

Chelmsford Local Plan
**Specialist
Residential
Accommodation**
Planning Advice Note

April 2021



Specialist Residential Accommodation: Planning Advice Note

Background

The Council is preparing a Housing Strategy which will provide further details on the need for specialist residential accommodation for the period 2022-2027. Formal consultation on the draft Housing Strategy is programmed for July 2021.

As part of the development of a new Housing Strategy, the Strategic Housing Service has reviewed the number of households that have been accommodated in temporary accommodation to ascertain the ongoing gap between need and supply; and identify the annual newly arising need for specialist residential accommodation.

Purpose

This advice note provides a method for calculating a commuted sum in lieu on-site specialist residential accommodation that provides a flexible way to meet the variety of needs identified in the Housing Strategy relating to households experiencing homelessness, as well as meet the requirements of Policy DM1 (C) (i) in relation to 'Specialist Residential Accommodation'.

The need for specialist residential accommodation

37% of statutory homeless households in Chelmsford have no significant support need other than needing access to affordable accommodation. A significant proportion of homeless households that the Council does have a statutory duty to assist and have been accommodated in temporary accommodation do, however, have a need for some form of specialist residential accommodation to enable them to sustain an offer of more settled accommodation when it becomes available.

The three main headings of identified housing need from this analysis which demonstrate an ongoing annual housing need are:

1. Domestic Abuse
2. Mental Health
3. Young People

The quantity and type of specialist residential accommodation required is summarised below:

1. Domestic Abuse

As a cause of homelessness, Chelmsford has the second highest level of any district in Essex, 24% of cases becoming homeless due to domestic abuse or harassment. Not all cases require specialist support, 15% of those accepted as homeless require specialist residential accommodation.

Existing specialist residential provision in Chelmsford is 8 units. The current annual net need is calculated to be 14 dwellings per annum consisting of predominantly two-bedroom accommodation provided at rent levels below local housing allowance levels. This identified

need does not, however, consider the Domestic Abuse Bill which requires that specialist safe accommodation will be provided to all those who need it and could affect the current identified requirements.

2. Mental Health

The greatest identified need for specialist residential accommodation for homeless households is for households requiring support with mental health issues. A current annual net need of 53 homeless households per annum has been identified but for households with children access to community-based services is preferable to specialist residential accommodation. The current average annual need for 26 units of one bed accommodation to enable more independent living with support provided at rent levels below local housing allowance levels per annum has been identified, which takes into account the existing provision of 6 single person units of accommodation.

3. Young People

There is a significantly higher than average proportion of young people, including care leavers over the age of 21, who are homeless in Chelmsford. There is no specialist residential accommodation provision for this group and the current annual need for specialist residential accommodation has been identified to be 20 units of single person accommodation provided at rent levels below local housing allowance levels per annum.

In summary, the current annual need for specialist residential accommodation which demonstrates an ongoing need, is calculated to be 60 dwellings per annum. This need ranges between single person, one and two-bedroom accommodation, provided at rent levels below local housing allowance levels to which the City Council can allocate to those with these identified needs.

Local Plan

Policy DM1 (C) (i) requires that within all developments of more than 100 dwellings the Council will require provision of 'Specialist Residential Accommodation', taking account of local housing needs. The inclusion of Specialist Residential Accommodation on smaller sites is also encouraged.

Paragraphs 8.6 – 8.9 of the Local Plan identify some groups of people within the community that need specialist residential accommodation and references types of specialist residential accommodation that could be provided on site to meet the housing needs identified in the Strategic Housing Market Assessment (SHMA). The SHMA specifically relates to the need for sheltered housing and extra care housing for older people, of which the need for the latter is updated in the Essex County Council Independent Living Programme.

The Reasoned Justification to Local Plan Policy DM1 also references the need for additional pitches to meet the needs of non-nomadic Gypsy and Travellers (Gypsy and Travellers that do not meet the planning definition as set out in the current Gypsy and Traveller Accommodation Assessment).

Paragraph 8.8 of the Local Plan advises that further information on the implementation of Policy DM1 (C) (i) will be set out in the Planning Obligations Supplementary Planning Document (SPD).

Planning Obligations SPD

Section 4 of the Planning Obligations SPD provides further information on the definition, method of calculation, mix and design requirements of specialist residential accommodation.

