

# **Consultation Statement**

## **Development Viability Supplementary Planning Document**

**December 2015**

## **1. Introduction**

1.1 This consultation statement sets out details of the consultation which has informed the Development Viability Supplementary Planning Document (SPD). This has been prepared in accordance with regulation 12(a) of the Town and Country Planning (Local Development) (England) Regulations 2012.

1.2 The Consultation Statement details:

- a summary of the previous preliminary consultation stage;
- consultation activity undertaken when developing the Development Viability SPD;
- who the council consulted when preparing the SPD;
- a summary of the main issues raised during the consultation period, and the council's responses.

## **2. Background and Summary of Previous Preliminary Consultation on the Development Viability Discussion Paper & Questionnaire**

2.1 The statutory development plan for Islington consists of the London Plan (2015), the Islington Core Strategy (2011), the Development Management (DM) Policies document (2013), the Site Allocations (2013) and Finsbury Local Plan (2013). This sets out requirements to ensure that new development is sustainable, which include the provision of affordable housing, infrastructure and sustainability measures. These documents were consulted on extensively, viability tested and found sound following an Examination in Public (EIP) conducted by independent Examiners from the Planning Inspectorate.

2.2 The Development Viability SPD provides guidance on the implementation of these policies. It builds on and updates existing guidance on viability within the council's Planning Obligations SPD which, following consultation, was adopted in November 2013.

2.3 The council undertook a preliminary consultation on matters considered in the Development Viability SPD through the Development Viability Discussion Paper and Questionnaire. This was consulted on between 22<sup>nd</sup> September and 20<sup>th</sup> October 2014. The council notified all contacts on its planning email and postal list, all statutory consultees, as well as a range of other organisations with an interest in development, housing delivery and viability. Over 3,000 individuals and organisations were consulted in total. The document was also made available online, at the council's Municipal Offices and at Finsbury and Archway Libraries.

2.4 In producing the Discussion Paper as well as the draft and final versions of the SPD, internal consultation also took place with a range of teams within the council including Planning Policy, Development Management, Housing, Property and Legal Services. The documents have further been informed by discussions with other local authorities within and outside London, the Greater London Authority (GLA), academics, professional consultants and industry bodies.

2.5 The council received a total of 21 responses to the consultation on the Development Viability Discussion Paper and Questionnaire. These responses informed the development of the Draft Development Viability SPD and were summarised in the Draft SPD's Consultation Statement. This contained summaries of the main issues raised and the council's response to these comments.

## **3. Consultation on the Draft Development Viability SPD**

3.1 The council conducted a further consultation on the draft Development Viability SPD for an eight week period from 10th July to 4th September 2015, which in turn informed the final version of the Development Viability SPD.

3.2 Responses to this consultation stage were received from 31 individuals and organisations:

- Berkeley Homes
- Better Archway Forum

- Philip Walker, Canonbury Society
- Chiswick High Road Action Group (based in London Borough of Hounslow)
- Derwent via DP9
- Elephant Amenity Network / 35 % Campaign (based in London Borough of Southwark)
- Empyrean
- Fitzpatrick Team Developments via CgMs
- Greater London Authority (GLA)
- State of Guernsey Forward Planning Team
- Highways England (no comments)
- Stephen Hill, C2O futureplanners
- HSE (Health and Safety Executive) (no comments)
- Islington Society
- LB Harrow Development & Projects
- LB Hounslow Affordable Housing and Supply Services Team
- LFEPA (London Fire and Emergency Planning Authority) via Dron & Wright
- London First
- London Square via Quod
- Professor Patrick McAllister, University of Reading
- Metropolitan Police (no comment except reference to need for greater emphasis on designing out crime)
- Metropolis PDG
- MMO (Marine Management Organisation) (no comments)
- Natural England (no comments)
- ORR (Office of Rail and Road) (no comment)
- Parkhurst Road Ltd via Gerald Eve
- Royal Mail Group via DP9
- Emily Thornberry MP
- George Venning, Nettlebed Consulting
- Responses from two Islington residents (in the interest of confidentiality, the identity of these respondents has been kept anonymous).

3.3 The SPD has also been informed by discussions with interested organisations and experts in relation to various aspects of the guidance. As in the previous consultation process, similar responses have been grouped together and listed by themes as follows (with reference to the structure of the SPD):

- Providing Guidance on Development Viability
- Viability in the Planning Process (SPD Section 2)
- Procedure (Section 3)
- Deliverability & Transparency (Section 4)
- Methodology (Section 5)
- Information Requirements – Evidence, Inputs and Assumptions (Section 6)
- Viability Review Mechanisms (Section 7)
- Council Monitoring and Review (Section 8)
- Other Comments

3.4 The council is grateful to those who have responded to the consultation and helped inform the SPD. The draft SPD and the discussion paper have also been considered by a range of other organisations, at public discussions and events and have been cited in several national reports on housing supply and viability<sup>1</sup> and articles in the national and industry press/ journals.

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<sup>1</sup> The Lyons Housing Review, Mobilising across the nation to build the homes our children need (2014) Viability Section Pages 75-76; and Campaign to Protect Rural England (CPRE) Getting Houses Built, How to Accelerate the Delivery of New Housing (2015); Joseph Rowntree Foundation (JRF) Rethinking Planning Obligations (2015); The SPD was also awarded a 'High Commendation' at the Planning Awards 2015.

## Summary of Main Issues Raised during Consultation on Draft Development Viability SPD

Ref	Respondent(s)	Comments	Council's response
<b>VIABILITY IN THE PLANNING PROCESS / THE COUNCIL'S APPROACH</b>			
1	Resident / Chiswick High Road Action Group / Guernsey / LB Harrow / LB Hounslow / Islington Society / Stephen Hill / Elephant Amenity Network / Professor Patrick McAllister / George Venning	Support for council's guidance. SPD is comprehensive/ well-judged/ best practice	Noted.
2	Elephant Amenity Network / LB Harrow / Professor Patrick McAllister	Concerns regarding lack of transparency of viability appraisals / use of appraisals to reduce planning obligations and affordable housing / model and input uncertainty, financial incentives and underestimating of returns from development in planning context.	Noted.
3	Royal Mail via DP9 / Empyrean	Support for principle of SPD to provide clarity and guidance.	Noted.
4	Empyrean / Derwent via DP9 / GLA / LFEPA via Dron and Wright / London First / Parkhurst via Gerald Eve / Fitzpatrick via CgMs / London Square via Quod	Whilst principles of SPD are understandable and SPD contains some good clarifications, the overall effect is development constraint, contrary to national policy, the Development Plan, and RICS Guidance.	The SPD is consistent with national policy and guidance and the Statutory Development Plan (see Section 2 for consideration of key documents). The SPD provides guidance on the implementation of Development Plan policies and clarity regarding the nature of information required to enable robust scrutiny of assessments, in accordance with the London Plan. The SPD will not constrain development, but rather sets out parameters (including for the assessment of competitive returns to developers and landowners) which will add certainty to the viability assessment process and ensure the delivery of sustainable development.
5	Parkhurst via Gerald Eve/ / GLA / LFEPA via Dron and Wright	Understand council's desire to provide greater clarity but prescriptive guidance on preferred methodology is inappropriate at the moment as national context surrounding viability and affordable housing is changing	Conflicting guidance / an absence of detailed guidance has in some cases led to approaches to viability assessment which conflict with the principle of sustainable development and the plan-led system. The SPD will help to ensure that viability is assessed rigorously and that assessments support the goals of the NPPF and delivery of the adopted Development Plan.

