

# DEVELOPMENT

ISSUE 01

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SPRING 2019

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## EXPECTING STORMY WEATHER? BUILD AN ARC...

The Oxford to Cambridge Arc is clearly at the forefront of Government thinking as it seeks to identify "hot spots" where the UK can compete in a post-Brexit world.

Immediately following the Chancellor's Spring Budget Statement, the Ministry of Housing, Communities and Local Government published its vision for the Arc (The Oxford-Cambridge Arc – Government ambition and joint declaration between Government and local partners). This paper identifies that the Arc (defined as

the ceremonial counties of Oxfordshire, Buckinghamshire, Northamptonshire, Bedfordshire and Cambridgeshire) "has a unique opportunity to become an economic asset of international standing – a place that demonstrates the very best of British business and innovation, for the benefit of local communities and the country as a whole".

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Sitting in Cambridge (as I do) I could argue that the project is about how to leverage the unparalleled success of this city region across a much wider region; to compete on a global scale with the likes of San Diego, San Francisco, Boston and Shanghai. The vision for the Arc is founded on business development and growth, however, its implementation will have very significant impacts on housing, infrastructure and the environment across the region. The Government's paper therefore identifies and promotes four interrelated "policy pillars" for the Arc, namely: **Productivity; Place-making; Connectivity; and Environment.**

In each of these policy areas I believe there will be major delivery challenges.

### Productivity

The Arc is estimated to contribute around £111 billion Gross Value Added (GVA) to the UK economy each year, with productivity per head typically 8% higher than the UK average. Some predictions suggest that by 2050 the Arc could contribute a massive £300-£400 billion to the economy, assuming current rates of growth.

However, I believe this potential will only be realised with sufficient investment in infrastructure and the release of suitable land for business growth and development. The importance of "clustering" of high technology businesses cannot be ignored – these occupiers want proximity to centres of learning and research as well as access to a pool of highly skilled workers. The Cambridge Phenomenon is based on this cluster model and could not be replicated by designating sites for employment unconnected from major Universities and research establishments.

There is also a critical need to provide affordable and attractive housing in areas which are accessible to employment opportunities.

### Place-making

The Arc as currently defined is home to a population of around 3.7 million people. The National Infrastructure Commission's 2017 report on the Arc concluded that up to 1 million additional homes would be required by 2050 in order to realise its potential. That is an awful lot of new houses. Where are they all going to go?

The Arc consists of 31 local authorities – each of which has its own planning powers, political leanings, and economic and social needs. Clearly, "joined up" housing provision on such a scale will require collaboration but more importantly, some kind of over-arching body to provide strategic oversight, leadership and funding. What will happen to the policies contained in the 31 existing local plans remains to be seen, as will the local reaction to hundreds of thousands of additional new houses being proposed across what is already a relatively densely populated and affluent part of the country.

A number of large new settlements and major urban extensions are being suggested as part of the solution and developers are already working hard to put swathes of land under option across our region for this purpose. Large new settlements will require new and improved infrastructure, and this is the third of the policy pillars proposed in the vision for the Arc.

**"Housing provision on such a scale will require collaboration but more importantly, some kind of over-arching body to provide strategic oversight, leadership and funding."**

## NEW HOMES

### market update



Manor Farm, Streham – development by Laragh Homes

**"Build it and they will come" philosophy still relevant for regional sales**

It was a popular prediction a couple of years ago that London's residential bubble had burst and that other 'overheated' markets, such as Cambridge, would follow suit. At Cheffins, we were never gloomy about the regional market, knowing that while some buyers do come out from London, the strength of the market locally is largely home-grown, based on a booming technology economy.



### Connectivity

Better transport, utilities and digital connectivity are needed to improve productivity and deliver new homes. Fundamental to the transport infrastructure of the Arc, Government has already committed funding to the East West Rail: which will provide a direct service between the two major university cities (and all points in between). Public consultation on the route of the Bedford to Cambridge section is due later this year.

In addition, there is Government commitment to a new fast road link across the Arc ("The Expressway") and route options for this are due to be consulted on this year.

Whilst I doubt many would not welcome these transport improvements (unless you happened to live along the route of one, of course) I have some concern that a more obvious and immediate need may not be given priority. I rarely hear anyone complaining about how long it takes to get from Oxford to Cambridge, but every day tens of thousands of people are stuck in traffic trying to get in or out of Cambridge. Technology businesses in the city see this (and the lack of housing) as the biggest threat to their continuing growth. I therefore welcome Mayor Palmer's ambitious vision to improve the situation – in particular the various road upgrades and proposal for a new Metro system (including tunnels).

