

Five key changes in new viability guidance

In 2018 the Government told Councils and developers that viability assessments should be part of the plan-making process, aiming to prevent the need for further discussions at the application stage. In addition, benchmark land values informing viability assessments should be calculated using a site's existing use value (EUV) plus a premium for the landowner and explicitly not on the price paid for a site.

The following are changes in guidance.

- 1** A new focus on the need to ensure development being assessed for viability purposes is policy compliant. The guidance defines this as development that "fully complies with up to date plan policies" – and therefore avoids the need for a viability assessment – adding that decision makers can give "appropriate weight to emerging policies".
- 2** Greater emphasis on the need for planning authorities to consult with the development industry to test viability assumptions. Plan-makers are asked to "engage with landowners, site promoters and developers" to "ensure assumptions of costs and values are realistic and broadly accurate".
- 3** A tighter definition of existing use value (EUV). The guidance states that EUV is the "value of the land in its existing use" but removes the ability to take into account "the right to implement any development for which there are policy compliant extant planning consents".
- 4** An expanded definition of alternative use value (AUV). The guidance states this can now take into account not just an "existing implementable permission" but any "uses which would fully comply with up to date development plan policies".
- 5** Inclusion of costs and land requirements for education provision in viability calculations. Plan makers are told that this should "inform site typologies and site-specific viability assessments" and that development should "provide both funding for construction and land for new schools".