



Viability Appraisals for New Development Supplementary Planning Document (SPD) Consultation Statement

November 2023

Introduction

1. This consultation statement relates to the Viability Appraisals in New Development Supplementary Planning Document (SPD) and has been prepared in accordance with Regulation 12(a) of the Town and Country Planning (Local Planning) (England) Regulations 2012, which states that before a local planning authority adopts a supplementary planning document it must prepare a statement setting out:
 - i. The persons the local planning authority consulted when preparing the supplementary planning document;
 - ii. A summary of the main issues raised by those persons; and
 - iii. How those issues have been addressed in the supplementary planning document.
2. The purpose of the Viability Appraisals for New Development SPD is to set out the Council's approach to financial viability assessments in support of planning applications. The SPD will provide guidance to support policies in the Hart Local Plan (Strategy & Sites) 2032 and in particular to Policies H2 Affordable Housing and INF1 Infrastructure.
3. The consultation ran for six weeks from 12th May to 23rd June 2023 and was made available in accordance with the Regulations and the Councils adopted Statement of Community Involvement, 2021.

Who was consulted?

4. The consultation was available on the Council's website and hard copies were available to view at the Council offices in Fleet. It was publicised through a press release, and posts across the Council's social media platforms. County and Parish Councillors were notified via a Councillor Connect newsletter email. Organisations and individuals, including statutory consultees,

landowners and developers on the Planning Policy database were notified directly by email or letter. A list of consultees is attached at Appendix 1.

5. Representations were invited in writing by email to planningpolicy@hart.gov.uk or by post to: Planning Policy Team, Hart District Council, Harlington Way, Fleet, Hampshire, GU51 4AE.
6. No previous informal consultation was undertaken, however, by way of background, Hart Council officers have had dialogue with different viability consultants, through both the development management process, and when preparing a Community Infrastructure Levy Draft Charging Schedule in late 2021, which helped with the drafting of the SPD.
7. In addition, the Council prepared a screening for Strategic Environment Assessment (SEA) and Habitat Regulations Assessment (HRA) which included consulting Natural England, Historic England and the Environment Agency for five weeks (from 5 April 2023 to 11 May 2023) on its SEA Screening Opinion. No objections were raised to the Council's conclusion that the SPD is unlikely to result in any significant environmental effects and so does not require a Strategic Environmental Assessment (or a Habitat Regulations Assessment).

Considering comments made

8. A total of 10 representations were received. A summary of the main issues raised and how those have been considered and addressed are set out in Table 1 below. The Council's Cabinet considered the responses on 2nd November 2023 and formally adopted the Viability Appraisals for New Development SPD for Development Management purposes.

Table 1: Summary of representations and HDC's response

Consultee	Issue raised	HDC's response
01 – Transport for London 01/01	Has no comments	Noted.
02 – The Coal Authority 02/02	Has no comments	Noted.
03 – Individual respondent 03/01	Complex but generally logical. Should explain how this will dovetail with CIL.	No change As the Council does not have a CIL Charging Schedule in place it is not considered that any additional wording is required. As referenced in paragraph 4.13, the Council will consider the new Infrastructure Levy once in place.
03/02	Should set social rent homes at 60% of market value and explain how this will alter required provision of Affordable homes (80% market rent) of Social Homes (60%) of market rent. 80% of market rent is not affordable and merely increases demand for housing benefit.	No change Social and affordable rents are set using a Government formula which is set by the national Rent Policy. Affordable rents are set at up to 80% of open market value. In Hart district rents for 3 and 4 bed properties are capped at Local Housing Allowance (LHA) rates through the relevant S106 agreement.
03/03	Differentiate between affordable or social housing required on site or off site for small and medium sites (say less than 1 ha).	No change Local Plan Policy H2 and supporting text (Local Plan paragraph 144) makes clear that affordable homes will be sought on sites of 10 or more homes or sites of more than 0.5Ha. It also sets out that off-site affordable housing provision will only be acceptable

Consultee	Issue raised	HDC's response
		<p>in exceptional circumstances and where it can be robustly justified.</p> <p>Where a financial contribution is deemed to be justified by the Council, this will be based on a case by case basis and it is not considered necessary to add additional wording in to the SPD.</p> <p>The Council will be producing an Affordable Homes SPD, and if further clarification is required that document will be the place to do it.</p>
03/4	<p>Relate to rural exception sites where a % of homes permitted will be market houses to enable land for social housing to be provided at nil cost.</p>	<p>No change</p> <p>A rural exception site that meets the requirements of Local Plan Policy H3, which allows for an element of market housing would not need a viability study and therefore this SPD would not be relevant. Where a Viability Study would be required, for example to justify the level of market housing required, the principles of this SPD would apply.</p>
03/05	<p>Liaise with Housing Dept to include community-led housing groups and almshouse associations rather than registered letting providers (i.e. developers or housing association).</p>	<p>No change</p> <p>The Council generally restricts affordable homes being delivered by Registered Providers through the relevant S106. Whilst there may be the opportunity to discuss and agree an alternative approach on specific schemes, this is not a matter for inclusion in the SPD.</p>
03/06	<p>Should explain how housing associations will not pay for the standard of design required for</p>	<p>No change</p>

