

VIABILITY STATEMENT

ALDERHOLT MEADOWS

As at February 2023

Prepared for:

Dudsbury Homes

Prepared by Intelligent Land

February 2023

Without Prejudice



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VIABILITY STATEMENT

1.0 Overview

- 1.1 The outline planning application for Alderholt Meadows is supported by a viability assessment that has been completed in accordance with Government Guidance. The assessment concludes that the development can viably provide 35% of all new dwellings as affordable housing, in addition to other Section 106 contributions and significant social and construction infrastructure.
- 1.2 The purpose of this statement is to provide an overview of the financial foundations of the outline planning application for Alderholt Meadows. The following paragraphs provide a summary of viability policy and guidance, key inputs and outputs and assumptions adopted when assessing viability.

2.0 Government Guidance

- 2.1 Viability is measured in accordance with the revised National Planning Policy Framework (NPPF) July 2021 (see Appendix 1). Further viability principles are set out in the National Planning Policy Guidance (NPPG) September 2019 (see Appendix 2). These online documents provide advice regarding the viability of development sites and key requirements are as follows:
- Paragraph 58 of the revised NPPF prescribes that all viability assessments should reflect the recommended approach in national planning guidance, including standardised inputs (see Appendix 1 – MHCLG (2021) ‘National Planning Policy Framework’, p.16, para.58).
 - Strategic Sites will require a viability report (see Appendix 2 - MHCLG (2019) ‘Guidance Viability’, p.4, para.005).
 - Build cost derived from Building Cost Information Service (see Appendix 2 - MHCLG (2019) ‘Guidance Viability’, p.9, para.012, bullet point.1) .
 - Benchmark Land Value (BLV) should be based on Existing Use Value plus a premium for the landowner (see Appendix 2 - MHCLG (2019) ‘Guidance Viability’, p.10, para.014). The premium should be the minimum return at which it is considered a reasonable landowner would be willing to sell their land (see Appendix 2 - MHCLG (2019) ‘Guidance Viability’, p.12, para.016).
 - Developer return should broadly be between 15% and 20% of gross development value (see Appendix 2 - MHCLG (2019) ‘Guidance Viability’, p.13, para.018).
- 2.2 The NPPF requires viability to be measured against a BLV. The BLV should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would sell their land. This approach has been adopted when measuring the viability of Alderholt Meadows.

- 2.3 The level of premium applied to EUV in the case of Alderholt Meadows is in line with current District Valuer assumptions, Local Plan viability assumptions and also Homes and Communities Agency (Homes England) Guidance. HCA Guidance recommends a premium of between 10 and 20 times EUV to incentivise release of the land for development (see Appendix 3 - HCA (2010) 'Area Wide Viability Model, Annex 1 Transparent Viability Assumptions', p.9, para.3.5).

3.0 Infrastructure Delivery Plan

- 3.1 The proposed development will include both social and construction infrastructure to ensure the completed development is deliverable, accessible and sustainable.
- 3.2 Social infrastructure will include improvements to St James School, improved bus services, new medical center and pharmacy, new village square with community center and sports pitches with pavilion.
- 3.3 Construction infrastructure will include improvements to A31 Verwood junction, improvements to Provost Street in Fordingbridge, creation of new green spaces and creation of a solar farm.
- 3.4 In addition to social and construction infrastructure, forecast Section 106 contributions towards the following key items are factored into viability assessments (but not limited to):
- Bus Service Contribution
 - Health Facility Contribution
 - Education Contribution
 - Strategic Access Management and Monitoring
 - Community Hall Management Contribution
 - Sports Facility Management Contribution
 - Public Art and Trim Trail Contributions
- 3.5 Further discussions will be held with the Local Planning Authority to fine tune and document Section 106 contributions as the outline planning application progresses.

4.0 Affordable Housing Provision

4.1 The viability assessment concludes that the completed development will viably support a provision of 35% of dwellings as affordable housing. This is in accordance with Policy LN3 of the Christchurch and East Dorset Core Strategy that requires greenfield developments to provide up to 50% of the residential units as affordable housing (See Appendix 4). Affordable housing will include a variety of tenures to meet local needs, including:

- 25% (149) of all affordable dwellings will be First Homes, in accordance with emerging planning policy. First Homes are discounted market sale and must be discounted by a minimum of 30% against market value (capped at £250,000).
- 52% (312) of affordable dwellings will be available for social and affordable rent, in accordance with Policy LN3 (see Appendix 4). These tenures provide discounted rental properties.
- 23% (134) of affordable dwellings will be available for shared ownership, in accordance with Policy LN3 (see Appendix 4). Shared ownership includes part ownership and part rent with the option to buy out the rental element.
- 10% (60) of all affordable dwellings will be planned for households requiring specially adapted or supported housing, in accordance with Policy LN3 (see Appendix 4).
- Affordable housing at Alderholt Meadows includes provision for affordable care facilities.
- Social rent and affordable rent tenures represent 70% of affordable housing dwellings (excluding first homes), in accordance with Policy LN3 (see Appendix 4).
- Shared ownership tenures represent 30% of affordable housing dwellings (excluding first homes), in accordance with policy LN3 (see Appendix 4).
- Alderholt Meadows will provide a total of 595 (35%) dwellings for affordable housing, in accordance with Policy LN3 (see Appendix 4).

5.0 Viability Conclusion

5.1 A robust assessment of viability has been completed in accordance with Government guidance and local planning policy. This assessment concludes that in addition to Section 106 contributions the development at Alderholt Meadows can viably provide 595 (35%) affordable dwellings.

5.2 The viability assessment includes provision for significant social and construction infrastructure, required to deliver the scheme and aspirations of the developer to create a sustainable development. Full viability assessments will be discussed with the Local Planning Authority as the application progresses. Intelligent Land and the applicant would welcome the opportunity to meet the Local Authority to discuss this issue further.

5.3 It is important to note that housing mix, affordable housing tenures and associated viability assessments can be updated to reflect local housing and market needs as the planning application progresses.

Appendix 1



Ministry of Housing,
Communities &
Local Government

National Planning Policy Framework



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1. Introduction

1. The National Planning Policy Framework sets out the Government's planning policies for England and how these should be applied¹. It provides a framework within which locally-prepared plans for housing and other development can be produced.
2. Planning law requires that applications for planning permission be determined in accordance with the development plan², unless material considerations indicate otherwise³. The National Planning Policy Framework must be taken into account in preparing the development plan, and is a material consideration in planning decisions. Planning policies and decisions must also reflect relevant international obligations and statutory requirements.
3. The Framework should be read as a whole (including its footnotes and annexes). General references to planning policies in the Framework should be applied in a way that is appropriate to the type of plan being produced, taking into account policy on plan-making in chapter 3.
4. The Framework should be read in conjunction with the Government's planning policy for traveller sites, and its planning policy for waste. When preparing plans or making decisions on applications for these types of development, regard should also be had to the policies in this Framework, where relevant.
5. The Framework does not contain specific policies for nationally significant infrastructure projects. These are determined in accordance with the decision-making framework in the Planning Act 2008 (as amended) and relevant national policy statements for major infrastructure, as well as any other matters that are relevant (which may include the National Planning Policy Framework). National policy statements form part of the overall framework of national planning policy, and may be a material consideration in preparing plans and making decisions on planning applications.
6. Other statements of government policy may be material when preparing plans or deciding applications, such as relevant Written Ministerial Statements and endorsed recommendations of the National Infrastructure Commission.

¹ This document replaces the previous version of the National Planning Policy Framework published in February 2019.

² This includes local and neighbourhood plans that have been brought into force and any spatial development strategies produced by combined authorities or elected Mayors (see Glossary).

³ Section 38(6) of the Planning and Compulsory Purchase Act 2004 and section 70(2) of the Town and Country Planning Act 1990.

2. Achieving sustainable development

7. The purpose of the planning system is to contribute to the achievement of sustainable development. At a very high level, the objective of sustainable development can be summarised as meeting the needs of the present without compromising the ability of future generations to meet their own needs⁴. At a similarly high level, members of the United Nations – including the United Kingdom – have agreed to pursue the 17 Global Goals for Sustainable Development in the period to 2030. These address social progress, economic well-being and environmental protection⁵.
8. Achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across each of the different objectives):
 - a) **an economic objective** – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;
 - b) **a social objective** – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering well-designed, beautiful and safe places, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being; and
 - c) **an environmental objective** – to protect and enhance our natural, built and historic environment; including making effective use of land, improving biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy.
9. These objectives should be delivered through the preparation and implementation of plans and the application of the policies in this Framework; they are not criteria against which every decision can or should be judged. Planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.
10. So that sustainable development is pursued in a positive way, at the heart of the Framework is a **presumption in favour of sustainable development** (paragraph 11).

⁴ Resolution 42/187 of the United Nations General Assembly.

⁵ Transforming our World: the 2030 Agenda for Sustainable Development.

The presumption in favour of sustainable development

11. Plans and decisions should apply a presumption in favour of sustainable development.

For **plan-making** this means that:

- a) all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;
- b) strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas⁶, unless:
 - i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area⁷; or
 - ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

For **decision-taking** this means:

- c) approving development proposals that accord with an up-to-date development plan without delay; or
- d) where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date⁸, granting permission unless:
 - i. the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed⁷; or
 - ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

⁶ As established through statements of common ground (see paragraph 27).

⁷ The policies referred to are those in this Framework (rather than those in development plans) relating to: habitats sites (and those sites listed in paragraph 181) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats; designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 68); and areas at risk of flooding or coastal change.

⁸ This includes, for applications involving the provision of housing, situations where the local planning authority cannot demonstrate a five year supply of deliverable housing sites (with the appropriate buffer, as set out in paragraph 74); or where the Housing Delivery Test indicates that the delivery of housing was substantially below (less than 75% of) the housing requirement over the previous three years.

12. The presumption in favour of sustainable development does not change the statutory status of the development plan as the starting point for decision-making. Where a planning application conflicts with an up-to-date development plan (including any neighbourhood plans that form part of the development plan), permission should not usually be granted. Local planning authorities may take decisions that depart from an up-to-date development plan, but only if material considerations in a particular case indicate that the plan should not be followed.
13. The application of the presumption has implications for the way communities engage in neighbourhood planning. Neighbourhood plans should support the delivery of strategic policies contained in local plans or spatial development strategies; and should shape and direct development that is outside of these strategic policies.
14. In situations where the presumption (at paragraph 11d) applies to applications involving the provision of housing, the adverse impact of allowing development that conflicts with the neighbourhood plan is likely to significantly and demonstrably outweigh the benefits, provided all of the following apply⁹:
 - a) the neighbourhood plan became part of the development plan two years or less before the date on which the decision is made;
 - b) the neighbourhood plan contains policies and allocations to meet its identified housing requirement;
 - c) the local planning authority has at least a three year supply of deliverable housing sites (against its five year housing supply requirement, including the appropriate buffer as set out in paragraph 74); and
 - d) the local planning authority's housing delivery was at least 45% of that required¹⁰ over the previous three years.

⁹ Transitional arrangements are set out in Annex 1.

¹⁰ Assessed against the Housing Delivery Test, from November 2018 onwards.

3. Plan-making

15. The planning system should be genuinely plan-led. Succinct and up-to-date plans should provide a positive vision for the future of each area; a framework for addressing housing needs and other economic, social and environmental priorities; and a platform for local people to shape their surroundings.
16. Plans should:
 - a) be prepared with the objective of contributing to the achievement of sustainable development¹¹;
 - b) be prepared positively, in a way that is aspirational but deliverable;
 - c) be shaped by early, proportionate and effective engagement between plan-makers and communities, local organisations, businesses, infrastructure providers and operators and statutory consultees;
 - d) contain policies that are clearly written and unambiguous, so it is evident how a decision maker should react to development proposals;
 - e) be accessible through the use of digital tools to assist public involvement and policy presentation; and
 - f) serve a clear purpose, avoiding unnecessary duplication of policies that apply to a particular area (including policies in this Framework, where relevant).

The plan-making framework

17. The development plan must include strategic policies to address each local planning authority's priorities for the development and use of land in its area¹². These strategic policies can be produced in different ways, depending on the issues and opportunities facing each area. They can be contained in:
 - a) joint or individual local plans, produced by authorities working together or independently (and which may also contain non-strategic policies); and/or
 - b) a spatial development strategy produced by an elected Mayor or combined authority, where plan-making powers have been conferred.
18. Policies to address non-strategic matters should be included in local plans that contain both strategic and non-strategic policies, and/or in local or neighbourhood plans that contain just non-strategic policies.
19. The development plan for an area comprises the combination of strategic and non-strategic policies which are in force at a particular time.