Paragraph 4.47 of the Planning Obligations SPD states that at the time a formal pre-application is submitted, the Council will consider the specialist residential accommodation needs identified in the Council's Housing Strategy as well as other latest assessments of housing need, including the SHMA, Joint Strategic Needs Assessment and the Essex Gypsy and Traveller and Travelling Showpeople Accommodation Assessment.

Formula to calculate Specialist Residential Accommodation

Taking into account the current identified net need for 60 specialist residential accommodation dwellings identified above, the annual housing requirement of 805 net new dwellings, and the proportion of the 805 dwellings that are delivered on schemes of more than 100 dwellings, a policy implementation ratio of 1 specialist residential dwelling per 100 new dwellings on sites of more than 100 dwellings can be evidenced to meet this need within the five year life of the Housing Strategy and reduce the need across the lifespan of the Local Plan.

Reasoned Justification

Historic monitoring has shown that around 70% of Chelmsford's annual housing completions are delivered on schemes of 100 dwellings or more. With an annual target of 805, this equates to around 564 dwellings per annum. The above policy implementation ratio of 1 in every 100 of this 564 to be provided in the form of specialist accommodation, would mean that on average, we would expect to see 6 specialist residential accommodation dwellings delivered each year on this basis.

However, converting this requirement into a commuted sum in lieu of on-site specialist residential accommodation provision would enable flexibility to meet the range of housing need identified above; flexibility in the location of the specialist residential accommodation to meet the different needs; as well as the ability to align revenue funds to match this capital contribution towards the identified housing needs.

Obtaining the commuted sum early in the development process would facilitate faster build out rates of the specialist accommodation in off-site locations meaning a greater proportion of such units can be provided earlier on within the plan period. This method is preferable as current supply of such units is incredibly low and the units are designed to act as a short-term residency for those moving on to settled, non-specialist residential accommodation when sustainable. Therefore, the regular turnover if the identified need is met early, reduces the overall net need longer term.

Using the Local Plan development trajectory, we have reviewed the strategic sites (of 100 or more dwellings) that are yet to commence, to forecast the anticipated delivery of the specialist accommodation provision across the remaining 15 years of the Local Plan period.

Strategic Site	Total No. of Dwellings	Specialist Accommodation Provision	Development Start Year
Cw1a - Former Gas Works	250	2	Between 25/26 - 29/30
Cw1c - Lockside	130	1	24/25
Cw1d - Baddow Road Car Park	190	2	Between 30/31 - 35/36
SGS1b - Former St. Peter's College	185	2	21/22
SGS1d - Riverside Ice and Leisure Land	125	1	Between 30/31 - 35/36
SGS1e - Civic Centre Land	100	1	Between 30/31 - 35/36
SGS1f - Eastwood House Car Park	100	1	Between 25/26 - 29/30
SGS2 - West Chelmsford	800	8	21/22
SGS3 - East Chelmsford (Total)	400	4	21/22
SGS6 - NE Chelmsford	3,000	30	22/23
SGS7a,c - Great Leighs	850	9	23/24
SGS7b - Great Leighs	250	2	21/22
SGS8 - North of Broomfield	450	4	24/25
SGS10 - North of SWF	1,000	10	21/22
SGS13 - Danbury	100	1	Between 25/26 - 29/30

Factoring in two years from the commencement of the strategic sites to secure a commuted sum in lieu of on-site provision and develop the specialist residential accommodation off-site, the following forecast is determined:

Year	Specialist Accommodation Delivered
Year 1 - 21/22	6*
Year 2 - 22/23	6*
Year 3 - 23/24	26
Year 4 - 24/25	30
Year 5 - 25/26	9
YEAR 1-5 TOTAL	77
26/27	5
27/28	4
28/29	
29/30	
30/31	
YEAR 5-10 TOTAL	9
31/32	4
32/33	
33/34	
34	
35	
35/36	
YEAR 10-15 TOTAL	4
GRAND TOTAL	90

*Have assumed the average annual provision (as calculated above) is provided from existing commenced developments.

The table shows that the strategic sites have the capacity to deliver 90 specialist accommodation units across the remainder of the plan period, which equates to a mean average of 6 dwellings per annum – in accordance with the calculations above.

