

Viability Assessment Checklist

A Viability Assessment is required for all applications where the proposal does not meet policy compliant requirements or developer contributions and this is being justified on viability grounds.

In order to fully assess whether the case made by an applicant for not meeting the policy requirements is reasonable and justifiable, the LPA requires the applicant to submit a **full, un-redacted Viability Assessment** at the time of submission of the planning application.

The LPA will consider whether the approach adopted and the inputs applied are appropriate and adequately justified by evidence. In doing so, specialist advice will be sought from external consultants. The applicant will be required to pay the costs of this process.

The residual land valuation methodology should be used in the Viability Assessment. In this approach local plan requirements are included alongside other development costs, which are deducted from the gross development value to determine the residual value that is available to pay for land. The assessment should include the following information:

- a) benchmark land value. The preferred methodology is 'existing use value plus a premium' supported by an independent valuation. The value should reflect all policy compliant planning obligations and any site specific costs such as contaminated land or abnormal ground conditions;
- b) purchase process (e.g. private treaty, open market bid, auction, etc.) and purchase costs including legal and agents fees;
- c) estimated residential sales or rental values with independent supporting evidence including schedule of unit floor areas, room types, number of bedrooms / bedspaces and principal features (ie balcony, views, facilities, car parking etc) and / or estimated commercial yields with independent supporting evidence including gross / net internal floors area and any principal features;
- d) estimated development / construction costs supported by tender costs or full QS schedule to include a specified contingency, any preliminary costs, contract related fees, and itemised/defined 'abnormals';
- e) professional fees presented under respective headings;
- f) S106 costs (estimated if not known);
- g) estimated profit/developers target returns;
- h) value/cost of any affordable housing provision and where relevant calculations of any commuted sum. The specific units which are to be affordable and their tenure,

floor areas, housing type and number of bedrooms / bedspaces should be identified; and

- i) executive summary – a clear statement that summarises the key findings of the assessment.

Valuations using standard viability models such as: the Homes and Communities Agency (HCA) and the development software ARGUS Developer, will be acceptable provided that all required information is set out and is supported by an appropriate cash flow analysis. A live version of the appraisal should be provided. This information should be provided to the Local Authority in its entirety.

Applicants should be aware that the Viability Assessment will be made publically available in the same manner as all other documents that form part of the planning application submission.

All viability evidence must be robustly justified and appraisal assumptions should be benchmarked against publicly available data sources.

Assumptions relating to development values should be justified with reference to comparable properties, relevant market evidence and discussions with future occupiers, including rents and lease arrangements. Information relating to other properties that is provided to justify assumed development values should be directly comparable to the site in question for it to be given appropriate weight, or should be adjusted to ensure appropriate comparison. Transactions or market data should be up to date (from at least within the last six months as far as possible), within an appropriate distance from the site, and relate to new build properties (or conversions where relevant).

Transparency

In very exceptional circumstances there may be legitimate reasons for keeping limited elements of viability information confidential. For this to be the case the LPA would need to be convinced that the public interest in maintaining the exception outweighs the public interest in disclosing the information. If an applicant wishes to make a case for an exceptional circumstance in relation to an element of their assessment, they should provide a statement with full justification as to the extent to which disclosure of a specific piece of information would cause an 'adverse effect' and harm to the public interest that is not outweighed by the benefits of disclosure. In addition a redacted Viability Assessment should also be submitted. The LPA will consider the case carefully, with reference to the 'adverse effect' and overriding 'public interest' tests in the European Information Regulations 2014 (EIR) and the Freedom of Information Act 2000 (FOIA), as well as the specific circumstances of the case.

If the LPA allows the exception, only the 'redacted' Viability Assessment and the submitted statement will be made publically available with the rest of the application information.

If an applicant considers that an exceptional circumstance is likely to arise, this should typically be raised with the LPA at an early stage within the pre-application process.