¹¹ This is a legal requirement of local planning authorities exercising their plan-making functions (section 39(2) of the Planning and Compulsory Purchase Act 2004).

¹² Section 19(1B-1E) of the Planning and Compulsory Purchase Act 2004.

Strategic policies

20. Strategic policies should set out an overall strategy for the pattern, scale and design quality of places, and make sufficient provision¹³ for:
- a) housing (including affordable housing), employment, retail, leisure and other commercial development;
 - b) infrastructure for transport, telecommunications, security, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat);
 - c) community facilities (such as health, education and cultural infrastructure); and
 - d) conservation and enhancement of the natural, built and historic environment, including landscapes and green infrastructure, and planning measures to address climate change mitigation and adaptation.
21. Plans should make explicit which policies are strategic policies¹⁴. These should be limited to those necessary to address the strategic priorities of the area (and any relevant cross-boundary issues), to provide a clear starting point for any non-strategic policies that are needed. Strategic policies should not extend to detailed matters that are more appropriately dealt with through neighbourhood plans or other non-strategic policies.
22. Strategic policies should look ahead over a minimum 15 year period from adoption¹⁵, to anticipate and respond to long-term requirements and opportunities, such as those arising from major improvements in infrastructure. Where larger scale developments such as new settlements or significant extensions to existing villages and towns form part of the strategy for the area, policies should be set within a vision that looks further ahead (at least 30 years), to take into account the likely timescale for delivery.¹⁶
23. Broad locations for development should be indicated on a key diagram, and land-use designations and allocations identified on a policies map. Strategic policies should provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development. This should include planning for and allocating sufficient sites to deliver the strategic priorities of the area (except insofar as these needs can be demonstrated to be met more appropriately through other mechanisms, such as brownfield registers or non-strategic policies)¹⁷.

¹³ In line with the presumption in favour of sustainable development.

¹⁴ Where a single local plan is prepared the non-strategic policies should be clearly distinguished from the strategic policies.

¹⁵ Except in relation to town centre development, as set out in chapter 7.

¹⁶ Transitional arrangements are set out in Annex 1.

¹⁷ For spatial development strategies, allocations, land use designations and a policies map are needed only where the power to make allocations has been conferred.

Maintaining effective cooperation

24. Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.
25. Strategic policy-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).
26. Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.
27. In order to demonstrate effective and on-going joint working, strategic policy-making authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance, and be made publicly available throughout the plan-making process to provide transparency.

Non-strategic policies

28. Non-strategic policies should be used by local planning authorities and communities to set out more detailed policies for specific areas, neighbourhoods or types of development. This can include allocating sites, the provision of infrastructure and community facilities at a local level, establishing design principles, conserving and enhancing the natural and historic environment and setting out other development management policies.
29. Neighbourhood planning gives communities the power to develop a shared vision for their area. Neighbourhood plans can shape, direct and help to deliver sustainable development, by influencing local planning decisions as part of the statutory development plan. Neighbourhood plans should not promote less development than set out in the strategic policies for the area, or undermine those strategic policies¹⁸.
30. Once a neighbourhood plan has been brought into force, the policies it contains take precedence over existing non-strategic policies in a local plan covering the neighbourhood area, where they are in conflict; unless they are superseded by strategic or non-strategic policies that are adopted subsequently.

¹⁸ Neighbourhood plans must be in general conformity with the strategic policies contained in any development plan that covers their area.

Preparing and reviewing plans

31. The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.
32. Local plans and spatial development strategies should be informed throughout their preparation by a sustainability appraisal that meets the relevant legal requirements¹⁹. This should demonstrate how the plan has addressed relevant economic, social and environmental objectives (including opportunities for net gains). Significant adverse impacts on these objectives should be avoided and, wherever possible, alternative options which reduce or eliminate such impacts should be pursued. Where significant adverse impacts are unavoidable, suitable mitigation measures should be proposed (or, where this is not possible, compensatory measures should be considered).
33. Policies in local plans and spatial development strategies should be reviewed to assess whether they need updating at least once every five years, and should then be updated as necessary²⁰. Reviews should be completed no later than five years from the adoption date of a plan, and should take into account changing circumstances affecting the area, or any relevant changes in national policy. Relevant strategic policies will need updating at least once every five years if their applicable local housing need figure has changed significantly; and they are likely to require earlier review if local housing need is expected to change significantly in the near future.

Development contributions

34. Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.

Examining plans

35. Local plans and spatial development strategies are examined to assess whether they have been prepared in accordance with legal and procedural requirements, and whether they are sound. Plans are 'sound' if they are:

¹⁹ The reference to relevant legal requirements refers to Strategic Environmental Assessment. Neighbourhood plans may require Strategic Environmental Assessment, but only where there are potentially significant environmental effects.

²⁰ Reviews at least every five years are a legal requirement for all local plans (Regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012).

- a) **Positively prepared** – providing a strategy which, as a minimum, seeks to meet the area’s objectively assessed needs²¹; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;
 - b) **Justified** – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
 - c) **Effective** – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
 - d) **Consistent with national policy** – enabling the delivery of sustainable development in accordance with the policies in this Framework and other statements of national planning policy, where relevant.
36. These tests of soundness will be applied to non-strategic policies²² in a proportionate way, taking into account the extent to which they are consistent with relevant strategic policies for the area.
37. Neighbourhood plans must meet certain ‘basic conditions’ and other legal requirements²³ before they can come into force. These are tested through an independent examination before the neighbourhood plan may proceed to referendum.

²¹ Where this relates to housing, such needs should be assessed using a clear and justified method, as set out in paragraph 61 of this Framework.

²² Where these are contained in a local plan.

²³ As set out in paragraph 8 of Schedule 4B to the Town and Country Planning Act 1990 (as amended).

4. Decision-making

38. Local planning authorities should approach decisions on proposed development in a positive and creative way. They should use the full range of planning tools available, including brownfield registers and permission in principle, and work proactively with applicants to secure developments that will improve the economic, social and environmental conditions of the area. Decision-makers at every level should seek to approve applications for sustainable development where possible.

Pre-application engagement and front-loading

39. Early engagement has significant potential to improve the efficiency and effectiveness of the planning application system for all parties. Good quality pre-application discussion enables better coordination between public and private resources and improved outcomes for the community.
40. Local planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage. They cannot require that a developer engages with them before submitting a planning application, but they should encourage take-up of any pre-application services they offer. They should also, where they think this would be beneficial, encourage any applicants who are not already required to do so by law to engage with the local community and, where relevant, with statutory and non-statutory consultees, before submitting their applications.
41. The more issues that can be resolved at pre-application stage, including the need to deliver improvements in infrastructure and affordable housing, the greater the benefits. For their role in the planning system to be effective and positive, statutory planning consultees will need to take the same early, pro-active approach, and provide advice in a timely manner throughout the development process. This assists local planning authorities in issuing timely decisions, helping to ensure that applicants do not experience unnecessary delays and costs.
42. The participation of other consenting bodies in pre-application discussions should enable early consideration of all the fundamental issues relating to whether a particular development will be acceptable in principle, even where other consents relating to how a development is built or operated are needed at a later stage. Wherever possible, parallel processing of other consents should be encouraged to help speed up the process and resolve any issues as early as possible.
43. The right information is crucial to good decision-making, particularly where formal assessments are required (such as Environmental Impact Assessment, Habitats Regulations assessment and flood risk assessment). To avoid delay, applicants should discuss what information is needed with the local planning authority and expert bodies as early as possible.
44. Local planning authorities should publish a list of their information requirements for applications for planning permission. These requirements should be kept to the minimum needed to make decisions, and should be reviewed at least every two

years. Local planning authorities should only request supporting information that is relevant, necessary and material to the application in question.

45. Local planning authorities should consult the appropriate bodies when considering applications for the siting of, or changes to, major hazard sites, installations or pipelines, or for development around them.
46. Applicants and local planning authorities should consider the potential for voluntary planning performance agreements, where this might achieve a faster and more effective application process. Planning performance agreements are likely to be needed for applications that are particularly large or complex to determine.

Determining applications

47. Planning law requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise. Decisions on applications should be made as quickly as possible, and within statutory timescales unless a longer period has been agreed by the applicant in writing.
48. Local planning authorities may give weight to relevant policies in emerging plans according to:
 - a) the stage of preparation of the emerging plan (the more advanced its preparation, the greater the weight that may be given);
 - b) the extent to which there are unresolved objections to relevant policies (the less significant the unresolved objections, the greater the weight that may be given); and
 - c) the degree of consistency of the relevant policies in the emerging plan to this Framework (the closer the policies in the emerging plan to the policies in the Framework, the greater the weight that may be given)²⁴.
49. However, in the context of the Framework – and in particular the presumption in favour of sustainable development – arguments that an application is premature are unlikely to justify a refusal of planning permission other than in the limited circumstances where both:
 - a) the development proposed is so substantial, or its cumulative effect would be so significant, that to grant permission would undermine the plan-making process by predetermining decisions about the scale, location or phasing of new development that are central to an emerging plan; and
 - b) the emerging plan is at an advanced stage but is not yet formally part of the development plan for the area.

²⁴ During the transitional period for emerging plans submitted for examination (set out in paragraph 220), consistency should be tested against the original Framework published in March 2012.

50. Refusal of planning permission on grounds of prematurity will seldom be justified where a draft plan has yet to be submitted for examination; or – in the case of a neighbourhood plan – before the end of the local planning authority publicity period on the draft plan. Where planning permission is refused on grounds of prematurity, the local planning authority will need to indicate clearly how granting permission for the development concerned would prejudice the outcome of the plan-making process.

Tailoring planning controls to local circumstances

51. Local planning authorities are encouraged to use Local Development Orders to set the planning framework for particular areas or categories of development where the impacts would be acceptable, and in particular where this would promote economic, social or environmental gains for the area.
52. Communities can use Neighbourhood Development Orders and Community Right to Build Orders to grant planning permission. These require the support of the local community through a referendum. Local planning authorities should take a proactive and positive approach to such proposals, working collaboratively with community organisations to resolve any issues before draft orders are submitted for examination.
53. The use of Article 4 directions to remove national permitted development rights should:
- where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre)
 - in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities)
 - in all cases, be based on robust evidence, and apply to the smallest geographical area possible.
54. Similarly, planning conditions should not be used to restrict national permitted development rights unless there is clear justification to do so.

Planning conditions and obligations

55. Local planning authorities should consider whether otherwise unacceptable development could be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition.

56. Planning conditions should be kept to a minimum and only imposed where they are necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects. Agreeing conditions early is beneficial to all parties involved in the process and can speed up decision-making. Conditions that are required to be discharged before development commences should be avoided, unless there is a clear justification²⁵.
57. Planning obligations must only be sought where they meet all of the following tests²⁶:
- a) necessary to make the development acceptable in planning terms;
 - b) directly related to the development; and
 - c) fairly and reasonably related in scale and kind to the development.
58. Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

Enforcement

59. Effective enforcement is important to maintain public confidence in the planning system. Enforcement action is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control. They should consider publishing a local enforcement plan to manage enforcement proactively, in a way that is appropriate to their area. This should set out how they will monitor the implementation of planning permissions, investigate alleged cases of unauthorised development and take action where appropriate.

²⁵ Sections 100ZA(4-6) of the Town and Country Planning Act 1990 will require the applicant's written agreement to the terms of a pre-commencement condition, unless prescribed circumstances apply.

²⁶ Set out in Regulation 122(2) of the Community Infrastructure Levy Regulations 2010.

5. Delivering a sufficient supply of homes

60. To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
61. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.
62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers²⁷, people who rent their homes and people wishing to commission or build their own homes²⁸).
63. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required²⁹, and expect it to be met on-site unless:
 - a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
 - b) the agreed approach contributes to the objective of creating mixed and balanced communities.
64. Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount³⁰.
65. Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to

²⁷ Planning Policy for Traveller Sites sets out how travellers' housing needs should be assessed for those covered by the definition in Annex 1 of that document.

²⁸ Under section 1 of the Self Build and Custom Housebuilding Act 2015, local authorities are required to keep a register of those seeking to acquire serviced plots in the area for their own self-build and custom house building. They are also subject to duties under sections 2 and 2A of the Act to have regard to this and to give enough suitable development permissions to meet the identified demand. Self and custom-build properties could provide market or affordable housing.

²⁹ Applying the definition in Annex 2 to this Framework.

