
Client: Elder

Project: Greyfriars House, Reading

Ref: OP-08-24

Date: 5th February 2025

Greyfriars House – Key Details

This briefing note has been prepared to support the planning and political case for the provision of key worker housing at Greyfriars House, Reading.

This note has been prepared primarily to support the more detailed planning and legal work undertaken by the client, Elder, and its project team and directly responds to queries raised at the recent joint NHS and Reading Borough Council (RBC) meeting, which was attended by Abbey Ward Members, the Case Officer and the Central Area Team Leader.

First and foremost, this briefing note seeks to set the appropriate local context and the resultant developer response to identify how the proposals, whilst setting an alternative precedent to that envisaged by emerging planning policy, can provide for beneficial and significantly enhanced affordable housing delivery in the Borough, which although not directly aligned with RBC housing lists will nevertheless help meet some of this need, whilst also ensuring that the provision of much-needed NHS services is bolstered over the longer term, taking into account the NHS' own research and input into the process on account of significant engagement between parties.

More detail is available in the Regulation 19 representation letter, as submitted to RBC on 19th December, which is appended to this note.

Planning Context

The Planning Context has been clearly set by Savills and is not covered in detail here, but the following factors are pertinent to RBC decision-making:

1. There is currently no adopted policy governing decision-making regarding Co-Living (Sui Generis Use) in the Borough, only reference in the Council's Affordable Housing SPD, which itself is not policy and only a material consideration.
2. Due to the absence of policy, greater weight should be given to the objectives of the NPPF for increased housing delivery, affordable housing on-site and creating mixed and balanced communities. Paragraph 64 states where there is an identified need for affordable housing it should be provided on site. The definition of affordable housing included in Annex 2 of the NPPF includes housing for sale or rent, for those needs who are not met by the market such as housing that provides a subsidised route to home ownership and/or is for essential local workers.
3. Emerging Policy H15, Purpose-Built Shared Accommodation, sets the appropriate parameters for Co-Living units in terms of size and associated amenity space, identifying a minimum size of 18m² per unit and between 3m² and 4m² of internal amenity space per resident.
4. Emerging Policy H15 currently holds little weight in decision-making due to the emerging nature of the Local Plan Update.

5. Emerging Policy H15 advocates off-site affordable provision, which differs from Policy H4, Build to Rent Schemes, which advocates 30% on-site provision.
6. Policy H5 (both current and emerging) governs space standards and recognises that NDSS does not apply in the central area. This is applicable to both Policy H4 and H15. Supporting text for Policy H5 advises these standards only apply to C3 residential.
7. All planning decisions need to consider the nature and detail of the proposals as material considerations in light of the existing policy vacuum, with weight given to all matters as appropriate.

NHS Engagement

Meetings with the NHS have been held on 11th October, 30th October and 12th December 2024 and 28th January 2025. Within this period, there has been very significant correspondence between parties to help identify need and to determine whether this could be satisfied at Greyfriars House.

The NHS has undertaken detailed and recent university-backed research to better understand the key challenges facing the training and retention of staff in the Thames Valley. This has recognised that the cost of living is prohibitive to newly qualified nurses and that many leave the area to pursue either the benefit of London salary weighting or cheaper housing in the north and midlands.

The NHS has a strong desire to retain staff, both at Royal Berkshire Hospital (RBC) and for the services provided by NHS Berkshire (NHSB), but this is increasingly challenging on account of housing cost and the quality of accommodation available in the local area, which tends to comprise shared spaces of low standard and with little or no amenity.

Consequently, RBH and NHSB are highly interested in the offer at Greyfriars House as it is considered to provide:

- Lower priced, higher-quality accommodation for their workforce
- A highly beneficial location, close to the railway station and bus services
- Opportunity for accommodation to provide more than just a room to live in
- Ability for a community to develop and benefit from co-location
- Enablement of longer-lasting, more secure employment within RBH and NHSB, reducing high staff turn-over

The latest meeting held between NHS and RBC representatives clearly identified the opportunity available, but also identified challenge set by the Council in terms of ensuring that this can be delivered and secured in the long term for the town's benefit.

The Offer to RBC

Elder has undertaken significant work with the NHS and its own legal team to produce a draft planning and legal framework within which the affordable offer can be enshrined and delivered.

A separate legal note, produced by Winckworth Sherwood and which is appended to this note, identifies the affordable housing offer to the NHS, which represents an overall blended rate of 78%, taking into account provision of 65%, 75% and 80% discount market rent (DMR). This equates to an average weekly cost of c. £183.50 per week (excluding bills), which remains below the Local Housing Allowances rates used to set Affordable Private Rents, please see the attached Affordable Housing Statement prepared by Savills for further details.

The legal note also sets out the planning controls in terms of ensuring use of the 80 units by key workers, including proposals should the NHS offer not come forward.

The offer of 30% on-site affordable housing represents 80 units to be provided by the scheme. Whilst co-living offers smaller units than BtR, the proportionate decrease in rental costs alongside very significant and meaningful amenity space represents a major attractor to NHS staff.

The on-site offer will enable a minimum of 80 nurses and/or qualifying support staff to be housed within Reading; people who may otherwise leave the town as NHS research has strongly evidenced.

Co-Living provides a distinct advantage in this regard, as BTR or traditional affordable housing focuses on larger unit sizes as set out in Policy H3 (Policy H15 identifies that Four Co-Living units are considered to equal one standard housing unit). On this basis, even if providing a very generous, and highly unlikely, Policy CR6 compliant mix (as emerging and based on 20 standard housing units (1/4 of the 80 Co-Living units being offered), i.e. 40% 1B2P, 50% 2B4P and 10% 3B6P = 68 persons, it is not possible to achieve the level of affordable provision being offered at Greyfriars House.

Importantly, provision within traditional affordable housing (where Council lists would typically be taken from) as expected through an off-site contribution, would provide lower overall housing delivery and importantly would also not provide any form of internal or meaningful external amenity space. As such, there would be a gap in terms of the quantum, affordability and quality of accommodation on offer. The NHS recognises this, hence the strong interest shown and support for the project at Greyfriars House.

It is considered that the offer being made to the NHS at Greyfriars House will enable at least 20 more key workers to live in accommodation that meets their needs within Reading, thus reducing the existing and future burden on the Council's housing lists as well as providing recognisable benefits to NHS services being provided in the town.

The gap in provision and NHS need

It is understood that the Council wishes to focus on people on its housing lists. This is not challenged. It is simply put that the NHS requires specific accommodation to meet a defined local need and which will help house more NHS staff in an area where there is acute need and where the increased housing currently being advocated in the Local Plan Update will exacerbate this need.

