# Land at Hinxton Grange

# Smithson Hill representations to the Greater Cambridge Regulation 19 Local Plan

Smithson Hill

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# 6.0 Policy H/AH: Affordable housing

6.1 SmithsonHill did not comment on Policy H/AH in their Reg 18 response to the GCLP. The below is new information provided to GCSP at this Reg 19 stage.

6.2 SmithsonHill considers that the application of a blanket 40% affordable housing threshold, in combination with a blanket £60/sqm rate of Community Infrastructure Levy (CIL) across the whole of Greater Cambridge, that considers neither site size, location, or residential development typology, is fundamentally flawed. These two requirements, when considered against the backdrop of significant variance in sales values across the Greater Cambridge area and the infrastructure requirements for some sites are not realistic. This is important because although the draft GCLP is being examined under the NPPF 2024, on adoption the NPPF 2026 will apply and NDMP DM5 offers very limited opportunities for viability assessment at the planning application stage once a local plan is adopted. This means the Councils' approach to setting a blanket affordable housing threshold is not justified with reference to NPPF paragraph 36(b).

6.3 The approach in the draft GCLP Main Viability Report 2026 (the VR) (published since the GCLP Reg 18 consultation) to assessing differences in sales values, levels of in-kind infrastructure to be provided on sites and failure to account for a number of costs associated with development that would ordinarily be accounted for in VRs are explored in more detail below.

## Sales values across greater Cambridge

6.4 In Hill's response to the Greater Cambridge CIL consultation (attached as Appendix 2), significant concerns were identified with the viability evidence presented to support the CIL charging schedules and the same observations are made of the VR. The CIL sales values that have been tested in the VR are not reflective of the sales values within Greater Cambridge. Lichfields' analysis found that the vast majority of scenarios presented in the viability evidence supporting the CIL charging schedule were likely to be unviable once the appropriate sales rates had been applied and affordable housing policy taken into account. This is the case in the VR.

6.5 It is disappointing to see, in light of the above, that the VR underpinning the draft GCLP has continued to present a highly optimistic and generalised approach to assessing viability across the varied sales value areas in Greater Cambridge.

6.6 The VR splits Greater Cambridge into 'zones' for the purposes of assessing viability. The VR states it has "*undertaken extensive market research, stakeholder consultation and consultation with the Council to finalise these housing value zones due to the diverse housing market*". The value zones are set out as follows:

1 Higher value zone: between £6,300 and £8,300 per sqm – an average of £7,250 per sqm overall (£7,600 per sqm for flats and £6,785 per sqm for houses).

   This relates to the highest value parts of Cambridge City, where it is assumed that the majority of residential development will comprise flatted schemes, a number of which will be on brownfield land, leading to increased abnormalities.

2 Mid value zone: between £5,800 and £7,600 per sqm – an average of £6,450 per sqm overall (£6,675 per sqm for flats and £6,150 per sqm for houses).

This related to the remaining wards within Cambridge City, and most of the directly adjoining wards within South Cambridgeshire, where development is anticipated to comprise both flatted schemes and conventional houses. Given that this predominantly comprises land in the green belt, affordable housing requirements in these locations will be set at 50%.

3 Low value zone: between £5,000 and £6,000 per sqm – an average of £5,450 per sqm overall (£5,745 per sqm for flats and £5,255 per sqm for houses).

This relates to the rest of Cambridge, where new settlements will come forward and proposed research campus expansion is anticipated. The strategic allocations in the low value zone are likely to face the largest up-front infrastructure costs owing to their lack of connectivity to existing built form and amenity. Development in these locations is likely to be lower density homes, with a smaller quantum of flats.

6.7 It is notable that across all value zones, the assumed value of houses is below the overall average (both median and mean) new build achieved £/sqm house values across Greater Cambridge. Considering table 4.12 of the Residential Property Market Report (Appendix 3 of the VR) against the assumed sales values, it is clear that the achieved new build values for houses are significantly lower than the assumed sales values of the VR. Such in-built optimism does not appear to be justified in the VR and it is therefore not clear what the basis for such an uplift is.

6.8 Inflating assumed sales values for houses is likely to have the most significant effect on the viability of sites in the lower value zones, since these are most likely to deliver houses over flats. They are also, by nature, the areas where values are lowest and viability is most stretched. As raised by The Hill Group in its representations to the Greater Cambridge CIL consultation, the residential sales values in the rural areas are likely to lead to development becoming unviable once the costs associated with the proposed levels of affordable housing, CIL, and in-kind infrastructure provision are included.

### In-kind infrastructure provision

6.9 SmithsonHill does not consider that the VR has appropriately considered the cost of s106 infrastructure alongside CIL for strategic sites (for a residential-led development this is defined in the NPPF 2026 as at least 1,500 dwellings). Whilst it is acknowledged that the VR does consider affordable housing and CIL, there is a significant lack of specificity around the infrastructure costs associated with proposed allocations. Clearly, for strategic sites that are more directly integrated with the delivery of infrastructure, infrastructure costs will be significantly higher than smaller sites. A 'standard' s106 cost-per-dwelling rate of £45,500 is applied to each development typology tested, regardless of the scale of development and site-specific infrastructure needed to make it acceptable in planning terms. This is despite p.91 of the VR acknowledging "*that the Strategic Sites will bear a greater burden of the IDP costs than the other typologies, as they will likely have greater strategic infrastructure included.*" For a development strategy containing such a significant quantum of strategic proposals, this is not an adequate assessment of effects.

6.10 By failing to consider site-specific infrastructure delivery costs in its assessment of site viability, the Councils are unable to effectively demonstrate whether the proposed affordable housing requirement will be achievable alongside other requirements. This is particularly relevant when considered alongside the points made above in relation to the inflation of residential sales values for houses and the effect this will have on viability in lower value areas in particular.