³⁰ Equivalent to the existing gross floorspace of the existing buildings. This does not apply to vacant buildings which have been abandoned.

be available for affordable home ownership³¹, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development:

- a) provides solely for Build to Rent homes;
- b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
- c) is proposed to be developed by people who wish to build or commission their own homes; or
- d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

66. Strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. Within this overall requirement, strategic policies should also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations³². Once the strategic policies have been adopted, these figures should not need re-testing at the neighbourhood plan examination, unless there has been a significant change in circumstances that affects the requirement.
67. Where it is not possible to provide a requirement figure for a neighbourhood area³³, the local planning authority should provide an indicative figure, if requested to do so by the neighbourhood planning body. This figure should take into account factors such as the latest evidence of local housing need, the population of the neighbourhood area and the most recently available planning strategy of the local planning authority.

Identifying land for homes

68. Strategic policy-making authorities should have a clear understanding of the land available in their area through the preparation of a strategic housing land availability assessment. From this, planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability. Planning policies should identify a supply of:
- a) specific, deliverable sites for years one to five of the plan period³⁴; and

³¹ As part of the overall affordable housing contribution from the site.

³² Except where a Mayoral, combined authority or high-level joint plan is being prepared as a framework for strategic policies at the individual local authority level; in which case it may be most appropriate for the local authority plans to provide the requirement figure.

³³ Because a neighbourhood area is designated at a late stage in the strategic policy-making process, or after strategic policies have been adopted; or in instances where strategic policies for housing are out of date.

³⁴ With an appropriate buffer, as set out in paragraph 74. See Glossary for definitions of deliverable and developable.

- b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.
69. Small and medium sized sites can make an important contribution to meeting the housing requirement of an area, and are often built-out relatively quickly. To promote the development of a good mix of sites local planning authorities should:
- a) identify, through the development plan and brownfield registers, land to accommodate at least 10% of their housing requirement on sites no larger than one hectare; unless it can be shown, through the preparation of relevant plan policies, that there are strong reasons why this 10% target cannot be achieved;
 - b) use tools such as area-wide design assessments and Local Development Orders to help bring small and medium sized sites forward;
 - c) support the development of windfall sites through their policies and decisions – giving great weight to the benefits of using suitable sites within existing settlements for homes; and
 - d) work with developers to encourage the sub-division of large sites where this could help to speed up the delivery of homes.
70. Neighbourhood planning groups should also give particular consideration to the opportunities for allocating small and medium-sized sites (of a size consistent with paragraph 69a) suitable for housing in their area.
71. Where an allowance is to be made for windfall sites as part of anticipated supply, there should be compelling evidence that they will provide a reliable source of supply. Any allowance should be realistic having regard to the strategic housing land availability assessment, historic windfall delivery rates and expected future trends. Plans should consider the case for setting out policies to resist inappropriate development of residential gardens, for example where development would cause harm to the local area.
72. Local planning authorities should support the development of entry-level exception sites, suitable for first time buyers (or those looking to rent their first home), unless the need for such homes is already being met within the authority's area. These sites should be on land which is not already allocated for housing and should:
- a) comprise of entry-level homes that offer one or more types of affordable housing as defined in Annex 2 of this Framework; and
 - b) be adjacent to existing settlements, proportionate in size to them³⁵, not compromise the protection given to areas or assets of particular importance in this Framework³⁶, and comply with any local design policies and standards.

³⁵ Entry-level exception sites should not be larger than one hectare in size or exceed 5% of the size of the existing settlement.

³⁶ i.e. the areas referred to in footnote 7. Entry-level exception sites should not be permitted in National Parks (or within the Broads Authority), Areas of Outstanding Natural Beauty or land designated as Green Belt.

73. The supply of large numbers of new homes can often be best achieved through planning for larger scale development, such as new settlements or significant extensions to existing villages and towns, provided they are well located and designed, and supported by the necessary infrastructure and facilities (including a genuine choice of transport modes). Working with the support of their communities, and with other authorities if appropriate, strategic policy-making authorities should identify suitable locations for such development where this can help to meet identified needs in a sustainable way. In doing so, they should:
- a) consider the opportunities presented by existing or planned investment in infrastructure, the area's economic potential and the scope for net environmental gains;
 - b) ensure that their size and location will support a sustainable community, with sufficient access to services and employment opportunities within the development itself (without expecting an unrealistic level of self-containment), or in larger towns to which there is good access;
 - c) set clear expectations for the quality of the places to be created and how this can be maintained (such as by following Garden City principles); and ensure that appropriate tools such as masterplans and design guides or codes are used to secure a variety of well-designed and beautiful homes to meet the needs of different groups in the community;
 - d) make a realistic assessment of likely rates of delivery, given the lead-in times for large scale sites, and identify opportunities for supporting rapid implementation (such as through joint ventures or locally-led development corporations)³⁷; and
 - e) consider whether it is appropriate to establish Green Belt around or adjoining new developments of significant size.

Maintaining supply and delivery

74. Strategic policies should include a trajectory illustrating the expected rate of housing delivery over the plan period, and all plans should consider whether it is appropriate to set out the anticipated rate of development for specific sites. Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies³⁸, or against their local housing need where the strategic policies are more than five years old³⁹.

³⁷ The delivery of large scale developments may need to extend beyond an individual plan period, and the associated infrastructure requirements may not be capable of being identified fully at the outset. Anticipated rates of delivery and infrastructure requirements should, therefore, be kept under review and reflected as policies are updated.

³⁸ For the avoidance of doubt, a five year supply of deliverable sites for travellers – as defined in Annex 1 to Planning Policy for Traveller Sites – should be assessed separately, in line with the policy in that document.

³⁹ Unless these strategic policies have been reviewed and found not to require updating. Where local housing need is used as the basis for assessing whether a five year supply of specific deliverable sites exists, it should be calculated using the standard method set out in national planning guidance.

The supply of specific deliverable sites should in addition include a buffer (moved forward from later in the plan period) of:

- a) 5% to ensure choice and competition in the market for land; or
 - b) 10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through an annual position statement or recently adopted plan⁴⁰, to account for any fluctuations in the market during that year; or
 - c) 20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply⁴¹.
75. A five year supply of deliverable housing sites, with the appropriate buffer, can be demonstrated where it has been established in a recently adopted plan, or in a subsequent annual position statement which:
- a) has been produced through engagement with developers and others who have an impact on delivery, and been considered by the Secretary of State; and
 - b) incorporates the recommendation of the Secretary of State, where the position on specific sites could not be agreed during the engagement process.
76. To maintain the supply of housing, local planning authorities should monitor progress in building out sites which have permission. Where the Housing Delivery Test indicates that delivery has fallen below 95% of the local planning authority's housing requirement over the previous three years, the authority should prepare an action plan in line with national planning guidance, to assess the causes of under-delivery and identify actions to increase delivery in future years.
77. To help ensure that proposals for housing development are implemented in a timely manner, local planning authorities should consider imposing a planning condition providing that development must begin within a timescale shorter than the relevant default period, where this would expedite the development without threatening its deliverability or viability. For major development involving the provision of housing, local planning authorities should also assess why any earlier grant of planning permission for a similar development on the same site did not start.

Rural housing

78. In rural areas, planning policies and decisions should be responsive to local circumstances and support housing developments that reflect local needs. Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs, and consider whether allowing some market housing on these sites would help to facilitate this.

⁴⁰ For the purposes of paragraphs 74b and 75 a plan adopted between 1 May and 31 October will be considered 'recently adopted' until 31 October of the following year; and a plan adopted between 1 November and 30 April will be considered recently adopted until 31 October in the same year.

⁴¹This will be measured against the Housing Delivery Test, where this indicates that delivery was below 85% of the housing requirement.

79. To promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities. Planning policies should identify opportunities for villages to grow and thrive, especially where this will support local services. Where there are groups of smaller settlements, development in one village may support services in a village nearby.
80. Planning policies and decisions should avoid the development of isolated homes in the countryside unless one or more of the following circumstances apply:
- a) there is an essential need for a rural worker, including those taking majority control of a farm business, to live permanently at or near their place of work in the countryside;
 - b) the development would represent the optimal viable use of a heritage asset or would be appropriate enabling development to secure the future of heritage assets;
 - c) the development would re-use redundant or disused buildings and enhance its immediate setting;
 - d) the development would involve the subdivision of an existing residential building; or
 - e) the design is of exceptional quality, in that it:
 - is truly outstanding, reflecting the highest standards in architecture, and would help to raise standards of design more generally in rural areas; and
 - would significantly enhance its immediate setting, and be sensitive to the defining characteristics of the local area.

6. Building a strong, competitive economy

81. Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation⁴², and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.
82. Planning policies should:
- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
 - b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
 - c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
 - d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.
83. Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.

Supporting a prosperous rural economy

84. Planning policies and decisions should enable:
- a) the sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed new buildings;
 - b) the development and diversification of agricultural and other land-based rural businesses;

⁴² The Government's Industrial Strategy sets out a vision to drive productivity improvements across the UK, identifies a number of Grand Challenges facing all nations, and sets out a delivery programme to make the UK a leader in four of these: artificial intelligence and big data; clean growth; future mobility; and catering for an ageing society. HM Government (2017) *Industrial Strategy: Building a Britain fit for the future*.

- c) sustainable rural tourism and leisure developments which respect the character of the countryside; and
 - d) the retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship.
85. Planning policies and decisions should recognise that sites to meet local business and community needs in rural areas may have to be found adjacent to or beyond existing settlements, and in locations that are not well served by public transport. In these circumstances it will be important to ensure that development is sensitive to its surroundings, does not have an unacceptable impact on local roads and exploits any opportunities to make a location more sustainable (for example by improving the scope for access on foot, by cycling or by public transport). The use of previously developed land, and sites that are physically well-related to existing settlements, should be encouraged where suitable opportunities exist.

7. Ensuring the vitality of town centres

86. Planning policies and decisions should support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation. Planning policies should:
- a) define a network and hierarchy of town centres and promote their long-term vitality and viability – by allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters;
 - b) define the extent of town centres and primary shopping areas, and make clear the range of uses permitted in such locations, as part of a positive strategy for the future of each centre;
 - c) retain and enhance existing markets and, where appropriate, re-introduce or create new ones;
 - d) allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead. Meeting anticipated needs for retail, leisure, office and other main town centre uses over this period should not be compromised by limited site availability, so town centre boundaries should be kept under review where necessary;
 - e) where suitable and viable town centre sites are not available for main town centre uses, allocate appropriate edge of centre sites that are well connected to the town centre. If sufficient edge of centre sites cannot be identified, policies should explain how identified needs can be met in other accessible locations that are well connected to the town centre; and
 - f) recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites.
87. Local planning authorities should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.
88. When considering edge of centre and out of centre proposals, preference should be given to accessible sites which are well connected to the town centre. Applicants and local planning authorities should demonstrate flexibility on issues such as format and scale, so that opportunities to utilise suitable town centre or edge of centre sites are fully explored.
89. This sequential approach should not be applied to applications for small scale rural offices or other small scale rural development.

90. When assessing applications for retail and leisure development outside town centres, which are not in accordance with an up-to-date plan, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500m² of gross floorspace). This should include assessment of:
- a) the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and
 - b) the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and the wider retail catchment (as applicable to the scale and nature of the scheme).
91. Where an application fails to satisfy the sequential test or is likely to have significant adverse impact on one or more of the considerations in paragraph 90, it should be refused.