Elder's proposals at Greyfriars House therefore represent a beneficial and hard to replicate precedent. The scheme will:

1. Meet defined NHS need
2. Be linked to a recognised institution
3. Provide accommodation tied to key worker use
4. Will ensure more people can access affordable housing
5. Enable greater, long-term provision of NHS services in the town

As there is no adopted planning policy governing Co-Living of sufficient weight to be considered in the decision-making process, it is considered that the above factors weigh heavily and positively in the planning balance. Similar proposals with DMR Co-living exist and have been supported by local authorities in London, as well as in places such as Bristol, Woking and Guildford. The emerging policy will provide a clear framework for future Co-living schemes in the town, and therefore, when determining this application great weight can be given the specific

offer and benefits for on-site DMR key worker affordable housing which aligns with the NPPF in absence of any adopted local planning policy. The emerging policy could be amended to allow this to be considered in the future given the benefits of on-site DMR, albeit if not, then the Council will in the future expect Co-living contribute to off-site affordable housing.

The draft legal and planning framework provides an indication of how matters could be controlled through a s106 Agreement and it would be Elder's intent to use further discussions with the Council to agree on appropriate controls, as well as clawback and fallback mechanisms.

Conclusion

To conclude, Elder has undertaken significant engagement with the NHS to determine a beneficial manner in which on-site affordable accommodation can be provided at Greyfriars House, aligned by the objectives of the NPPF for on-site affordable housing. The resultant proposals are robust, backed by research, identify a recognised and prestigious delivery partner, will deliver more affordable housing for persons in need and will enable further benefit via improvements to NHS services provision. The proposals are credible, beneficial and wholly supportable.

Contact

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Appendix 1 – Regulation 19 Representation Letter

18 December 2024



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Dear Sir / Madam

REPRESENTATION ON BEHALF OF ELDER TO READING BOROUGH LOCAL PLAN PARTIAL UPDATE (REGULATION 19) CONSULTATION

We are instructed by our client, Elder, to submit representations to Reading Borough Council ('the Council') in respect of the Pre-Submission Draft of the Partial Update to the Local Plan at Regulation 19 Stage, which is currently being consulted upon until 18 December 2024. For completeness, we can confirm we submitted representations to the Regulation 18 in January 2024 on behalf of our client, and this representation seeks to supplement the information previously submitted.

Our client, Elder, has an interest in the site known as 20-30 Greyfriars Road, Reading RG1 1NS (hereafter referred to as 'the site'), which has been subject to detailed and on-going discussions with the Council in respect of proposals to deliver a high quality co-living development. Further to this, there is a current pending planning application under reference number PL/24/1501 for the following development:

Demolition of the existing building and the erection of a part-7, part-13 storey co-living building (Sui Generis) and associated communal amenity facilities, refuse storage, cycle parking and plant equipment.

This application is currently being consulted upon until 19 December 2024, with the target determination date being 10 February 2025.

The following section outlines our representations and is structured to respond to policies set out within the Pre-Submission Draft Version of the Local Plan Partial Update.

Representations

Vision, Objectives and Spatial Strategy

Policy H15: Purpose-Built Shared Living Accommodation

In line with our representations made to the Regulation 18 Consultation, our client is strongly supportive of the inclusion of a specific policy relating to Purpose-Built Shared Living Accommodation (hereafter referred to as 'co-living').

We are broadly supportive of the text and criteria that is set out within policy H15. Below, we provide some commentary and justification on a number of suggested minor amendments to be made to specific parts of the policy.

1. ***It is located on a site that has not been identified for general residential (as plan allocations or extant permissions), unless the purpose-built shared living accommodation element would be in addition to the planned residential;***

In line with our representations made at Regulation 18 Stage, we acknowledge that the Council is seeking to introduce this criteria to avoid co-living competing with Class C3 uses on allocated sites. However, if the site is located within the town centre, or on an edge-of-centre site (as covered by the criteria 2) then this policy criteria should allow for co-living to be justified on sites with residential allocations or permissions on the basis that it is demonstrated that the co-living development would:

- (i) meet an identified housing need;
- (ii) contribute towards mixed and inclusive communities; and
- (iii) deliver the same or better quantum of housing delivery or would be in addition to the anticipated residential.

Furthermore, in the current market, there are sites that may have traditionally been identified for general residential use, or may have extant permissions dating back several years which may no longer be viable to deliver. In these instances, there may be a possibility that the delivery of a co-living development may be one of the only viable ways for any development to take place on these sites. As such, we also suggest adding that developments on such sites should also be permitted on the basis of providing viability evidence showing that the a residential scheme would not be viable on the site.

9. ***A contribution is made to provision of affordable housing at an equivalent level to policy H3. This will form an off-site financial contribution, unless on-site self-contained affordable dwellings can be provided that do not rely on, and operate independently from, the internal communal facilities.***

Draft Policy H3 states that residential development will make appropriate contribution towards affordable housing, and on sites of 10 or more dwellings, 30% of the total dwellings will be in the form of affordable housing. It is therefore considered that this policy seeks to secure a financial contribution from co-living developments at the equivalent level of 30% affordable housing. The Affordable Housing SPD (2021) provides more detail on how any financial contribution should be calculated.

In line with our representations made at Regulation 18 Stage, and as included within the submitted application proposals for this site, it is our view that as an alternative to offering a financial contribution for off-site affordable housing, co-living developments should also be allowed to contribute towards affordable housing on-site at a discounted market rent, in the same way as Build-to-Rent developments. This is not currently supported by the draft policy text which only supports on-site affordable housing in the form of ‘*self-contained units that do not rely on, and operate independently from, the internal communal facilities*’, i.e. separate self-contained C3 units. It should be noted that draft Policy H4 provides support for Build-to-Rent developments to provide discounted market rent units on-site.

The NPPF defines Build-to-Rent as ‘*purpose built housing that is typically 100% rented out*’, and that it will ‘*typically be professionally managed stock in single ownership and management control*’. It is considered that co-living can also be defined in the same manner in being 100% rented out, and being retained in single ownership and management control. As such, operationally, there is no reason why the affordable housing provision in a co-living development cannot be delivered as on-site discounted market rent units. In our view, and as supported by other consents, discounted market rent co-living units meet the definition of affordable housing, as defined by the NPPF.

Over the past few years, the co-living market has continued to evolve and mature, and there are now several implemented and operational co-living developments across the UK where on-site discounted market rent co-living units have been promoted and successfully integrated into developments, including:

Scheme	Planning Reference	Discounted Market Rent	Comments
The Mall, Ealing	210038FUL	35% on-site discounted coliving	Rents at London Living Rent levels Operational and occupied
Folk Earlsfield, Wandsworth	2019/1083	35% on-site discounted co-living	70-90% of market rent Includes 5 homes offered to Children's Services clients. Operational and occupied
Guildford Plaza, Guildford	21/P/01811	40% on-site discounted co-living	Under construction DMR units aimed at key workers who do not qualify for social housing
Folk, Woking	PLAN/2023/0645	10% on-site discounted co-living	Consented 80% of market rent
Olympian, Bristol	23/02827/F	20% on-site discounted co-living	Consented 80% of market rent, linked to LHA rates

Based on the above, it is clear that on-site discounted market rent units can be viably integrated into operational co-living developments. Equally, it demonstrates that discounted market rent co-living is suitable, appropriate and acceptable as a form of housing that can meet affordable housing needs.

