

Housing Viability: Unlocking delivery in our more affordable communities

**Town & Parish Council
Engagement Session**

September 2026

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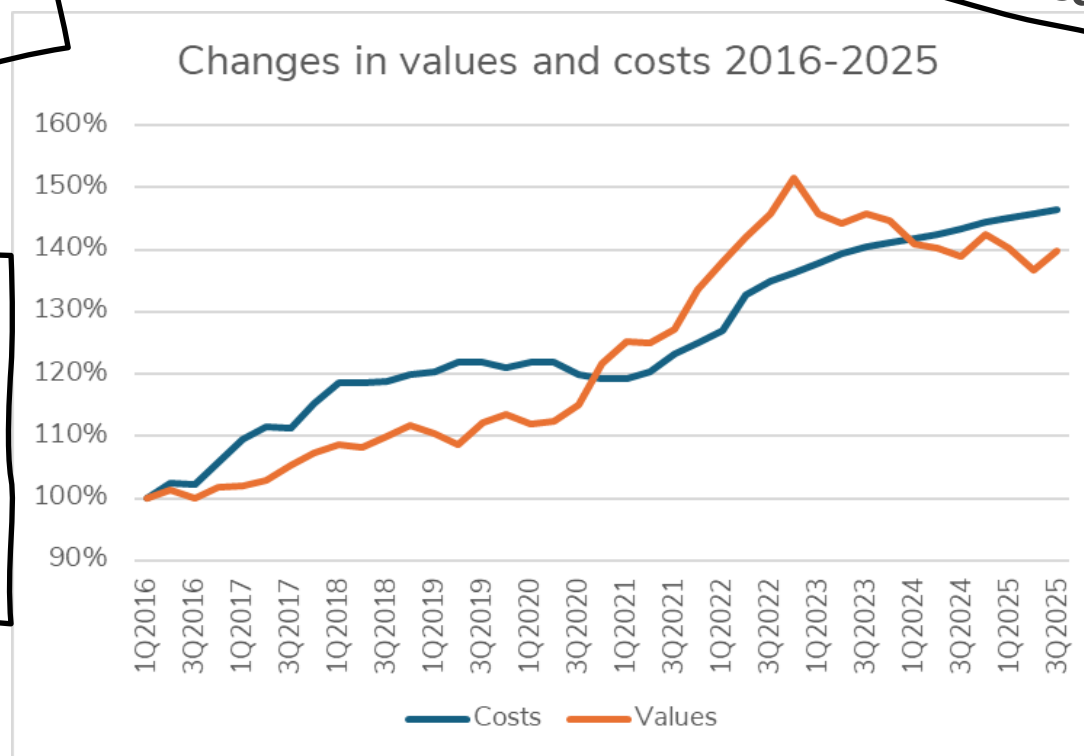


Background: Viability Backdrop

Between 2022 & 2024 construction costs have risen by **17%**, but sales values had only risen by 1%
Zoopla

"Schemes are being paused or abandoned altogether, not for lack of demand, but because the costs of land, construction, finance and regulation increasingly outweigh the value of what can be sold."
Chartered Institute of Housing

Building homes is not currently financially viable across 48% of England and deemed challenging across almost two-thirds of it (64%)
Zoopla Study



Nationally the average cost of building a 90sqm house has risen by £76,000 since 2020 [with house prices increasing by circa £20,000 over the same period]
Home Builders Federation

Regulatory Pressures

New regulations like Building Safety Levy increase financial burdens on developers.

Devonshire Homes goes into administration

Cornwall's **completions** have fallen for the third consecutive year
Cornwall Monitoring Report

Background: Policy Context

NPPF

- PM12: **Policy requirements should be set at a level that allows for the planned types of development and sites to be deliverable**, maximising certainty and reducing the need for viability assessment at the decision-making stage
- DM5: 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 is demonstrably burdened by costs which were not taken into account in the viability assessment that informed the development plan**; and/or
 - b. Site or **economic circumstances have changed significantly** since the viability assessment that informed the development plan was prepared.

