



# Viability Appraisals for New Development Supplementary Planning Document 2023

## Adoption Statement

November 2023

In accordance with Regulations 11 and 14 of the Town and Country Planning (Local Planning) (England) Regulations 2012, notice is given that Hart District Council adopted the Viability Appraisals for New Development Supplementary Planning Document on 2 November 2023.

- Title:** Hart District Council Viability Appraisals for New Development Supplementary Planning Document.
- Subject Matter:** This Supplementary Planning Document (SPD) sets out the Council's approach to financial viability assessments submitted or required in support of planning applications. This SPD provides clarity to developers, development management officers and other stakeholders regarding the basis on which viability assessments will be considered.
- Area Covered:** The SPD will be applicable to the administrative area of Hart District.
- Available to view:** The adopted SPD, this adoption statement and the consultation statement can be viewed electronically online at <https://www.hart.gov.uk/planning-and-building-control/planning-policy/planning-guidance>
- Papers copies can be made available to view on request at the Hart District Council offices during normal office hours.
- Hart District Council**, Harlington Way, Fleet, GU51 4AE  
Monday to Thursday 8:30 – 5pm, Friday 8:30 – 4:30 pm.  
You will be able to view the documents in the reception area  
Please contact us in advance to arrange an appointment on 01252 774419
- Modifications:** Changes made to the Draft SPD following consultation are set out in Table 1 attached to this Statement.

Any person aggrieved by the decision to adopt the SPD may apply to the High Court for permission to apply for judicial review of the decision. Any such application must be made promptly, and in any event, no later than 3 months after the date on which the SPD was adopted.

**Table 1: Table of Changes to the Viability Appraisals for New Development SPD**

Section/ paragraph	Change made	Reason
Para 1.1	<p>This <u>Supplementary Planning Document</u> sets out the Council's approach to financial viability assessments in support of planning applications. It <del>is being</del> <u>has been</u> prepared as a Supplementary Planning Document to support Policies H2 Affordable Housing and INF1 Infrastructure in the <a href="#">Hart District Local Plan (Strategy and Sites) 2032</a>. SPDs are a material consideration in the determination of planning applications. <u>This SPD was adopted by the Council's Cabinet on 2nd November 2023.</u></p>	<p>To reflect the most up to date stage of the preparation of the SPD</p>
Para 1.2	<p>Developer contributions from new development can be required to <del>address several planning policy issues,</del> <u>make a proposed development acceptable in planning terms, often to mitigate the impact of the proposed development. Examples include matters</u> such as education, health, highways, transportation and travel, open space and leisure, <u>heritage,</u> community facilities, and the provision of affordable homes.</p>	<p>To respond to representations on the Draft SPD and to clarify the role of developer contributions.</p>
Para 1.6	<p>Additional text added: <u>Viability consultants will be appointed through the Council's relevant procurement processes.</u></p>	<p>To respond to representations on the Draft SPD.</p>
New Para 1.8	<p>Additional paragraph added: <u>As set out in the supporting text to Local Plan Policy H2, the exact mix of affordable housing on each site will be considered on a site-by-site basis and having regard to the most up to date evidence on local housing needs. Applicants should therefore, through the planning application Case Officer, engage with the Housing Department at an early stage to determine the mix of</u></p>	<p>To make clear to applicants the mix of affordable housing that should be tested through the viability appraisal.</p>

Section/ paragraph	Change made	Reason
	<u>affordable housing that should be tested through the viability appraisal.</u>	
Para 2.3	Additional text added:  <u>This SPD sets out the assumptions that the Council would expect to see included in an appraisal for different elements of the costs. Any variation from these will need to be robustly justified having regard to clear site specific and market evidence.</u>	To respond to representations on the Draft SPD.
Para 2.4	Additional wording is added to the final sentence of paragraph 2.4:  “... the Council must be satisfied that the information to be excluded is commercially sensitive <u>and the reasons why the full assessment is not made publicly available included within the Executive Summary.</u> ”	To respond to representations on the Draft SPD.
New paragraph after 2.4	Add the following paragraph:  <u>2.5 The costs and values in a viability appraisal will be those at the time of the appraisal.</u>	For clarity
Para 3.3	‘...plus an appropriate premium <u>to the landowner</u> , then the development is viable.’	For clarity.
Para. 4.5	Amend as follows:  The Gross Internal Area (GIA) should be provided for each part of the development. The Net Internal Area (NIA) will be required for all components to establish sales revenue and capital value. <u>The Council’s audit of the applicant’s viability assessment will check the GIA and NIA areas, and ensure the ratio reflects what would be expected for the development proposed.</u>	For clarity
Para 4.6	Ground Rents – replace existing two paragraphs:  <del>The Leasehold Reform (Ground Rent) Act 2022 put an end to ground rents for</del>	To reflect legislation on ground rents which has now been introduced.

