

Draft NPPF: Viability

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Key points



1. Front-load viability assessment at plan-making stage
2. Standardise viability assessment
3. Review/Reporting/Monitoring

1. Viability in plan-making

- **Current NPPF para. 173:**

Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable.

Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

1. Viability in plan-making

- **Current NPPF para. 174:**

Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.

- See also paras. 175 (CIL), 176 (mitigation costs) and 177 (timing of delivery)

1. Viability in plan-making

- **Draft NPPF para. 58:**

Where proposals for development accord with all the relevant policies in an up-to-date development plan, no viability assessment should be required to accompany the application. Where a viability assessment is needed, it should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

1. Viability in plan-making

Draft NPPG Guidance on viability:

- Plans must set out the policy requirements for the level and types of affordable housing, and for supporting infrastructure including (but not limited to) education, transport, health, green infrastructure, and digital infrastructure.
- What requirements are viable will vary according to type of site/development: location, current and proposed use (including whether brownfield or greenfield), or size of site.
- Strategic sites may have bespoke requirements.
- Informed by engagement with landowners, developers, infrastructure and affordable housing providers.

1. Viability in plan-making

- Aim to make viability assessment unnecessary at decision-making stage.
- Plans should specify when further viability assessment may be required at the decision-making stage, e.g. where:
 - development is proposed on unallocated sites;
 - further information on infrastructure costs is required;
 - particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent);
 - a significant change in economic conditions since plan adoption results in a significant difference in costs and values.
- If a planning application accords with the relevant policy requirements, no viability assessment should be required.

2. Standardised viability assessment

- For plan-making:
 - Gross development value (potential receipts from the development)
 - MINUS development costs (including land value)
 - MINUS a sufficient return to developer (20% of GDV*)

= the amount available for contributions

- For decision-making:
 - Gross development value
 - MINUS development costs (including land value)
 - MINUS contributions

= the return – is it sufficient?

* Change from non-quantified need for a “competitive return”: NPPF 173

2. Standardised viability assessment

- Land value is the **Existing Use Value** of the land, plus a premium to the landowner
 - Known as “**EUUV+**”
- EUUV = the value of the land in its existing use together with the right to implement any development for which there are extant planning consents, including realistic deemed consents, but without regard to other possible uses that require planning consent, technical consent or unrealistic permitted development.
- Landowner premium = difference between price paid and the EUUV for comparable sites recently granted consent in accordance with planning policies.

2. Standardised viability assessment

- **Presentation guidance – what should a viability assessment look like?**
 - Display of inputs, assumptions and findings should aid interpretation and scrutiny.
 - Any deviation in an application from plan-making viability assessment should be explained.
 - Assessment should be publicly available except in exceptional circumstances. Redactions should be justified.
 - Executive Summary in a standard template should set out the key figures, compare to the plan-making viability assessment and assess against policy requirements.

3. Review/Reporting/Monitoring

- Plans should say when a review mechanism will be required in a s.106, and specify what the consequences will be of a review indicating greater value
- General tone of encouragement for review mechanisms
- S.106 should be publicly available and include a standard template Executive Summary with key information
- Monitoring tool for s.106 obligations currently being developed
- Authorities should publish an annual Infrastructure Funding Statement using a standard template setting out CIL & s.106 income and outgoings.

Comments

- “Show, don’t tell” approach – more detail and explanation, but no radical departure from current national policy
- Noble intention to front-load, but is it realistic?
 - Viability assessment is development specific
 - Plan-making is a broad-brush exercise
 - Securing agreement between LPA, developers, landowners etc is challenging
 - Values change over time
- Standardising – both in substance and in presentation – is a positive development given the complexity of viability appraisal, but developers will criticize the rigidity of only using EUV+ for land value, and others may attack the rigidity of accepting 20% developer return.