8. Promoting healthy and safe communities

92. Planning policies and decisions should aim to achieve healthy, inclusive and safe places which:
- a) promote social interaction, including opportunities for meetings between people who might not otherwise come into contact with each other – for example through mixed-use developments, strong neighbourhood centres, street layouts that allow for easy pedestrian and cycle connections within and between neighbourhoods, and active street frontages;
 - b) are safe and accessible, so that crime and disorder, and the fear of crime, do not undermine the quality of life or community cohesion – for example through the use of attractive, well-designed, clear and legible pedestrian and cycle routes, and high quality public space, which encourage the active and continual use of public areas; and
 - c) enable and support healthy lifestyles, especially where this would address identified local health and well-being needs – for example through the provision of safe and accessible green infrastructure, sports facilities, local shops, access to healthier food, allotments and layouts that encourage walking and cycling.
93. To provide the social, recreational and cultural facilities and services the community needs, planning policies and decisions should:
- a) plan positively for the provision and use of shared spaces, community facilities (such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environments;
 - b) take into account and support the delivery of local strategies to improve health, social and cultural well-being for all sections of the community;
 - c) guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs;
 - d) ensure that established shops, facilities and services are able to develop and modernise, and are retained for the benefit of the community; and
 - e) ensure an integrated approach to considering the location of housing, economic uses and community facilities and services.
94. Planning policies and decisions should consider the social, economic and environmental benefits of estate regeneration. Local planning authorities should use their planning powers to help deliver estate regeneration to a high standard.
95. It is important that a sufficient choice of school places is available to meet the needs of existing and new communities. Local planning authorities should take a proactive, positive and collaborative approach to meeting this requirement, and to development that will widen choice in education. They should:

- a) give great weight to the need to create, expand or alter schools through the preparation of plans and decisions on applications; and
 - b) work with school promoters, delivery partners and statutory bodies to identify and resolve key planning issues before applications are submitted.
96. To ensure faster delivery of other public service infrastructure such as further education colleges, hospitals and criminal justice accommodation, local planning authorities should also work proactively and positively with promoters, delivery partners and statutory bodies to plan for required facilities and resolve key planning issues before applications are submitted.
97. Planning policies and decisions should promote public safety and take into account wider security and defence requirements by:
- a) anticipating and addressing possible malicious threats and natural hazards, especially in locations where large numbers of people are expected to congregate⁴³. Policies for relevant areas (such as town centre and regeneration frameworks), and the layout and design of developments, should be informed by the most up-to-date information available from the police and other agencies about the nature of potential threats and their implications. This includes appropriate and proportionate steps that can be taken to reduce vulnerability, increase resilience and ensure public safety and security; and
 - b) recognising and supporting development required for operational defence and security purposes, and ensuring that operational sites are not affected adversely by the impact of other development proposed in the area.

Open space and recreation

98. Access to a network of high quality open spaces and opportunities for sport and physical activity is important for the health and well-being of communities, and can deliver wider benefits for nature and support efforts to address climate change. Planning policies should be based on robust and up-to-date assessments of the need for open space, sport and recreation facilities (including quantitative or qualitative deficits or surpluses) and opportunities for new provision. Information gained from the assessments should be used to determine what open space, sport and recreational provision is needed, which plans should then seek to accommodate.
99. Existing open space, sports and recreational buildings and land, including playing fields, should not be built on unless:
- a) an assessment has been undertaken which has clearly shown the open space, buildings or land to be surplus to requirements; or

⁴³ This includes transport hubs, night-time economy venues, cinemas and theatres, sports stadia and arenas, shopping centres, health and education establishments, places of worship, hotels and restaurants, visitor attractions and commercial centres.

- b) the loss resulting from the proposed development would be replaced by equivalent or better provision in terms of quantity and quality in a suitable location; or
 - c) the development is for alternative sports and recreational provision, the benefits of which clearly outweigh the loss of the current or former use.
100. Planning policies and decisions should protect and enhance public rights of way and access, including taking opportunities to provide better facilities for users, for example by adding links to existing rights of way networks including National Trails.
101. The designation of land as Local Green Space through local and neighbourhood plans allows communities to identify and protect green areas of particular importance to them. Designating land as Local Green Space should be consistent with the local planning of sustainable development and complement investment in sufficient homes, jobs and other essential services. Local Green Spaces should only be designated when a plan is prepared or updated, and be capable of enduring beyond the end of the plan period.
102. The Local Green Space designation should only be used where the green space is:
- a) in reasonably close proximity to the community it serves;
 - b) demonstrably special to a local community and holds a particular local significance, for example because of its beauty, historic significance, recreational value (including as a playing field), tranquillity or richness of its wildlife; and
 - c) local in character and is not an extensive tract of land.
103. Policies for managing development within a Local Green Space should be consistent with those for Green Belts.

9. Promoting sustainable transport

104. Transport issues should be considered from the earliest stages of plan-making and development proposals, so that:
 - a) the potential impacts of development on transport networks can be addressed;
 - b) opportunities from existing or proposed transport infrastructure, and changing transport technology and usage, are realised – for example in relation to the scale, location or density of development that can be accommodated;
 - c) opportunities to promote walking, cycling and public transport use are identified and pursued;
 - d) the environmental impacts of traffic and transport infrastructure can be identified, assessed and taken into account – including appropriate opportunities for avoiding and mitigating any adverse effects, and for net environmental gains; and
 - e) patterns of movement, streets, parking and other transport considerations are integral to the design of schemes, and contribute to making high quality places.
105. The planning system should actively manage patterns of growth in support of these objectives. Significant development should be focused on locations which are or can be made sustainable, through limiting the need to travel and offering a genuine choice of transport modes. This can help to reduce congestion and emissions, and improve air quality and public health. However, opportunities to maximise sustainable transport solutions will vary between urban and rural areas, and this should be taken into account in both plan-making and decision-making.
106. Planning policies should:
 - a) support an appropriate mix of uses across an area, and within larger scale sites, to minimise the number and length of journeys needed for employment, shopping, leisure, education and other activities;
 - b) be prepared with the active involvement of local highways authorities, other transport infrastructure providers and operators and neighbouring councils, so that strategies and investments for supporting sustainable transport and development patterns are aligned;
 - c) identify and protect, where there is robust evidence, sites and routes which could be critical in developing infrastructure to widen transport choice and realise opportunities for large scale development;
 - d) provide for attractive and well-designed walking and cycling networks with supporting facilities such as secure cycle parking (drawing on Local Cycling and Walking Infrastructure Plans);

- e) provide for any large scale transport facilities that need to be located in the area⁴⁴, and the infrastructure and wider development required to support their operation, expansion and contribution to the wider economy. In doing so they should take into account whether such development is likely to be a nationally significant infrastructure project and any relevant national policy statements; and
 - f) recognise the importance of maintaining a national network of general aviation airfields, and their need to adapt and change over time – taking into account their economic value in serving business, leisure, training and emergency service needs, and the Government’s General Aviation Strategy⁴⁵.
107. If setting local parking standards for residential and non-residential development, policies should take into account:
- a) the accessibility of the development;
 - b) the type, mix and use of development;
 - c) the availability of and opportunities for public transport;
 - d) local car ownership levels; and
 - e) the need to ensure an adequate provision of spaces for charging plug-in and other ultra-low emission vehicles.
108. Maximum parking standards for residential and non-residential development should only be set where there is a clear and compelling justification that they are necessary for managing the local road network, or for optimising the density of development in city and town centres and other locations that are well served by public transport (in accordance with chapter 11 of this Framework). In town centres, local authorities should seek to improve the quality of parking so that it is convenient, safe and secure, alongside measures to promote accessibility for pedestrians and cyclists.
109. Planning policies and decisions should recognise the importance of providing adequate overnight lorry parking facilities, taking into account any local shortages, to reduce the risk of parking in locations that lack proper facilities or could cause a nuisance. Proposals for new or expanded distribution centres should make provision for sufficient lorry parking to cater for their anticipated use.

Considering development proposals

110. In assessing sites that may be allocated for development in plans, or specific applications for development, it should be ensured that:

⁴⁴ Policies for large scale facilities should, where necessary, be developed through collaboration between strategic policy-making authorities and other relevant bodies. Examples of such facilities include ports, airports, interchanges for rail freight, public transport projects and roadside services. The primary function of roadside services should be to support the safety and welfare of the road user (and most such proposals are unlikely to be nationally significant infrastructure projects).

⁴⁵ Department for Transport (2015) *General Aviation Strategy*.

- a) appropriate opportunities to promote sustainable transport modes can be – or have been – taken up, given the type of development and its location;
 - b) safe and suitable access to the site can be achieved for all users;
 - c) the design of streets, parking areas, other transport elements and the content of associated standards reflects current national guidance, including the National Design Guide and the National Model Design Code ⁴⁶; and
 - d) any significant impacts from the development on the transport network (in terms of capacity and congestion), or on highway safety, can be cost effectively mitigated to an acceptable degree.
111. Development should only be prevented or refused on highways grounds if there would be an unacceptable impact on highway safety, or the residual cumulative impacts on the road network would be severe.
112. Within this context, applications for development should:
- a) give priority first to pedestrian and cycle movements, both within the scheme and with neighbouring areas; and second – so far as possible – to facilitating access to high quality public transport, with layouts that maximise the catchment area for bus or other public transport services, and appropriate facilities that encourage public transport use;
 - b) address the needs of people with disabilities and reduced mobility in relation to all modes of transport;
 - c) create places that are safe, secure and attractive – which minimise the scope for conflicts between pedestrians, cyclists and vehicles, avoid unnecessary street clutter, and respond to local character and design standards;
 - d) allow for the efficient delivery of goods, and access by service and emergency vehicles; and
 - e) be designed to enable charging of plug-in and other ultra-low emission vehicles in safe, accessible and convenient locations.
113. All developments that will generate significant amounts of movement should be required to provide a travel plan, and the application should be supported by a transport statement or transport assessment so that the likely impacts of the proposal can be assessed.

⁴⁶ Policies and decisions should not make use of or reflect the former Design Bulletin 32, which was withdrawn in 2007.

10. Supporting high quality communications

114. Advanced, high quality and reliable communications infrastructure is essential for economic growth and social well-being. Planning policies and decisions should support the expansion of electronic communications networks, including next generation mobile technology (such as 5G) and full fibre broadband connections. Policies should set out how high quality digital infrastructure, providing access to services from a range of providers, is expected to be delivered and upgraded over time; and should prioritise full fibre connections to existing and new developments (as these connections will, in almost all cases, provide the optimum solution).
115. The number of radio and electronic communications masts, and the sites for such installations, should be kept to a minimum consistent with the needs of consumers, the efficient operation of the network and providing reasonable capacity for future expansion. Use of existing masts, buildings and other structures for new electronic communications capability (including wireless) should be encouraged. Where new sites are required (such as for new 5G networks, or for connected transport and smart city applications), equipment should be sympathetically designed and camouflaged where appropriate.
116. Local planning authorities should not impose a ban on new electronic communications development in certain areas, impose blanket Article 4 directions over a wide area or a wide range of electronic communications development, or insist on minimum distances between new electronic communications development and existing development. They should ensure that:
 - a) they have evidence to demonstrate that electronic communications infrastructure is not expected to cause significant and irremediable interference with other electrical equipment, air traffic services or instrumentation operated in the national interest; and
 - b) they have considered the possibility of the construction of new buildings or other structures interfering with broadcast and electronic communications services.
117. Applications for electronic communications development (including applications for prior approval under the General Permitted Development Order) should be supported by the necessary evidence to justify the proposed development. This should include:
 - a) the outcome of consultations with organisations with an interest in the proposed development, in particular with the relevant body where a mast is to be installed near a school or college, or within a statutory safeguarding zone surrounding an aerodrome, technical site or military explosives storage area; and
 - b) for an addition to an existing mast or base station, a statement that self-certifies that the cumulative exposure, when operational, will not exceed International Commission guidelines on non-ionising radiation protection; or
 - c) for a new mast or base station, evidence that the applicant has explored the possibility of erecting antennas on an existing building, mast or other structure

and a statement that self-certifies that, when operational, International Commission guidelines will be met.

118. Local planning authorities must determine applications on planning grounds only. They should not seek to prevent competition between different operators, question the need for an electronic communications system, or set health safeguards different from the International Commission guidelines for public exposure.

11. Making effective use of land

119. Planning policies and decisions should promote an effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions. Strategic policies should set out a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of previously-developed or 'brownfield' land⁴⁷.
120. Planning policies and decisions should:
- a) encourage multiple benefits from both urban and rural land, including through mixed use schemes and taking opportunities to achieve net environmental gains – such as developments that would enable new habitat creation or improve public access to the countryside;
 - b) recognise that some undeveloped land can perform many functions, such as for wildlife, recreation, flood risk mitigation, cooling/shading, carbon storage or food production;
 - c) give substantial weight to the value of using suitable brownfield land within settlements for homes and other identified needs, and support appropriate opportunities to remediate despoiled, degraded, derelict, contaminated or unstable land;
 - d) promote and support the development of under-utilised land and buildings, especially if this would help to meet identified needs for housing where land supply is constrained and available sites could be used more effectively (for example converting space above shops, and building on or above service yards, car parks, lock-ups and railway infrastructure)⁴⁸; and
 - e) support opportunities to use the airspace above existing residential and commercial premises for new homes. In particular, they should allow upward extensions where the development would be consistent with the prevailing height and form of neighbouring properties and the overall street scene, is well-designed (including complying with any local design policies and standards), and can maintain safe access and egress for occupiers.
121. Local planning authorities, and other plan-making bodies, should take a proactive role in identifying and helping to bring forward land that may be suitable for meeting development needs, including suitable sites on brownfield registers or held in public ownership, using the full range of powers available to them. This should include identifying opportunities to facilitate land assembly, supported where necessary by compulsory purchase powers, where this can help to bring more land forward for meeting development needs and/or secure better development outcomes.