The benefits on providing on-site discounted market rent units, particularly in town centre or edge of town centre locations where Policy H15 seeks to direct co-living developments, will be the ability to offer affordable housing units in a central location for single-person households, which is a form of affordable housing that is not commonly offered.

Research produced by Savills included at the end of this letter, and submitted to the Council as part of the planning application, outlines that there are over 27,000 key workers employed within Reading, equating to 30% of the total workforce. Large local employers of key workers include Royal Berkshire Hospital and the University of Reading (both a short distance to the south of the town centre) as well as other various schools and health providers.

The research finds that key workers have seen their pay fall relative to other workers, and this is particularly pertinent when viewed alongside increases in rental values. The increase in rental prices means that homes in Reading are hugely unaffordable for key workers, and that living alone in the private rented sector in Reading is practically impossible for those on lower incomes.

Assuming key workers would spend 35% of their gross income on rent and bills, research finds that an unqualified teacher or pharmacy technician would not be able to afford any studios or 1 beds on the market. By way of illustrating, a community staff nurse would only be able to afford 8% of studios and 2% of 1-bedroom flats on the market. Owing to this, key workers are forced to find lower standard/poor quality housing in HMOs, or living far from their place of work with extra costs associated with travel.

Through the provision of discounted market rent rooms over a range of discount levels, e.g. between 60-80% of market rent, there would be the ability to provide a range of rooms which would be affordable to a range of

key workers across the income scale such as newly qualified nurses at the lower end and experienced paramedics at the higher end of the scale.

In light of the above, it is clear that the provision of on-site discounted market rent co-living units can be suitably integrated and delivered as part of co-living schemes, and can offer significant tangible benefits in delivering single-person accommodation for key workers and other individuals who may otherwise not be able to afford to live in such high-quality and sustainably located accommodation. The quality of the rooms, the flexibility in tenancy lengths and community lifestyle are all well-suited for affordable key worker housing. It is therefore proposed that the policy wording should be amended to include the possibility of providing on-site discounted market rent co-living units.

It is noted that the policy states that the provision of on-site affordable units would only be acceptable where this is in the form of self-contained units that do not rely on, and operate independently from, the internal communal facilities, i.e. separate self-contained C3 units. In practice, depending on the size and nature of the site and development, such as a single building on a constrained town centre site, this could be difficult to implement as self-contained C3 units within the same building would require a separate core, entrance and management, which will adversely impact the efficiency, management and viability of any co-living scheme. However, on a larger multi-block development inclusion of C3 may be more efficient and viable, opposed to a payment in lieu or on-site discounted market rent. Therefore, the policy needs to have flexibility for alternative approaches, which all result in the delivery of much-needed accommodation to meet the variety of needs for affordable accommodation.

Beyond the submitted research, we can confirm that the demand, need and interest for key worker accommodation in Reading is tangible and real. Savills alongside Elder have met with Royal Berkshire Foundation Trust and Berkshire Healthcare NHS Foundation Trust who are supportive and interested in the proposed discounted market rent shared living units included within the application for this site. Discussions to-date have highlighted the need for purpose built high quality accommodation in Reading that can meet their staffs' needs, whilst being flexible and affordable. It has been clear from the discussions that the accommodation will help with staff retention, which is key to the important services provided, as well as helping promote and safeguard the well-being and mental health of their staff.

Based on the above, we therefore include a number of minor amendments to draft Policy H15 in tracked changes form, with changes shown in red:

- Development for purpose-built shared living accommodation will meet all of the following criteria:
1. It is located on a site that has not been identified for general residential (as plan allocations or extant permissions), unless **any application is supported by viability evidence demonstrating that residential development would not be viable on the site, or the purpose-built shared living accommodation element would be in addition to the planned residential, it can be demonstrated that the purpose-built shared living development would:**
 - a. **meet an identified housing need;**
 - b. **contribute towards mixed and inclusive communities; and**
 - c. **deliver the same or better quantum of housing delivery or would be in addition to the anticipated residential.**
 2. It is located within the town centre or a 15-minute walk of the town centre, unless a clear justification for an alternative location is provided;
 3. It provides units for rent with minimum tenancy lengths of no less than three months;
 4. High quality, and well-placed on-site communal facilities and services are provided that are sufficient to meet the requirements of, and available to and easily accessible by, all residents of the proposal. At least 4 sq m of internal communal space will be provided per resident, decreasing to 3 sq m per resident where there would be more than 100 residents, which includes common work areas but

excludes circulation space such as corridors and stairways. On-site communal facilities will offer at least:

- Communal kitchen and dining facilities
 - Laundry and drying facilities
 - A concierge
 - Cleaning, maintenance and security services
5. The private units have an internal size of at least 18sqm, include a bathroom with shower, and are not capable of being used as self-contained dwellings;
 6. It is under a single management regime;
 7. The proposal is accompanied by a management plan, secured by Section 106 agreement, which demonstrates how the development, including the communal facilities, will be managed and maintained over its lifetime;
 8. The proposal is accompanied by a security strategy, provided at planning application stage and secured by condition or Section 106 agreement, setting out how crime and anti-social behaviour will be mitigated through design and management measures; and
 9. A contribution is made to provision of affordable housing at an equivalent level to policy H3. **Justification on the type of contribution towards affordable housing should be provided with any application. This will** The affordable housing contribution should take the form of either:
 - an off-site financial contribution, ~~unless~~
 - **provision of** on-site self-contained affordable dwellings ~~can be provided~~ that do not rely on, and operate independently from, the internal communal facilities, **or**
 - **provision of on-site discounted market rent purpose-built shared living units.**

Policy CR11: Station/River Opportunity Area

We support the Council's continued allocation for the Station/River Opportunity Area as an area presenting significant potential for redevelopment centred around Reading Station for a mix of commercial and residential uses.

In particular, the site lies within the Greyfriars Road Corner sub-area, covered by policy CR11b. It is noted that the indicative development potential has increased from 90-140 dwellings to 160-230 dwellings. We are supportive of the increase in development potential and acceptable density in this highly sustainable, town centre location.

The current pending planning application proposes 266 co-living units, which according to the Government's ratio of 1.8 units in communal accommodation being equivalent to 1 traditional C3 unit, would equate to 147 C3 units. In March 2018, planning permission was granted for the redevelopment of 52-55 Friar Street for a mixed-use development comprising 135 dwellings under reference number 162210. Although this consent has now lapsed and not been implemented, the combination of the two permissions shows that the indicative development potential as set out within CR11b can be met and exceeded.

Conclusion

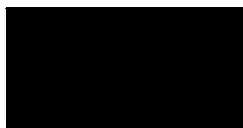
Elder generally supports the Local Plan Partial Update, and the Local Planning Authority's inclusion of a new co-living policy. However, the exact detail and wording of the policy requires amending, and given our experience in the sector, alongside Elder, we would be happy to meet and discuss the potential policy with officers.