Traditionally, much of the funding for these major projects might derive from developer contributions with the model being that new housing pays for infrastructure. Many argue now that this reliance on developer contributions through Community Infrastructure Levy is not delivering on time or in sufficient quantum, and pressure is building to find new ways of funding – the most radical involving a form of land value capture which would have the effect of capping the price paid for land. This is unlikely to be popular amongst landowners along the Arc!

With the scale of building proposed how can the environment be protected? This is the fourth policy pillar.

### Environment

There is always a tension between development on the one hand and environmental protection and enhancement on the other. The approach contained in the Government's 25 Year Environment Plan is laudable, but will, I suspect, provide a major challenge in the context of the Arc: how do you increase "natural capital" (the current buzz phrase) without stifling development of a million new homes, new railways and new roads? There is no easy answer to this and we await details of the Government's approach with great interest.

So, for all of us living and working in the Arc, what does all of this mean? The momentum behind the proposals from central government seems to be increasing; there is near desperation to find an economic strategy for a post-Brexit Britain and the "brain belt" appears to be almost universally supported. Delivery on the scale proposed will undoubtedly face challenges, however, not least from local politics at one level and adequate funding for infrastructure at the other. What seems certain is that this region is headed towards a period of unprecedented growth and opportunity.

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This has never been more true than in today's market for new homes. While it's fair to say that prices have stabilised, we have not caught a cold from London's chill because of one market fundamental – undersupply.

Ask me what type of new homes are in undersupply and I would have to say, "every size and type". With employment opportunities growing fast, the population is increasing steadily. To the south of Cambridge, the rapidly growing life sciences clusters focussed on Granta Park, Chesterford Research Park, the Biomedical Campus, the Genome Campus and Babraham Research Park are seeing continued development, bringing with them a plethora of new jobs and demand for housing. Boosted recently by large scale funding both from Central Government and venture capital sources, this area of the county is set to grow at an unprecedented rate, bringing with it large-scale development.

### Affordability

Research has shown that since the launch of the Government's Help to Buy scheme, first-time buyers are increasingly important to the new homes market. In this part

of the country, a large percentage of first-time buyers are older than the average purchaser elsewhere, which is a function of affordability and the need to save for a larger deposit. As a result, they are more likely to have children and this has an impact on the type of property they will buy which has led to an increased demand for family homes.

Affordability – the right home at the right price – is of course a key issue for many first-time buyers. This is generating huge interest in shared ownership properties locally. For example, Cheffins recently sold out a scheme of 12 shared equity homes in Waterbeach in record time and more properties of this type are in demand on the market.

Although new homes construction is at a peak, developers constantly tell me we could do more if we could clear the planning hurdles more quickly. Setting those frustrations aside, today's market for new homes is in many ways a dream come true for developers and landowners. "If you build it, they will come."

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## Retirement Villages – A gap in the market?

**Retirement villages can prove profitable as demand increases year-on-year.**

**“With over 11 million people living in the UK aged over 65 and the over 80’s population hitting the 3 million-mark and expected to double over the next 15 years, there is now an increasing need to provide housing for older people. This ageing population is partially comprised of those who do not need full time care but require housing which is more suited to their needs and from which they can access services more easily. Well-designed retirement villages can fill this gap and the provision of such development frees up many larger family homes for second-stoppers and those looking to upsize.**

When Local Authorities are preparing their Local Plans, they have to set out a strategy which includes the provision of land for housing, employment, schools and healthcare. In the case of housing land, the Local Plan will include policies which cover the provision of affordable housing, starter homes and family homes but rarely includes the provision of land for retirement housing or care homes.

To date, most Local Authorities have not allocated sites to meet the needs of specialist housing and as a result, planning applications for such uses have been brought forward by specialist care providers on a speculative basis.

To illustrate these issues, in a recent appeal in Kent, the inadequate provision of land for specialist housing need in the Local Plan led a Planning Inspector to approve an outline planning application for a retirement village in the Green Belt. As the need for provision of this type of housing becomes increasingly acute, landowners can seize this opportunity to promote land for development which may previously have been deemed unfit. This can include Green Belt land, as proven by the case in Kent, and we are welcoming suggestions from landowners for suitable sites across the region for this type of development.”

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# THE NEW HOUSING DELIVERY TEST

What does it mean for housebuilding nationwide?



Strategic land near Fordham, Cambridgeshire

**The New Housing Delivery Test means there will be sanctions on local councils to bring about opportunities for landowners and developers.**

**Data to inform the Housing Delivery Test was finally released in February 2019, looking at the number of houses built over the past three years. The Housing Delivery Test, an annual measurement of housing delivery in a given area, is becoming increasingly stringent and sanctions are now being imposed on local authorities who fail to meet their housing requirements; with this in mind, the Housing Delivery Test is creating a multitude of opportunities for landowners and developers as Councils now have to approve applications in sustainable locations.**

Any local planning authorities which have failed to meet 95% of their housing requirement will now face sanctions under the Housing Delivery Test. The severity of the sanction varies in accordance with the extent of underperformance. Under the test's criteria, all authorities delivering under 95% of their housing requirement have to produce an action plan detailing the reasons why they are under-delivering and how they will address them. Similarly, those delivering under 85% are required to add a 20% buffer to their five-year housing land supply requirement (instead of the usual 5%). The worst performers across the country will be under pressure to grant planning permission.