Consultee	Issue raised	HDC's response
	affordable housing in conservation area developments	Any planning application within a Conservation Area would need to provide sufficient information to demonstrate how it meets the adopted Development Plan policies including those relating to design and to development in Conservation Areas.
03/07	Should mention scope and desirability to bring forward self and custom build homes	No change This is outside the scope of the Viability SPD. Local Plan Policy H1 sets out the requirements for self and custom build.
04 – Waverley Borough Council 04/01	Waverley is supportive of the approach set out in the SPD.	Noted.
05 – Hook Parish Council 05/01	Request that para 2.4 is strengthened so that it is made clear that viability appraisals will be routinely made public and if there are exceptional reasons for not doing so then those reasons will be published.	It is considered that the first part of the paragraph makes clear that viability assessments will normally be made publicly available, and no change is required. Some 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 and the reasons why the full assessment is not made publicly available included within the Executive Summary. ”
06 – National Highways 06/01	Have no comments	Noted.
07 – Natural England 07/01	Do not wish to comment	Noted.

Consultee	Issue raised	HDC's response
08 – Hampshire County Council 08/01	Support the SPD as a way to make clear to applicants what they need to do to challenge contributions and demonstrate non-viability. Reference is made to SCC's Draft Guidance on Planning Obligations.	Noted.
08/02	Suggest that in Section 2 developers are signposted to the Assessing Viability in Planning under the National Planning Policy framework RICS Guidance, (2021).	No change In order to retain clarity and reflect the fact this is a planning document this SPD has focused on advice set out in the National Planning Policy Framework and associated Planning Practice Guidance. It is not considered necessary to refer to the RICs document suggested.
08/03	Suggest that in Section 4.6 whilst First Homes are affordable for the purposes of the NPPF, it is flagged up that they are a market (discounted) product that is not disposed of to a Registered Provider.	An additional section is added to 4.6: 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.
08/04	With regard to social rented homes, the restrictions on the Affordable Homes programme are highlighted and it is suggested that Registered Provider teams are engaged in the consultation.	Noted. Some amendments have been made to the SPD, for example updating the proportion of a property that can be purchased through shared ownership. Registered providers were consulted on the SPD.
08/05	Reference is made to the County Council response to the Infrastructure Levy consultation and a response to that consultation from a range of organisations involved in the property sector is	Noted.

Consultee	Issue raised	HDC's response
	attached to the County Council comments on the draft SPD.	
09 – A local Member of Parliament 09/01	Suggests policies should encourage a higher number of properties that are private market housing – both for market housing and low-cost market housing (if 'social' housing is required to be provided on site, such as 'first homes') – instead of rented or shared ownership.	No change The SPD does not and cannot set Policy, but sets out further guidance on the implementation of the adopted Local Plan Policies. It is the Policies in the Local Plan which set the proportion of affordable housing to be delivered. The requirement for different affordable housing tenures will, as set out in paragraph 138 of the Local Plan be considered on a case by case basis. In line with national guidance, 25% of all affordable homes will be First Homes.
09/02	Greater evaluation should be shown and flexibility provided towards off-site contributions for 'social'/'affordable' housing, as this could provide more revenue for social purposes with the same or fewer total number of homes being built in a new development.	No change Local Plan Policy H2 makes clear that off-site contributions will only be acceptable where it is clearly demonstrated and justified that on-site provision is impractical. All applications need to be determined in line with the Development Plan and any deviation from the Policy approach cannot be set through the SPD process.
09/02	Suitable alternative natural green space (SANGs) should be available for developers to purchase, whether or not a development in is line with Hart District Council's previously stated policy, if it is approved in the planning process - to avoid a surplus in planning permissions being granted by HDC by default.	No change SANG capacity is limited and therefore needs to be used to most effectively deliver the Council's spatial strategy. The Council has adopted and published criteria relating to the release of SANG capacity.

