 5.1.5 Policy SP10: Housing Provision (including affordable housing) and Policy SP11 Suitable Range of Housing,

The Local Plan Economic Viability Assessment identified that affordable housing was not viable on sites delivering older persons housing. Is it therefore justified that such sites should be make a contribution towards the affordable housing requirement?

- 1.0 No, it is not justified that sites delivering older persons housing should make a contribution towards the affordable housing requirement in policy SP10. Policy SP10 is not justified by the council's evidence with respect to older persons housing and will therefore not be effective at delivering older persons housing and is contrary to national policy. Our recommendation is that a bespoke approach to affordable housing is suitable for older person's housing proposals in Hyndburn given the lack of viability shown with regard to the typology within the Local Plan Economic Viability Assessment as discussed below.
- 1.1 Point 2 of policy SP10 seeks *'to maximise the opportunities for the delivery of affordable housing where viable. New Housing developments of 10 or more dwellings or with a site area of 0.5 hectares or more should provide 20% affordable housing unless it can be demonstrated, to the satisfaction of the Council, that this would not be viable.'*
- 1.2 The requirement of this policy includes sites delivering sites for older person's housing.
- 1.3 One of the key risks in bringing forward proposals for older persons housing development is the general expectations in relation to affordable housing and other planning obligations which inevitably lead to viability negotiations at the decision making stage. This aspect of a planning application is often uncertain and protracted and is a key risk for investors in the sector given the issue is technical and often misunderstood by key stakeholders resulting in difficulties with decision makers expecting policy compliancy and impacting on delivery.
- 1.4 In relation to the practical provision of affordable housing for older people, we have engaged extensively with registered providers on this subject. The clear preference of registered providers is a desire to maintain management of their own blocks rather than mixed management arrangements. The reasoning for this is the requirement to maintain control over service charges and affordability and not to be left in a position where the RP themselves needs to cover higher than average service charges during periods where the property is not let out to a tenant. Our experience is that even in the unlikely event of it being a viable option, there is no desire for registered providers to own and manage affordable housing within a mixed tenure age restricted development.
- 1.5 To support the 20% affordable housing requirement the Council has undertaken a viability study entitled 'Local Plan Economic Viability Assessment, HDH, January 2022' ('EVA'). As part of this EVA, we note that both brownfield and greenfield options for housing for older people has been tested and this includes typologies for sheltered and extra care housing. Ten scenarios have been tested for each type of housing, with five being on brownfield sites and five being on greenfield sites. The policy requirement that creates the need for five scenarios for each land and housing type is affordable housing provision and five different affordable housing scenarios, 0%, 5%, 10%, 15%, and 20% have been tested for each of the four scenarios. For each scenario test a **negative residual land value** has occurred and is confirmed in table 10.13 page 172 of the EVA (extracted below). This negative residual land value is confirmed within the viability assessment at para 10.60 that states *'Based on this analysis, this type of housing is unlikely to be viable in the current market in Hyndburn'*.

		Affordable %	EUV	BLV	Residual Value
Site 1	Sheltered Green	0%	25,000	275,000	-700,035
Site 2	Sheltered Green	5%	25,000	275,000	-1,062,827
Site 3	Sheltered Green	10%	25,000	275,000	-1,372,876
Site 4	Sheltered Green	15%	25,000	275,000	-1,735,668
Site 5	Sheltered Green	20%	25,000	275,000	-2,046,844
Site 6	Sheltered Brown	0%	500,000	850,000	-3,210,687
Site 7	Sheltered Brown	5%	500,000	850,000	-3,721,160
Site 8	Sheltered Brown	10%	500,000	850,000	-1,511,319
Site 9	Sheltered Brown	15%	500,000	850,000	-1,862,001
Site 10	Sheltered Brown	20%	500,000	850,000	-2,185,865
Site 11	Extracare Green	0%	25,000	275,000	-3,596,366
Site 12	Extracare Green	5%	25,000	275,000	-3,957,252
Site 13	Extracare Green	10%	25,000	275,000	-4,339,828
Site 14	Extracare Green	15%	25,000	275,000	-4,790,803
Site 15	Extracare Green	20%	25,000	275,000	-2,430,628
Site 16	Extracare Brown	0%	500,000	850,000	-3,841,623
Site 17	Extracare Brown	5%	500,000	850,000	-4,216,123
Site 18	Extracare Brown	10%	500,000	850,000	-4,598,429
Site 19	Extracare Brown	15%	500,000	850,000	-5,025,344
Site 20	Extracare Brown	20%	500,000	850,000	-5,244,431

Source: HDH (December 2021)

- 1.6 The PPG on viability at Paragraph: 002 Reference ID: 10-002-20190509 confirms that *'The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan'* and that *'Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage'*.
- 1.7 Paragraph 004 Reference ID: 10-004-20190509 of PPG confirms what is meant by a typology approach to viability and that this ensures policies are deliverable for the type of sites likely to come forward. The para advises that
- 'Plan makers may wish to consider different potential policy requirements and assess the viability impacts of these. Plan makers can then come to a view on what might be an appropriate benchmark land value and policy requirement for each typology.'* The paragraph continues to confirm that *'Plan makers will then engage with landowners, site promoters and developers and compare data from existing case study sites to help ensure assumptions of costs and values are realistic and broadly accurate.....Plan makers may then revise their proposed policy requirements to ensure that they are creating realistic, deliverable policies.'*
- 1.8 Having found the older persons housing typology to not be viable, the EVA states at para 10.61 that *'When considering the above, it is important to note that paragraph 10-007-20180724 of the updated PPG specifically anticipates that the viability of specialist older people's housing will be considered at the development management stage. It is therefore not necessary to differentiate within policy for this sector'*. This advice is reconfirmed in para 12.77 and appears to be the approach that has been taken forward in the draft plan.
- 1.9 However, this paragraph (para 007) of the PPG confirms the circumstances where Viability Assessment at the decision making stage could be appropriate and includes *'for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale'*

(for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.'

