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## Planning and Viability

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September 2015

# ATLAS



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Advisory Team for Large  
Applications (ATLAS)

- Advisory Team for Large Applications
- Delivered by the HCA
- Free service provided at the request of Local Authorities .... but available for the benefit of all partners
- Large scale complex schemes
- Projects at all stages in planning process
- Multi disciplinary
- National
- Impartial & independent**





# Content

- National Guidance – NPPF 2012
  - General
  - Plan making
  - Viability & deliverability
  - Planning obligations
- How viability works
- Implications for large scale developments



# NPPF – general messages

- *“to achieve sustainable development, economic, social and environmental gains should be sought jointly and simultaneously through the planning system”*
- Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to **support economic growth** through the planning system.



# NPPF - Local Plans

- Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they **take full account of relevant market and economic signals.**

# NPPF – ensuring viability & deliverability (para. 173)



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- 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.**

# Determining applications: conditions & obligations



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Para. 204:

Planning obligations **should only be sought where they meet all of the following tests:** -

1. necessary to make the development acceptable in planning terms
2. directly related to the development
3. and fairly and reasonably related in scale and kind to the development

Para. 205:

- Where obligations are being sought or revised, local planning authorities should take account of **changes in market conditions** over time and, wherever appropriate, **be sufficiently flexible to prevent planned development being stalled**



# Viability and the Statutory Duty

- A material consideration when plan-making & considering planning applications
- The weight attached to it needs to be balanced with the circumstances of the project, policy and other material considerations
- Critical that Local Authorities have a good understanding of the use of financial appraisals to test viability – particularly in relation to measures often sought under planning obligations

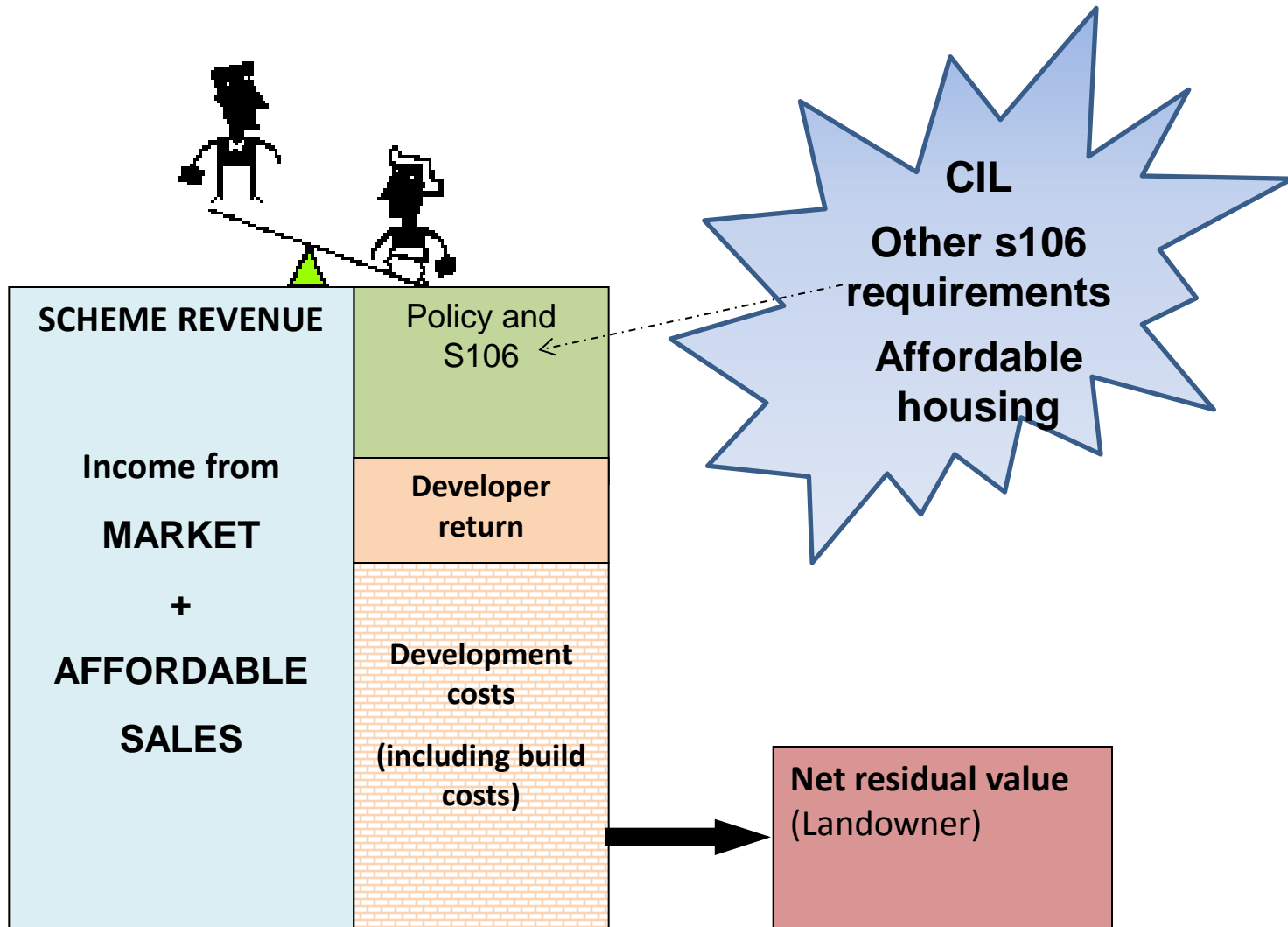




# How does viability work ?

- Usually assessed via a **financial appraisal** which needs to take account of the necessary level of return to a developer & landowner(s) to enable development to proceed, the level of project risk & any specific investor expectations
- Where end value exceeds the costs & required turns, a scheme can be considered to be viable in economic terms
- With large scale development, built out over a long time, account needs to be taken of long term viability as factors will change over the course of the project

# How does it work?



# Some key variables (1)



## Some key variables (2)

- Package of planning obligation requirements
- Phasing of infrastructure delivery
- Mix of development proposed
- Level of affordable housing
- Other complementary funding sources that can be levered in (if any)
- Specification of infrastructure
- Necessary remediation measures

# Viability & large scale developments

- Can often have multiple land ownerships which makes negotiations challenging & complex
- Can require substantive infrastructure works early on to open up the site which has a knock-on impact on cash flow
- Usually involves long-term delivery potentially covering different economic cycles & market changes so require flexibility to respond
- Need to use most appropriate appraisal methodology to reflect long term nature