National planning practice guidance on viability

- Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that **the total cumulative cost of all relevant policies will not undermine deliverability** of the plan
- Policy requirements, including affordable housing, **should.....allow for the planned types of sites and development to be deliverable**, without the need for further viability assessment at the decision-making stage

Background

- Undertook a Strategic Viability Review
- It assessed the cost of building homes in Cornwall – reflecting both external costs and values, together with national & local policy requirements
- The assessment considered development of a various sizes, in each of our 5 ‘Value Zones’
- The study has included engagement with the development industry



Background

- The study concluded housing delivery in parts of Cornwall is unviable
- Driven greatly by external factors, including build cost inflation & mortgage costs, but our policies are contributing to the issue
- Need to review ways in which we can alleviate and help unlock delivery



Study Findings

	Value Zone 1	Value Zone 2	Value Zone 3	Value Zone 4	Value Zone 5
5 dwelling scheme	✓	✓	✓	X	X
15 dwelling scheme	✓	✓	Marginal	X	X
30 dwelling scheme	✓	✓	✓	X	X
80 dwelling scheme	✓	✓	✓	Marginal	X
120 dwelling scheme	✓	✓	✓	Marginal	X

Cornwall Local Plan: Value / Affordability Zones



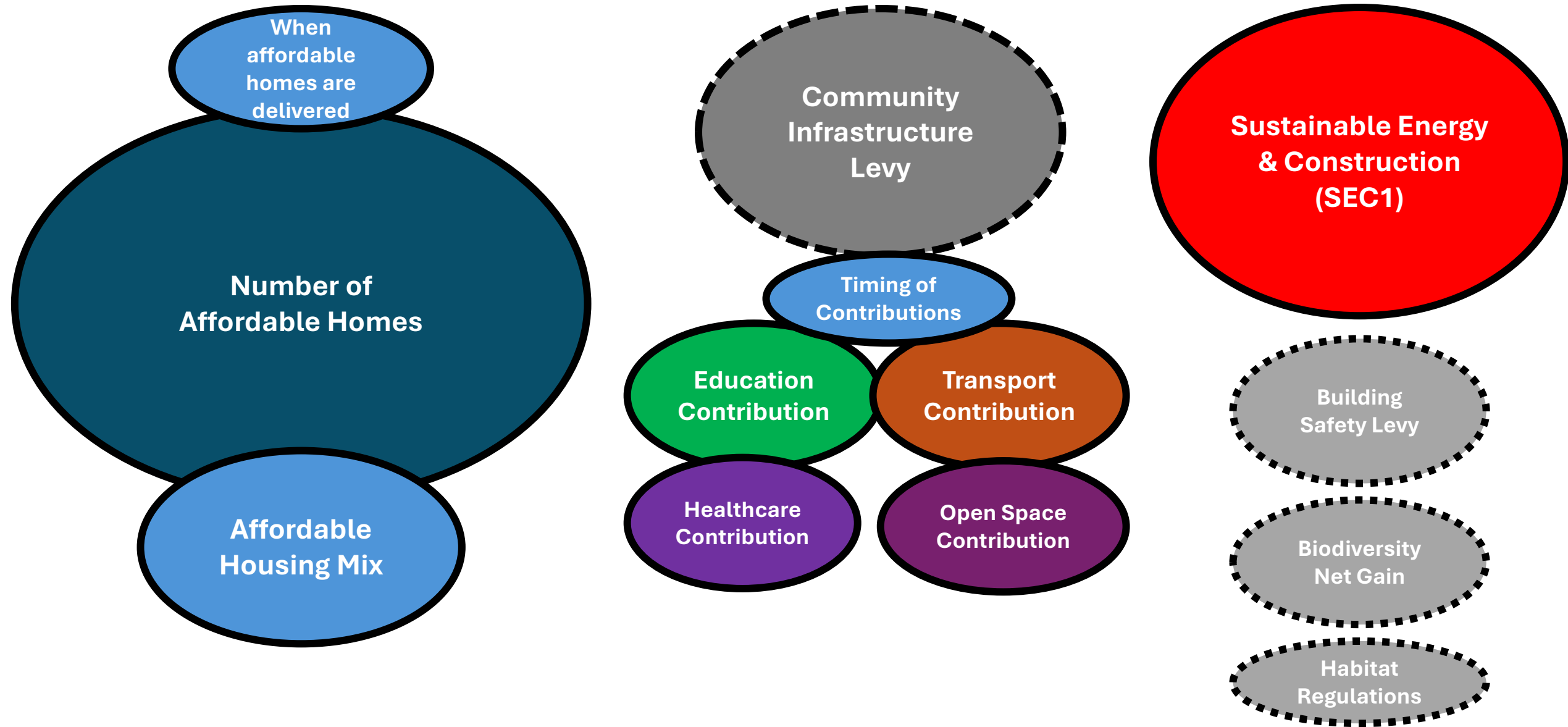
More affordable / Less deliverable

Value Zone	Example Settlements include:	Existing Housing Stock	Completions over the past 7 years
1	Rock; Gerrans/Portscatho; Fowey	4%	3%
2	St Ives; Padstow; Constantine	5%	6%
3	Falmouth and Penryn; Truro / Threemilestone; Newquay; Lostwithiel; Mevagissey	21%	23%
4	Bodmin, Bude & Stratton; Callington; Camelford; Hayle; Launceston; Penzance / Newlyn; Saltash; Wadebridge; Torpoint; Looe	44%	43%
5	Camborne, Pool, Illogan & Redruth; Helston; Liskeard; St Austell; Indian Queens; Fraddon; Delabole	27%	25%

Interventions Phase 1



Policies that contribute to the cost of development



Time Limited Interventions taken to Individual Decision Day

All Value Zones:

1. Minor revisions to CIL Instalment policy

Value Zones 4 & 5:

2. Revised triggers for s106 payments
3. Revised triggers for affordable housing delivery

Value Zones 5 only:

4. No requirement for off-site open space contribution (use CIL to top up)

1. Minor Revisions to CIL Instalment Policy

- Payment of CIL is triggered by commencement and CIL Demand Notice sets out when payment is due
- Instalment Policy allows instalments depending on total amount of CIL charged