Section/ paragraph	Change made	Reason
	<p><del>most new long residential leasehold properties. The Act came into force for most new leases on 30 June 2022 and from 1 April 2023 for leases of retirement homes.</del></p> <p><del>For the purposes of the viability assessment, it will be assumed that there is no value associated with the peppercorn Ground Rent.</del></p> <p>with</p> <p><u>The Leasehold Reform (Ground Rent) Act 2022 put an end to ground rents for most new long residential leasehold properties. The Act came into force for most new leases on 30 June 2022 and from 1 April 2023 for leases of retirement homes.</u></p> <p><u>For the purposes of the viability assessment, it will be assumed that there is no value associated with the peppercorn Ground Rent.</u></p>	
Para 4.6	<p>Social Rented Homes – add additional sentence:</p> <p><u>Social rents are set using a formula set out in the Government’s Policy Statement on rents for social housing.</u></p>	For clarity
Para 4.6	<p>Intermediate rent/affordable rented homes –</p> <p><u>As set out in the Glossary, these are different housing products but the appraisal should consider the value of homes to be sold to an RP, on the basis of intermediate or affordable rent.</u></p> <p><del>Affordable rent is higher than social rents. Historically they were set at up to 80% of the equivalent market rent. The Government placed limits on affordable rent which cap them at the relevant Local Housing Allowance. Affordable rents are set by the Government’s</del></p>	To highlight these are different affordable housing products and to reflect the most up to date position on setting rent levels.

Section/ paragraph	Change made	Reason
	<p><u>Policy Statement on rents for affordable housing. Nationally, rents are set up to a maximum of 80% of Open Market Value but are not capped at Local Housing Allowance Rates. In Hart district, rent levels are capped to LHA or below for all sized properties and are secured through a S106 agreement.</u></p> <p>For the purposes of viability assessments, it should be assumed this is the highest rate allowable at the time.</p>	
Para 4.6	<p>Shared Ownership Homes:</p> <p>The value of homes to be sold to an Registered Provider (RP), on the basis that there is an initial sale of between <del>10%</del> 25% and 75% of the open market value of the unit, and the capitalising a rental income on the remaining unsold equity. It needs to be clear and justified what assumptions have been made to reach the percentage for the initial sale that has been included in the viability assessment. <u>This would generally be expected to be based on an assumption of 40% sales and any variation on this should be robustly justified. This should take account of the fact that RP are required by Homes England to sell the maximum share that the purchaser can afford.</u></p>	To reflect the most up to date position on expected assumptions for shared ownership sales.
Para 4.6	<p>Additional section on First Homes added:</p> <p><u>First Homes – are a type of discounted market sale housing. They must be discounted by a minimum of 30% against the market value. They are sold to person or persons meeting the First Homes eligibility criteria</u></p>	To respond to representations on the Draft SPD and provide guidance on the approach to be taken in relation to First Homes.
Para 4.10	<p>Replace:</p> <p><del>Abnormal costs, including those associated with treatment for</del></p>	To delete repetition with para 4.7 and provide additional guidance.

Section/ paragraph	Change made	Reason
	<p><del>contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value.</del></p> <p>With:</p> <p><u>Any site specific abnormal costs should be disaggregated and supported by robust evidence of the assumed cost levels. Abnormal costs would be expected to reduce the BLV.</u></p>	
Para 4.11	<p>Replace:</p> <p><del>Site specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value.</del></p> <p>With:</p> <p><u>Site specific infrastructure costs should be informed by discussions with the relevant infrastructure providers as well as policies in the Development Plan and any relevant Supplementary Planning Document. The timing or phasing of any costs should also be considered in the Appraisal.</u></p>	To delete repetition with para 4.7 and provide additional guidance.
Former Para 4.12	<p>Delete Para:</p> <p><del>“The total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policy or standards. These costs should be taken into account when defining benchmark land value.”</del></p>	Repeated para from 4.7
4.13	The level of the Section 106 Planning Obligation <del>contributions will</del> <u>should</u> be provided by the Council in its role as	For clarity