		/ Prescriptive guidance is inappropriate because council has vested interests.	The council will monitor the changing national context and review this as further information becomes available.
6	LFEPA via Dron and Wright / Parkhurst via Gerald Eve / London First	SPD should refer to / adhere to guidance from industry bodies (e.g. RICS) and PPG.	The council has considered industry guidance in addition to the documents referred to above. In some instances these adopt contradictory approaches. The council has set out guidance that is consistent with the key principles set out in the NPPF, PPG and with the delivery of its Development Plan.
7	London Square via Quod	The 50% affordable housing target is at the upper end of what is viable. Viability study (2012) concluded 30-50% to be viable without grant or CIL.	The Local Plan sets out a strategic target that 50% of new homes should be affordable and that individual schemes should provide the maximum reasonable level of affordable housing, taking into account the target. This was found to be sound following public examination of the council's Core Strategy. The council also notes that market conditions in the borough have changed significantly since 2012, with significant increases in residential values and to a lesser extent, rising build costs. Overall this has had a positive impact on the viability of residential and mixed-use schemes in the borough.
8	Empyrean	Concerns regarding cost of assessments for smaller schemes which should be deductible. More robust payment in lieu process needed for smaller schemes.	<p>The level of evidence required and cost of assessments will depend on the scale and nature of the proposal and is typically moderate for small schemes. The SPD states that certain inputs will be accepted on a standardised basis where appropriate to the proposal, which should help to reduce costs, particularly on smaller schemes.</p> <p>Regarding costs incurred in gaining planning permission, this can be taken into account in negotiating the sale price of land. Further information relevant to small developments and more particularly regarding small sites affordable housing payments, is set out in the Affordable Housing Small Sites Contributions SPD<sup>2</sup>.</p>
<b>PROCEDURE</b>			
9	LFEPA via Dron and Wright / Canonbury Society	Support for council's general timing / processes at pre-application and application stage.	Noted.
10	LB Harrow	Support for non- validation until viability appraisal provided in satisfactory format.	Noted.
11	Elephant Amenity	Support for applications to be	Noted.

<sup>2</sup> [http://www.islington.gov.uk/services/planning/planningpol/pol\\_supplement/Pages/Affordable-Housing-Small-Sites-Contributions.aspx](http://www.islington.gov.uk/services/planning/planningpol/pol_supplement/Pages/Affordable-Housing-Small-Sites-Contributions.aspx)

	Network	refused if plan requirements cannot be agreed.	
12	Parkhurst via Gerald Eve / Derwent via DP9 / Royal Mail via DP9 / Metropolis / London First / Metropolis	Support for pre-application engagement. However, pre-application discussion on details may be premature as schemes evolve, particularly for proposals where exact Registered Provider (RP) offers and S106/CIL are not yet agreed. / Council should encourage settling pre-app design and land use matters first, then viability at second pre-app stage. Fixed point of pre-app process should be agreed for this.	<p>The council recognises that proposals may change as a result of initial pre-application advice. Viability methodology, inputs and outcomes should however be considered at an early stage, as these may influence key aspects of a proposal. This will help to expedite the decision making process. In line with the Mayor's Housing SPG, pre-application submissions should include details of discussions with RPs, even if offers have not yet been formalised. This is considered further below.</p> <p>The council provides heads of terms for planning obligations and, where requested, a preliminary assessment of CIL costs, to inform viability testing during the pre-application process. The council seeks to agree heads of terms at pre-app stage so that there is sufficient time for drafting of the S106 agreement. Applications should reflect the outcomes of pre-application advice to avoid delays during the application process.</p> <p>The council acknowledges that it may be appropriate to formalise design, land use and viability issues at different stages within the pre-application process according to the circumstances of the scheme, however these issues should not be considered in isolation.</p>
13	Derwent via DP9 / Royal Mail via DP9 / London First / Parkhurst via Gerald Eve / Empyrean	Consultants assessing viability will have to act in an impartial, objective and transparent way. Draft reports and correspondence should be circulated to applicants in a timely manner, to allow for comments and avoid delay.	It is agreed that these principles should apply to those involved in undertaking viability assessments, whether acting for applicants or the council. Early consideration of viability issues and provision of any additional required information will enable the council's assessment to be circulated in a timely manner.
14	Professor Patrick McAllister	Due to high levels of uncertainty, lack of comprehensive national guidance and financial incentives, model outcomes can be systematically biased. Assessments should be evaluated by an independent body.	<p>Noted. The purpose of the SPD is to provide clear guidance to provide certainty and establish methodologies which are consistent with the principle of sustainable development, to enable rigorous assessment. The SPD has been amended to state that appraisal inputs must be balanced, coherent as a whole and internally consistent.</p> <p>As the local planning authority, it is the council's role as decision maker to assess planning applications in line with the Development Plan and material considerations. The council will normally take external advice from suitably qualified consultants whilst ensuring that there are no conflicts of interest. Applicants also have</p>

			recourse to independent evaluation through a right of appeal.
<b>DELIVERABILITY AND TRANSPARENCY</b>			
15	Berkeley Homes / Better Archway Forum / Derwent via DP9 / Empyrean / Royal Mail via DP9 / LFEPA via Dron and Wright / Resident / Emily Thornberry MP / Elephant Amenity Network / George Venning / Parkhurst via Gerald Eve / GLA / London First / Professor Patrick McAllister	General support for increased transparency in viability assessment process.	Noted.
16	Resident / Chiswick High Road Action Group / George Venning / Professor Patrick McAllister / Elephant Amenity Network	Support for the council's approach towards greater transparency in the viability process to enable wider scrutiny and robust decision making and ensure public confidence.	Noted.
17	Resident	Applicants should be bound to original application proposals and terms agreed through the planning process, to prevent reduction of obligations at a later date.	The council secures planning obligations through legally binding S106 agreements. Applicants have a statutory right to apply for a modification or discharge of affordable housing requirements on the grounds of viability <sup>3</sup> . Applicants also have the ability to seek a variation to a planning obligation or apply for this after five years on the grounds of changed planning circumstances <sup>4</sup> .
18	Better Archway Forum / Elephant Amenity Network / London First / Stephen Hill/ Resident	Developers encountered misrepresenting facts. Seems currently a "risk free policy". / Support for consistency with information relied on by finance provider, draft SPD paras 4.4-8 and for council's proposal of a mandatory declaration as more honest. / London councils, RICS, RTPI or similar should take lead to	Noted.

