



**EXAMINATION OF THE CITY OF YORK LOCAL PLAN  
2017-2033**

**PHASE 3 HEARINGS**

**MATTER 10: HOUSING MIX AND DENSITY (POLICIES H2, H3, H4 AND H9)**

**APPENDIX 3: CYC Local Plan Viability Technical Note on Older Person  
Accommodation**

**CITY OF YORK COUNCIL STATEMENT**

## Technical Note

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### CYC Local Plan Viability Technical Note on Older Person Accommodation

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<b>Quality Statement:</b>	In preparing this Technical Note, the authors have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance-related or contingent fees have been agreed, and there is no known conflict of interest in advising the client group about the viability of the proposed CYC Local Plan.
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## Introduction

1. This Technical Note assesses the viability implications of the Local Plan under changes that have occurred since document CD018 - City of York Local Plan Viability Assessment Update Study (April 2018) and Local Plan Examination Matter 6 Document HS/P2/M6/IR/1b App 2 City of York Council (29 Mar 2022) have been produced. It relates specifically to testing the viability of older person accommodation and its implications on the emerging Local Plan.
2. The appraisals cover the types of accommodation specifically for older people, which was previously tested in CD018, and whether there has been any change in values impacting this. Specifically, this will focus on testing retirement homes accommodation and extra-care living accommodation, based on the Retirement Housing Group (RHG) viability assessment methodology, as was also followed in testing older person accommodation in CD018.

## Viability Testing Revisions

3. The testing in this note follows the same approach and methodology as followed in CD018. It also uses the same assumptions tested in CD018 and Matter 6 Document HS/P2/M6/IR/1b App 2, except where it is noted in this report. As such, revised sales values and build costs are applied.

### *Tested typologies*

4. Within this technical note two older person typologies are tested. These are a 60 unit retirement scheme and a 50 unit extracare scheme, which were identified and tested in CD018. As such, the same typology parameters covering the gross and net areas, yields and density remain the same, and are set out in the CD018.
5. These specialised housing forms are tested against the four benchmark land value assumptions (City centre, Urban, Suburban and Village/Rural) and are also with differing land types (i.e.

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greenfield and brownfield). Therefore, there are a total of 16 tested typologies, which are shown in **Table 1**.

**Table 1 Site typologies tested in this note**

ID	Typology	LV Description	Gross (ha)	Net (ha)	Density
1	60 unit Retirement home – Greenfield	City centre	0.50	0.50	120
2	60 unit Retirement home - Brownfield	City centre	0.50	0.50	120
3	60 unit Retirement home - Greenfield	Urban	0.50	0.50	120
4	60 unit Retirement home - Brownfield	Urban	0.50	0.50	120
5	60 unit Retirement home - Greenfield	Suburban	0.50	0.50	120
6	60 unit Retirement home - Brownfield	Suburban	0.50	0.50	120
7	60 unit Retirement home - Greenfield	Village/Rural	0.50	0.50	120
8	60 unit Retirement home - Brownfield	Village/Rural	0.50	0.50	120
9	50 unit Extracare home - Greenfield	City centre	0.50	0.50	100
10	50 unit Extracare home - Brownfield	City centre	0.50	0.50	100
11	50 unit Extracare home - Greenfield	Urban	0.50	0.50	100
12	50 unit Extracare home - Brownfield	Urban	0.50	0.50	100
13	50 unit Extracare home - Greenfield	Suburban	0.50	0.50	100
14	50 unit Extracare home - Brownfield	Suburban	0.50	0.50	100
15	50 unit Extracare home - Greenfield	Village/Rural	0.50	0.50	100
16	50 unit Extracare home - Brownfield	Village/Rural	0.50	0.50	100

### Sales Values

- Research carried out and reported in CD018 identified few retirement properties and extracare properties being advertised for sale at the time of publishing (November 2019). Instead, sales values were based on advice from the Retirement Housing Group (RHG) which suggests that the sales prices for a 1-bed retirement home are in the region of 75% of the average price for an existing 3-bed semi-detached house, and a 2-bed retirement home is equal to the full value of an existing 3-bed semi-detached house.
- According to Land Registry, the average sales value for a semi detached property in York in November 2021 (which matches the sales value period in the Matter 6 Document HS/P2/M6/IR/1b App 2, was £309,000. Assuming a scheme of 60:40 between 1 bed and 2 bed retirement properties, and following the RHG approach to sales values, then a retirement property should be considered as being 85% of the total value of a 3 bed semi detached property, which we calculate as £262,650.
- The RHG guidance also indicates that the sales value of an extracare unit is likely to be 25% higher than a retirement property, which gives a sales value of £328,313.
- After dividing these sales values by the NIA assumed for retirement properties (1-beds being 50sqm, and 2-beds being 75 sqm) and extracare properties (1-beds being 65, and 2-beds being 80 sqm), a sales value per sqm estimate can be derived, as shown in **Table 2**.