⁴⁷ Except where this would conflict with other policies in this Framework, including causing harm to designated sites of importance for biodiversity.

⁴⁸ As part of this approach, plans and decisions should support efforts to identify and bring back into residential use empty homes and other buildings, supported by the use of compulsory purchase powers where appropriate.

122. Planning policies and decisions need to reflect changes in the demand for land. They should be informed by regular reviews of both the land allocated for development in plans, and of land availability. Where the local planning authority considers there to be no reasonable prospect of an application coming forward for the use allocated in a plan:
- a) it should, as part of plan updates, reallocate the land for a more deliverable use that can help to address identified needs (or, if appropriate, deallocate a site which is undeveloped); and
 - b) in the interim, prior to updating the plan, applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area.
123. Local planning authorities should also take a positive approach to applications for alternative uses of land which is currently developed but not allocated for a specific purpose in plans, where this would help to meet identified development needs. In particular, they should support proposals to:
- a) use retail and employment land for homes in areas of high housing demand, provided this would not undermine key economic sectors or sites or the vitality and viability of town centres, and would be compatible with other policies in this Framework; and
 - b) make more effective use of sites that provide community services such as schools and hospitals, provided this maintains or improves the quality of service provision and access to open space.

Achieving appropriate densities

124. Planning policies and decisions should support development that makes efficient use of land, taking into account:
- a) the identified need for different types of housing and other forms of development, and the availability of land suitable for accommodating it;
 - b) local market conditions and viability;
 - c) the availability and capacity of infrastructure and services – both existing and proposed – as well as their potential for further improvement and the scope to promote sustainable travel modes that limit future car use;
 - d) the desirability of maintaining an area’s prevailing character and setting (including residential gardens), or of promoting regeneration and change; and
 - e) the importance of securing well-designed, attractive and healthy places.
125. Area-based character assessments, design guides and codes and masterplans can be used to help ensure that land is used efficiently while also creating beautiful and sustainable places. Where there is an existing or anticipated shortage of land for meeting identified housing needs, it is especially important that planning policies

and decisions avoid homes being built at low densities, and ensure that developments make optimal use of the potential of each site. In these circumstances:

- a) plans should contain policies to optimise the use of land in their area and meet as much of the identified need for housing as possible. This will be tested robustly at examination, and should include the use of minimum density standards for city and town centres and other locations that are well served by public transport. These standards should seek a significant uplift in the average density of residential development within these areas, unless it can be shown that there are strong reasons why this would be inappropriate;
- b) the use of minimum density standards should also be considered for other parts of the plan area. It may be appropriate to set out a range of densities that reflect the accessibility and potential of different areas, rather than one broad density range; and
- c) local planning authorities should refuse applications which they consider fail to make efficient use of land, taking into account the policies in this Framework. In this context, when considering applications for housing, authorities should take a flexible approach in applying policies or guidance relating to daylight and sunlight, where they would otherwise inhibit making efficient use of a site (as long as the resulting scheme would provide acceptable living standards).

12. Achieving well-designed places

126. The creation of high quality, beautiful and sustainable buildings and places is fundamental to what the planning and development process should achieve. Good design is a key aspect of sustainable development, creates better places in which to live and work and helps make development acceptable to communities. Being clear about design expectations, and how these will be tested, is essential for achieving this. So too is effective engagement between applicants, communities, local planning authorities and other interests throughout the process.
127. Plans should, at the most appropriate level, set out a clear design vision and expectations, so that applicants have as much certainty as possible about what is likely to be acceptable. Design policies should be developed with local communities so they reflect local aspirations, and are grounded in an understanding and evaluation of each area's defining characteristics. Neighbourhood planning groups can play an important role in identifying the special qualities of each area and explaining how this should be reflected in development, both through their own plans and by engaging in the production of design policy, guidance and codes by local planning authorities and developers.
128. To provide maximum clarity about design expectations at an early stage, all local planning authorities should prepare design guides or codes consistent with the principles set out in the National Design Guide and National Model Design Code, and which reflect local character and design preferences. Design guides and codes provide a local framework for creating beautiful and distinctive places with a consistent and high quality standard of design. Their geographic coverage, level of detail and degree of prescription should be tailored to the circumstances and scale of change in each place, and should allow a suitable degree of variety.
129. Design guides and codes can be prepared at an area-wide, neighbourhood or site-specific scale, and to carry weight in decision-making should be produced either as part of a plan or as supplementary planning documents. Landowners and developers may contribute to these exercises, but may also choose to prepare design codes in support of a planning application for sites they wish to develop. Whoever prepares them, all guides and codes should be based on effective community engagement and reflect local aspirations for the development of their area, taking into account the guidance contained in the National Design Guide and the National Model Design Code. These national documents should be used to guide decisions on applications in the absence of locally produced design guides or design codes.
130. Planning policies and decisions should ensure that developments:
 - a) will function well and add to the overall quality of the area, not just for the short term but over the lifetime of the development;
 - b) are visually attractive as a result of good architecture, layout and appropriate and effective landscaping;

- c) are sympathetic to local character and history, including the surrounding built environment and landscape setting, while not preventing or discouraging appropriate innovation or change (such as increased densities);
 - d) establish or maintain a strong sense of place, using the arrangement of streets, spaces, building types and materials to create attractive, welcoming and distinctive places to live, work and visit;
 - e) optimise the potential of the site to accommodate and sustain an appropriate amount and mix of development (including green and other public space) and support local facilities and transport networks; and
 - f) create places that are safe, inclusive and accessible and which promote health and well-being, with a high standard of amenity for existing and future users⁴⁹; and where crime and disorder, and the fear of crime, do not undermine the quality of life or community cohesion and resilience.
131. Trees make an important contribution to the character and quality of urban environments, and can also help mitigate and adapt to climate change. Planning policies and decisions should ensure that new streets are tree-lined⁵⁰, that opportunities are taken to incorporate trees elsewhere in developments (such as parks and community orchards), that appropriate measures are in place to secure the long-term maintenance of newly-planted trees, and that existing trees are retained wherever possible. Applicants and local planning authorities should work with highways officers and tree officers to ensure that the right trees are planted in the right places, and solutions are found that are compatible with highways standards and the needs of different users.
132. Design quality should be considered throughout the evolution and assessment of individual proposals. Early discussion between applicants, the local planning authority and local community about the design and style of emerging schemes is important for clarifying expectations and reconciling local and commercial interests. Applicants should work closely with those affected by their proposals to evolve designs that take account of the views of the community. Applications that can demonstrate early, proactive and effective engagement with the community should be looked on more favourably than those that cannot.
133. Local planning authorities should ensure that they have access to, and make appropriate use of, tools and processes for assessing and improving the design of development. These include workshops to engage the local community, design advice and review arrangements, and assessment frameworks such as Building for a Healthy Life⁵¹. These are of most benefit if used as early as possible in the evolution of schemes, and are particularly important for significant projects such as large scale housing and mixed use developments. In assessing applications, local

⁴⁹ Planning policies for housing should make use of the Government's optional technical standards for accessible and adaptable housing, where this would address an identified need for such properties. Policies may also make use of the nationally described space standard, where the need for an internal space standard can be justified.

⁵⁰ Unless, in specific cases, there are clear, justifiable and compelling reasons why this would be inappropriate.

⁵¹ Birkbeck D and Kruczkowski S et al (2020) *Building for a Healthy Life*

planning authorities should have regard to the outcome from these processes, including any recommendations made by design review panels.

134. Development that is not well designed should be refused, especially where it fails to reflect local design policies and government guidance on design⁵², taking into account any local design guidance and supplementary planning documents such as design guides and codes. Conversely, significant weight should be given to:
 - a) development which reflects local design policies and government guidance on design, taking into account any local design guidance and supplementary planning documents such as design guides and codes; and/or
 - b) outstanding or innovative designs which promote high levels of sustainability, or help raise the standard of design more generally in an area, so long as they fit in with the overall form and layout of their surroundings.

135. Local planning authorities should seek to ensure that the quality of approved development is not materially diminished between permission and completion, as a result of changes being made to the permitted scheme (for example through changes to approved details such as the materials used).

136. The quality and character of places can suffer when advertisements are poorly sited and designed. A separate consent process within the planning system controls the display of advertisements, which should be operated in a way which is simple, efficient and effective. Advertisements should be subject to control only in the interests of amenity and public safety, taking account of cumulative impacts.

⁵² Contained in the National Design Guide and National Model Design Code.

13. Protecting Green Belt land

137. The Government attaches great importance to Green Belts. The fundamental aim of Green Belt policy is to prevent urban sprawl by keeping land permanently open; the essential characteristics of Green Belts are their openness and their permanence.
138. Green Belt serves five purposes:
- a) to check the unrestricted sprawl of large built-up areas;
 - b) to prevent neighbouring towns merging into one another;
 - c) to assist in safeguarding the countryside from encroachment;
 - d) to preserve the setting and special character of historic towns; and
 - e) to assist in urban regeneration, by encouraging the recycling of derelict and other urban land.
139. The general extent of Green Belts across the country is already established. New Green Belts should only be established in exceptional circumstances, for example when planning for larger scale development such as new settlements or major urban extensions. Any proposals for new Green Belts should be set out in strategic policies, which should:
- a) demonstrate why normal planning and development management policies would not be adequate;
 - b) set out whether any major changes in circumstances have made the adoption of this exceptional measure necessary;
 - c) show what the consequences of the proposal would be for sustainable development;
 - d) demonstrate the necessity for the Green Belt and its consistency with strategic policies for adjoining areas; and
 - e) show how the Green Belt would meet the other objectives of the Framework.
140. Once established, Green Belt boundaries should only be altered where exceptional circumstances are fully evidenced and justified, through the preparation or updating of plans. Strategic policies should establish the need for any changes to Green Belt boundaries, having regard to their intended permanence in the long term, so they can endure beyond the plan period. Where a need for changes to Green Belt boundaries has been established through strategic policies, detailed amendments to those boundaries may be made through non-strategic policies, including neighbourhood plans.

141. Before concluding that exceptional circumstances exist to justify changes to Green Belt boundaries, the strategic policy-making authority should be able to demonstrate that it has examined fully all other reasonable options for meeting its identified need for development. This will be assessed through the examination of its strategic policies, which will take into account the preceding paragraph, and whether the strategy:
- a) makes as much use as possible of suitable brownfield sites and underutilised land;
 - b) optimises the density of development in line with the policies in chapter 11 of this Framework, including whether policies promote a significant uplift in minimum density standards in town and city centres and other locations well served by public transport; and
 - c) has been informed by discussions with neighbouring authorities about whether they could accommodate some of the identified need for development, as demonstrated through the statement of common ground.
142. When drawing up or reviewing Green Belt boundaries, the need to promote sustainable patterns of development should be taken into account. Strategic policy-making authorities should consider the consequences for sustainable development of channelling development towards urban areas inside the Green Belt boundary, towards towns and villages inset within the Green Belt or towards locations beyond the outer Green Belt boundary. Where it has been concluded that it is necessary to release Green Belt land for development, plans should give first consideration to land which has been previously-developed and/or is well-served by public transport. They should also set out ways in which the impact of removing land from the Green Belt can be offset through compensatory improvements to the environmental quality and accessibility of remaining Green Belt land.
143. When defining Green Belt boundaries, plans should:
- a) ensure consistency with the development plan's strategy for meeting identified requirements for sustainable development;
 - b) not include land which it is unnecessary to keep permanently open;
 - c) where necessary, identify areas of safeguarded land between the urban area and the Green Belt, in order to meet longer-term development needs stretching well beyond the plan period;
 - d) make clear that the safeguarded land is not allocated for development at the present time. Planning permission for the permanent development of safeguarded land should only be granted following an update to a plan which proposes the development;
 - e) be able to demonstrate that Green Belt boundaries will not need to be altered at the end of the plan period; and
 - f) define boundaries clearly, using physical features that are readily recognisable and likely to be permanent.

144. If it is necessary to restrict development in a village primarily because of the important contribution which the open character of the village makes to the openness of the Green Belt, the village should be included in the Green Belt. If, however, the character of the village needs to be protected for other reasons, other means should be used, such as conservation area or normal development management policies, and the village should be excluded from the Green Belt.
145. Once Green Belts have been defined, local planning authorities should plan positively to enhance their beneficial use, such as looking for opportunities to provide access; to provide opportunities for outdoor sport and recreation; to retain and enhance landscapes, visual amenity and biodiversity; or to improve damaged and derelict land.
146. The National Forest and Community Forests offer valuable opportunities for improving the environment around towns and cities, by upgrading the landscape and providing for recreation and wildlife. The National Forest Strategy and an approved Community Forest Plan may be a material consideration in preparing development plans and in deciding planning applications. Any development proposals within the National Forest and Community Forests in the Green Belt should be subject to the normal policies for controlling development in Green Belts.

