

The Planning Bureau Limited

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Exeter Local Plan

Examination in Public

Hearing Statement

The Planning Bureau on behalf of

McCarthy & Stone Retirement Lifestyles Ltd and

Churchill Living Limited

February 2026

Matter 7 – Meeting Housing Needs

Issue 2 – Rental, Communal and Purpose-Built Accommodation – Policies H5, H6, H8, H9, H10 and H12

Q6. Are the affordable housing requirements in Policies H8 and H9 justified, consistent with national planning policy and based on robust, up to date evidence? Have these requirements been adequately tested to ensure that they are viable and deliverable?

Q10. Are policies H5, H6, H8, H9, H10 and H12 positively prepared, justified, effective and consistent with national planning policy?

Q11. In terms of this issue, are any of the suggested modifications in the Schedule of Suggested Modifications necessary for soundness?

Q6. Are the affordable housing requirements in Policies H8 and H9 justified, consistent with national planning policy and based on robust, up to date evidence? Have these requirements been adequately tested to ensure that they are viable and deliverable?

Q10. Are policies H5, H6, H8, H9, H10 and H12 positively prepared, justified, effective and consistent with national planning policy?

1.0 Policy H8 (Homes for Older People) requires self-contained homes for older people to deliver 35% affordable housing on greenfield sites and 15% on brownfield. The policy is not positively prepared, justified or consistent with national policy and will not be effective with respect to delivering much needed specialized housing for older people as the Council have not considered and translated their own Viability evidence correctly in respect to specialist housing for older people which is shown to be substantially not viable. At the planning application stage such schemes that have been shown to be not viable at the Plan Making stage would then need to justify a lower or nil viability position. As such schemes would then not be considered to be policy compliant and they would be subject to a review mechanism which add substantial risk to development. Therefore (a) the policy is not justified by the Council's own evidence, (b) will not support delivery (c) nor be in line with national policy.

1.1 A main modification should therefore be introduced to the policy that exempts specialist housing for older people from affordable housing and any corresponding overage clause as detailed in our answer to question 11.

1.2 Specialist Housing for Older People

Specialist housing schemes for older people are different to mainstream housing or flats. Schemes tend to be based around communal facilities and community living and delivered on smaller sites. As confirmed in the PPG for Specialist housing for older people (Paragraph: 010 Reference ID: 63-010-20190626) it generally has additional facilities on top of the communal spaces such as a care service with 24 hour access to support services and staff. Meals are also often available depending on whether the scheme is sheltered / retirement living housing or extra care housing. As a result there are a number of key assumptions within a viability assessment for older persons housing that are different to mainstream housing and these include unit size, unit numbers and GIA, non-saleable communal space, empty property costs, external build cost, sales values, build costs, marketing costs and sales periods and significantly variable benchmark land values. Sales periods are much longer as sale completions and occupation cannot occur until the whole development is complete due to the need for facilities to be operational from day one of occupation. Specialist housing for older people therefore cannot be considered in the same way as mainstream housing.

1.3 Viability Assessment supporting the plan

To support the affordable housing requirement expressed in policy H8 of the regulation 19 version of the Exeter Plan, the Council has undertaken a Viability Assessment entitled '*Local Plan Viability Assessment, November 2024, Three Dragons* ('viability Assessment'). As part of the Viability Assessment, we note that both sheltered and extra care housing have been tested.

1.4 For each typology test apart from sheltered greenfield **at 0% affordable** housing, a **negative benchmark land value** has occurred and is confirmed in table 5.5, page 43 of the Viability Assessment. Extracted below for convenience.