Consultee	Issue raised	HDC's response
		The release of SANG capacity is outside the scope of this SPD.
09/03	<p>To avoid creating a moral hazard where it would be in consultants' interests to change significant fees, given that there would be no alternative for developers, point 1.6 should be clarified to:</p> <p>“Due to the additional expense to the Council involved in reviewing and auditing an applicant's viability assessment (in terms of council officer time only), the Council will require the costs to be met by the applicant for developments over ten houses.”</p>	<p>The following sentence has been added to para 1.6 which clarifies that the appointment of consultants to advise the Council on viability matters would be through the usual procurement processes.</p> <p>‘Viability consultants will be appointed through the Council's relevant procurement processes.’</p>
09/04	Para 4.7 should account for the cost of land itself as this is a material consideration and not doing so could lead to poor development in order to meet HDC's rules.	<p>No change</p> <p>Para 4.7 is a direct quote from the PPG and therefore it would be inappropriate to amend it.</p>
09/05	Para 4.21 – professional fees should be capped at 20% not 8%, given the rising costs and some sites' complexity	<p>8% has been benchmarked against other studies and is considered to be reasonable.</p> <p>Additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p> <p>‘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</p>

Consultee	Issue raised	HDC's response
		justified having regard to clear site specific and market evidence.'
09/06	Para 4.24 – the agent fee should be raised from 1% to 2%	<p>No change</p> <p>1% has been benchmarked against other studies and is considered to be reasonable</p> <p>As set out in response to comment 09/05 additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p>
09/07	Para 4.26 – the sales legals should be capped at £2,000 not £1,000 per dwelling	<p>£1,000 has been benchmarked against other studies and is considered to be reasonable.</p> <p>As set out in response to comment 09/05 additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p>
09/08	Para 4.28 – project contingency should be capped at 15% not 5%.	<p>5% project contingency has been benchmarked against other studies and is considered to be reasonable.</p> <p>As set out in response to comment 09/05 additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p>

Consultee	Issue raised	HDC's response
09/09	<p>Para 4.35 – developer profit should be raised from 18% to 20% as the best developments - which are most desired by purchasers - may well generate a 20% profit, and HDC should not appear as anti-business.</p>	<p>The PPG states that for plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers.</p> <p>The level of developer profit should reflect the degree of risk to the developer. If 20% is the level of profit which is justified for a developer in the part of the country with the greatest risk, and 15% in the part of the Country with the lowest risk, it is considered that 18% for Hart district is quite generous.</p> <p>18% has been benchmarked against other studies and is considered to be reasonable.</p> <p>A Viability Appraisal is only required when an applicant is seeking to demonstrate that it is not viable to deliver a fully policy compliant scheme. It is therefore considered appropriate, and in line with guidance in the PPG to set appropriate levels for developer profit. As set out in paragraph 4.35 of the SPD, a different profit level can be proposed where this can be fully justified.</p>
09/10	<p>The Annex on Typical Values should be amended to reflect the above</p>	<p>No change</p> <p>As set out in response to the comments above the typical values are considered to be reasonable. Additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p>

Consultee	Issue raised	HDC's response
010 – Historic England 10/01	Comments relate to the role that developer contributions can have in cultural heritage which they recommend is recognised in para 1.2.	Agreed and reference to heritage is added into para 1.2.
10/02	Also noting the Council does not have CIL in place encourage the Council to ensure that the conservation of the built environment is taken into account in any new approach taken to developer contributions.	No change Comments noted with regards to any review of developer contributions but this is outside the scope of this SPD.

Appendix 1: List of consultees

The following organisations were directly notified of the draft Viability SPD via email, or by post where no email address was available. Individuals are not listed. It should be noted that other individuals and organisations were also contacted but do not appear on the list.

Abri
Action Hampshire
Active Travel England
Adams Hendry Consulting Ltd
Adams Integra
Albion Planning
Aldershot Police
Anchor Hanover
Ashill Developments
Avison Young (National Grid)
Barton Willmore
Basingstoke and Deane Borough Council
Basingstoke Gazette
Beech Hill Parish Council
Belgrave Homes
Bentley Parish Council
Berkeley Group
Berkeley Homes Southern Limited
Berkeley Strategic Land Limited
Bewley Homes
BJC Planning
Blackwater & Hawley Town Council
Blackwater Valley Countryside Partnership
Boyer Planning
Bracknell Forest Council
Bramshill District Scouts
Bramshill Parish Council
British Gas
British Telecom
Burnett Planning
Cala Homes
Calthorpe Park School
Campaign for Real Ale
Carter Jonas
Carter Planning Limited
Chapman Lily Planning
Church Crookham Parish Council
Churchill Design
Civil Aviation Authority
Claremont Planning Consultancy Ltd
Connells
CPRE North East Hampshire Group
Crest Nicholson