<sup>3</sup> S106BA of Town and Country Planning Act 1990

<sup>4</sup> S106A of Town and Country Planning Act 1990

		provide uniform approach across London. / Consultancies are offering “guaranteed approvals”.	
19	George Venning/ London Square via Quod	Public participation in planning process important. Balance should be struck between transparency and information requirements.	Noted. The SPD has been amended to place greater emphasis on the application of a standardised approach to certain inputs which should assist in limiting concerns regarding confidentiality of developer information (see below).
20	Professor Patrick McAllister/ George Venning	‘Real’ appraisals undertaken internally by applicants / used to gain finance evolve, make different assumptions and are more complex than appraisals submitted to councils for planning purposes.	The London Plan requires that councils rigorously evaluate development appraisals submitted as part of the planning process. The council notes the large proportion of assessments it has received which indicate a lack of viability of development proposals (despite current market conditions and delivery rates). The council also acknowledges the sensitivity of models and potential for ‘bias’ resulting from the adoption of a series of imbalanced/ pessimistic assumptions (see above). The council recognises that applicant’s financial appraisals may be undertaken on a different basis from those submitted for planning purposes, in particular regarding the incorporation of growth assumptions, whereas planning viability appraisals are normally based on current costs and values. The council is however concerned with ensuring that inputs and assumptions submitted to it are realistic and consistent with those forming the starting point for information relied on to secure development finance. The SPD has been amended to clarify this point and that council will not require details of an applicant’s internal calculations or terms of finance. However, a statutory declaration is required to verify that the assessment is a consistent, fair and true reflection of the scheme’s viability. A declaration may also be required to verify deliverability of a scheme.
21	Fitzpatrick via CgMs / LFEPA via Dron and Wright / Parkhurst via Gerald Eve / London First/ GLA / London Square via Quod / Canonbury Society / Derwent via DP9	Requiring confirmation from lenders agreeing to lend on basis of assessment and that information submitted is consistent with that informing applicant’s decision to proceed is extensive, costly and unrealistic. / not relevant planning considerations. / lenders don’t commit to lending pre-planning consent.	The SPD has been revised. It now only requires a declaration by a director of the applicant company confirming that current day costs and values applied in the viability assessment submitted to the council are consistent with current day costs and values within (or used as a starting point for) viability assessments that have been undertaken for internal or financial purposes. The council does not consider that declarations of this nature which may be necessary to confirm the reliability of information are extensive or costly. The council is required by the London Plan to rigorously evaluate appraisals and by the PPG

			to make evidence based judgements and decisions underpinned by a realistic understanding of viability. In line with the NPPF, the purpose of viability appraisal is to support delivery. Standard formats for declarations will be provided by the council to avoid additional costs to applicant.
22	Royal Mail via DP9	Paragraphs 4.5 and 4.6 of the draft SPD (on subject of commitment to delivery) are inappropriate. Sharing confidential information with the market before permission is granted and the site offered for sale would cause a competitive disadvantage for the landowner and developer.	<p>Noted. The section in question has been amended to ensure that the focus is on demonstrating deliverability, rather than requiring an individual developer to commit to delivery.</p> <p>Requirements regarding verification of information and demonstration of deliverability are necessary to ensure that viability assessments can be relied on and weight can be given to proposed planning obligations during the decision making process.</p> <p>The council notes the findings of the First Tier Tribunal and Information Commissioner's Office identifying a range of factors that offset potential harm associated with the availability of information and considering how the public interest would be best served (see Section 4 – Transparency and Confidentiality).</p> <p>The SPD also emphasises that the council would expect there to be consistency between information provided to inform the planning process, such as current day costs and values, and that used for commercial purposes.</p>
23	<p>Derwent via DP9 / Royal Mail via DP9</p> <p>/ London Square via Quod</p> <p>/ GLA</p>	<p>It is the legitimate decision of a developer to proceed with a marginal scheme.</p> <p>/ DM9.2 states where scheme is unable to deliver full range of obligations, submission must demonstrate lack of viability before consideration given to granting consent. SPD is in conflict, stating council will not accept approach indicating scheme is unviable (draft SPD para 4.4).</p>	<p>The Development Management Policies (paragraph 9.12) relate to the scenario where a viability appraisal is required because a scheme is unable to <u>fully</u> comply with policy requirements due to viability reasons. The SPD addresses a different scenario where an appraisal indicates that a proposed scheme is unviable even with the reduced level of planning obligations as proposed by the applicant themselves. The result of a viability appraisal should be to identify a proposed level of obligations which enables the scheme to be deliverable. Where an applicant is seeking permission for a scheme with a proposed (reduced) level of planning obligations and the viability appraisal still shows the scheme to be unviable, the appraisal has not fulfilled its purpose of ensuring deliverability. Such a situation raises the prospect of the scheme not being delivered or of a lower level of planning obligations being sought at a later date after planning permission has been secured (for example through a S106 BA application). The council therefore remains concerned about</p>

			such situations. The relevant section of the SPD has been reworded to clarify what the council would like applicants to do in such a situation (see also above).
24	London First	Support for requirement that assessments should not be undertaken on basis of performance related fees. This is in accordance with the RICS Guidance Note Financial Viability in Planning (RICS GN).	Noted.
25	Canonbury Society  / LFEPA via Dron and Wright	Requiring a declaration that adviser's fee is not dependent on outcome of viability negotiations is unrealistic / excessive.	This is necessary to help ensure that assessments can be relied on as a fair and true reflection of scheme viability and that consultants are not directly financially incentivised to understate scheme viability in order to reduce planning obligations.
26	Elephant Amenity Network	Support for approach consistent with ICO and Information Tribunal. Councils must ensure that policies are robust and tests applied stringently to ensure transparency.	Noted.
27	Derwent via DP9 / Royal Mail via DP9 / Parkhurst via Gerald Eve / London First / London Square via Quod  / GLA	Confidential information can be reviewed by council and consultants without public disclosure. / Matter of law not policy. / Information can be shared but blanket prescriptive approach is not appropriate. Should provide public with summary from independent assessor, once discussed and agreed with applicant. / Opportunity must be given to justify confidentiality in case of any FOI/EIR request.	The council recognises the importance of public participation and considers the public availability of viability information as crucial in helping to ensure that the process is open to scrutiny and that public confidence in the planning system is maintained. Provision of a summary of viability conclusions does not sufficiently provide for this. For these reasons the council considers that information should be treated transparently. The council has made provision for exceptional circumstances, as set out in the SPD.
28	Fitzpatrick via CgMs	SPD needs to be clearer on how cases made for confidentiality of viability information will be assessed.	Justification for confidentiality of any part of a viability assessment would be assessed on the basis of the 'adverse effect' and overriding 'public interest' tests within the EIR, having regard to the specific circumstances of the case. Guidance on the EIR tests has been published by the Information Commissioner's Office <sup>5</sup> .
29	Berkeley Homes / Fitzpatrick via CgMs	Publication of commercially sensitive assessment elements would be damaging /	As noted above, given the potential for viability assessments to significantly influence the outcome of the planning process and for the

<sup>5</sup> See Information Commissioner's Office: How Exceptions and the Public Interest Test Work in the Environmental Information Regulations.

	/ Derwent via DP9 / Canonbury Society / LFEPA via Dron and Wright / Parkhurst via Gerald Eve / Royal Mail via DP9	deterrent to applicant / could act as restraint on bidding and discourage openness. There should be no requirement to disclose this type of information. Disclosing confidential information before permission is granted and a site is offered for sale would cause competitive disadvantage for the landowner and developer.	other reasons stated in the SPD, the council considers that there is a strong case for greater transparency in the process. The council has made provision for considering if exceptional circumstances apply, if harm would arise and if the final outcome of disclosure would be in the public interest.
30	Berkeley Homes / Fitzpatrick via CgMs	Viability assessments should be published once agreed not earlier while still evolving.	The council considers that assessments should be published at a stage when they can be considered by members of the public, to ensure adequate participation in process.