Table 5.5 older persons housing and custom & self-build £/room headroom

Typology	Description	Dwellings	% AH	BLV 1 £/unit	BLV 2 £/unit	BLV 3 £/unit
OP1	Sheltered	45	15%	-£10,212	-£11,406	-£12,599
OP2	Extra care	60	15%	-£26,537	-£28,029	-£29,521
OP1	Sheltered	45	0%	£6,041	£4,848	£3,654
OP2	Extra care	60	0%	-£6,064	-£7,556	-£9,048
OP3	Care home	60	0%	-£50,558	-£51,769	-£52,991
CSB1 VA2	Custom & self-build	35	35%	£88,725	£82,880	£77,036
CSB2 VA2	Custom & self-build	20	35%	£50,153	£45,763	£41,374

1.5 The Viability Assessment at para 5.13 then concludes that:

'5.13 Older persons housing has weaker viability than general housing:

- ***Extra care and care homes are not viable under any of the circumstances tested although at the lower BLV tested extra care is marginal with no affordable housing***
- ***Sheltered housing is only viable (with limited headroom) with no affordable housing.'***

1.6 Policy H8 of the Exeter Plan is therefore not justified as it has not followed its own evidence.

1.7 We responded to the regulation 19 consultation (rep no's C-08-06-H04 and C-08-06-H08) of the Exeter Plan highlighting the conclusions of the council's own evidence and recommending that older persons housing should be exempted from affordable housing in order for the plan to be justified. Our representation highlighted a number of emerging or recently adopted Local Plans that had considered their evidence correctly and exempted older persons housing from affordable housing or requires a reduced amount. This number has now increased and now includes neighbouring Teignbridge, Fareham, Charnwood, Hyndburn, Birmingham, Maidstone and Swale. We also recommended that given the council have not demonstrated that older persons housing is viable at the Plan Making stage, in respect of affordable housing, that the proposed affordable housing review mechanism should not apply to the older persons housing typology given the differences to mainstream housing.

1.8 We also attended the joint East Devon and Exeter Plan wide viability study workshop in 2024. At this session it was highlighted that both developers had come forward with proposals in Exeter within the last number of years and encountered considerable delay and cost in dealing with viability matters on specific sites which included a costly appeal process which ultimately came down on the side of the applicant. Given the delay experienced, the developer in that case disposed of the site and did not implement the consent.

1.9 It was also highlighted that in undertaking the plan wide viability assessment, it would be appropriate to test older persons housing typologies and then formulate specific affordable housing policy for this typology. In our written response we provided detail as to the assumptions that are commonly used for older persons housing in viability assessments. These assumptions are predominantly detailed in a Retirement Housing Group¹ briefing note discussed in a number of places in the Viability Assessment although not used fully. We also highlighted that when dealing with planning applications

¹ <https://retirementhousinggroup.com/wp-content/uploads/2025/08/CIL-viability-appraisal-issues-RHG-February-2016.pdf>

for this typology that on site affordable housing delivery in block has been impractical for both management and viability purposes.

- 1.10 The assumptions included the following which have then been incorporated incorrectly into the Viability Assessment:

Assumption	RHG		Three Dragons
Housing mix and unit sizes	<u>Sheltered</u> 60% 1 bed 40% 2 bed 1 bed – 55 sqm 2 bed – 75 sqm	<u>Extra care</u> 60% 1 bed 40% 2 bed 1 bed – 60 sqm 2 bed – 80 sqm	Blended – 67sq m for sheltered, 72.5sq m for extra care.
contingency	5 %Brownfield 3% Greenfield		0%
professional fees	10%		8%
empty property costs	<u>Sheltered</u> £5,000 per unit	<u>Extra care</u> £10,000 per unit	£100,000
Profit	20%		17%

- 1.11 If the assumptions were amended in line with the RHG briefing note and above, they would result in older persons housing being even less viable than already shown and emphasises further the need for exemption of the older persons housing typology from providing affordable housing..
- 1.12 In engaging as above, our engagement has therefore been consistent with the PPG on Viability Para 002 Reference ID: 10-002-20251216 and 006 Reference ID: 10-006-201905.