Proposals affecting the Green Belt

147. Inappropriate development is, by definition, harmful to the Green Belt and should not be approved except in very special circumstances.
148. When considering any planning application, local planning authorities should ensure that substantial weight is given to any harm to the Green Belt. 'Very special circumstances' will not exist unless the potential harm to the Green Belt by reason of inappropriateness, and any other harm resulting from the proposal, is clearly outweighed by other considerations.
149. A local planning authority should regard the construction of new buildings as inappropriate in the Green Belt. Exceptions to this are:
 - a) buildings for agriculture and forestry;
 - b) the provision of appropriate facilities (in connection with the existing use of land or a change of use) for outdoor sport, outdoor recreation, cemeteries and burial grounds and allotments; as long as the facilities preserve the openness of the Green Belt and do not conflict with the purposes of including land within it;
 - c) the extension or alteration of a building provided that it does not result in disproportionate additions over and above the size of the original building;
 - d) the replacement of a building, provided the new building is in the same use and not materially larger than the one it replaces;
 - e) limited infilling in villages;
 - f) limited affordable housing for local community needs under policies set out in the development plan (including policies for rural exception sites); and

- g) limited infilling or the partial or complete redevelopment of previously developed land, whether redundant or in continuing use (excluding temporary buildings), which would:
 - not have a greater impact on the openness of the Green Belt than the existing development; or
 - not cause substantial harm to the openness of the Green Belt, where the development would re-use previously developed land and contribute to meeting an identified affordable housing need within the area of the local planning authority.
150. Certain other forms of development are also not inappropriate in the Green Belt provided they preserve its openness and do not conflict with the purposes of including land within it. These are:
- a) mineral extraction;
 - b) engineering operations;
 - c) local transport infrastructure which can demonstrate a requirement for a Green Belt location;
 - d) the re-use of buildings provided that the buildings are of permanent and substantial construction;
 - e) material changes in the use of land (such as changes of use for outdoor sport or recreation, or for cemeteries and burial grounds); and
 - f) development, including buildings, brought forward under a Community Right to Build Order or Neighbourhood Development Order.
151. When located in the Green Belt, elements of many renewable energy projects will comprise inappropriate development. In such cases developers will need to demonstrate very special circumstances if projects are to proceed. Such very special circumstances may include the wider environmental benefits associated with increased production of energy from renewable sources.

14. Meeting the challenge of climate change, flooding and coastal change

152. The planning system should support the transition to a low carbon future in a changing climate, taking full account of flood risk and coastal change. It should help to: shape places in ways that contribute to radical reductions in greenhouse gas emissions, minimise vulnerability and improve resilience; encourage the reuse of existing resources, including the conversion of existing buildings; and support renewable and low carbon energy and associated infrastructure.

Planning for climate change

153. Plans should take a proactive approach to mitigating and adapting to climate change, taking into account the long-term implications for flood risk, coastal change, water supply, biodiversity and landscapes, and the risk of overheating from rising temperatures⁵³. Policies should support appropriate measures to ensure the future resilience of communities and infrastructure to climate change impacts, such as providing space for physical protection measures, or making provision for the possible future relocation of vulnerable development and infrastructure.
154. New development should be planned for in ways that:
- a) avoid increased vulnerability to the range of impacts arising from climate change. When new development is brought forward in areas which are vulnerable, care should be taken to ensure that risks can be managed through suitable adaptation measures, including through the planning of green infrastructure; and
 - b) can help to reduce greenhouse gas emissions, such as through its location, orientation and design. Any local requirements for the sustainability of buildings should reflect the Government's policy for national technical standards.
155. To help increase the use and supply of renewable and low carbon energy and heat, plans should:
- a) provide a positive strategy for energy from these sources, that maximises the potential for suitable development, while ensuring that adverse impacts are addressed satisfactorily (including cumulative landscape and visual impacts);
 - b) consider identifying suitable areas for renewable and low carbon energy sources, and supporting infrastructure, where this would help secure their development; and

⁵³ In line with the objectives and provisions of the Climate Change Act 2008.

- c) identify opportunities for development to draw its energy supply from decentralised, renewable or low carbon energy supply systems and for co-locating potential heat customers and suppliers.
156. Local planning authorities should support community-led initiatives for renewable and low carbon energy, including developments outside areas identified in local plans or other strategic policies that are being taken forward through neighbourhood planning.
157. In determining planning applications, local planning authorities should expect new development to:
- a) comply with any development plan policies on local requirements for decentralised energy supply unless it can be demonstrated by the applicant, having regard to the type of development involved and its design, that this is not feasible or viable; and
 - b) take account of landform, layout, building orientation, massing and landscaping to minimise energy consumption.
158. When determining planning applications for renewable and low carbon development, local planning authorities should:
- a) not require applicants to demonstrate the overall need for renewable or low carbon energy, and recognise that even small-scale projects provide a valuable contribution to cutting greenhouse gas emissions; and
 - b) approve the application if its impacts are (or can be made) acceptable⁵⁴. Once suitable areas for renewable and low carbon energy have been identified in plans, local planning authorities should expect subsequent applications for commercial scale projects outside these areas to demonstrate that the proposed location meets the criteria used in identifying suitable areas.

Planning and flood risk

159. Inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk (whether existing or future). Where development is necessary in such areas, the development should be made safe for its lifetime without increasing flood risk elsewhere.
160. Strategic policies should be informed by a strategic flood risk assessment, and should manage flood risk from all sources. They should consider cumulative impacts in, or affecting, local areas susceptible to flooding, and take account of advice from the Environment Agency and other relevant flood risk management authorities, such as lead local flood authorities and internal drainage boards.

⁵⁴ Except for applications for the repowering of existing wind turbines, a proposed wind energy development involving one or more turbines should not be considered acceptable unless it is in an area identified as suitable for wind energy development in the development plan; and, following consultation, it can be demonstrated that the planning impacts identified by the affected local community have been fully addressed and the proposal has their backing.

161. All plans should apply a sequential, risk-based approach to the location of development – taking into account all sources of flood risk and the current and future impacts of climate change – so as to avoid, where possible, flood risk to people and property. They should do this, and manage any residual risk, by:
- a) applying the sequential test and then, if necessary, the exception test as set out below;
 - b) safeguarding land from development that is required, or likely to be required, for current or future flood management;
 - c) using opportunities provided by new development and improvements in green and other infrastructure to reduce the causes and impacts of flooding, (making as much use as possible of natural flood management techniques as part of an integrated approach to flood risk management); and
 - d) where climate change is expected to increase flood risk so that some existing development may not be sustainable in the long-term, seeking opportunities to relocate development, including housing, to more sustainable locations.
162. The aim of the sequential test is to steer new development to areas with the lowest risk of flooding from any source. Development should not be allocated or permitted if there are reasonably available sites appropriate for the proposed development in areas with a lower risk of flooding. The strategic flood risk assessment will provide the basis for applying this test. The sequential approach should be used in areas known to be at risk now or in the future from any form of flooding.
163. If it is not possible for development to be located in areas with a lower risk of flooding (taking into account wider sustainable development objectives), the exception test may have to be applied. The need for the exception test will depend on the potential vulnerability of the site and of the development proposed, in line with the Flood Risk Vulnerability Classification set out in Annex 3.
164. The application of the exception test should be informed by a strategic or site-specific flood risk assessment, depending on whether it is being applied during plan production or at the application stage. To pass the exception test it should be demonstrated that:
- a) the development would provide wider sustainability benefits to the community that outweigh the flood risk; and
 - b) the development will be safe for its lifetime taking account of the vulnerability of its users, without increasing flood risk elsewhere, and, where possible, will reduce flood risk overall.
165. Both elements of the exception test should be satisfied for development to be allocated or permitted.
166. Where planning applications come forward on sites allocated in the development plan through the sequential test, applicants need not apply the sequential test again. However, the exception test may need to be reapplied if relevant aspects of the proposal had not been considered when the test was applied at the plan-

making stage, or if more recent information about existing or potential flood risk should be taken into account.

167. When determining any planning applications, local planning authorities should ensure that flood risk is not increased elsewhere. Where appropriate, applications should be supported by a site-specific flood-risk assessment⁵⁵. Development should only be allowed in areas at risk of flooding where, in the light of this assessment (and the sequential and exception tests, as applicable) it can be demonstrated that:
- a) within the site, the most vulnerable development is located in areas of lowest flood risk, unless there are overriding reasons to prefer a different location;
 - b) the development is appropriately flood resistant and resilient such that, in the event of a flood, it could be quickly brought back into use without significant refurbishment;
 - c) it incorporates sustainable drainage systems, unless there is clear evidence that this would be inappropriate;
 - d) any residual risk can be safely managed; and
 - e) safe access and escape routes are included where appropriate, as part of an agreed emergency plan.
168. Applications for some minor development and changes of use⁵⁶ should not be subject to the sequential or exception tests but should still meet the requirements for site-specific flood risk assessments set out in footnote 55.
169. Major developments should incorporate sustainable drainage systems unless there is clear evidence that this would be inappropriate. The systems used should:
- a) take account of advice from the lead local flood authority;
 - b) have appropriate proposed minimum operational standards;
 - c) have maintenance arrangements in place to ensure an acceptable standard of operation for the lifetime of the development; and
 - d) where possible, provide multifunctional benefits.

Coastal change

⁵⁵ A site-specific flood risk assessment should be provided for all development in Flood Zones 2 and 3. In Flood Zone 1, an assessment should accompany all proposals involving: sites of 1 hectare or more; land which has been identified by the Environment Agency as having critical drainage problems; land identified in a strategic flood risk assessment as being at increased flood risk in future; or land that may be subject to other sources of flooding, where its development would introduce a more vulnerable use.

⁵⁶ This includes householder development, small non-residential extensions (with a footprint of less than 250m²) and changes of use; except for changes of use to a caravan, camping or chalet site, or to a mobile home or park home site, where the sequential and exception tests should be applied as appropriate.

170. In coastal areas, planning policies and decisions should take account of the UK Marine Policy Statement and marine plans. Integrated Coastal Zone Management should be pursued across local authority and land/sea boundaries, to ensure effective alignment of the terrestrial and marine planning regimes.
171. Plans should reduce risk from coastal change by avoiding inappropriate development in vulnerable areas and not exacerbating the impacts of physical changes to the coast. They should identify as a Coastal Change Management Area any area likely to be affected by physical changes to the coast, and:
- a) be clear as to what development will be appropriate in such areas and in what circumstances; and
 - b) make provision for development and infrastructure that needs to be relocated away from Coastal Change Management Areas.
172. Development in a Coastal Change Management Area will be appropriate only where it is demonstrated that:
- a) it will be safe over its planned lifetime and not have an unacceptable impact on coastal change;
 - b) the character of the coast including designations is not compromised;
 - c) the development provides wider sustainability benefits; and
 - d) the development does not hinder the creation and maintenance of a continuous signed and managed route around the coast⁵⁷.
173. Local planning authorities should limit the planned lifetime of development in a Coastal Change Management Area through temporary permission and restoration conditions, where this is necessary to reduce a potentially unacceptable level of future risk to people and the development.

⁵⁷ As required by the Marine and Coastal Access Act 2009.

15. Conserving and enhancing the natural environment

174. Planning policies and decisions should contribute to and enhance the natural and local environment by:
- a) protecting and enhancing valued landscapes, sites of biodiversity or geological value and soils (in a manner commensurate with their statutory status or identified quality in the development plan);
 - b) recognising the intrinsic character and beauty of the countryside, and the wider benefits from natural capital and ecosystem services – including the economic and other benefits of the best and most versatile agricultural land, and of trees and woodland;
 - c) maintaining the character of the undeveloped coast, while improving public access to it where appropriate;
 - d) minimising impacts on and providing net gains for biodiversity, including by establishing coherent ecological networks that are more resilient to current and future pressures;
 - e) preventing new and existing development from contributing to, being put at unacceptable risk from, or being adversely affected by, unacceptable levels of soil, air, water or noise pollution or land instability. Development should, wherever possible, help to improve local environmental conditions such as air and water quality, taking into account relevant information such as river basin management plans; and
 - f) remediating and mitigating despoiled, degraded, derelict, contaminated and unstable land, where appropriate.
175. Plans should: distinguish between the hierarchy of international, national and locally designated sites; allocate land with the least environmental or amenity value, where consistent with other policies in this Framework⁵⁸; take a strategic approach to maintaining and enhancing networks of habitats and green infrastructure; and plan for the enhancement of natural capital at a catchment or landscape scale across local authority boundaries.
176. Great weight should be given to conserving and enhancing landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty which have the highest status of protection in relation to these issues. The conservation and enhancement of wildlife and cultural heritage are also important considerations in these areas, and should be given great weight in National Parks

⁵⁸ Where significant development of agricultural land is demonstrated to be necessary, areas of poorer quality land should be preferred to those of a higher quality.

and the Broads⁵⁹. The scale and extent of development within all these designated areas should be limited, while development within their setting should be sensitively located and designed to avoid or minimise adverse impacts on the designated areas.