## METHODOLOGY

31	Canonbury Society / Empyrean	Support for section on methodology.	Noted.
32	LB Harrow	Support for Existing Use Value plus premium (EUV+) premium approach.	Noted.
33	Elephant Amenity Network	Support for methodology and information requirements as accessible and understandable for lay person. Shows that viability not always 'too complicated' for public.	Noted.
34	Derwent via DP9 / Royal Mail via DP9 / Parkhurst via Gerald Eve / London First	SPD approach to residual appraisal and rejection of fixed land value is inappropriate. SPD disregards NPPF requirement for competitive return to willing landowner and thus compromises delivery.	In line with the GLA Development Appraisal Toolkit Guidance Notes, the council does not consider it appropriate to apply a fixed land value as an input within a development appraisal based on price paid for land or an aspirational sum sought by a landowner. In this case the developer's profit, rather than the land value, would become the output of the residual valuation. Where a high fixed land value has been assumed which is inconsistent with the outcome of the viability assessment, the scheme will almost inevitably appear unviable. Furthermore other changes to a scheme, such as a reduction in density (which would be expected to result in a lower residual value) may not be reflected in an appraisal where the site value has been fixed and is not the output of the appraisal. This also raises a further concern regarding internal consistency. A market based land value which is likely to reflect assumptions regarding future value and cost growth assumptions should not reasonably be included as a fixed cost input in an assessment which is based on current day

			values and costs. . Any uplift in land value over and above the value of a site in its existing use or policy compliant alternative use is dependent on the grant of planning permission. For these reasons the council considers that the residual land value methodology (in which plan requirements are included alongside other development costs), is the most appropriate to use when undertaking an assessment in support of a planning application. Any approach which does not fully reflect plan requirements when determining land value undermines the delivery of the adopted development plan as part of the plan-led system and sustainable development, as supported by the NPPF.
<b>Viability Models</b>			
35	Canonbury Society	Support for section on models.	Noted.
36	Derwent via DP9 / Royal Mail via DP9 / Parkhurst via Gerald Eve / London First / GLA	Often necessary to produce bespoke models on major schemes given limitations of existing models (draft SPD para 5.5). / SPD should be more clearly supportive of the use of bespoke models.	The council considers that in some instances, for example on complex large scale projects, it may be appropriate to use models other than those referred to in the SPD where these would not adequately represent a proposal. To ensure that the council can properly assess a scheme it is vital that the council is provided with a full working electronic version of the viability appraisal model used by the applicant, which can be fully tested and interrogated.
37	LB Harrow	Support provision of full working electronic model. ARGUS preferred by developers but GLA toolkit should be given equal weight.	Noted. The council will accept different models where suitable given the characteristics of the proposal, where these enable the appraisal to be properly assessed and notes the merits of the GLA Toolkit as well as ARGUS.
38	Elephant Amenity Network	Assessments can be kept from public scrutiny by claiming that they are part of a confidential 'bespoke business model'.	The council has set out its approach to considering transparency / confidentiality issues in Section 4. The council will generally not make live working models accessible to third parties, having regard to considerations of intellectual property rights. However, the council considers that bespoke models are only likely to be appropriate in certain instances and must not be relied on solely as a means of justifying confidentiality.
39	Canonbury Society	How are officers to be trained in the use of viability models?	Officers dealing with viability are experienced and trained in the use of the viability models referred to.
<b>INFORMATION REQUIREMENTS - EVIDENCE, INPUTS AND ASSUMPTIONS</b>			
<b>Proposed Approach</b>			
40	Canonbury Society / Elephant	Support for council's general approach to evidence, input and assumptions.	Noted.

	Amenity Network / Emptyrean		
41	Derwent via DP9 / Royal Mail via DP9 / Parkhurst via Gerald Eve / London First	Extent of justification of key inputs must be fairly related to individual scheme and will vary depending on its scale and complexity.	Noted. This has been reflected within the SPD section on information requirements. The level of evidence and justification required will depend on the scale and nature of the proposal. Where appropriate the council will accept standardised inputs (see also SPD section 6 on build and finance costs). Greater levels of justification are likely to be required for appraisals which incorporate inputs deviating from benchmarks referred to in the SPD.
42	Emptyrean	On smaller projects getting quotes (e.g. from RPs, contractors, funders etc) can be difficult.	The council expects information provision to be proportionate according to the size and nature of scheme (see above). The council recognises that it may not be possible or necessary to provide certain types of information on small sites. Where appropriate and justified the council will accept standardised inputs, which should simplify the process, especially for smaller developments.
43	London Square via Quod	Requirements relating to applicant company, discussion with future occupiers, RP engagement, staircasing receipts etc would be better addressed on scheme by scheme basis. List in Appendix B should be replaced with ref to RICS GN Appendix C.	The purpose of Appendix B is to provide clarity and predictability for applicants regarding the information that is likely to be required, as appropriate to the scheme in question. For example details of future commercial occupiers will only be required if relevant to the proposal.
44	George Venning	<p>There are key problems with requiring developer specific information (e.g. real values, costs and finance arrangements etc) relating to:</p> <ul style="list-style-type: none"> <li>- Commercial sensitivity,</li> <li>- Making the permission specific to the applicant rather than the land, and</li> <li>- Linking the assessment to subjective market value (MV) and growth assumptions.</li> </ul> <p>Advantages of “strategic” simplified assessment (e.g. EUV plus premium approach to benchmark land value, benchmarked current day costs and values, standard profit and finance assumptions etc) are:</p> <ul style="list-style-type: none"> <li>- Approach is less subjective,</li> <li>- Data is mostly in public domain already,</li> </ul>	<p>Noted. The SPD has been amended to place greater emphasis on standard inputs which are related to the scheme and site. .</p> <p>In particular, changes have been made to information requirements relating to:</p> <ul style="list-style-type: none"> <li>- financial information</li> <li>- build costs</li> <li>- affordable housing values</li> <li>- profit levels.</li> </ul> <p>Greater emphasis has been placed on the adoption of more standardised inputs provided that:</p> <ul style="list-style-type: none"> <li>- they are appropriate and not at odds with the details of the scheme and site as shown in the planning application</li> <li>- they are consistent with any associated evidence provided or known to the council</li> </ul> <p>assumptions are clearly shown and referenced. This approach also goes alongside and should be seen together with guidance in the SPD relating to benchmark land values based on EUV+, fully reflecting policy requirements, and the use of</p>