- 1.10 The consultants, who undertook the EVA, interpretation is that older persons housing, despite its proven lack of viability, can simply be assessed at the application stage. This appears to have been accepted without question by the Council as Plan Making body, despite the fact that we have engaged in both the regulation 18 and regulation 19 consultation highlighting the lack of viability of older persons housing.
- 1.11 We believe this to be a misrepresentation of the PPG in that paragraph 007 of the Viability PPG is merely highlighting non-standard housing typologies which may not have been tested as part of the plan wide viability analysis which would then warrant viability testing at the development management stage given they have not been tested at the plan stage.
- 1.12 In this case, the plan wide EVA clearly tests the viability of housing for older people and concludes that affordable housing should not be sought on housing proposals for older people and therefore it would be inappropriate for the council to ignore this evidence base in policy formation. A main modification should therefore be made to the plan that exempts older persons housing from delivering affordable housing as detailed in para 1.24 below.
- 1.13 We have engaged in considerable local plan representations over the last number of years and can point to a number of recently adopted or emerging local plans where suitable bespoke affordable housing policies have been brought forward.
- 1.14 We would draw the Inspectors' 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.*
- 1.15 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.
- 1.16 **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).
- 1.17 **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.
- 1.18 **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.
- 1.19 It is also worth considering that paragraph 10-008-20190509 of the PPG Viability section requires that when a viability assessment is submitted at the development management stage, reference is taken from the plan wide viability assessment underpinning the policy requirement and the applicant is required to set out what changes have taken place since the plan wide viability assessment was undertaken. Since the EVA was undertaken in 2022, as a minimum build costs have risen substantially and sales values have tended to cool, so any baseline position is likely to have worsened since the 2022 position making the older persons typology even less viable. It feels inappropriate to require a viability assessment at the application stage for a typology that has already been found to be not viable at the plan making stage.

- 1.20 Therefore, the sheltered / retirement housing typology has correctly been tested at this plan making stage in line with para 004 Reference ID: 10-004-20190509 of PPG on Viability, but despite retirement /sheltered housing with affordable housing being found to be substantially not viable (para 10.60 of the EVA), the view has been taken, that such schemes can be subject to a viability assessment at the decision-making stage. If this approach is going to be taken it begs the question why the Council viability tested retirement housing in the first place? The answer is that it is the right thing to do following PPG guidance and its outcomes should be incorporated into the plan.
- 1.21 We welcome that the sheltered / extra care housing typology has been tested through the Viability Study, however it shows that sheltered / extra-care housing cannot deliver affordable housing as well as other policy requirements that hold additional costs and remain viable. The outcomes of the testing in the Viability Study have then been ignored, with the assumption that schemes proposing housing to meet the needs of older people can simply be viability tested at the application stage. This view as well as ignoring their own Plan Making evidence, contrary to NPPF para 31, will lead to further viability assessment at the decision-making stage and long, protracted, and probably adversarial, negotiations with Council officers and commissioned consultants and resulting difficulties with decision makers expecting policy compliancy and impacting on delivery.
- 1.22 Any affordable housing requirement for older people's housing therefore creates an unrealistic, over aspirational policy requirement that will undermine deliverability. The plan as written, will not deliver much needed older peoples housing in line with need without further viability assessment and is therefore not justified or effective.
- 1.23 The approach is contrary to national policy guidance (NPPF para 31) and given the PPG on viability (Paragraph: 002 Reference ID: 10-002-20190509) appropriate account has not been taken of the EVA (table 10.13) and policy SP10 should be modified to provide exemption for older persons housing schemes from providing affordable housing. This is to ensure the plan is realistic, sound, deliverable, justified and consistent with national policy. Planning applications for much needed Older Person's housing can then proceed without the need for further Viability Assessment at the decision-making stage with protracted negotiations. This approach would also be consistent with other Council's Local Plans as discussed in para 1.15 to 1.18 above.
- 1.24 In order to make the local plan justified, effective and consistent with national policy the following amendments should be made to the local plan.

Add new sentence to end of point 3 to policy SP10 to read:

Schemes delivering housing for older people are exempt from delivering affordable housing.

Add new para after 6.10 to read

Schemes delivering housing for older people are exempt from delivering affordable housing. This is based on the analysis within the Local Plan Economic Viability Assessment – January 2022 that confirms that older person's housing is unlikely to be viable in the current market in Hyndburn' and supports the delivery of the Lancashire Housing with Care and Support Strategy

Add new para after 6.20.

Older person's housing schemes will be exempt from delivering affordable housing