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**Table 2 Sales values for older person housing**

Type	Per unit value	Average unit size (weighted 60:40 1 to 2 bed units)	£psm
Retirement homes	£262,650	60 sqm	£4,378
Extracare homes	£328,313	71 sqm	£4,624

### Build Costs

10. To align build cost changes in line with the build costs tested in the Matter 6 Document HS/P2/M6/IR/1b App 2, the older person residential build costs are based on actual tender prices for new builds in the market place over a 15-year period from the Build Cost Information Service (BCIS). The data is derived from the median 2<sup>nd</sup> Quarter 2021 figures rebased to York using BCIS defined adjustments, to give the median build costs for older person accommodation, as shown in **Table 3**.

**Table 3 Older persons build costs in York at Q2 2021 pretender prices**

Accommodation type	£psm	BCIS category
Retirement accommodation	£1,534	Supported housing with shops, restaurants or the like (Median)
Extra-care accommodation	£1,554	Supported housing (Generally) (Median)

Source: BCIS

### Policy DM1 S106 Contributions

11. Matter 6 Document HS/P2/M6/IR/1b App 2 tested an assumption of s106 relating to site mitigation costs at £4,200 per unit. This cost is applied to the older person housing.
12. The s106 costs have also been increased to include the Key Infrastructure Requirements Updated Gantt [EX/CYC/70], where contributions in full or in part are expected to come from all non-strategic site future developments. For the non strategic sites, this only includes education costs, which are assumed to not apply to older person accommodation. Therefore the Policy DM1 S106 Contributions Is revised to £4,200, as estimated above.

### Viability Testing Results

13. Based on the noted changes in assumptions, this section reviews the viability assessment findings of the updated cumulative burden of the CYC Local Plan to identify and assess the risk of delivery of future housing development within the City. Each site has been subjected to a viability appraisal in terms of the achievability of complying with the CYC Local Plan policies, for which there will be a viability impact, based on identifying whether sites are likely to be viable in complying with the cumulation of the following policies in the updated Local Plan:
- Policy CC1, CC2 & CC3 costs associated with Sustainable Design and Construction for achieving net zero carbon, in line with national policies including revised Building Regulations Part L, and all houses having Electric Charging Vehicles;

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- Policy GI2 Biodiversity and Access to Nature, including meeting the Government's mandatory requirements for all housing development to achieve a 10% net gain in biodiversity;
- Policy GI2a Strensall Common Special Area of Conservation;
- Policy H5 Gypsies and Travellers;
- Policy H3 Balancing the Housing Market;
- Policy H10 Affordable Housing; and
- Updated likely s106 contributions.

14. The viability results are summarised by using a RAG 'traffic light' system, as follows:

- Green means that the development is viable with financial headroom that could be used for further planning gain;
- Amber is marginal in that they fall within a 20% range (i.e., 10% above or below) around the benchmark land value; and
- Red means that a viable position may not be reached if required to be policy compliant and all other assumptions such as land value remain unchanged.

### Viability Results

15. The viability results for older person accommodation typologies at full policy requirements are shown in **Table 4**.

16. The viability appraisal results show that despite the potential increases in sales values, the build cost increase along with the additional s106 cost has not resulted in any fundamental changes in the viability conclusions for older person accommodation. At the full policy level, the likelihood is that most older person accommodation would become unviable. Only one typology, being the 60 unit retirement home accommodation on a Brownfield Village/Rural site shows marginal viability.

17. In general, the greenfield typologies perform less well, which is the result of having a 30% affordable housing rate compared with a 20% affordable housing rate on Brownfield sites.

**Table 2 CYC Local Plan viability tested with revised assumptions at full policy, along with headroom per dwelling**

ID	Typology	LV Description	Viability and headroom per dwg
1	60 unit Retirement home – Greenfield	City centre	-£17,920
2	60 unit Retirement home - Brownfield	City centre	-£7,252
3	60 unit Retirement home - Greenfield	Urban	-£13,087
4	60 unit Retirement home - Brownfield	Urban	-£2,418
5	60 unit Retirement home - Greenfield	Suburban	-£12,920
6	60 unit Retirement home - Brownfield	Suburban	-£2,252
7	60 unit Retirement home - Greenfield	Village/Rural	-£11,253
8	60 unit Retirement home - Brownfield	Village/Rural	-£585
9	50 unit Extracare home - Greenfield	City centre	-£32,829
10	50 unit Extracare home - Brownfield	City centre	-£20,351

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<b>ID</b>	<b>Typology</b>	<b>LV Description</b>	<b>Viability and headroom per dwg</b>
11	50 unit Extracare home - Greenfield	Urban	-£27,029
12	50 unit Extracare home - Brownfield	Urban	-£14,551
13	50 unit Extracare home - Greenfield	Suburban	-£26,829
14	50 unit Extracare home - Brownfield	Suburban	-£14,351
15	50 unit Extracare home - Greenfield	Village/Rural	-£24,829
16	50 unit Extracare home - Brownfield	Village/Rural	-£12,351