		<ul style="list-style-type: none"> <li>- No inbuilt growth assumptions / inflation</li> <li>- Explicitly leaves returns from risky growth speculations to developers, to be used for higher bid on land or profit.</li> <li>- Less risk therefore less justification for higher profits.</li> <li>- Incentive for cost management retained.</li> <li>- Level playing field as linked to land not developer.</li> </ul> <p>Approaches above both have merits but should not be mixed as have very different assumptions and context. The SPD should differentiate.</p>	comparable evidence where appropriate/ sufficiently adjusted only.
45	London Square via Quod/ Metropolis	SPD does not accept 'actual' land price paid while at same time seeking 'actual' commercially sensitive and applicant specific financial information. Viability should be assessed on basis of industry benchmarks. Information requirements inappropriate as currently too specific to applicant not scheme/ land.	See above. The SPD has been amended to place greater emphasis on the use of standard information which is specific to the scheme, where justified.
<b>Development Value</b>			
46	Professor Patrick McAllister	Support for using projected not current values and costs in modelling. Expected changes should be part of viability model, despite inherent uncertainties as more realistic and common practice. Use of current costs and values implies forecast of 'no change', resulting in lower land value estimate and lower contributions.	The council recognises the potential benefits of incorporating value and cost projections, however PPG indicates that appraisals should normally be undertaken on a current day basis given the uncertainties associated with projections. The council also has experience of growth models being used with understated value projections, whilst adopting significantly higher profit targets. The current day basis of viability models is also a factor linked to the council's preference of the EUV+ approach, as opposed to the use the MV approach which typically incorporates growth assumptions.
47	Berkeley Homes	Values have grown significantly but so have cost of labour, materials and advice.	The council notes that the costs of development have increased over recent years, however a comparison of house price and build cost indices indicates that the rate of growth has been significantly higher for the former.
48	LB Harrow	Recommend block by block and floor by floor market research, with developers benchmarking own nearest scheme.	Noted. This level of detail would be welcome where possible.
<b>Affordable Housing Values</b>			

49	LB Harrow	Support for requiring RP engagement. Need for method of dealing with grant input at later stage so not overlooked. How to manage new initiatives with positive impact on AH through S106 process?	Noted. Grant input at a later stage and other improved circumstances will be considered as part of review mechanisms where relevant.
50	Empyrean / Royal Mail via DP9 / Fitzpatrick via CgMs / Derwent via DP9 / Royal Mail via DP9	RP involvement difficult to achieve, especially at pre-app. RP co-operation/evidence (e.g. of calculations underpinning affordable housing values) relies on RP interest and resources. RP involvement unlikely until development fully designed, permitted and service charges set. At pre-app only indicative valuation possible / Rental assumptions are commercially sensitive.	The Mayor of London's Housing SPG states that development appraisals should be carried out in conjunction with an RP. The SPD has been amended to take into account circumstances where a developer is experiencing difficulties in obtaining RP offers. Where evidence of RP offers is not provided, the council will apply affordable housing values based on typical RP offer levels.
51	Derwent via DP9	SPD states that level of affordable housing should not be constrained by design. Many RPs require separate cores and entrances. The SPD should also identify differences between shared ownership, intermediate and social rent etc.	SPD approach is in line with Core Strategy CS12, London Plan paragraph 3.75 and Mayor's Housing SPG paragraph 4.4.41 regarding quality and integrated design required for affordable housing element of a scheme.
52	Elephant Amenity Network	Support for SPDs approach against designing out affordable housing. Argument that tenure separation is required by RPs is common tactic of developers to reason for separate cores at higher cost, thus reducing viability and total affordable housing offer.	Noted.
53	Derwent via DP9 / Royal Mail via DP9 / GLA / Parkhurst via Gerald Eve	Guidance relating to affordable rent conflicts with London Plan and GLA Housing Strategy. / SPD should not create new policy or impose restrictions on type and choice of affordable housing.	The SPD has been clarified to ensure that this section solely cross references to and quotes from existing relevant documents, such as the council's and the Mayor's Housing Strategies.
<b>Build Costs</b>			
54	George Venning	Costs should be standardised based on site and scheme characteristics, not based on developer identity or strategy.	Noted. The SPD has been amended to clarify that the council will accept standardised costs based on publically accessible data such as BCIS, as long as they are made sufficiently specific to the scheme and site characteristics

			in question (see above). Where an applicant seeks to rely on build costs which deviate from publically available data, this will require more detailed justification and will be reviewed on an open book basis as part of a viability review.
55	LB Harrow	Call for London wide cost consultancy panel to compile comprehensive database.	Noted.
<b>Developer Profit</b>			
56	Resident / LFEPA via Dron and Wright / Berkeley Homes	Concern that if developer profit is insufficient due to council's requirements they may choose to build in other boroughs. / Housing crisis justifies higher profit to ensure sufficient capital and competition is attracted so that building happens.	Islington has seen some of the highest delivery rates nationally despite being one of the smallest boroughs and encounters significant development interest. The council has set out guidance for determining a competitive return for developers in line with the NPPF and PPG. The policy framework also sets out the key objective of delivering development that is sustainable, including the provision of affordable homes to meet pressing housing needs. High demand for housing and the presence of high property values reduce risk which, in accordance with PPG, should be reflected in target profits.
57	Berkeley Homes / George Venning / LB Harrow / Derwent via DP9 / Royal Mail via DP9 / Parkhurst via Gerald Eve / London First / Professor Patrick McAllister	Property is cyclical business with significant risks. Very large scale investment required long before returns are made, especially for large developments. Returns must reflect risks or developers will go out of business / funders will invest elsewhere. Higher levels of risk linked to higher profit margins. e.g. on sites involving heritage assets or tall buildings etc. / Support for SPD avoiding rigid approach to profit, consistent with PPG and RICS GN. Profit must be based on risk of individual scheme. / Profit level variable over time	The SPD confirms that developers must receive a competitive return for a scheme to proceed and also a level of profit that is sufficient for finance to be secured. Profit is a factor of risk and will vary from scheme to scheme.
58	Elephant Amenity Network	Council should set profit for sites in line with circumstances.	Noted. See above.
59	Empyrean	Return needs to be blended based on unified return of overall GDC or GDV, meeting developer's requirements over entire project. Should not apportion to different elements.	While total return figure will be blended, apportioning profit to specific elements (e.g. social vs private) is established practice reflecting differing levels of risk as shown by different benchmark values adopted in the GLA Development Appraisal Toolkit and other models.

60	Canonbury Society / LB Harrow	Support for caution over using IRR as sole profit measure.	Noted.
61	GLA/ Professor Patrick McAllister/ Derwent via DP9 / Royal Mail via DP9 / Parkhurst via Gerald Eve / London First	SPD should indicate that IRR sometimes most appropriate. / Profit on GDC/GDV crude as doesn't reflect effects of time. IRR more robust and realistic. Two methods could be combined to give 'fuller' picture. Need more guidance/ research on how profit should be estimated. /Council should focus on viability of project excluding finance costs. / Project IRR and Net Present Value analyses well accepted. Profit on GDC/GDV can also be inappropriately used. Appropriateness of return measure should be based on method, approach and scheme not prescribed by SPD.	The SPD sets out potential reasons for caution relating to the IRR approach based on sensitivity to the timing of costs and values which are likely to be variable/ out of the council's control and required profit levels. The SPD has been amended to recognise that both approaches are sometimes undertaken and allows for the application of IRR alongside profit on costs/ values where the council is satisfied that the development programme, timing of costs and values and target IRR have been fully justified.
<b>Benchmark Land Value</b>			
62	London Borough of Harrow/ Empyrean Developments Limited	Support for EUV+ approach to Land Value Benchmark.	Noted.
63	George Venning	EUV is more appropriate approach to assessing the land value benchmark than MV, so long as a standardised approach to inputs is adopted.	Noted.
64	Professor Patrick McAllister	Support for robust analysis of benchmark land value. More guidance required on how premium is quantified (mainly political decision re what is equitable and efficient). EUV+ is capable of producing different levels of obligations for different sites and different shares of uplift between landowner and council. Could create metric to estimate way of sharing uplift more equitably. Please note that this is not meant as an argument in support of MV approach.	Noted. Further clarification has been provided on assessing the level of premium over EUV. The principle goal of the planning system is to deliver sustainable development as expressed by development plan policies. Land values may increase due to the approval of planning consent, but this is dependent on the terms under which permission is granted as defined by the Development Plan and material considerations. The planning system allows for a competitive return for land owners to encourage the release of sites, but does not set out to provide a consistent increase in land value as a proportion of a notionally consented scheme. The approach suggested by the consultee may bear greater resemblance to a form of development land tax whereas the primary focus of the planning system under the NPPF is on the delivery of sustainable development.