This includes where the Housing Delivery Test indicates that the delivery of housing was substantially below (less than 75% of) the housing requirement over the previous three years. In such instances, the development frameworks for villages may be considered to be out-of-date and development should be located where it is considered to be sustainable.

**“Local planning authorities open to speculative planning applications in areas where permission would not normally be granted.”**

This may include land adjacent to established villages/towns and in locations that can be easily accessed by public transport. This leaves local planning authorities open to speculative planning applications in areas where permission would not normally be granted for development.

At the current time, no Councils across the country have failed to deliver under 25% of their housing land supply. However, 86 councils have delivered under 85% and were subject to the 20% buffer. It should be noted that by November 2020, Councils which cannot show delivery rates of 75% will be subject to the presumption of sustainable development and will be under significant pressure to deliver

more houses. This is a very short time period and many Councils will be caught by the more stringent thresholds. For example, East Cambridgeshire Council has only delivered 53% of its housing need and it would be surprising if this can be markedly increased by 2020. South Cambridgeshire is also an interesting case at 78% and any

slowdown in delivery could equally affect this Council. In contrast it is claimed that Cambridge City has delivery rates of 333%.

The Housing Delivery Test is set to ensure that Councils approve as many applications in relevant locations as possible and these opportunities are set to arise throughout the region over the coming 12 months. Landowners and developers looking to make the most of these should contact the Cheffins Planning and Development team.

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# Local Plans provide scope for housing development across South and East Cambridgeshire

**Local Plans and Call for Sites exercises are bringing opportunities for landowners across the region as District Councils welcome suggestions for new potential housing schemes.**

## South Cambridgeshire

Despite having only adopted its Local Plan in October 2018, after a more than five year process, initial preparations by South Cambridgeshire District Council are now underway for a new Local Plan. This time, the new Plan is being prepared jointly with Cambridge City Council under the banner of the 'Greater Cambridge Local Plan'.

In terms of the growth of the City, considering the future of the Green Belt and in planning for transport, economic development, environmental protection and green infrastructure then it makes complete sense for there to be a combined plan given the physical geography and the relationship between the two administrative areas.

The process has already begun and Cheffins, along with other agents and interested parties, has already been invited to discuss broad ideas with Council Officers on an informal basis. The two authorities are now undertaking a formal 'Call for Sites' exercise in order to inform their Strategic Housing and Economic Land Availability Assessments. The Call for Sites exercise started on Monday 11th February and closed on Monday 25th March 2019.

This initial event is one small part of the overall local plan process. Formal adoption of a new Local Plan is not anticipated until Summer 2023 so there is some way to go. Nevertheless, it is important that landowners, developers and

other parties air their views and make a positive contribution to the plan-making process particularly if they wish to promote specific development interests. Progress with the plan and future steps will be regularly updated on our website and in this newsletter.

## East Cambridgeshire

In East Cambridgeshire, the Local Plan process has recently attracted media interest. In late December the Local Plan Examination Inspector set out the Main Modifications she considered were necessary to make the Plan 'sound'. It seems this has not been approved with the District Council Planning Department and it has since been withdrawn. This appears to be due to the extent of modifications sought, including an increase in overall housing numbers and the proposed deletion of key elements of the Plan, for example, the Kennett Garden Village allocation.

The impact of this is uncertainty and delay on development throughout the region. The report to Full Council noted, that by a quirk of the National Planning Policy Framework, the District Council will, by April 2020, benefit from a five-year housing land supply again, although it failed to mention the impact of the new Housing Delivery Test (see related article). The current hiatus will aid some projects and hinder others depending on whether the content of the Submission Plan was helpful to a cause or not.

Again, this now gives landowners an opportunity to promote further sites within the area which could be considered for the new and amended Local Plan.

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Strategic land at Sutton, near Ely

# Hill Residential development at Farriers Yard, Balsham

The Cheffins strategic development team is a one-stop-shop for all development needs and is able to provide support at every stage of the development process, from planning, to land disposal and finally the sale of new homes.



The team's ability to advise and deliver a project from start to finish is illustrated with a 0.85ha (2.10 acre) site on the High Street in the centre of the village of Balsham, located 18km (11.2 miles) south east of Cambridge.

This case study embraces commercial, development and planning advice and new homes sales.