1.13 Local Plan Viability Assessment Addendum

We note that the submission Exeter Plan was submitted with a ‘Local Plan Viability Assessment Addendum, August 2025, Three Dragons (*‘Addendum’*) and that this considered responses received by the council to the regulation 19 Exeter Plan with regard to Viability. This Addendum at para 2.21 reviewed a number of ‘recent’ planning permissions for older persons housing and notes that there are a number of cases where older person housing has made a financial contribution towards meeting affordable housing need. The Addendum then uses these examples to justify a financial contribution commenting at Paragraph 2.22 that *‘If these contributions are considered in terms of £/unit and the relative proportion of that figure in respect of the impact on GDV, it can be seen that in the most recent schemes (which are perhaps most reflective of current conditions) that they represent only 1% of the GDV for a sheltered housing scheme.*

- 1.14 We would highlight that nowhere within the PPG does it say that in undertaking testing at a plan level is reference made to cross checking with specific schemes or specific developers as Three Dragons have done here. The consultant has not highlighted any specific circumstances or characteristics of the sites they reference as having made contributions. The examples shown do not counter the standardised viability testing they have undertaken which shows Older person housing cannot provide Affordable housing and remain viable.
- 1.15 To highlight this, when considering the site specific examples highlighted in the Addendum we note that 3 of the sites were completed in the year 2018/19 and therefore do not take account of the large increase in build and policy cost that have been

experienced in recent years. Two of these schemes provided contributions that were substantial compared to more recent contributions with one of these schemes being a Integrated Retirement Community rather than sheltered housing for example, skewing the GDV substantially. The more recent schemes have provided much smaller contributions consistent with more challenging market conditions.

- 1.16 Although the PPG at para 003 Reference ID: 10-003-20180724 identifies that an assessment of sample sites may be helpful to support evidence and that more detailed assessment may be necessary for particular areas or key sites we note that 004 Reference ID: 10-004-20190509 identifies that The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development and in this case the consultant has not undertaken an assessment that is detailed enough and schemes identified largely do not represent the characteristics of sheltered housing.
- 1.17 The PPG is the authoritative requirement here and the Addendum is not following its requirements. All the Addendum does is create an unrealistic expectation that OPH can provide policy compliant affordable housing when it cannot.
- 1.18 This Addendum has not been acknowledged by the Council in their proposed modifications with respect to specialist housing for older people.

1.19 National Policy

The PPG on Viability confirms at para 002 Reference ID: 10-002-20251216 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**.....'*

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.

*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**.*

It is the responsibility of land owners, site promoters and developers to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant.'

- 1.20 Paragraph 004 Reference ID: 10-004-2019509 of PPG confirms what is meant by a typology approach to viability and 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.'

1.21 The Council's Approach

The Council have therefore tested the sheltered / retirement housing typology 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 not viable (Table 5.5 of the Viability Assessment), the Council have taken the view, that such schemes can be subject to a viability assessment at the decision-making stage with the policy compliant starting point being 35% affordable housing on greenfield sites and 15% affordable housing on brownfield sites with no flexibility shown to specialist housing for older people to these thresholds or the review mechanism despite the typology being found to be substantially unviable.

- 1.22 If the Council is going to take this approach, 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 it is perverse to now disregard this and not incorporate the outcome within policy H8.
- 1.23 We welcome that the Council have assessed the sheltered / extra care housing typology through the Viability Assessment, 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 Council have then ignored the outcomes of the testing in the Viability Assessment together with the Addendum that in itself looks at dated or of a slightly different topologies.
- 1.24 It appears that an assumption has been made that schemes proposing housing to meet the needs of older people can simply be viability tested at the application stage but the plan is not explicit in that. This view as well as ignoring their own Plan Making evidence, contrary to NPPF para 32, 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 of 35% or 15%. If the policy compliant level is not agreed upon it is likely that such schemes would also be liable to a risky review mechanism.
- 1.25 This is additionally a concern given the proposed changes to the NPPF being consulted (December 2025) on currently (*NPPF: Proposed reforms and other changes to the planning system*) with respect to viability and plan making. Draft National DM5 point 4 clearly proposes that *'where a viability assessment is submitted with a development proposal, this should be **based upon and refer back to the viability assessment(s) that informed the relevant development plan policies. It should fully evidence all inputs and assumptions used in the assessment, and explain any differences from those used for viability assessment that informed the relevant plan policies.***
- 1.26 Any older persons housing planning application will simply not be policy compliant from the adoption of the plan, have to reference the plan wide viability study and conclude, as the study does, that it is unviable and that the assumptions used are incorrect but would still be likely to be subject to an overage / review mechanism especially given the proposed changes to the NPPF.