We would welcome the opportunity for further discussion and engagement with the Council to discuss the representations in this letter and how the next iteration of the Plan could respond to the requested changes and issues raised.

It would be appreciated if you would acknowledge receipt of this letter of representation. We reserve the right to supplement this letter at a later date, if required. Furthermore, we reserve the right to attend any future examination.

If there are any queries, please do not hesitate to contact me or my colleague Fergus Wong. Please note that as we are currently acting on behalf of Elder in respect of the above site, we request that all future correspondence for matters concerning this site be directed to Savills.

Yours faithfully,

A solid black rectangular box used to redact the signature of Mark Thomson.

Mark Thomson MRTPI
Director

Reading has 27,000 key workers who have seen their pay fall relative to other workers and particularly vs the increases seen in rental values

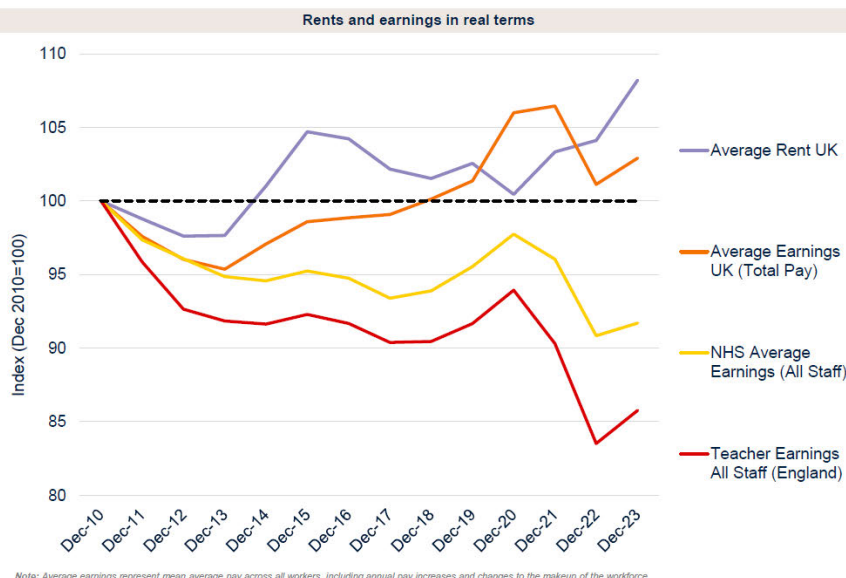


Reading has 27,000 workers employed as key workers. This is equal to 30% of all workers. Large local employers of key workers include Royal Berkshire Hospital and the University of Reading (both a short distance to the south of the town centre) as well as other various schools and health providers.

Across the South East, around half of workers are employed in either health and social care or education and childcare.

For those living in the private rented sector (PRS), they have seen rents rise and earnings fall in real terms. This has squeezed incomes, worsened the cost-of-living crisis and pushed the reality of home ownership further and further away.

Employment sector	% of the total (South East)
Health and social care	27%
Education and childcare	23%
Utilities and communication	19%
Food and necessary goods	12%
Transport	7%
Public safety & national security	6%
Key public services	4%
National and Local Government	2%



Source: Savills Research using data from NHSE, DfE, ONS and Zoopla Rental Index powered by Hometrack

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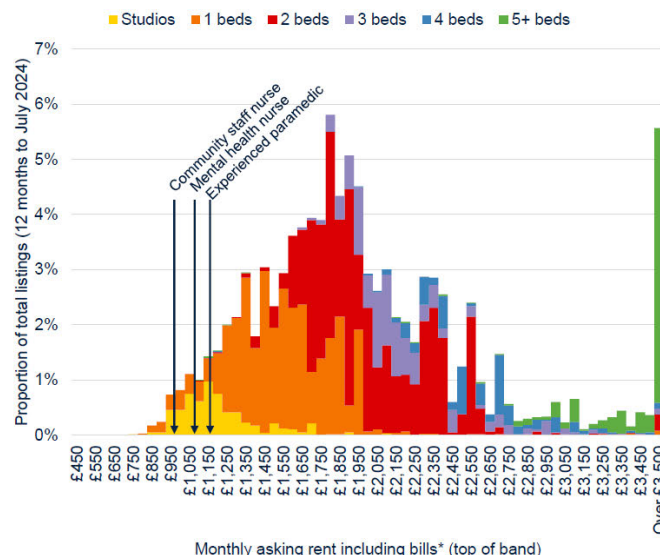
Rental values across Reading mean key workers have little choice and can afford only a small proportion of the market



The stark reality of rental values means homes are hugely unaffordable for key workers. Living on your own in the PRS is therefore difficult for many, particularly those on lower incomes.

We have assumed key workers spend 35% of their gross income on rent and bills, to understand the proportion of the market that would be affordable. For a community staff nurse with an income of £32,324 they would be able to afford £943pcm on rent. This would mean just 8% of studios and 2% of 1 beds would be affordable.

	Annual income	Monthly rent affordable (35% of gross income spent on rent)	% of studios that are affordable	% of 1 beds that are affordable
Community staff nurse	£32,324	£943	8%	2%
Mental health nurse	£36,025	£1,051	29%	4%
Experienced paramedic	£39,404	£1,149	54%	7%



Source: Zoopla, NHS, TES, *includes council tax, gas, electricity, water, wifi, tv licence

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Appendix 2 – draft Planning and Legal Framework, NHS on-site accommodation

20-30 Greyfriars Road

Discount Market Co-Living Rooms – Key Principles Document

Introduction

The proposed scheme at 20-30 Greyfriars Road, Reading is a co-living scheme comprising 266 rooms. It seeks to provide a policy-compliant level of affordable rooms in the form of discounted market rental rooms, noting that the Council does not have any adopted development plan policies for co-living. However, as co-living is a form of Build to Rent housing, in accordance with national policy and guidance, the scheme contributes towards affordable housing through the provision of on-site discounted market rental accommodation.

The co-living scheme, including all market and discounted market rental rooms, will be managed by VervLife and all rooms will have access to the same amenities and facilities.

Priority would be given to NHS workers followed by prescribed key workers and other eligible people by reference to discounted rents and incomes. If the rooms are no longer offered as affordable rooms, the owner will make a payment-in-lieu to Reading Council (sum to be agreed).

The provision of on-site affordable rooms would be secured by legal obligation pursuant to a Section 106 Agreement so that it would bind the land and be enforceable by Reading Council.

Number of Affordable Rooms

The proposed scheme provides 266 co-living rooms and 30% of the rooms (equating to 80 rooms) would be provided as affordable rooms per Reading (Local Plan Policy H3) affordable housing policy.

Tenure

The affordable rooms would be let on a discounted market rent basis. Discounted market rent (also known as affordable private rent) comprises affordable housing as per the glossary at Annex 2 of the National Planning Policy Framework. Discounted market rent is a well-established affordable tenure for Build to Rent schemes that is managed by an operator not a registered provider. It can be similarly adopted in relation to a co-living scheme.

Eligible Renters

The eligibility criteria for occupiers of the proposed affordable rooms would be based on location, occupation and income.