## The Cheffins Commercial department

The Cheffins Commercial department provided professional advice on the re-letting of surplus office, light industrial and storage space on the subject site and actively marketed that space. The team then provided advice for alternative uses and the marketing of it for redevelopment.

## The Cheffins Development department

The Cheffins Development department acted for the Landowners on the disposal of the site and a conditional sale contract was agreed with top UK Housebuilder, Hill Residential, following extensive marketing by Cheffins.

## The Cheffins Planning department

The Cheffins Planning department provided consultancy advice to Hill Residential for the submission of a full planning application for 33 new dwellings on this high-density scheme. Successful committee approval was in April 2017 and the site sale was agreed to Hill Residential;

## The Cheffins New Homes department

Cheffins New Homes department provided their initial marketing advice report to Hill Residential in January 2018 and marketing of the 20 private dwellings commenced in December 2018 with sales ongoing.



# Professional Advice.

## Take it early to minimise risk and maximise profit

### How are my interests going to be looked after?

One of the key decisions facing landowners who are considering entering into some form of development agreement, whether an Option, Promotion, Joint Venture or Conditional Contract, is the appointment of professional advisors to ensure that the landowners' interests are best served. Even the simplest development projects can be fraught with pitfalls and assembling a team of experienced professional advisers at an early stage will help ensure that landowners minimise their risks and maximise their profits from the scheme. The key appointments typically include a land agent, lawyer and accountant to work as a team and ensure that your objectives are met.

The land agent is often the first port of call and will be well-placed to advise on the most appropriate type of agreement and the commercial terms. The planning prospects for the site, location, market conditions and landowners' objectives are all key factors which will help determine the most suitable type of agreement. Similarly, engaging early with accountants is essential in order to obtain advice on capital tax matters and to review the most tax efficient ownership structure. In more complex arrangements, input from accountants will also be required on the tax implications of any proposed landowners'

collaboration agreements, pooling arrangements or tranche / phased land sales.

Legal issues can cause costly delays or even result in a proposed scheme being abandoned so it is important that any issues are fully understood and dealt with early on in the process. Lawyers should be appointed to check and review the legal ownership and title documents, and to understand any covenants/restrictions, boundaries, access, easements etc. which might impact on the proposed development.

Although taking early professional advice may incur some up-front costs, the investment will pay dividends in the long term and developers will often offer a contribution towards the costs of entering into a development agreement to help minimise the landowners' initial investment.

Cheffins Development Team offers free initial consultations to landowners who are considering entering into a development agreement.

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Taking early professional advice may incur some up front costs, the investment will pay dividends in the long run.





## Fordham £2,000,000 Guide Price

A residential development opportunity for a site extending to 2.26 hectares (5.58 acres), with planning consent for 52 dwellings; comprises a level greenfield site which is currently an uncultivated arable field and horse paddocks. The site is accessed directly from Soham Road. For sale by private treaty (bid deadline closed 29th March).



## Meldreth £1,950,000 Guide Price

A residential development opportunity within walking distance of Meldreth's mainline railway station, with outline planning consent for 18 dwellings. The site extends to 1.22 hectares (3 acres) and comprises an area of undeveloped land with a number of mature trees and vegetation to the site boundaries and within the site. For sale by private treaty (bid deadline closed 27th March).



## Sutton £1,900,000 Guide Price

A residential development opportunity for a site extending to 3.13 hectares (7.73 acres), which comprises small scale, linear agricultural fields, with planning consent for 53 dwellings; to include public open space and details relating to access. For sale by private treaty (bid deadline closed 29th March).



## Weeting £1,500,000 Guide Price

A residential development opportunity for a site extending to 3.39 hectares (8.37 acres) with planning consent for 56 dwellings; there is potential to accommodate considerably more housing with a revised layout which will provide an increased number of smaller dwellings on the site. For sale by private treaty.



## Burwell £1,000,000 Guide Price

A residential development opportunity for a site extending to 0.48 hectares (1.20 acres) with planning consent for 8 dwellings. In addition this includes an existing detached 4 bedroom house. For sale by private treaty. (bid deadline closed 10th April).



## Castle Camps £850,000 Guide Price

A residential development opportunity for a site extending to 0.42 hectares (1.04 acres), benefitting from outline planning consent for 5 detached dwellings. The property comprises a level greenfield parcel of land with road frontage and far-reaching countryside view. For sale by private treaty.

*Henry Joshua Cheffins*

## Cheffins is changing

Things have changed a bit since our founder's day.  
He never had to launch a new logo. Let alone a website.

Something Henry Joshua Cheffins would recognise is the way we do business.  
We remain privately owned and proudly independent. We care about our  
clients, our colleagues and the communities we live and work in.

We like to think Mr Cheffins would like what we've done with his business - if not his bowtie.

**CHEFFINS**

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# MEET THE TEAM



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