Crandall Parish Council
Crookham Village Parish Council
Crowthorne Parish Council
CT Planning Ltd
Cycling UK
DHA Planning
DLP Planning Ltd
Dogmersfield Parish Council
DPDS Consulting Group
East Hampshire District Council
ECE Planning
EE
Elvetham Heath Parish Council
Elvetham Heath Primary School
English Rural
Enterprise M3 (LEP)
Environment Agency South East
Eversley Parish Council
Ewshot Parish Council
FACE-IT
Farnham Town Council
Finchampstead Parish Council
Flavia Estates
Fleet BID
Fleet Town Council
Forestry Commission
Fowler Architecture & Planning Ltd
Frogmore Community College
Frogmore Community Infants School
Frogmore Junior School
Froyle Parish Council
Gawthorpe Estates
Gladman Developments
Gleeson Land
Gleeson Strategic Land Limited
Greater London Authority
Gregory Gray Associates
Greywell Parish Council
Guildford Borough Council
Hampshire Chamber of Commerce
Hampshire Constabulary
Hampshire County Council
Hampshire County Council Public Health Team
Hampshire Highways North
Hampshire Hospitals NHS Foundation Trust
Hampshire Police and Crime Commissioner
Hampshire Swifts
Harris Lamb Ltd
Hartley Wespall Parish Council
Hartley Wintney Parish Council

Hastoe
Heckfield Parish Council
Highways England
Historic England South East
Homes England
Hook Infant School
Hook Junior School
Hook Parish Council
Hurst Warne
Interspace Design
Jackson Planning Ltd
JB Planning Associates Limited
JKL Planning
JLL
John Alison Land & Research Ltd
Joint Committee of National Amenity Societies
Jones-Parry Associates Ltd
Leo Mulkerns Architects Ltd
Lightwood Land Ltd
Living Streets
Long Sutton & Well Parish Council
Lucas Land and Planning
M J Coomber Associates
Mapledurwell and Up Nately Parish Council
Mark Leedale Planning
Master Land & Planning Ltd
MatPlan Limited
Matthewson Waters Architects
Mattingley Parish Council
Mayhill Junior School
McCarthy and Stone
Member of Parliament
Metropolitan Thames Valley Housing
Ministry of Defence
Montagu Evans LLP
National Farmers Union
National Grid UK
National Trust
Natural England
Network Rail Infrastructure Ltd
Newlands Primary School
Newnham Parish Council
Nexus Planning
NHS England
NHS Frimley Integrated Care Board
NHS Hampshire and Isle of Wight Integrated Care Board
Nicholas King Homes
North East Hampshire & Farnham Clinical Commissioning Group
Odiham Cottage Hospital
Odiham Cycling Club

Odiham Parish Council
Office of Rail Regulation
Old Basing Parish Council
Open Spaces Society
Paul Dickinson & Associates
Persimmon Homes Thames Valley
Planware Ltd
Pro Vision
Public Health Hampshire County Council
Rapeleys LLP
Reside Developments
Rippon Development Services
Rob McLennan Planning
Robert Mays School
Rotherwick Parish Council
Royal Borough of Windsor and Maidenhead Council
Royal Society for the Protection of Birds (RSPB)
Rural Hart Association
Rushmoor Borough Council
Sandhurst Town Council
Savills Plc
Shalden Parish Council
Simmons & Sons
Skytech Aviation Services Ltd
South East Water
South Warnborough Parish Council
Southern Electric
Southern Gas Network (Scotia Gas Networks)
Spelthorne Borough Council
Sport England
SSA Planning
SSE Power
St Edward Homes Limited
Stratfield Saye Parish Council
Stratfield Turgis Parish Council
Strutt & Parker
Sturt and Co
Surrey County Council
Surrey Heath Borough Council
Surrey Police Authority
Swallowfield Parish Council
Swan Lake User Group
Telefonica UK Limited (O2)
Tesni Properties Limited
Test Valley Borough Council
Tetlow King Planning
Thakeham
Thames Valley Police Authority
Thames Water Planning Policy
The British Horse Society

The Coal Authority
The Gardens Trust
The Ramblers
The Sixth Form College Farnborough
The Yateley Society
Three
Three Dragons
Transport for London
Turley
Tyler-Parkes Partnership Ltd
Upton Grey Parish Council
Vail Williams LLP
Virgin Media
Vistry
Vodafone and O2
Waverley Borough Council
Wellington Country Park
West Berkshire Council
Winchfield Court Residents Association
Winchfield Parish Council
Wokingham Borough Council
Woolf Bond Planning
WYG
Yateley Hall Gardens Residents' Committee Ltd
Yateley Town Council