Location / Occupation Criteria – it is proposed that the rooms would be disposed on a priority basis as follows:

1. First, to NHS workers, which would be defined to include employees of the Berkshire Healthcare NHS Foundation Trust and/or the Royal Berkshire NHS Trust, whether they are a resident in Berkshire or otherwise
2. Secondly, to other prescribed key workers who are residing or employed in the royal county of Berkshire, which would include public sector workers within the following sectors:

- a. Health services
- b. Education Services
- c. Social Care
- d. Public and local government
- e. Prison or probation
- f. Police
- g. Fire Services

as per the definition of key workers prescribed by Reading Council

3. Finally to other eligible persons in line with the income criteria who are residing or employed in the royal county of Berkshire

Income Criteria – as the priority for these rooms is for NHS workers, the eligibility criteria in relation to income for any eligible renter will be based on the NHS' own salary banding as follows:-

[insert banding]

It is proposed that income levels shall rise above the relevant bands in line with CPI +1%.

Rent to be Charged

The rents for the affordable rooms would be set at discounted rents below market rent for prescribed rooms as follows:

- 5 rooms at a discount of 65% of market rent
- 17 rooms at a discount of 75% of market rent
- 58 rooms at a discount of 80% of market rent

This gives a blended average discount of 78% of market rent. Rents would increase annually in line with CPI +1%.

Length of Tenancy

Affordable rooms to be offered for let for a minimum of 3 months but longer tenancies may be agreed.

Service Charges

Rents would be inclusive of service charges, which would be fair and reasonable in relation to the affordable rooms (excluding utility and council tax payments).

Location

A location plan showing the location and size of the affordable co-living rooms within the development will be submitted to the Council for approval..

Payment in Lieu

At the owner's election, if the affordable rooms cease to be let as affordable co-living rooms then a payment in lieu affordable housing contribution, calculated in line with an agreed formula, shall be paid to the Council.

4 February 2025

Appendix 3 – Affordable Housing Statement, Greyfriars House

ELDER

GREYFRIARS HOUSE

20 - 30 GREYFRIARS ROAD , READING

AFFORDABLE HOUSING STATEMENT

DS2





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AFFORDABLE HOUSING STATEMENT

20-30 Greyfriars Road, Reading, RG1 1NS

Prepared by DS2 LLP for Elder Developments (Greyfriars) Ltd

November 2024





Regulated by the RICS

DS2 LLP is a limited liability partnership and is registered in England and Wales with registration number OC372219
A list of members' names is open to inspection at our registered office, 100 Pall Mall, London SW1Y 5NQ.

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1 EXECUTIVE SUMMARY

- 1.1 This Affordable Housing Statement (hereafter “AHS”) has been prepared on behalf of Elder Developments (Greyfriars) Ltd (the “Applicant”) in respect of the redevelopment of the site 20-30 Greyfriars Road, Reading (the “Site”) for a Co-Living development, including affordable housing (“the Development”). The Site is located in administrative authority of Reading Borough Council (the “Council”).
- 1.2 This AHS demonstrates that the affordable homes proposed as part of the Development accord with the Statutory Development Plan and other material planning considerations.
- 1.3 The content of this AHS is summarised below:

Table 1: Executive summary	
Affordable Housing Statement summary	
Site	The Site comprises an office building located at 20-30 Greyfriars Road, Reading. The Site is located within Reading town centre, approximately 310m west of Reading Train Station. The Site extends to 0.12 hectares and is within the Borough of Reading.
Proposals	<i>“Demolition of the existing building and the erection of a part-7, part-13 storey building comprising 266 co-living units (Sui Generis) and associated communal amenity facilities, refuse storage, cycle parking and plant equipment.”</i>
Headline policy requirements	Policy H3 of the Local Plan (adopted November 2019) sets out the affordable housing requirement of 30% of dwellings on sites of 10 dwellings or more. Draft Local Plan Policy H15 of the emerging local plan plan seeks an off-site financial contribution, however full weight cannot be attributed to the draft Local Plan as it is yet to be adopted.
Types & quantum of housing	The Development proposes comprise 266 co-living units, 80 of which are proposed to be provided as discounted co-living. <u>This affordable housing provision equates to 30% of the total dwellings, in accordance with Policy H3.</u>

Affordable tenure	The affordable tenure proposed is discount co-living.
Affordability	Rents for the discounted co-living dwellings will be set at a weighted average rent of 78% of the Market Rent. This equates to a weekly cost of c. £183.50 per week (excluding bills), which remains below both the Local Housing Allowances rates used to set Affordable Private Rents for affordable housing provided as part of Build to Rent developments, and is more affordable than the traditional affordable products (Reading Affordable Rent, and Shared Ownership) when these are considered together. It is proposed to set rents between 65% and 80% of Market Rent, ensuring that a range of household incomes are able to access the discounted co-living dwellings.
Nominations & eligibility	The operator would be responsible for marketing, letting and managing all the units within the development. It is proposed however that the discounted co-living units would be subject to a priority hierarchy and qualifying criteria. First and foremost, this will prioritise NHS & social care workers, followed by public service workers, education and childcare workers, and then those that live and work in the Borough.
Ownership	As with BTR schemes and the way in which Affordable Private Rent is treated, the discounted co-living units would be owned and operated by the co-living owner/ operator. There is no sale of the discounted dwellings to a Registered Provider.

2 INTRODUCTION

- 2.1 This AHS has been prepared by DS2 LLP on behalf of the Applicant in accordance with local, strategic, and national planning policy, in support of the planning application submitted in relation to the Development.
- 2.2 This AHS provides evidence which demonstrates that the amount, type and mix of housing proposed as part of the planning application is appropriate for the site and proposals, and in accordance with the Local Plan and other material planning considerations.
- 2.3 This AHS is structured as follows:
- Overview of the site and the development proposals.
 - A summary of the relevant national, regional, and local planning policy considerations.
 - An assessment of the housing proposals against policy, guidance and other material considerations.
 - Summary of the conclusions.
- 2.4 In preparing this AHS, the Applicant has had several pre-application meetings and discussions with Planning and Housing Officers at the Council, and Royal Berkshire NHS Foundation Trust.
- 2.5 The AHS should be considered alongside several other documents, including but not limited to the Planning Statement prepared by Savills, and the Design and Access Statement prepared by Darling Associates.

3 THE APPLICATION

- 3.1 A detailed description of the Site and development proposals is contained within the Planning Statement and Design & Access Statement submitted with the planning application. A relevant summary is provided below.