The current identified need of 60 specialist accommodation units is therefore anticipated to be met by year 4, after which it is anticipated that the delivery of specialist accommodation will diminish, supporting the policy ratio set out above.

The relatively low overall provision of additional specialist residential accommodation during the plan period (90 dwellings in total) is based on the:

- The current net need being met in the first five years,
- A high turnover of this type of specialist residential accommodation as it would be provided as 'move-on' accommodation.

The supply of, and demand for, specialist residential accommodation identified in the Housing Strategy, will be monitored through an annual review of the Housing Strategy Action Plan.

Formula for calculating a commuted sum in lieu of on-site provision

Whilst the 60 dwelling specialist residential accommodation needs encompass a range of accommodation sizes, for the purposes of calculating a capital financial contribution in lieu of on-site provision, it is assumed that the 60 dwellings consist of one bed, two-person occupancy dwellings.

Table 1 below has been created using Chelmsford City Council's 2020-2021 Local Housing Allowance rates. This information is then used in conjunction with the same assumptions from HDH Local Plan Viability Study Including CIL Viability Review (January 2018) to determine a capital value per sqm for a specialist residential accommodation dwelling to meet the need identified above:

- Rents capped at Local Housing Allowance levels
- A service charge of £9/week is assumed for flats
- On-costs average 10% of the schemes total cost
- Management and maintenance costs around £500/year
- Voids and bad debts are assumed as 2.5%
- Payback period of 30 years

Table 1: Local Housing Allowance Rates	
	1 Bedroom
Per Week	£149.59
Per Month	£648
Per Year	£7,779

Source: <https://www.chelmsford.gov.uk/benefits/housing-benefit/our-current-local-housing-allowance-rates/>

Table 1: Capitalisation of LHA Rents

	1 Bedroom
Gross Rent	£7,779
Service Charges	£468
On Cost	£778
Management	£500
Voids	£194
Net Rent	£5,839
Value	£175,170
m2	50
£/m2	£3,503

Source: <https://www.chelmsford.gov.uk/benefits/housing-benefit/our-current-local-housing-allowance-rates/>

As part of the Strategic Housing and Employment Available Assessment (SHELAA) Viability Assessment 2020 the Council undertook an exercise collecting new build sale prices over an 18-month period and used this data along with individual EPC's to calculate a value (£/m2) for each unit. A summary of the findings can be seen in Table 2 below:

**Table 2: Land Registry Prices Paid with EPC
01/04/2018 to 01/10/2019 (Newbuild Properties Only)**

	Detached	Semi-detached	Terraced	Flats	All
Count	226	75	37	250	588

Chelmsford - Price Paid

Minimum	£310,000	£334,995	£280,000	£100,625	£100,625
Average	£595,958	£455,049	£490,687	£271,689	£433,491
Maximum	£1,380,000	£595,000	£1,185,000	£500,000	£1,380,000

Chelmsford - Value £/m2

Minimum	£2,236	£3,398	£2,859	£1,558	£1,458
Average	£4,053	£4,115	£3,864	£4,931	£4,418
Maximum	£11,121	£5,266	£5,266	£13,000	£13,000

Using an average value of £4,418 per sqm, the contribution in lieu of on-site specialist residential accommodation and the requirement for a one bedroom dwellings to comply with the Nationally Described Space Standards for a one bed, two person occupancy (50 sqm), would equal £45,750 per dwelling:

Formula:

Capital Contribution for Specialist Residential Accommodation in lieu of on-site provision to meet housing needs identified in Housing Strategy = [Average Market Sales Value per Sqm – Capital Value for LHA capped one bed rental] x 50 sqm

Dwelling based worked example:

£45,750 per specialist residential accommodation = [£4,418 - £3,503 = £915] x 50 sqm

This sum would apply in lieu of on-site provision of specialist residential accommodation on all developments of more than 100 dwellings at the compounded rate of:

**1 specialist residential accommodation dwelling per 100 residential dwellings provided:
or £457.50 per net new residential dwelling:**

Scheme Formula:

Total residential units x £457.50

Scheme based example based on 160 net new dwellings:

160 x £457.50 = £73,200

This level of contribution has been tested in the SHELAA 2021 Viability Assessment and shows that overall, the vast majority of sites represented by the modelling are shown as deliverable and the Council can be confident still that they will be forthcoming.