- Revised Instalment Policy:
 - First payment due later after commencement
 - Instalment thresholds changed so more developments have access to more favourable instalment terms
- Revisions still see total CIL charge paid within two years of commencement

1. Minor Revisions to CIL Instalment Policy

<i>Total CIL Liability</i>	<i>Number of Instalments</i>	<i>Amount payable (%)</i>	<i>Due after commencement date (days)</i>
Equal to or less than £4,999	1	100	90
£5,000 – £19,999	2	50	90
		50	180
£20,000 – £49,999	2	50	180
		50	360
£50,000 – £99,999	3	30	180
		40	360
		30	540
£100,000 – £249,999 ^a	3	25	180
		40	360
		35	540
£250,000 – £499,999 ^a	3	25	270
		40	360
		35	540
£500,000+ ^{ab}	4	25	270
		25	360
		25	540
		25	720

2 & 3. Revised Triggers for s106 & affordable housing payments

Original

Applications across all value zones:

- Before 25% of the total number of dwellings are occupied - 25% affordable homes delivered & 25% of s106 contributions paid
- Before 50% of the total number of dwellings are occupied - 50% affordable homes delivered & 50% of s106 contributions paid
- Before 75% of the total number of dwellings are occupied - All remaining affordable homes delivered & s106 contributions paid

Current

For new applications within Value Zones 4 and 5:

- Before 50% of the total number of dwellings are occupied - 50% affordable homes delivered & 50% of s106 contributions paid
- Before 75% of the total number of dwellings are occupied - All remaining affordable homes delivered & s106 contributions paid

4. Off-site open space contributions (Zone 5 only)

Original:

- New developments that do not provide all of their open space requirements on site are asked for an off-site contribution – which is *£1,800 per market dwelling & £800 per affordable dwellings*

Current:

- To temporarily stop asking for off-site open space contributions from new applications in Value Zone 5
- Current value of new off-site contributions and spend in Value Zone 5 is approximately £300,000 p.a. So...
- Funding of £300,000 p.a. will be set aside from CIL receipts, to support improvement of assets in Zone 5 parishes that are part of devolution conversations

Interventions Phase 2



Phase 2 Interventions

1. Prepare a suite of guidance
 - a. What information is sought & how the LPA will review viability
 - b. Create a hierarchy of what policies/contributions are most important to protect, where possible
2. Create a new Viability Planning Performance Agreement (PPA) Service





Meur ras Thank you

If you have any questions or
comments

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