

Overview and Scrutiny Commission Development Viability Policy and Practice

17 February 2021



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Government Policy

The National Planning Policy Framework (NPPF)

- Where up-to-date Local Plan policies set out expected contributions, compliant planning applications should be assumed to be viable.
- It is up to the applicant to justify the need for a viability assessment at the planning application stage.
- Weight given to a viability assessment is for the decision maker (generally the LPA), having regard to all the circumstances in the case, including whether plan and viability evidence is up to date, and any change in site circumstances since the plan was adopted.

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Government Policy

Planning Policy Guidance – (link in agenda pack)

- Role for viability assessment is primarily at plan making stage.
- Local Plan viability assessment shouldn't compromise sustainable development but used to ensure policies are realistic, and cumulative cost of policies will not undermine overall plan delivery.
- Particular circumstances needed to justify viability assessment at application stage - and could include:
 - development on unallocated sites of a wholly different type to those tested in the plan viability assessment;
 - further information on infrastructure/site costs have emerged;
 - non-standard market development or;
 - recession or similar economic change since plan adoption.

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Government Policy

National Planning Guidance -

NPPG sets out standardised inputs to viability assessment including:

- Principles for carrying out a viability assessment;
- How gross development value and costs are defined for viability assessment;
- How land value is defined;
- Factors to be considered to establish benchmark land value;
- Existing use value in viability assessment;
- Role of alternative uses in establishing benchmark land value;
- Defining return to developers (normally use 15-20% return for local plan viability purposes)
- How viability assessment applies to build to rent.

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Key Planning costs for development

- Community Infrastructure Levy (Fixed)
- Thames Basin Heaths SPA (Fixed)
- S.106 Agreement – negotiated
 - Affordable housing
 - Some Infrastructure provision
 - Other elements set out in the Obligations SPD

Since the introduction of CIL the use of s.106 agreements has largely dealt with Affordable Housing this is generally the area where viability assessments focus.

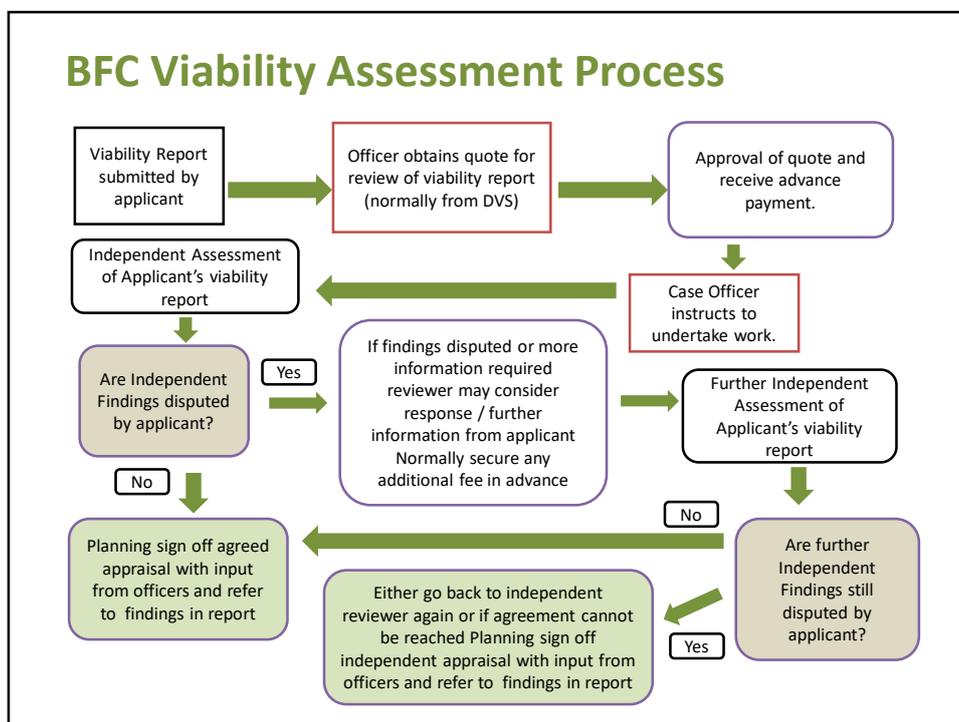
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Viability Assessment at BFC

Current Policy - Planning Obligations SPD

- Any claims that a site cannot be developed viably with an affordable housing contribution must be justified with clear and robust evidence which stands up to scrutiny and independent expert review.
- Any relaxation in the provision of affordable housing should be the minimum needed to make the scheme viable.

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Viability Assessment at BFC

Question	Answer
Do officers too readily accept what developers put forward?	All viability assessments are subject to independent assessment and are regularly challenged through the Council's process.
Is the process transparent?	This was not the case previously - but in line with NPPF has become more transparent. Viability assessments are being made public – most recently Palm Hills where the applicant's VA and the independent assessment are on the BFC website.
How often do we assess viability?	A viability assessment is required whenever a developer claims they cannot meet policy requirements (normally affordable housing) and this is always independently assessed for BFC. Over the last 3 years 9 planning applications have been subject to viability assessment

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Considerations

- Local Plan tested for overall plan viability both in preparation and at local plan examination;
- Up to date polices (tested through viability assessment), aid delivery of plan requirements;
- Site specific issues may affect development viability, and developers have the ability to raise a viability argument at the planning application stage;
- The number of viability cases is small in comparison with the number of applications the Council deals with.