65	Canonbury Society	Residual valuation must reflect cost of planning obligations.	Noted.
66	Professor PatrickMcAllister; George Venning	<p>The draft guidance discusses the problems associated with a MV approach to land value very effectively.</p> <p>/ Concerns over MV approach: It is subjective because of the need to weigh all of the factors which differentiate the application site from other sites when considering market evidence. Potential for figures to be skewed when assessing MV is likely to cause confusion and conflict.</p> <p>/ MV should not be used as the determinant of viability in an appraisal which excludes inflation (i.e. is based on current day values/ costs).</p>	Noted. The SPD has been updated to ensure the appropriate use of market based evidence and to confirm that a site value based on market evidence which incorporates assumptions of value growth should not be used within an assessment which is based on current day values and costs.

67	Derwent via DP9 / Royal Mail via DP9 / Parkhurst via Gerald Eve / London First/ LFEPA via Dron and Wright	<p>SPD acknowledges RICS GN site value definition in arriving at benchmark land value, but some of the commentary within SPD is selective and incorrect in its interpretation of PPG, RICS GN and recent RICS research<sup>6</sup>. Interpretation and application in context of arriving at site value of Core Strategy CS12 was subject of Mayoral decisions and appeals and differs from approach in SPD. PPG and RICS GN provide clear guidance on how to calculate site value. This approach was found robust on other schemes.</p> <p>/ NPPF states that plans should take account of market signals. RICS GN promotes adjusted MV and has reservations about EUV+ approach as potentially arbitrary, inconsistent, undervaluing land and thus overvaluing planning contributions and as inappropriate in most cases.</p> <p>/ Council states that full regard must be had to Development Plan, however this should not be to detriment of actual market practice and commercial reality.</p>	<p>The NPPF sets out that the purpose of the planning system is to deliver sustainable development through a plan-led system. The SPD provides guidance on the implementation of the council's Development Plan policies. The approach taken is consistent with the NPPF and PPG. The latter confirms that EUV may provide an appropriate basis for comparison as a means to determining a competitive return. The council recognises that this would normally include a premium above EUV and should incentivise release of the site. The SPD has been updated to place greater emphasis on PPG. In this context, further clarification is provided relating to assessment of the premium, the use of market data and the application of Development Plan policies when determining land value.</p> <p>The council notes that decisions on individual sites by different planning authorities and inspectors have been mixed as set out in research published by the RICS<sup>7</sup>. The council has significant concerns similar to those identified in the research paper regarding the application of the 'Market value approach' as described in the RICS GN. The government has confirmed to the council that it is the Secretary of State's 'unambiguous policy position' that 'land or site value' 'should reflect policy requirements'. Where policies are not fully reflected as required by PPG and transactions are not adequately comparable or adjusted, this makes it almost inevitable that policy requires are found to be unviable. This will undermine the delivery of sustainable development. It is appropriate for the council as the local planning authority to provide guidance on this issue in line with the key principles of the NPPF and the approach as set out in PPG.</p>
68	Metropolis	<p>Policies are unclear on what level of affordable housing a policy compliant application would provide. Different level might be policy compliant for different applicants on same site. This is incompatible with the NPPF and PPG, which require predictability, efficiency and being even-handed to applicants.</p> <p>Two possible approaches:</p>	<p>The SPD aims to provide greater certainty and clarity within the framework of current national, London wide and local policy context. The SPD provides guidance on adopted Development Plan Policies, including Policy CS 12 which states that individual schemes must provide the maximum reasonable amount of affordable housing on site taking into account the strategic target that 50% of new housing should be affordable. Further guidance has been provided to clarify and provide greater predictability regarding application of affordable housing and other policy</p>

<sup>6</sup> RICS (Crosby & Wyatt) Financial Viability Appraisal in Planning Decisions: Theory and Practice (2015)

<sup>7</sup> See footnote 5.

		<ul style="list-style-type: none"> <li>- Clear affordable housing quota/benchmark % could be stated. This would justify more rigorous testing with onus on the developer to seek exception from rule (as for small sites)</li> <li>- Alternative is more universal and arms-length, allowing any applicant to see easily what is compliant on a site.</li> </ul>	requirements. This should be taken into account when undertaking viability assessments and determining land value (see Section 6).
69	LFEPa via Dron and Wright	Approach to Alternative use value (AUV) (draft SPD para 6.59) is time consuming and unreasonable, especially where previous use of site was operational and no longer present on site.	Guidance in relation to an AUV approach is consistent with PPG which states that this must be policy compliant and realistic. Information must be provided to enable the council to determine if the alternative use would be acceptable in planning terms and to assess the residual value of the scheme.
<b>Development Finance</b>			
70	London Square via Quod/ George Venning/ Metropolis	The nature and circumstances of the applicant should be disregarded when assessing viability of schemes and viability should be assessed on the basis of industry benchmarks.	Noted. In weighing up the merits and disadvantages of a standard or more specific approach to the costs of development finance, the council recognises the benefits of the former and the SPD has been updated to reflect this.
71	Fitzpatrick Team Developments via CGMS; Canonbury Society	The terms of development finance can be commercially sensitive.	The council's approach to issues of transparency and confidentiality is set out in Section 4. Greater emphasis is placed in the SPD on the use of standard assumptions in respect of development finance and other viability information, which should ensure fewer concerns relating to commercial confidentiality.
72	Professor Patrick McAllister	Development finance and cost of debt are complex and variable depending on risk, economic conditions, borrower, funding terms etc. Conventional approach that a developer borrows all development costs is unlikely to occur. Suggest council focus on project viability and disregard applicants' finance arrangements.	Noted. This approach is associated with the adoption of an IRR based profit which is considered above. Where this is not applied it is appropriate to take finance costs into account as required by PPG.

