IMPLICATIONS FOR DEVELOPMENT VIABILITY ASSESSMENTS FOLLOWING THE REVISED NPPF AND UPDATED PPG

The long-awaited revised National Planning Policy Framework (NPPF) and supporting Planning Practice Guidance (PPG) was published on Tuesday 24th July 2018.

The following provides a summary of the key implications for your next development viability appraisal:

- **Confidentiality** – All viability appraisals, except in exceptional circumstances, should now be made publicly available. There will also be a 'template' for viability executive summaries, which will be issued later in Autumn 2018.

- **Justification for viability assessments** – There is more emphasis on viability being considered at the plan making stage, although viability appraisals at the decision-making stage is certainly not precluded. It is now up to the applicant to demonstrate whether the particular circumstances justify the need for a viability assessment at the planning application stage.

- **Policy compliant developments** - Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable.

- **'Standardised Inputs' to Viability Assessment** - All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in the national planning guidance, which includes 'standardised inputs'. Key standardised inputs are as follows:

    - **Build Costs** - Build costs should be based upon appropriate data, for example, the Build Cost Information Service (BCIS).

    - **Site Value Benchmark** - Should now be established on the basis of the existing use value (EUV) of the land, plus a premium for the land owner. The benchmark should also reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees (etc.).

    - **Price Paid** - The guidance states that, under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. In addition, it states that Local Planning Authorities can request data on the price paid (or expected to be paid through option agreements).

- **Developer's Return (Profit)** - For the purpose of plan making, the guidance states that an assumption of 15%-20% of GDV may be considered a suitable return to developers. Plan makers may choose to apply alternative figures where there is evidence to support this. A lower figure may be more appropriate for affordable housing.

For further advice on the impact of the above on your next viability assessment, please contact either Nigel Simkin MRICS or Adrian Willet FRICS on the details below:

Nigel Simkin MRICS – Director
M: 07854 836811
T: 0121 740 0591
E: nigel.simkin@hld-uk.com

Adrian Willet FRICS -Director
M: 07979 474744
T: 0121 740 0579
E: adrian.willet@hld-uk.com