Site location

- 3.2 The Site is located in Reading town centre, in an area which is predominantly mixed-use in character.
- 3.3 Greyfriars road forms the western boundary of the Site. Adjoining the site to the north is Garrard Street. Immediately east is the Station Hill development and south is the Central Studios student accommodation. There is also a Sainsburys located to the east.
- 3.4 Reading Station is located 310m north east of the Site, providing access to Central London and the south west of England.
- 3.5 The boundary of the Site is defined by the red line boundary identified on the Site Location Plan which accompanies this Application, an extract of which is provided below:

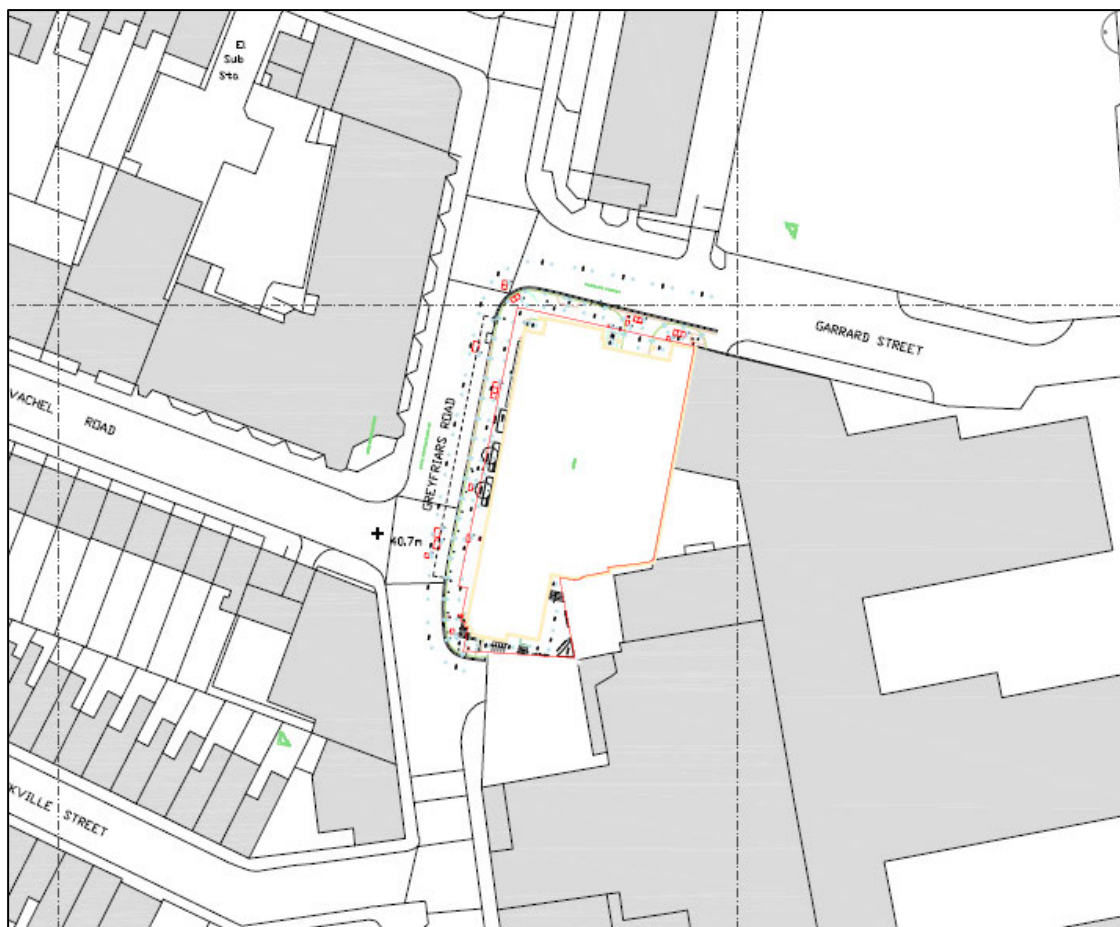


Figure 3.1: Location plan (source: Darling Associates Achitects)

Site description

- 3.6 The Site comprises an existing office building expanding to 32,286 sq ft. Net Internal Area ("NIA"), 56,176 sq ft Gross Internal Area ("GIA").

Proposed Development

- 3.7 The proposal is for a co-living (Sui Generis use class) development. The description of development is as follows:

'Demolition of the existing building and the erection of a part-7, part-13 storey building comprising 266 co-living units (Sui Generis) and associated communal amenity facilities, refuse storage, cycle parking and plant equipment.'

- 3.8 The Development will extend to 104,119 sq ft GIA and will include 243 standard co-living rooms, 23 accessible co-living rooms and 72 cycle spaces. It will be a car free development.
- 3.9 The overall affordable housing provision proposed is made up of discounted co-living homes and equates to a 30% affordable offer.

Table 2: Affordable housing offer summary		
	No. rooms	%
Market Co-Living (Building A)	186	70%
Discounted Co-Living units	80	30%
TOTAL	266	

- 3.10 The proposed Co-living spaces will include high- quality communal shared amenity spaces, including external outdoor areas for residents. Additionally, private rooms will be located off these spaces, providing residents with a comfortable, personal living space to retreat into. The proposal includes a 24 hour community with on-site concierge, maintenance and security, helping residents feel comfortable and safe at all times.

4 PLANNING POLICY CONTEXT

- 4.1 The following section of this Affordable Housing Statement provides a summary review of the key national, regional, and local planning policy that guides the delivery of affordable housing.

National policy

National Planning Policy Framework (2023) ("NPPF")

- 4.2 The NPPF sets out the Government's planning policies for England and how they should be applied. At the heart of the NPPF is a presumption in favour of sustainable development. For decision making, this means approving development proposals that accord with an up-to-date development plan without delay; or where there are no relevant up to date development plan policies, granting permission unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits of development.
- 4.3 Section 5 supports the Government's aim of significantly boosting the supply of housing and, Section 63 places a strategic requirement on authorities to identify the type and tenure of housing needed for different groups in the community including affordable housing.
- 4.4 Paragraph 64 states that where there is a need identified for affordable housing, the affordable housing should be provided on-site, except in justified circumstances.
- 4.5 The definition of affordable housing included within the Glossary (Annex 2) of the NPPF states:

"Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)"

- 4.6 This includes social rent, affordable rent and intermediate tenure housing i.e. housing provided to eligible households whose needs are not otherwise met by the market.

NPPF Consultation (2024) ("NPPF24")

- 4.7 The NPPF24 has re-introduced mandatory housing targets (amongst other changes), emphasising the importance of housing delivery to the new Labour administration and its manifesto target of delivering 1.5m homes within this parliament.

Planning Practice Guidance ("PPG")

- 4.8 The PPG is guidance to the NPPF policies. There is no specific co-living guidance, however, does include relevant guidance on Build to Rent developments, with which co-living shares many physical and financial similarities.

Local policy

Reading Borough Local Plan (Adopted November 2019)

- 4.9 The Local Plan sets out the Council's policy for affordable housing. Policy H3 outlines that on sites of 10 or more dwellings 30% of the total dwellings should be provided as affordable housing. Provision should be made on site in the first instance. In all cases where proposals fall short of the policy target as a result of viability considerations, an open book approach will be taken where the onus will be on the developer/landowner to clearly demonstrate the circumstances justifying a lower affordable housing contribution.