177. When considering applications for development within National Parks, the Broads and Areas of Outstanding Natural Beauty, permission should be refused for major development⁶⁰ other than in exceptional circumstances, and where it can be demonstrated that the development is in the public interest. Consideration of such applications should include an assessment of:
- a) the need for the development, including in terms of any national considerations, and the impact of permitting it, or refusing it, upon the local economy;
 - b) the cost of, and scope for, developing outside the designated area, or meeting the need for it in some other way; and
 - c) any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that could be moderated.
178. Within areas defined as Heritage Coast (and that do not already fall within one of the designated areas mentioned in paragraph 176), planning policies and decisions should be consistent with the special character of the area and the importance of its conservation. Major development within a Heritage Coast is unlikely to be appropriate, unless it is compatible with its special character.

Habitats and biodiversity

179. To protect and enhance biodiversity and geodiversity, plans should:
- a) Identify, map and safeguard components of local wildlife-rich habitats and wider ecological networks, including the hierarchy of international, national and locally designated sites of importance for biodiversity⁶¹; wildlife corridors and stepping stones that connect them; and areas identified by national and local partnerships for habitat management, enhancement, restoration or creation⁶²; and
 - b) promote the conservation, restoration and enhancement of priority habitats, ecological networks and the protection and recovery of priority species; and identify and pursue opportunities for securing measurable net gains for biodiversity.

⁵⁹ *English National Parks and the Broads: UK Government Vision and Circular 2010* provides further guidance and information about their statutory purposes, management and other matters.

⁶⁰ For the purposes of paragraphs 176 and 177, whether a proposal is 'major development' is a matter for the decision maker, taking into account its nature, scale and setting, and whether it could have a significant adverse impact on the purposes for which the area has been designated or defined.

⁶¹ Circular 06/2005 provides further guidance in respect of statutory obligations for biodiversity and geological conservation and their impact within the planning system.

⁶² Where areas that are part of the Nature Recovery Network are identified in plans, it may be appropriate to specify the types of development that may be suitable within them.

180. When determining planning applications, local planning authorities should apply the following principles:
- a) if significant harm to biodiversity resulting from a development cannot be avoided (through locating on an alternative site with less harmful impacts), adequately mitigated, or, as a last resort, compensated for, then planning permission should be refused;
 - b) development on land within or outside a Site of Special Scientific Interest, and which is likely to have an adverse effect on it (either individually or in combination with other developments), should not normally be permitted. The only exception is where the benefits of the development in the location proposed clearly outweigh both its likely impact on the features of the site that make it of special scientific interest, and any broader impacts on the national network of Sites of Special Scientific Interest;
 - c) development resulting in the loss or deterioration of irreplaceable habitats (such as ancient woodland and ancient or veteran trees) should be refused, unless there are wholly exceptional reasons⁶³ and a suitable compensation strategy exists; and
 - d) development whose primary objective is to conserve or enhance biodiversity should be supported; while opportunities to improve biodiversity in and around developments should be integrated as part of their design, especially where this can secure measurable net gains for biodiversity or enhance public access to nature where this is appropriate.
181. The following should be given the same protection as habitats sites:
- a) potential Special Protection Areas and possible Special Areas of Conservation;
 - b) listed or proposed Ramsar sites⁶⁴; and
 - c) sites identified, or required, as compensatory measures for adverse effects on habitats sites, potential Special Protection Areas, possible Special Areas of Conservation, and listed or proposed Ramsar sites.
182. The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that the plan or project will not adversely affect the integrity of the habitats site.

⁶³ For example, infrastructure projects (including nationally significant infrastructure projects, orders under the Transport and Works Act and hybrid bills), where the public benefit would clearly outweigh the loss or deterioration of habitat.

⁶⁴ Potential Special Protection Areas, possible Special Areas of Conservation and proposed Ramsar sites are sites on which Government has initiated public consultation on the scientific case for designation as a Special Protection Area, candidate Special Area of Conservation or Ramsar site.

Ground conditions and pollution

183. Planning policies and decisions should ensure that:
- a) a site is suitable for its proposed use taking account of ground conditions and any risks arising from land instability and contamination. This includes risks arising from natural hazards or former activities such as mining, and any proposals for mitigation including land remediation (as well as potential impacts on the natural environment arising from that remediation);
 - b) after remediation, as a minimum, land should not be capable of being determined as contaminated land under Part IIA of the Environmental Protection Act 1990; and
 - c) adequate site investigation information, prepared by a competent person, is available to inform these assessments.
184. Where a site is affected by contamination or land stability issues, responsibility for securing a safe development rests with the developer and/or landowner.
185. Planning policies and decisions should also ensure that new development is appropriate for its location taking into account the likely effects (including cumulative effects) of pollution on health, living conditions and the natural environment, as well as the potential sensitivity of the site or the wider area to impacts that could arise from the development. In doing so they should:
- a) mitigate and reduce to a minimum potential adverse impacts resulting from noise from new development – and avoid noise giving rise to significant adverse impacts on health and the quality of life⁶⁵;
 - b) identify and protect tranquil areas which have remained relatively undisturbed by noise and are prized for their recreational and amenity value for this reason; and
 - c) limit the impact of light pollution from artificial light on local amenity, intrinsically dark landscapes and nature conservation.
186. Planning policies and decisions should sustain and contribute towards compliance with relevant limit values or national objectives for pollutants, taking into account the presence of Air Quality Management Areas and Clean Air Zones, and the cumulative impacts from individual sites in local areas. Opportunities to improve air quality or mitigate impacts should be identified, such as through traffic and travel management, and green infrastructure provision and enhancement. So far as possible these opportunities should be considered at the plan-making stage, to ensure a strategic approach and limit the need for issues to be reconsidered when

⁶⁵ See Explanatory Note to the *Noise Policy Statement for England* (Department for Environment, Food & Rural Affairs, 2010).

determining individual applications. Planning decisions should ensure that any new development in Air Quality Management Areas and Clean Air Zones is consistent with the local air quality action plan.

187. Planning policies and decisions should ensure that new development can be integrated effectively with existing businesses and community facilities (such as places of worship, pubs, music venues and sports clubs). Existing businesses and facilities should not have unreasonable restrictions placed on them as a result of development permitted after they were established. Where the operation of an existing business or community facility could have a significant adverse effect on new development (including changes of use) in its vicinity, the applicant (or 'agent of change') should be required to provide suitable mitigation before the development has been completed.

188. The focus of planning policies and decisions should be on whether proposed development is an acceptable use of land, rather than the control of processes or emissions (where these are subject to separate pollution control regimes). Planning decisions should assume that these regimes will operate effectively. Equally, where a planning decision has been made on a particular development, the planning issues should not be revisited through the permitting regimes operated by pollution control authorities.

16. Conserving and enhancing the historic environment

189. Heritage assets range from sites and buildings of local historic value to those of the highest significance, such as World Heritage Sites which are internationally recognised to be of Outstanding Universal Value⁶⁶. These assets are an irreplaceable resource, and should be conserved in a manner appropriate to their significance, so that they can be enjoyed for their contribution to the quality of life of existing and future generations⁶⁷.
190. Plans should set out a positive strategy for the conservation and enjoyment of the historic environment, including heritage assets most at risk through neglect, decay or other threats. This strategy should take into account:
- a) the desirability of sustaining and enhancing the significance of heritage assets, and putting them to viable uses consistent with their conservation;
 - b) the wider social, cultural, economic and environmental benefits that conservation of the historic environment can bring;
 - c) the desirability of new development making a positive contribution to local character and distinctiveness; and
 - d) opportunities to draw on the contribution made by the historic environment to the character of a place.
191. When considering the designation of conservation areas, local planning authorities should ensure that an area justifies such status because of its special architectural or historic interest, and that the concept of conservation is not devalued through the designation of areas that lack special interest.
192. Local planning authorities should maintain or have access to a historic environment record. This should contain up-to-date evidence about the historic environment in their area and be used to:
- a) assess the significance of heritage assets and the contribution they make to their environment; and
 - b) predict the likelihood that currently unidentified heritage assets, particularly sites of historic and archaeological interest, will be discovered in the future.

⁶⁶ Some World Heritage Sites are inscribed by UNESCO to be of natural significance rather than cultural significance; and in some cases they are inscribed for both their natural and cultural significance.

⁶⁷ The policies set out in this chapter relate, as applicable, to the heritage-related consent regimes for which local planning authorities are responsible under the Planning (Listed Buildings and Conservation Areas) Act 1990, as well as to plan-making and decision-making.

193. Local planning authorities should make information about the historic environment, gathered as part of policy-making or development management, publicly accessible.

Proposals affecting heritage assets

194. In determining applications, local planning authorities should require an applicant to describe the significance of any heritage assets affected, including any contribution made by their setting. The level of detail should be proportionate to the assets' importance and no more than is sufficient to understand the potential impact of the proposal on their significance. As a minimum the relevant historic environment record should have been consulted and the heritage assets assessed using appropriate expertise where necessary. Where a site on which development is proposed includes, or has the potential to include, heritage assets with archaeological interest, local planning authorities should require developers to submit an appropriate desk-based assessment and, where necessary, a field evaluation.
195. Local planning authorities should identify and assess the particular significance of any heritage asset that may be affected by a proposal (including by development affecting the setting of a heritage asset) taking account of the available evidence and any necessary expertise. They should take this into account when considering the impact of a proposal on a heritage asset, to avoid or minimise any conflict between the heritage asset's conservation and any aspect of the proposal.
196. Where there is evidence of deliberate neglect of, or damage to, a heritage asset, the deteriorated state of the heritage asset should not be taken into account in any decision.
197. In determining applications, local planning authorities should take account of:
- a) the desirability of sustaining and enhancing the significance of heritage assets and putting them to viable uses consistent with their conservation;
 - b) the positive contribution that conservation of heritage assets can make to sustainable communities including their economic vitality; and
 - c) the desirability of new development making a positive contribution to local character and distinctiveness.
198. In considering any applications to remove or alter a historic statue, plaque, memorial or monument (whether listed or not), local planning authorities should have regard to the importance of their retention in situ and, where appropriate, of explaining their historic and social context rather than removal.

Considering potential impacts

199. When considering the impact of a proposed development on the significance of a designated heritage asset, great weight should be given to the asset's conservation (and the more important the asset, the greater the weight should be). This is irrespective of whether any potential harm amounts to substantial harm, total loss or less than substantial harm to its significance.
200. Any harm to, or loss of, the significance of a designated heritage asset (from its alteration or destruction, or from development within its setting), should require clear and convincing justification. Substantial harm to or loss of:
- a) grade II listed buildings, or grade II registered parks or gardens, should be exceptional;
 - b) assets of the highest significance, notably scheduled monuments, protected wreck sites, registered battlefields, grade I and II* listed buildings, grade I and II* registered parks and gardens, and World Heritage Sites, should be wholly exceptional⁶⁸.
201. Where a proposed development will lead to substantial harm to (or total loss of significance of) a designated heritage asset, local planning authorities should refuse consent, unless it can be demonstrated that the substantial harm or total loss is necessary to achieve substantial public benefits that outweigh that harm or loss, or all of the following apply:
- a) the nature of the heritage asset prevents all reasonable uses of the site; and
 - b) no viable use of the heritage asset itself can be found in the medium term through appropriate marketing that will enable its conservation; and
 - c) conservation by grant-funding or some form of not for profit, charitable or public ownership is demonstrably not possible; and
 - d) the harm or loss is outweighed by the benefit of bringing the site back into use.
202. Where a development proposal will lead to less than substantial harm to the significance of a designated heritage asset, this harm should be weighed against the public benefits of the proposal including, where appropriate, securing its optimum viable use.
203. The effect of an application on the significance of a non-designated heritage asset should be taken into account in determining the application. In weighing

⁶⁸ Non-designated heritage assets of archaeological interest, which are demonstrably of equivalent significance to scheduled monuments, should be considered subject to the policies for designated heritage assets.

applications that directly or indirectly affect non-designated heritage assets, a balanced judgement will be required having regard to the scale of any harm or loss and the significance of the heritage asset.

