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# CMS Planning Group

The Future of Living



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# The Future of Living

The way we live is changing, and the housing market is diversifying to meet our changing requirements and the overall housing crisis. Even though Government policy emphasises home ownership, this model no longer suits all needs and locations. Across generations, lifestyle and demand are influencing the market. Students want quality purpose built accommodation; young professionals are looking towards rented, including more efficient or co-living, products with high levels of services as house prices rise; and the retirement and care sectors now offer purpose-built and communal developments with varying degrees of care provision.

This means there are increasing opportunities for developers and investors across the specialist housing and accommodation sectors to target specific needs with tailored products. Ensuring that your product has the correct consents and flexibility to provide a viable exit strategy to conventional housing will be important, particularly to funders.

Opportunities also arise to deliver bespoke types of accommodation on sites or within consents that may not be appropriate for traditional housing.

The planning regime is slow to respond to innovation in the residential market. Policy support is growing for the diversification of the housing market, by adopting a more granular approach to identifying need, assessing viability and requiring affordable housing.

This guide considers the key planning considerations that will help you to navigate the planning system and secure an optimal consent for whatever operating model you envisage for the future of living.

**Student:** Student Accommodation, Houses in Multiple Occupation/ Shared Housing



**Young Professional:** Shared and Co-Living, Micro-Apartments

## Key Policy Issues

Housing need and land supply remain crucial issues, and identifying the specific need for each class of product will assist in the growth of these sectors. Design standards and density policies must also be considered, and more innovative models may unlock sites that may otherwise be unworkable. How to assess the viability of different models is also gradually being reflected in policy and guidance, for example recognising the longer term economics of build to rent housing.

## Exit Strategy: Delivering a Marketable, Investable and Financeable Product

One of the key drivers for your approach will be facilitating a clean exit strategy. More innovative models may represent longer term investments, but preserving options is crucial. For example, retaining the ability to switch to a conventional residential use in the event that demand for a specific product reduces may provide more flexibility in the event of a sale.

**Established Professional:** Private Rented Sector/Build-to-Rent, Serviced Apartments



**Retirement:** Retirement Housing, Extra Care Accommodation

## Affordable Housing

New planning policies identify new tenures of affordable housing to suit different types of accommodation, for example Build to Rent and purpose built student accommodation. Some guidance and practice goes further to specify management and other requirements. In London, non-compliance may prompt intervention by the Mayor. In the absence of policy, there may be scope for flexibility.

## Community Infrastructure Levy (CIL) & Planning Obligations

Understanding the potential planning obligations and the appropriate level of CIL, and whether innovative models are subject to CIL (or subject to CIL at a lower rate) will be important. The use of alternative mechanisms, such as clawback periods and deferred payments, are becoming increasingly common for innovative models.

## Enforcement Risk

Any innovative solution will require an assessment of potential enforcement risk and the steps you can take to minimise that risk. Understanding the approach taken by a particular authority, including enforcement for similar models, will help assess risk and the use of lawful development certificates can help set the parameters and assist in getting funders comfortable with the product.

The CMS Planning Group have been at the forefront of the emergence of the student accommodation, Build to Rent and retirement sectors as these industries have developed and begun to offer a wider range of models. Our objective is to ensure your schemes are future-proofed against demand, policies and risks.

Please come and talk to us if you would like to explore these emerging concepts, if you have a scheme in mind, or you have a development which is already progressing. We advise developers, investors and funders on a number of innovative quasi-residential models.

## Use Classes: Where Does Your Product Fit?

The Use Classes Order is unfit for purpose, with just one use class (C3 or Class 9 in Scotland) for the majority of residential products. This leaves many student, shared, serviced, retirement and other more innovative accommodation products classified as 'sui generis'. Sui generis consents afford little flexibility if demand falls away. Understanding how your product is classified is critical. Important characteristics include: the level of self-containment, the length of occupancy and the amount and type of service or care.

## Evolving Policy Position

Emerging national policy supports new models such as Build to Rent, and in London there is specific policy support for shared and co-living models. Overall, the policy landscape is inconsistent and many products (including in the retirement sector) continue to operate in a policy black-hole. Understanding opportunities or restrictions of local policy will help inform where you invest and shape your operating model.

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