



## Summary of Representations

### Viability Appraisals for New Developments Supplementary Planning Document

1. This document provides a summary of the representations received by the Council in response to the consultation on the Viability Appraisals for New Developments Supplementary Planning Document (SPD).
2. The SPD sets out the Council's approach to viability assessments in support of Policies H2 Affordable Housing and INF1 Infrastructure in the [Hart Local Plan \(Strategies & Sites\) 2032](#). Both these policies refer to the need for viability assessments if a case is being put that the expected contributions would render the scheme unviable. If an applicant for planning permission argues that the expected level of developer contributions would render a proposal unviable, a viability assessment must be submitted to support the planning application. The SPD clarifies the financial information that the Council expects to be submitted.
3. Consultation on the draft Viability Appraisals for New Developments SPD ran for a six-week period from 12 May 2023 to 23 June 2023. During the consultation, documents were made available on the Council's website and on the reception desk of the Council's offices. Throughout the consultation people were invited to comment via email or in writing to the Planning Policy team.
4. 10 responses were received during the consultation period as set out in Table 1 below.
5. A summary of the representations received and the Council's response to each issue raised is outlined in Table 1 below.

**Table 1: Summary of representations and the Council's response**

Consultee	Issue raised	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

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		<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 affordable housing in conservation area developments</p>	<p>No change</p> <p>Any planning application within a Conservation Area would need to provide sufficient information to</p>

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		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 <b>and the reasons why the full assessment is not made publicly available included within the Executive Summary.</b> ”
06 – National Highways 06/01	Have no comments	Noted.
07 – Natural England 07/01	Do not wish to comment	Noted.
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.	Noted.

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	Reference is made to SCC's Draft Guidance on Planning Obligations.	
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:  <b>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.</b>
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 attached to the County Council comments on the draft SPD.	Noted.

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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. The release of SANG capacity is outside the scope of this SPD.
09/03	To avoid creating a moral hazard where it would be in consultants' interests to change significant	The following sentence has been added to para 1.6 which clarifies that the appointment of consultants to

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	<p>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>advise the Council on viability matters would be through the usual procurement processes.</p> <p><b>‘Viability consultants will be appointed through the Council’s relevant procurement processes.’</b></p>
09/04	<p>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>	<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	<p>Para 4.21 – professional fees should be capped at 20% not 8%, given the rising costs and some sites’ complexity</p>	<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><b>‘This SPD sets out the assumptions that the Council would expect to see included in an appraisal for different elements of the costs. Any variation from these will need to be robustly justified having regard to clear site specific and market evidence.’</b></p>
09/06	<p>Para 4.24 – the agent fee should be raised from 1% to 2%</p>	<p>No change</p> <p>1% has been benchmarked against other studies and is considered to be reasonable</p>

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		<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	<p>Para 4.26 – the sales legals should be capped at £2,000 not £1,000 per dwelling</p>	<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	<p>Para 4.28 – project contingency should be capped at 15% not 5%.</p>	<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>
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</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>



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	generate a 20% profit, and HDC should not appear as anti-business.	<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	The Annex on Typical Values should be amended to reflect the above	<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>
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.

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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.