Section/ paragraph	Change made	Reason
	Local Planning Authority (LPA). This includes contributions which are for County Council functions, such as education and other organisations.	
Para 4.14	New Paragraph:  <u>Applicants should also note that the Council charges an additional 5% of the financial contribution to meet the costs associated with the administration, monitoring and implementation of the S106 contribution.</u>	To make this additional cost clear to applicants.
Para. 4.15	If it were found that a site was not viable with the full provision of affordable <del>housing</del> <u>homes</u> and other Section 106 requirements, it would be for the <del>local planning authority</del> <u>Council</u> , through the determination of the planning application, to decide how to prioritise the requirements <u>and secure the optimum mix and quantity of affordable homes that is viable.</u>	For clarity, to better reflect Policy H2 Affordable Housing in the Hart Local Plan (Strategy and Sites) 2032.
Paras 4.42 and 43	New Paragraphs:  <u>The EUV should be supported by evidence of the costs and values to justify the land value. For example if the site needs to be refurbished, these costs, including contingency, professional fees and developer profit need to be taken off the land value.</u>  <u>As stated in paragraph 2.3 above, the existing use value (EUV) needs to be clearly justified and evidenced with 3 independent valuations undertaken by named qualified RICS surveyors.</u>	To make clear the assumptions and evidence that will be expected in relation to EUV.
Para 4.45	New Paragraph:  <u>The Premium, or the 'plus' in the EUV+, is the minimum enhancement of the existing use value for a willing landowner to sell their land. The Premium will need to be justified and evidenced and will depend on the details of a site. For example, the landowner of a redundant site does not need any premium. The Council would</u>	To make clear the assumptions and evidence that will be expected in relation to EUV and the landowner premium.

Section/ paragraph	Change made	Reason
	<u>expect the premium to be between 0% and 30% depending on the nature of the site.</u>	
New Section: Section 5	<p>Add section 5 as follows:</p> <p><u>The assessment of viability at the planning application stage may have had the effect of reducing the policy requirements that a development would otherwise have to meet. One potential outcome could be a reduced provision of affordable homes.</u></p> <p><u>In order to ensure that the maximum reasonable level of affordable homes are provided in line with the adopted Hart Local Plan (Strategy &amp; Sites) 2032, and that other plan requirements are met, the Council may require a viability review at a later stage in the development process (see <a href="#">NPPG paragraph 009 Reference ID: 10-009-20190509</a>).</u></p> <p><u>This would enable changes in property markets to be reflected in scheme viability over time. Viability review mechanisms will be secured through planning obligations and will determine whether a development is capable of providing additional affordable homes or meeting other unmet policy requirements, deemed unviable at planning application stage.</u></p>	To make clear to applicants submitting Viability Appraisals that a review mechanism may be included in the S106.
Glossary	<p>New definition:</p> <p><u>Administration, monitoring and implementation fee - an additional 5% of the financial contribution</u></p>	To clarify new wording included in para 4.14
Glossary: Affordable Homes or Housing	<ul style="list-style-type: none"> <li>a) Affordable homes for rent</li> <li>b) Starter homes</li> <li>c) Discounted market sales homes</li> <li>d) <u>First Homes</u></li> </ul>	To reflect the inclusion of First Homes elsewhere in the SPD.



Section/ paragraph	Change made	Reason
	e) Other affordable routes to home ownership	
Glossary: Affordable Homes for Rent	(a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents <u>and in line with Hart's policies</u> does not exceed Local Housing Allowance (including service charges where applicable);  (b) <u>unless otherwise agreed by the Council</u> , the landlord is a Registered Provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a Registered Provider); and	To reflect the approach taken in Hart.
Glossary: Build to Rent	Purpose built homes that are typically <del>100% rented out</del> <u>available at 100% rent (i.e. rent is 100% of the charge for each property).</u>	For clarity.
Glossary: First Homes	New Definition:  <u>First Homes: a form of discounted market sale affordable housing which is available for a minimum of 30% below OMV and is subject to a number of qualifying criteria. First Homes are the Government's preferred discounted market tenure.</u>	To set out a clear definition and respond to representations on the Draft SPD.
Glossary: Intermediate Rent	New Definition:  <u>Intermediate Rent: (also known as Intermediate Market Rent) is a rental option that offers homes at less than the market rate. The rent charged is normally approximately 20% lower than what someone would expect to pay for a similar home in a similar area if they were renting from a private landlord. It is designed to help people who cannot afford to buy a home on the open market to save for a deposit to enable</u>	To set out a clear definition of this type of affordable housing.

Section/ paragraph	Change made	Reason
	<u>them to purchase a property in the future.</u>	
Glossary: Shared ownership Homes	Shared ownership homes should normally offer a maximum initial share of between <u>10% 25%</u> and 75% of the open market value of the dwelling.	To reflect the latest national position.
Annex – Typical Values	<p>New line:</p> <p>Name: <u>Premium to the landowner (the plus in EUV+)</u></p> <p>Amount: <u>0% to 30%</u></p> <p>Metric: <u>Applied to the EUV. The Premium will need to be justified and evidenced and will depend on the details of a site.</u></p>	To provide additional clarity over the EUV and landowner premium.