VIABILITY REVIEW MECHANISMS			
Proposed Approach			
73	LB Harrow / Elephant Amenity Network / Professor Patrick McAllister	Support for council's proposed approach. /	Noted.
74	Professor Patrick McAllister	Review process is likely to be complex.	The SPD sets out an approach which is transparent, less complex and less resource intensive than a full viability re-assessment. The council's approach does this through the use of formulas and by focusing on development values and costs which are the key variables that are likely to be subject to change.
75	GLA/ Empyrean/ Fitzpatrick via CgMs/ LFEPA via Dron and Wright	Council should satisfy itself that intentions of proposed SPD approach are consistent with those of the Mayors Housing SPG (and does not restrict development. Viability reviews introduce uncertainty which affects funding.	The council's approach will support delivery of its Local Plan, is appropriate to the circumstances that are relevant to Islington (see for example Section 2) and is in line with the Mayor's Housing SPG. The SPD establishes that reviews will only take place to ensure compliance with the Development Plan. Furthermore, additional planning obligations will only be sought in the event that a scheme is viable and a surplus profit is generated. Developers are further incentivised through a share of any additional profit generated. As such it is considered that the SPD will not act as a barrier to delivery.
76	GLA/ London Square via Quod/ Parkhurst Road Ltd via Gerald Eve / London First	Pre-commencement trigger after 12 months needs more flexibility for schemes with complex consolidation or pre-commencement conditions / 18 month period should be adopted as negotiable minimum.  Pre-implementation trigger of "substantial" implementation is not standard.	The purpose of the review is to ensure that the assessment is based on up to date and accurate viability evidence. The council does not intend (or consider it necessary) to use viability reviews as an incentive for delivery. Given the circumstances of the borough and the potential for significant changes in values and costs within a short timeframe, an application stage assessment is likely to be out of date after 12 months or before.  Substantial implementation has been used by boroughs and the Mayor as a basis for whether a review takes place within a number of S106 agreements to rule out the potential for a notional implementation in order to avoid a review.
77	GLA	Mid-point or advanced stage reviews need to take into account individual scheme circumstances regarding accommodating additional	Noted. The SPD recognises that advanced stage reviews will typically result in a contribution rather than additional onsite affordable housing, where a surplus profit is generated. Where surplus profit is generated at

		onsite affordable housing.	mid-term review stage, the council will seek additional onsite provision in line with the Development Plan whilst having regard to site specific circumstances.
78	George Venning	Review is a disincentive for seeking efficiency gains while the risk of cost over-runs still remains with the council in S106BA.	The review mechanism makes an allowance for any surplus determined to be shared between the developer and the council, maintaining the incentive for positive cost management. The council is further limited to any surplus up to the policy complaint cap. Any efficiency gains made above this cap are retained entirely by the developer.
79	George Venning	A general reporting duty as a planning obligation might be better alternative to a review mechanism. This could provide a bank of data to compare future schemes' costs for the public and applicants.	The council considers that it is necessary to undertake review mechanisms in order to ensure that developments comply with planning policy where it is viable to do so. The council notes the importance of monitoring viability information and may undertake post completion reviews for this purpose (see SPD section 8).
80	London Square via Quod	SPD should define what constitutes a phased scheme.	The SPD (and draft version) sets out parameters for the scale of development which is likely to come forward in phases (schemes of or above 150 residential units / 10,000 sq m commercial or mixed use space).
81	Derwent via DP9 / Royal Mail via DP9 / Parkhurst Road Ltd via Gerald Eve / London First / London Square via Quod/ Fitzpatrick via CgMs/ LFEPA via Dron and Wright Empyrean/ Canonbury Society	<p>Viability should not be reviewed after permission. If reviews are applied, their appropriateness should be considered on a scheme by scheme basis having regard to NPPF, PPG and London Plan. SPD conflicts with London Plan, Mayor's Housing SPG, RICS GN and PPG.</p> <p>/ Blanket requirement for reviews, formulas and approach are contrary to NPPF and London Plan and not mentioned in Local Plan or subject to examination.</p> <p>/ Formulaic approach to pre-implementation reviews only appropriate for some schemes.</p> <p>/ SPD fails to reflect cyclical nature of housing market and is predicated on upwards growth only.</p>	<p>The SPD is consistent with national policy, guidance and the Development Plan. The London Plan, the Mayor's Housing SPG and the council's adopted Planning Obligation SPD endorse the use of viability reviews. The Housing SPG paragraph 4.4.35 states that "The aim of a review mechanism is to address economic uncertainties which may arise over the lifetime of a development proposal. It allows increases in Section 106 contributions to reflect changes in the value of the development from application to a specific point in time/stage of development". The SPD provides guidance on and supports the implementation of development plan policies, within the borough context, in particular the requirement to provide the maximum reasonable level of affordable housing and address the impacts of development.</p> <p>RICS guidance is non-statutory, does not reflect the specific circumstances that apply in the borough and does not place sufficient weight on delivery of plan policies and sustainable development.</p> <p>The approach adopted in the SPD reflects the borough context and allows for a transparent, less complex and resource intensive process. The council will also take into account the specific circumstances of proposals.</p>

			Additional planning obligations will only be required if deemed to be viable through identification of a surplus profit. Land registry data indicates a significant long term trend of residential value increase in the borough, although separate legal provisions exist for a review of viability in the event that this reduces as referred to above.
82	Parkhurst Road Ltd via Gerald Eve / London First	For schemes of insufficient size or duration, or for larger schemes that have been appraised using a growth model if they proceed in a timely manner, a viability review is inappropriate. Where council and applicant agree a review mechanism is appropriate, this should be pre-implementation in line with PPG, London Plan and RICS GN.	<p>Given the potential for changes in market conditions within the borough, the council considers that for major developments where planning obligations are based on an application stage assessment, a review mechanism is necessary to ensure that planning obligations are based on an accurate and up to date assessment at the point of delivery. This is common practice within London and has been supported in the Mayor's Housing SPG and a number of appeal decisions.</p> <p>In previous cases the council has found that growth assumptions applied in applicants' appraisals at application stage have been significantly lower than long term trends, the council's expert advice and actual growth that has occurred in the initial years following the appraisal. If an applicant chooses to rely on growth forecasts, the uncertainty associated with growth forecasting is such that viability reviews will be necessary to assess actual changes.</p> <p>Undertaking viability reviews at a later stage of development is established practice and is supported in the Mayor's Housing SPG. As noted above, the council does not intend to use viability reviews as an incentive to progress with a development but rather to ensure that these are based on up to date values and costs at the point of delivery. This is important to ensure that assessments are accurate given previous and potentially significant changes in market conditions over a short timeframe.</p>
83	Derwent via DP9 / Royal Mail via DP9 / Parkhurst via Gerald Eve / London First / Canonbury Society/	Contribution formula is flawed. / Approach to calculating surplus, additional onsite affordable housing and financial contributions is crude, difficult and costly to implement.	The use of formulas to be included within a S106 agreement allows for a transparent, less complex and resource intensive process. These provide an appropriate basis for considering changes that have occurred between planning and development stages. The formulas focus on only two key elements values and build costs. In the event that costs in the initial assessment were based on acceptable publically available data, only values will be reviewed. This approach will