## Other assumptions

6.11 In addition to the issues identified above, we have identified the following issues with cost assumptions within the VR.

6.12 Lichfields' *Fine Margins 2* research considered common practice standards and reviewed 93 Local Plan, CIL viability assessments and Inspector's Reports from across England and Wales to ascertain what assumptions have been made and deemed appropriate by the Inspector in relation to viability. The research establishes a firm grasp over what is considered a "*reasonable*" assumption for the purposes of viability. When assessed against these benchmarks, the VR consistently applies conservative assumptions, fails to account for a range of abnormalities, and omits an allowance for contingency costs.

### Professional fees

6.13 The allowance for professional fees for residential development adopted within the report is identified as 6.5%. This is lower than the typical range identified within Lichfields' Fine Margins 2 research which identified that 88% (126/144) of studies assessed adopted a range of between 8% and 10%, suggesting a conservative approach has been taken in the VR. In a market like Cambridge, it is likely that fees will be at the higher end of the scale and failure to account for how this impacts viability.

### Contingency

6.14 The VR does not appear to provide an allowance for contingency and therefore is likely to underestimate the true cost of development. Lichfields' Fine Margins 2 insight identified that 90% (130/144) of studies made a contingency allowance. Of these, 91% (118/130) fell within a range of 2.5-5% of build costs, with 5% the most frequently cited. This is particularly relevant given that in the period 2021 to 2025, developers have had to account for an exponential estimated increase in build costs of c.20% (see BCIS CIL index). These are expected to rise further, by as much as 15% by 2030 (see BCIS infrastructure forecast). This issue was recognised in a December 2025 letter from Matthew Pennycook MP, Minister for Housing and Planning[17], which recognised the effect of the "*coronavirus pandemic, increased construction costs, high interest rates, regulatory changes and wider economic conditions*" on the deliverability of housing developments. It is noted that a subsequent letter issued by the Minister stated that "*where a robust evidence base exists and there is a reasonable basis for concluding that allocations are capable of delivery over the plan period as a whole, I expect concerns regarding deliverability and viability to be approached pragmatically.*" However, failure to account for contingency costs in this

[17] https://assets.publishing.service.gov.uk/media/6967728797d42030a67b0d67/Letter_from_Minister_of_State_for_Housing_and_Planning_to_the_Planning_Inspectorate_Modifying_planning_obligations.pdf

context are not considered to amount to robust evidence meaning that the pragmatic approach would not apply.

### Abnormal costs

6.15 The VR fails to recognise site-specific abnormal costs, assuming that these will be factored into land deals instead. It is recognised that it is difficult to provide a blanket assumption regarding site-specific abnormal costs and that every site is different. However, failure to account for abnormal costs at all is an oversight, particularly for brownfield sites which are often subject to much greater abnormal costs. This will be of particular concern for the deliverability of development within the remit of Cambridge City Council. This will also impact a number of schemes with the Cambridge Investment Partnership, of which Hill is part, which sit within the City and often involve surplus/brownfield sites.

## Soundness

6.1 With regards to viability overall, SmithonHill has significant concerns about the implications of NDMP DM5 if the draft GCLP were adopted in its current form. As set out above, DM5 offers very limited opportunities for viability assessment at the planning application stage once a local plan is adopted. Specifically, part 2 states:

*"2. There may be circumstances in which a viability assessment demonstrates that it would not be possible for development to proceed on a policy compliant basis. In such circumstances, the submission of a viability assessment as part of a development proposal may be justified to ensure that the proposed development makes the maximum possible contribution to affordable housing and other infrastructure. Such circumstances may include where:*

a *The development proposed is materially different to any development type considered in the viability assessment that informed the development plan;*

b *The site characteristics are materially different to those considered in the viability assessment that informed the development plan;*

c *The development is demonstrably burdened by costs which were not taken into account in the viability assessment that informed the development plan; and/or*

d *Site or economic circumstances have changed significantly since the viability assessment that informed the development plan was prepared."*

6.2 Based on the content of the VR as it stands, there are many inputs which are not realistic or are missing entirely. If the draft GCLP were adopted on the basis of the VR, it would de-facto mean any application for a strategic site would have to be provide its own viability review under DM5(2)(b). However, this would not be necessary if the draft GCLP got the inputs to the VR right at this stage. The more pressing problem is that applications of any scale coming forward with realistic viability assumptions around sales values, in kind infrastructure provision, professional fees etc. would not necessarily have a route through DM5(2) at the application stage as parts (a), (b) and (d) might not apply. Even part (c) could be difficult to engage as the definition of 'demonstrably burdened by costs' is subjective.

6.3 The VR should be revisited and its conclusions considered in the context of every policy in the draft GCLP which is informed by it, especially strategic sites. Any future assessment of viability should be reflective of the extent of different value areas within Greater Cambridge, as well as the full extent of policy requirements within the draft GCLP, including in-kind infrastructure provision on strategic residential sites. It is also noted that in its response to the Greater Cambridge CIL consultation, GCSP states that:

*"Following the adoption of the Greater Cambridge Local Plan it may be appropriate to review any adopted CIL charging schedule, and which may set rates based on geography and/or scale of development".*

6.4 Owing to the issues with viability evidence underpinning the plan, the affordable housing requirement is not considered to be justified and therefore the policy falls short of NPPF paragraph 36(b).

## Proposed Modification

6.5 If the VR is not revisited, specifically with regards to Policy H/AH, in light of the issues raised above in relation to the VR, the policy needs to allow for some optionality in circumstances where the VR has not provided a realistic outcome, especially for strategic sites.

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