

Viability checklist

Required for all applications where the proposal does not meet policy 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. Redaction of any information will be allowed in only exceptional circumstances and a case justifying this must be submitted with the viability assessment at validation stage.

Councils will consider whether the approach adopted and the inputs applied are appropriate and adequately justified by evidence. In doing so, the LPA will typically take advice from external consultants. The reasonable costs of this process will be paid for by applicants.

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 habitable rooms 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 construction costs supported by tender costs or full QS schedule to include a specified contingency, contract related fees, and itemised/defined 'abnormals;'
- e) itemised preliminary costs;
- f) professional fees presented under each respective heading; (should these be generic)
- g) S106 costs;
- h) financing rate + evidence of financing terms/details (e.g. debt/equity ratio, etc.);

- i) estimated profit/developers target returns;
- j) value/cost of the affordable housing provision, where relevant and calculation of any commuted sum. The specific units which are to be affordable and their tenure, floor areas, number of bedrooms should be identified; and
- k) 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); Three Dragons; GLA Affordable Housing Toolkit; 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.

This information should be provided to the Local Planning Authority in its entirety. Applicants should be aware that the assessment will be made available in the same manner as other documents that form part of the 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).