			reduce the information requirements, the scope of the review and the amount of time the review will take.
84	Canonbury Society / London Square via Quod	Would be useful to see worked examples of formulas and application to schemes in pipeline including schemes with successive reviews.	<p>Noted. Where appropriate the council will provide example calculations based on the relevant scheme for inclusion within S106 agreements.</p> <p>The formulas cannot readily be applied to pipeline schemes without information of up to date values and costs.</p>
85	Canonbury Society	After planning consent is secured the planning risk is gone, thus profit expectations and cost of finance will be lower. Outputs of model will change.	Noted. Lower profit and finance cost applied at review stage would increase the likelihood of a surplus being identified. However to limit the cost and time taken to undertake a review, the council considers that this should focus on development values and build costs, that are the key inputs that are most likely to change.
86	Elephant Amenity Network	Support for three stage review of longer-term schemes as providing fair assessment of true viability of schemes, securing maximum affordable housing and public confidence.	Noted.
87	Berkeley Homes	Mid or end term reviews challenging for tall buildings applications as developer is unable to withdraw if market fails as with conventional phased development. In such cases, time related review pre-commencement would be more appropriate.	A viability review will consider changes in market conditions. Additional planning obligations will only be required where a surplus is generated. As noted above, reviews are required at advanced stage (and mid-term stage for large phased development) to ensure that assessments are based on up to date information at the point at which values and costs are realised.
88	London Square via Quod	<p>Further guidance required regarding formulas:</p> <p>What evidence is required to support inputs, the process for undertaking reviews and whether value inputs are limited to residential values?</p> <p>Cost review is limited to construction costs and does not allow for unforeseen actual cost risks.</p> <p>Basis for council / developer split is unclear and appears arbitrary. Any share should be 50:50.</p> <p>Allowance should be made for any shortfall to agreed profit threshold.</p> <p>Later reviews need to take into</p>	<p>Details of key information requirements are set out in Section 7. The SPD has been amended to indicate that the review process will follow the application stage process (see Section 3).</p> <p>Value inputs will not be limited to residential value. Further detailed aspects of the review process will be set out in draft S106 agreements relevant to individual sites.</p> <p>Reviews will assess development values and build costs, which are the key variables that may be subject to change. This will limit the cost of undertaking the review and expedite the process. The SPD recognises that the approach taken will have regard to site specific circumstances, which may include consideration of additional costs where appropriate.</p> <p>The council has allowed for a proportion of any additional value generated to be retained by the developer to ensure that they gain in the</p>

	<p>account reconciliation for potential deficit on previous phase.</p> <p>Additional onsite affordable housing provision is likely to require significant design changes.</p> <p>Guidance required regarding what happens if outcome is lower than target.</p> <p>Payment in lieu should be possible where extra onsite delivery not feasible.</p> <p>The cap payment formula may be overstated.</p> <p>Unclear where average values to be taken from.</p> <p>Info requirements and time required to review them (draft SPD para 7.29) may delay completion.</p>	<p>event of higher development values and lower costs. These proportions have been set at levels that reflect that the primary purpose of the review is to enable the provision of additional policy requirements where viable and that additional developer profit over the threshold profit level is not necessary for a scheme to be deemed viable. For pre-implementation reviews, this is based on typical profit requirements. At this stage limited additional incentive is required over the threshold profit, given that values will be realised after the review<sup>8</sup>. The allowance will be higher for mid-term and advanced stage reviews to ensure that a developer remains incentivised to maximise values and minimise costs prior to the review. The mid-term and advanced stage allowance is therefore set at 40%, which is a significant level of surplus or 'super profit' that is retained by the developer. A higher proportion is not deemed appropriate as this would not reflect the priority that should be given to securing additional planning obligations that are viable.</p> <p>The starting point for any review process is that the level of planning obligations proposed at application stage was deemed to be deliverable (See Section 4). Later reviews consider the scheme as a whole, as well as values and costs identified in previous reviews, and so will take into account any reduction in viability arising from earlier phases.</p> <p>It is not considered that significant design changes will be required when providing additional affordable units. The level of surplus generated will be used to convert the appropriate number of market units, identified in an additional affordable housing schedule, up to the policy cap. The council does not consider payment in lieu as likely to be necessary as part of a pre-implementation review, given that the development process will still be at a sufficiently early stage to allow for onsite delivery of affordable housing.</p> <p>The SPD recognises that in some instances adjustments to the calculations may be warranted according to the circumstances of a specific proposal. For example, where market and affordable housing values were clearly distinguished in the original appraisal calculation, it may be appropriate to allow for differential costs when determining the Advanced Stage Affordable Housing Cap.</p>
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<sup>8</sup> See appeal ref: APP/V5570/A/14/2226258

			<p>Average values will be determined as a part of the review.</p> <p>The approach adopted limits information requirements and will streamline and shorten the time that a review will take. It is not considered that reviews will delay completion.</p>
89	Fitzpatrick via CgMs/ LFEPA via Dron and Wright	Three stage review process extensive, expensive and will delay implementation. Nature of review mechanism should be in line with size and nature of individual scheme.	<p>The council's approach to reviewing viability is proportionate to the scale of development. For the majority of schemes that do not meet policy requirement or the strategic affordable housing target, only one review will be required. Pre-implementation reviews will only apply to phased developments. The SPD has also been amended to indicate that mid-term reviews will be required for large-phased developments only. As noted above, viability reviews will focus on development values and build costs, limiting the scale, expense and time required. Additional planning obligations will only be required in the event that a surplus profit is generated (see above).</p>
<b>COUNCIL MONITORING AND REVIEW</b>			
90	Elephant Amenity Network	Support for post completion reviews (draft SPD para 8.1) for all schemes. Applicants should be required to provide all relevant information.	Noted.
91	LFEPA via Dron and Wright	Proposed review of viability following completion must be confidential and for internal review processes only, otherwise unreasonable.	See SPD section 4 for the council's approach to confidentiality / transparency.
<b>OTHER COMMENTS</b>			
92	Elephant Amenity Network	Council should campaign to abolish viability assessments. Applicants should be required to comply with local plans without exception. Plan requirements already extensively researched and tested.	Noted. The council has raised concerns regarding the operation and adequacy of the process, particularly in view of the significant influence that this can have on planning outcomes. Concerns have also been cited by a number of other organisations and experts in the field.
93	Empyrean	Viability is not Islington's most pressing issue. Lack of land is.	The council recognises the constraints associated with a limited land supply, whilst also noting high levels of delivery that have occurred within the borough. Constrained land supply highlights the importance of delivering sustainable development on sites that come forward. The SPD will support this through helping to ensure that viability is appropriately assessed as part of the decision making process.

94	Empyrean	Planning process is too lengthy, costly and not leading to better schemes. Perceived presumption against development.	The basis for the planning process is set out in legislation and national policy and guidance. The Islington Development Plan sets out ambitious targets for delivery of new homes and employment growth. As evident from previous high delivery rates, the council is supportive of growth that meets the terms of its Development Plan and the principles of sustainable development.
95	Canonbury Society	The council is too focused on delivery of affordable housing and minimisation of developer profit at expense of good design and town planning. Council officers spend too much time on viability and therefore less time / expertise on other matters such as design, sustainability etc.	<p>The delivery of affordable housing is a clear council policy priority supported by evidence of significant housing need. The council allows for competitive returns to developers in line with NPPF requirements, as set out in the SPD.</p> <p>The council has specialist officers who exclusively deal with issues such as viability, design and sustainability. The council has previously produced policies and guidance relating to these and other areas. Viability must be addressed as part of the planning process however this is not at the expense of consideration of the range of issues that form part of the Islington Development Plan.</p>