4.10 The current Local Plan does not have a specific affordable policy for co-living development.

Reading Council Affordable Housing SPD (March 2021)

4.11 The Council's current Affordable Housing SPD includes co-living as 'other forms of accommodation' and notes that such forms of accommodation "in most cases" an off-site contribution is considered more appropriate than on-site provision. The SPD proposes an off-site contribution methodology based on a percentage of the developments Gross Development Value.

4.12 The SPD is guidance rather than adopted policy, however, is a material consideration.

Reading Borough Local Plan (Partial Update, pre-submission November 2024)

4.13 The draft Local Plan includes Policy H15 on co-living which outlines that large-scale shared accommodation is not considered to be suitable as affordable housing. This is because this form of accommodation with high reliance on communal accommodation and often more temporary in nature is not suitable for most households in need of stable, long-term affordable accommodation, and should be a lifestyle that is chosen rather than enforced by circumstances.

4.14 An off site financial contribution is required, unless a development can accommodate on-site self-contained affordable dwellings that operate independently. The appropriate level of affordable housing is at an equivalent level to Policy H3, and the level should be calculated by assuming that one dwelling equates to four units of accommodation.

4.15 Financial contributions are calculated in line with the approach set out in the SPD.

5 APPROACH TO AFFORDABLE HOUSING

Assessment against planning policy

- 5.1 This section of the AHS considers the proposed approach to affordable housing and assesses whether the Development is in accordance with the relevant planning policies.

On-site or financial contribution

- 5.2 In line with the NPPF, the adopted Local Plan seeks affordable housing to be provided on on-site, There is no specific policy for co-living developments, however the Council's SPD requires an off-site contribution. Whilst the SPD is a material consideration, in the absence of an adopted policy, greater weight has been given to the wider objectives of the NPPF for on-site affordable housing which meet the definition of affordable housing in Annex 2.
- 5.3 Furthermore, since the adoption of the SPD the co-living market has continued to evolve and mature, and there are now a range of practical examples across the country where on-site discounted co-living is being promoted and successfully integrated into developments. Several examples are included below:

Scheme	Planning ref	DMR	Comments
The Mall, Ealing	210038FUL	35% on-site discounted co-living	Rents at London Living Rent levels Operational and occupied
Folk Earlsfield, Wandsworth	2019/1083	35% on-site discounted co-living	70-90% of market rent Includes 5 homes offered to Children's Services clients. Operational and occupied
Guildford Plaza, Guildford	21/P/01811	40% on-site discounted co-living	Under construction DMR units aimed at key workers who do not qualify for social housing
Folk, Woking	PLAN/2023/0645	10% on-site discounted co-living	Consented 80% of market rent
Olympian, Bristol	23/02827/F	20% on-site discounted co-living	Consented 80% of market rent, linked to LHA rates

- 5.4 As such, when balanced alongside the quantum being proposed, affordability and nominations (set out in more detailed within this section of the Statement), it is considered that the provision on on-site discounted co-living dwellings meets the requirements of the development plan.

Quantum of Affordable Housing

- 5.5 It is proposed to provide 30% of the co-living units as discounted units. This is aligned with Local Plan Policy H3.
- 5.6 The total scheme comprises 266 co-living dwellings. In accordance with the local policy, 30% affordable housing equates to 80 discounted co-living dwellings.

Affordable housing tenure

- 5.7 Discounted co-living units do not lend themselves to traditional definitions of ‘affordable rent’ and ‘intermediate’, however this is no different to Build to Rent (“BTR”) developments where discounted BTR units are considered an acceptable form of affordable housing, subject to rent levels.

Affordability

- 5.8 There is no specific council policy for discounted co-living, therefore DS2 have drawn from both national and local guidance in relation to both BTR and traditional residential development when exploring what is a suitable rent level.

Planning Practice Guidance – Build to Rent

- 5.9 Paragraph 002 of the national PPG guidance states:

“National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development.”

Affordable Housing SPD

- 5.10 The Council’s affordable housing SPD provides relevant guidance in 2 respects:

- 1) For BTR developments affordable housing can be provided as Affordable Private Rent, with rent set at Local Housing Allowance (“LHA”) levels.
- 2) For traditional residential development, 62% of affordable housing is to be provided as ‘Reading Affordable Rent’ and 38% as affordable home ownership (e.g. Shared ownership).

- 5.11 LHA rates are set by the Valuation Office on behalf of the Department of Work & Pensions. The set the maximum of amount of housing benefit that households in private accommodation can receive.

- 5.12 Reading Affordable Rent is defined as rental levels capped at 70% of market rent. To assist with the implementation of this requirement, the Council produce an annual statement specifying what 70% of market rents equates to. The published statement was last updated in February 2023.

Rental analysis

- 5.13 For ease of comparison, we have set out the rental products described above

Product	Rent per week
Proposed co-living market rent	£325.00
80% of market rent	£260.00
LHA (1 bed)	£195.62
Reading Affordable Rent (1 bed)	£153.46

- 5.14 Whilst the above suggests that at a discounted 80% of market rent would be above the levels required through either the council’s BTR or residential policies, there are two further aspects which must be considered. Firstly, that co-living rents are inclusive of all utility bills and Council tax, which

must be deducted to allow for a like for like comparison. A deduction of council tax and boils is provided below, however we haven't deducted service charge as this is accounted for within LHA rates.

Estimated occupier bills	Per month	Per week
Gym	£30	£7
Internet	£30	£6
TV Licence	£14	£3
Utilities	£115	£23
Council tax (assumes single person discount)	£115	£22
TOTAL	£304	£70

- 5.15 If we subsequently deduct the cost of bills, council tax and other costs which are included in the co-living rent, we arrive at the following, amended table.

Product	Rent per week
80% of market rent (after bills)	£190.00
LHA (1 bed)	£195.62
Reading Affordable Rent (1 bed)	£153.46

- 5.16 Secondly, we must also take into account that under a traditional residential scheme, 38% of any affordable housing can be affordable home ownership such as Shared Ownership. Shared Ownership can be made affordable to households up to £80,000 pa outside of London. Assuming a range of incomes below the upper cap were to be targeted, say between £50,000 and £80,000 (average of £65,000 pa) then this would equate to a total amount which could be spent on 'housing costs' of £22,750 pa, based on the assumption that housing cost including bills are not more than 35% of gross income.
- 5.17 Housing costs of £22,750 equates to £437.50 per week. If we therefore assume that 62% of affordable housing as part of residential development has to be at Reading Affordable Rent (£153.46 per week) and 38% is at the equivalent of £437.50 per week, we get a blended figure of £261 per week.

Product	Rent per week
80% of market rent (after bills)	£190.00
LHA (1 bed)	£195.62
Reading Affordable Rent (1 bed) & Shared Ownership	£261.40

- 5.18 The table shows that a rent of 80% of the co-living rent is in broadly in line with LHA rates and marginally below the blended rent from traditional residential development once the equivalent cost of Shared Ownership affordability is factored in.

