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Mapping the costs associated with the development and management of extra care housing

There are a range of costs associated with the development and management of extra care housing which will need to be considered when carrying out a feasibility study looking at the viability of any individual scheme. The tables below set out the headline cost areas applicable for most forms of extra care housing. The detail under these cost headings will vary according to the individual scheme characteristics.

A: DEVELOPMENT COSTS	
Development finance costs	The level of borrowing or public subsidy needed and/or the availability of private finance will vary from scheme to scheme and developer to developer. Where a scheme includes or consists entirely of leasehold accommodation (including shared ownership) the capital receipts from these may offset the scheme costs.
On costs	These could include the range of professional fees (including legal, architect, surveyor, structural engineer, mechanical and electrical engineer, interior designer), agency fees (such as where a development/land agent is being used), and VAT.
Market research and marketing costs	Particularly where accommodation is going to be offered for sale or for market rent there will be costs associated with carrying out market research to ensure a clear understanding of the likely market (and the design features that would make the accommodation more marketable). This will need to be followed by the active marketing of the scheme either by the developer themselves or using lettings agencies, etc.
Site acquisition costs	There may be opportunities for publicly owned land to be contributed free or at a nominal cost to enable the development of affordable rented or shared ownership extra care housing. Otherwise the cost of the site will be driven by local land values, existing land use, etc.
Build costs including infrastructure costs	Build costs will be affected by the design of the building, the type of construction to be used, forms of procurement and the constraints of the site. For example, there will be higher costs associated with the decontamination of a brown field site.
Furniture and fittings	The design and quality of furniture and fittings throughout the communal areas within the scheme will have a significant impact on the success of the building and how successful it is at providing a domestic setting. Communal areas could include restaurants and their kitchens, hairdressing salons, and other additional services.

B: MANAGEMENT COSTS

HOUSING LANDLORD FUNCTIONS

Staff costs	These costs will be affected by the staffing structure adopted for the scheme, but will include salaries and benefits, recruitment costs, training and uniforms.
Office and other equipment	There may be opportunities to share office costs between housing, care and support agencies through sharing office space. This would have the additional benefit of improving communication between the staff involved.
Response and planned maintenance of buildings	Life cycle costing should form an important element of the feasibility of a scheme, and will be affected by key design and construction decisions.
Servicing and maintenance of equipment	Equipment within extra care housing could include lifts, alarm call systems and assistive technology more generally, fire alarm systems, catering equipment, hoists and assisted baths.
Upkeep of communal areas, gardens and grounds	These costs will vary depending on the design and scope of the communal areas and gardens. In addition, it may well be that residents or other volunteers take on responsibility for the upkeep of gardens.
Fuel and other utility costs for communal areas	Normally these costs within individual homes within the scheme would be paid for by residents either directly or via service charges through the landlord. Costs associated with communal areas would be paid for by the landlord and then re-charged through service charges.
Insurance	This would include buildings insurance (but not normally contents insurance for individual homes) and public liability insurance.
Overheads	These reflect the organisation's overhead charges for the service.
Staffing costs	These costs will be affected by the staffing structure adopted for the scheme, but will include salaries and benefits, recruitment costs, training and uniforms.
Office equipment	There may be opportunities to share office costs between housing, care and support agencies through sharing office space. This would have the additional benefit of improving communication between the staff involved.
Overheads	These reflect the organisation's overhead charges for the service.



EXAMPLES OF OTHER SERVICES	THERE ARE A NUMBER OF OTHER SERVICES WHICH TYPICALLY WILL ATTRACT STAFFING, OFFICE AND EQUIPMENT COSTS
Catering	There are a range of approaches taken to the provision of meals within extra care housing, and the approach taken will clearly impact on the costs incurred. For example, a full sized catering kitchen will clearly be more expensive to equip than a smaller kitchen designed to reheat or keep food warm which has been cooked elsewhere. A restaurant service will be more expensive to staff than a self-service approach to the provision of meals. The extent to which the facility is open to the general public will obviously impact on the income recoverable.
Hairdressing salon	Often a hairdressing salon will be rented out to a local hairdresser which should cover some of the basic costs of the room and the equipment.
Day centre	Some schemes will have communal facilities which are used on a regular basis as a day centre for the local community. Costs associated with this may be covered by the commissioner of the service (typically the local authority).
Shop	There are different approaches to operating a local shop within a scheme which will affect its running costs. These range from formal arrangements with local supermarkets to being run by volunteers from within the scheme.
Other facilities	There are also examples of GP surgeries, libraries and other public amenities in several extra care housing schemes.