1.27 Review Mechanism

Paragraph: 010 Reference ID: 10-010-20251216-of the government guidance on Viability states the following:

‘Plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

- 1.28 In order to introduce such a review mechanism, there should be a clear and specific policy basis for any review mechanism being imposed in line with Paragraph: 010 Reference ID: 10-010-20251216. A review mechanism and detail within it that sits within a planning obligation needs to be considered and assessed through the Local Plan process. This should include the consideration of variables such as trigger points, costs, land values, how surplus is split and other definitions. A significant number of recent Planning Appeals and case law have reinforced this point. To impose a review mechanism on a typology that is found to not be viability at the Local Plan stage is contrary to national policy.
- 1.29 In addition, for a large or multi-phase development which will be delivered over a long period it makes sense to check whether the scheme's viability has changed with market movements. However, for a small single phased site, such as an older persons housing scheme that is built in one phase, the Inspectorate have repeatedly noted that review mechanisms are 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’.*
- 1.30 Therefore, if a review mechanism is to be introduced the detail within any review mechanism needs to be published so it can be fully assessed through the Local Plan process, this must also include an exemption for single phased schemes as repeatedly noted by the planning inspectorate. and schemes found not to be viable in the Local Plan Viability Assessment. A further modification should therefore be introduced as detailed in Question 11.

1.31 Conclusion

- In conclusion, as the older people's housing typology has been tested through the Viability Assessment supporting the Exeter Plan and the typology found to be substantially unviable, requiring such sites to deliver 35% affordable housing on greenfield sites and 15% on brownfield sites and in effect, going through a Viability Assessment and a corresponding review mechanism at the application stage is contrary to national policy and not justified. 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.
- 1.32 The Councils approach is contrary to national policy guidance (NPPF para 32) and given the PPG on viability (Paragraph: 002 Reference ID: 10-002-20251216) the Council have not taken appropriate account of the Viability Assessment and policy H8 and H4 should be modified to provide exemption for older persons housing schemes from providing affordable housing and its corresponding review mechanism. 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.

- 1.33 It the council do not feel that an exemption is appropriate, we would recommend that a main modification is introduced to the plan that makes it clear that the Viability Assessment finds specialist housing for older people to not be viable and that this should be discussed on a site by site basis at the development management stage to ensure that officers and members do not have the impression that such schemes can deliver affordable housing at a rate of 25% and 15%. Such schemes should then be exempted from any review mechanism.

Q11. In terms of this issue, are any of the suggested modifications in the Schedule of Suggested Modifications necessary for soundness?

2.0 Recommendation and Modification Required

A Main Modification is therefore needed to the end of policy HO4 to read as follows. **This is to ensure the plan is** justified, effective and consistent with national policy.

Add new point to end of policy HO4 to read:

Schemes delivering housing for older people are exempt from delivering affordable housing and any corresponding review mechanism.

Add new para after 6.20 to read

Schemes delivering housing for older people are exempt from delivering affordable housing. This is based on the analysis within the Whole Plan Viability Assessment – June 2025 that confirms that older person's housing is unable to bear affordable housing. Such schemes will also not be subject to an overage clause within the Section 106.

- 2.1 The above amendments will make the plan sound by being fully justified, effective and consistent with national policy. The amendments will make sure the plan is consistent with the plans own evidence and specifically consistent with *Paragraph: 008 Reference ID: 10-008-20190509 of PPG*.

- 2.2 Alternatively if the above is not felt appropriate flexibility should be introduced to the plan as follows - Add to plan after para 6.21

The exception to this will be in respect of specialist housing for older people where the Local Plan Viability Assessment, Three Dragons, 2024, has found that specialist housing for older people cannot deliver any affordable housing and remain viable. Proposals for specialist housing for older people should be accompanied by a viability assessment at the application stage to determined if a financial contribution is appropriate. Such schemes, given the lack of viability shown in the Viability Assessment will then not be subject to an overage / review mechanism.