Range of incomes

- 5.19 As noted, one of the objectives of the Applicant is to propose a range of incomes ensuring that a range of households can afford to live at the Development. Considering the analysis set out in this note, the following rents are proposed, and the household incomes that can afford these (based on housing costs being 35% of gross income:

% of market rent	Discounted rent Per week	Minus bills Per week	Gross income
65%	£211.25	£141.25	£ 31,426
75%	£243.75	£173.75	£ 36,214
80%	£260.00	£190.00	£ 38,629

- 5.20 Based on the total 266 units proposed, the following weighting is proposed across the different rental tiers, ensuring that the discounted units are affordable to the range of incomes set out above.

% of market rent	Weighting	Units
65%	6%	5
75%	21%	17
80%	73%	58
BLENDED	78%	80

- 5.21 Based on a weighted average rent of 78% this equates to a weekly cost of c. £183.50 per week (excluding council tax and bills), which remains below both the LHA rate and the blended rent for traditional affordable products. It is proposed that the relevant % of market rent is fixed within the S106 and used as the basis for future rent setting, ensuring that the units are always available at a significant discount to market rents.

Delivery and Eligibility

- 5.22 As with BTR schemes and the way in which Affordable Private Rent is treated, the discounted co-living units would be owned and operated by the co-living owner/ operator. There would be no third-party sale to a Registered Provider. The operator would be responsible for marketing, letting and managing all the units within the development.

- 5.23 It is proposed however that the discounted co-living units would be subject to a priority hierarchy and qualifying criteria;

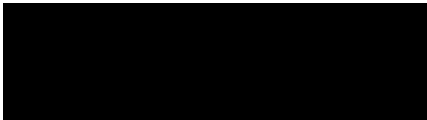
- 1) Households who are classed as an essential worker. This includes the following:
 - a. NHS and social care workers
 - b. Public services workers (prison, police & security staff, fire service)
 - c. Education & childcare workers (teachers, social workers, special education services, university staff)
- 2) Households who live in the borough
- 3) Households who work in the borough

- 5.24 The Applicant is also considering a more explicit priority and nominations mechanism with a specific local, public institution such as the Royal Berkshire NHS Foundation Trust. On-going discussions with the Trust have highlighted their strong interest in the Development and providing their staff with accommodation which enables them to remain in the borough.

6 SUMMARY

- 6.1 In addressing the policy requirements of both the Local Plan and National policies, the proposed Development will see the delivery of 80 affordable homes. These will be provided in the form of discounted co-living dwellings.
- 6.2 The proposal meets the headline policy requirement for 30% of dwellings provided as affordable housing. Policy compliance is further established through the provision of a discounted rent that is broadly in line with LHA rates and below the blended rent from traditional residential development, and a lettings and nominations process that prioritises local NHS and social care workers.
- 6.3 The proposed 80 affordable dwellings is therefore considered to reflect a policy compliant offer, and is thus made on the basis that there is no late stage viability review mechanism.
- 6.4 DS2 would be happy to discuss any of the points contained within this AHS.

Prepared by:



Jack Savin-Taylor MRICS
Partner

Date: 07/11/2024

ELDER

GREYFRIARS HOUSE

20 - 30 GREYFRIARS ROAD , READING



Appendix 4 – Letters of support from RBH and NHSB



Berkshire Healthcare
NHS Foundation Trust

Alex Gild
Deputy Chief Executive

Berkshire Healthcare NHS Foundation Trust
London House
London Road
Bracknell
Berkshire
RG12 2UT

Date: 19/12/2024

Alison Amoah
Reading Council
Civic Offices
Bridge Street
Reading
RG1 2LU

Subject: Support for Planning Application PL/24/1501

Dear Ms. Amoah,

I am writing to express **Berkshire Healthcare NHS Foundation Trust** support for the proposals being promoted and submitted by Elder under planning application PL/24/1501 for a high-quality co-living scheme in Reading town centre. I would like to highlight the importance of the discounted market rent units within the development.

Having met with Elder and their team, we are in active and ongoing discussions regarding the opportunity to secure the discounted market rent units for NHS staff and nurses. The proposals deliver much-needed purpose-built accommodation in Reading that is essential for staff who are key workers and crucial to delivering health and social care services across Berkshire.

This accommodation is needed to ensure staff have affordable, flexible, and high-quality housing near their places of work.

The lack of housing such as this is affecting staff retention and impacting the quality of service that we can offer to Reading and Berkshire residents. With a university partner we have conducted our own research in the Thames Valley, identifying that mitigating the high cost of living with housing and appropriate living spaces for staff is one of our shared strategic priorities with Royal Berkshire NHS Foundation Trust.

If you are willing to meet with us, we would be delighted to discuss this further.

Yours sincerely



Alex Gild

Deputy Chief Executive

Berkshire Healthcare NHS Foundation Trust

Cc by email:

Paul Gray, CFO, Berkshire Healthcare NHS Foundation Trust

Martin Mannix, Director of Estates and Facilities, Berkshire Healthcare NHS Foundation Trust

Jane Nicholson, Director of People, Berkshire Healthcare NHS Foundation Trust

Charlie Hustler, Director, Elder

Nicky Lloyd, CFO, Royal Berkshire NHS Foundation Trust



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We will be polite and kind and we expect you to treat our staff in the same way. We will take action against anyone who is verbally, racially, physically or sexually abusive, including stopping access to our services.



Royal Berkshire
NHS Foundation Trust

Chief Financial Officer's Office

Level 4, Main Entrance
Royal Berkshire Hospital, London Road
Reading
Berkshire
RG1 5AN

Tel: 0118 322 6524

Ms Alison Amoah

Reading Council Civic Offices
Bridge Street
Reading
RG1 2LU

16th January 2025

Dear Ms Amoah

Support for Planning Application PL/24/1501

I am writing on behalf of the Royal Berkshire NHS Foundation Trust to offer my support for the proposals being promoted and submitted by Elder under planning application PL/24/1501.

I have met with Elder and their team on behalf of the Trust and I am engaged in active and ongoing discussions regarding the opportunity to secure discounted market rent units being made available for NHS staff and nurses. Our key workers are crucial to delivering health and social care services across Berkshire and the housing proposals would deliver much-needed purpose-built accommodation in Reading to enable them to have affordable, flexible, and high-quality accommodation near to their places of work.

Attracting and retaining staff where there is a lack of housing such as this is impacting the quality of service that we can offer to Reading and Berkshire residents. We have conducted our own research in the Thames Valley with a partner from the University and identified that mitigating the high cost of living with housing and appropriate living spaces for staff is one of our shared strategic priorities.

Yours sincerely



Nicky Lloyd
Chief Finance Officer

Cc by email:

Paul Gray, CFO, Berkshire Healthcare NHS Foundation Trust
Martin Mannix, Director of Estates and Facilities, Berkshire Healthcare NHS Foundation Trust
Jane Nicholson, Director of People, Berkshire Healthcare NHS Foundation Trust
Don Fairley, Chief People Officer, Royal Berkshire NHS Foundation Trust
Andrew Barrett, Head of Commercial, Royal Berkshire NHS Foundation Trust
Charlie Hustler, Director, Elder