204. Local planning authorities should not permit the loss of the whole or part of a heritage asset without taking all reasonable steps to ensure the new development will proceed after the loss has occurred.
205. Local planning authorities should require developers to record and advance understanding of the significance of any heritage assets to be lost (wholly or in part) in a manner proportionate to their importance and the impact, and to make this evidence (and any archive generated) publicly accessible⁶⁹. However, the ability to record evidence of our past should not be a factor in deciding whether such loss should be permitted.
206. Local planning authorities should look for opportunities for new development within Conservation Areas and World Heritage Sites, and within the setting of heritage assets, to enhance or better reveal their significance. Proposals that preserve those elements of the setting that make a positive contribution to the asset (or which better reveal its significance) should be treated favourably.
207. Not all elements of a Conservation Area or World Heritage Site will necessarily contribute to its significance. Loss of a building (or other element) which makes a positive contribution to the significance of the Conservation Area or World Heritage Site should be treated either as substantial harm under paragraph 201 or less than substantial harm under paragraph 202, as appropriate, taking into account the relative significance of the element affected and its contribution to the significance of the Conservation Area or World Heritage Site as a whole.
208. Local planning authorities should assess whether the benefits of a proposal for enabling development, which would otherwise conflict with planning policies but which would secure the future conservation of a heritage asset, outweigh the disbenefits of departing from those policies.

⁶⁹ Copies of evidence should be deposited with the relevant historic environment record, and any archives with a local museum or other public depository.

17. Facilitating the sustainable use of minerals

209. It is essential that there is a sufficient supply of minerals to provide the infrastructure, buildings, energy and goods that the country needs. Since minerals are a finite natural resource, and can only be worked where they are found, best use needs to be made of them to secure their long-term conservation.
210. Planning policies should:
- a) provide for the extraction of mineral resources of local and national importance, but not identify new sites or extensions to existing sites for peat extraction;
 - b) so far as practicable, take account of the contribution that substitute or secondary and recycled materials and minerals waste would make to the supply of materials, before considering extraction of primary materials, whilst aiming to source minerals supplies indigenously;
 - c) safeguard mineral resources by defining Mineral Safeguarding Areas and Mineral Consultation Areas⁷⁰; and adopt appropriate policies so that known locations of specific minerals resources of local and national importance are not sterilised by non-mineral development where this should be avoided (whilst not creating a presumption that the resources defined will be worked);
 - d) set out policies to encourage the prior extraction of minerals, where practical and environmentally feasible, if it is necessary for non-mineral development to take place;
 - e) safeguard existing, planned and potential sites for: the bulk transport, handling and processing of minerals; the manufacture of concrete and concrete products; and the handling, processing and distribution of substitute, recycled and secondary aggregate material;
 - f) set out criteria or requirements to ensure that permitted and proposed operations do not have unacceptable adverse impacts on the natural and historic environment or human health, taking into account the cumulative effects of multiple impacts from individual sites and/or a number of sites in a locality;
 - g) when developing noise limits, recognise that some noisy short-term activities, which may otherwise be regarded as unacceptable, are unavoidable to facilitate minerals extraction; and
 - h) ensure that worked land is reclaimed at the earliest opportunity, taking account of aviation safety, and that high quality restoration and aftercare of mineral sites takes place.

⁷⁰ Primarily in two tier areas as stated in Annex 2: Glossary

211. When determining planning applications, great weight should be given to the benefits of mineral extraction, including to the economy⁷¹. In considering proposals for mineral extraction, minerals planning authorities should:
- a) as far as is practical, provide for the maintenance of landbanks of non-energy minerals from outside National Parks, the Broads, Areas of Outstanding Natural Beauty and World Heritage Sites, scheduled monuments and conservation areas;
 - b) ensure that there are no unacceptable adverse impacts on the natural and historic environment, human health or aviation safety, and take into account the cumulative effect of multiple impacts from individual sites and/or from a number of sites in a locality;
 - c) ensure that any unavoidable noise, dust and particle emissions and any blasting vibrations are controlled, mitigated or removed at source⁷², and establish appropriate noise limits for extraction in proximity to noise sensitive properties;
 - d) not grant planning permission for peat extraction from new or extended sites;
 - e) provide for restoration and aftercare at the earliest opportunity, to be carried out to high environmental standards, through the application of appropriate conditions. Bonds or other financial guarantees to underpin planning conditions should only be sought in exceptional circumstances;
 - f) consider how to meet any demand for the extraction of building stone needed for the repair of heritage assets, taking account of the need to protect designated sites; and
 - g) recognise the small-scale nature and impact of building and roofing stone quarries, and the need for a flexible approach to the duration of planning permissions reflecting the intermittent or low rate of working at many sites.
212. Local planning authorities should not normally permit other development proposals in Mineral Safeguarding Areas if it might constrain potential future use for mineral working.

Maintaining supply

213. Minerals planning authorities should plan for a steady and adequate supply of aggregates by:
- a) preparing an annual Local Aggregate Assessment, either individually or jointly, to forecast future demand, based on a rolling average of 10 years' sales data and other relevant local information, and an assessment of all supply options (including marine dredged, secondary and recycled sources);

⁷¹ Except in relation to the extraction of coal, where the policy at paragraph 217 of this Framework applies.

⁷² National planning guidance on minerals sets out how these policies should be implemented.

- b) participating in the operation of an Aggregate Working Party and taking the advice of that party into account when preparing their Local Aggregate Assessment;
- c) making provision for the land-won and other elements of their Local Aggregate Assessment in their mineral plans, taking account of the advice of the Aggregate Working Parties and the National Aggregate Co-ordinating Group as appropriate. Such provision should take the form of specific sites, preferred areas and/or areas of search and locational criteria as appropriate;
- d) taking account of any published National and Sub National Guidelines on future provision which should be used as a guideline when planning for the future demand for and supply of aggregates;
- e) using landbanks of aggregate minerals reserves principally as an indicator of the security of aggregate minerals supply, and to indicate the additional provision that needs to be made for new aggregate extraction and alternative supplies in mineral plans;
- f) maintaining landbanks of at least 7 years for sand and gravel and at least 10 years for crushed rock, whilst ensuring that the capacity of operations to supply a wide range of materials is not compromised⁷³;
- g) ensuring that large landbanks bound up in very few sites do not stifle competition; and
- h) calculating and maintaining separate landbanks for any aggregate materials of a specific type or quality which have a distinct and separate market.

214. Minerals planning authorities should plan for a steady and adequate supply of industrial minerals by:

- a) co-operating with neighbouring and more distant authorities to ensure an adequate provision of industrial minerals to support their likely use in industrial and manufacturing processes;
- b) encouraging safeguarding or stockpiling so that important minerals remain available for use;
- c) maintaining a stock of permitted reserves to support the level of actual and proposed investment required for new or existing plant, and the maintenance and improvement of existing plant and equipment⁷⁴; and
- d) taking account of the need for provision of brick clay from a number of different sources to enable appropriate blends to be made.

⁷³ Longer periods may be appropriate to take account of the need to supply a range of types of aggregates, locations of permitted reserves relative to markets, and productive capacity of permitted sites.

⁷⁴ These reserves should be at least 10 years for individual silica sand sites; at least 15 years for cement primary (chalk and limestone) and secondary (clay and shale) materials to maintain an existing plant, and for silica sand sites where significant new capital is required; and at least 25 years for brick clay, and for cement primary and secondary materials to support a new kiln.

Oil, gas and coal exploration and extraction

215. Minerals planning authorities should:
- a) when planning for on-shore oil and gas development, clearly distinguish between, and plan positively for, the three phases of development (exploration, appraisal and production), whilst ensuring appropriate monitoring and site restoration is provided for;
 - b) encourage underground gas and carbon storage and associated infrastructure if local geological circumstances indicate its feasibility;
 - c) indicate any areas where coal extraction and the disposal of colliery spoil may be acceptable;
 - d) encourage the capture and use of methane from coal mines in active and abandoned coalfield areas; and
 - e) provide for coal producers to extract separately, and if necessary stockpile, fireclay so that it remains available for use.
216. When determining planning applications, minerals planning authorities should ensure that the integrity and safety of underground storage facilities are appropriate, taking into account the maintenance of gas pressure, prevention of leakage of gas and the avoidance of pollution.
217. Planning permission should not be granted for the extraction of coal unless:
- a) the proposal is environmentally acceptable, or can be made so by planning conditions or obligations; or
 - b) if it is not environmentally acceptable, then it provides national, local or community benefits which clearly outweigh its likely impacts (taking all relevant matters into account, including any residual environmental impacts).

Annex 1: Implementation

218. The policies in this Framework are material considerations which should be taken into account in dealing with applications from the day of its publication. Plans may also need to be revised to reflect policy changes which this Framework has made.
219. However, existing policies should not be considered out-of-date simply because they were adopted or made prior to the publication of this Framework. Due weight should be given to them, according to their degree of consistency with this Framework (the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given).
220. The policies in the original National Planning Policy Framework published in March 2012 will apply for the purpose of examining plans, where those plans were submitted on or before 24 January 2019. Where such plans are withdrawn or otherwise do not proceed to become part of the development plan, the policies contained in this Framework will apply to any subsequent plan produced for the area concerned.
221. For the purposes of the policy on larger-scale development in paragraph 22, this applies only to plans that have not reached Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 (pre-submission) stage at the point this version is published (for Spatial Development Strategies this would refer to consultation under section 335(2) of the Greater London Authority Act 1999).
222. The Housing Delivery Test will apply the day following publication of the results, at which point they supersede previously published results. Until new Housing Delivery Test results are published, the previously published result should be used. For the purpose of footnote 8 in this Framework, delivery of housing which was substantially below the housing requirement means where the Housing Delivery Test results:
- a) for years 2016/17 to 2018/19 (Housing Delivery Test: 2019 Measurement, published 13 February 2020), indicated that delivery was below 45% of housing required over the previous three years;
 - b) for years 2017/18 to 2019/20 (Housing Delivery Test: 2020 Measurement, published 19 January 2021), and in subsequent years indicate that delivery was below 75% of housing required over the previous three years.
223. The Government will continue to explore with individual areas the potential for planning freedoms and flexibilities, for example where this would facilitate an increase in the amount of housing that can be delivered.

Annex 2: Glossary

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

Air quality management areas: Areas designated by local authorities because they are not likely to achieve national air quality objectives by the relevant deadlines.

Ancient or veteran tree: A tree which, because of its age, size and condition, is of exceptional biodiversity, cultural or heritage value. All ancient trees are veteran trees. Not all veteran trees are old enough to be ancient, but are old relative to other trees of the same species. Very few trees of any species reach the ancient life-stage.

Ancient woodland: An area that has been wooded continuously since at least 1600 AD. It includes ancient semi-natural woodland and plantations on ancient woodland sites (PAWS).

Annual position statement: A document setting out the 5 year housing land supply position on 1st April each year, prepared by the local planning authority in consultation with developers and others who have an impact on delivery.

Archaeological interest: There will be archaeological interest in a heritage asset if it holds, or potentially holds, evidence of past human activity worthy of expert investigation at some point.

Article 4 direction: A direction made under [Article 4 of the Town and Country Planning \(General Permitted Development\) \(England\) Order 2015](#) which withdraws permitted development rights granted by that Order.

Best and most versatile agricultural land: Land in grades 1, 2 and 3a of the Agricultural Land Classification.

Brownfield land: See Previously developed land.

Brownfield land registers: Registers of previously developed land that local planning authorities consider to be appropriate for residential development, having regard to criteria in the Town and Country Planning (Brownfield Land Registers) Regulations 2017. Local planning authorities will be able to trigger a grant of permission in principle for residential development on suitable sites in their registers where they follow the required procedures.

Build to Rent: Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

Climate change adaptation: Adjustments made to natural or human systems in response to the actual or anticipated impacts of climate change, to mitigate harm or exploit beneficial opportunities.

Climate change mitigation: Action to reduce the impact of human activity on the climate system, primarily through reducing greenhouse gas emissions.

Coastal change management area: An area identified in plans as likely to be affected by physical change to the shoreline through erosion, coastal landslip, permanent inundation or coastal accretion.

Community forest: An area identified through the England Community Forest Programme to revitalise countryside and green space in and around major conurbations.

Community Right to Build Order: An Order made by the local planning authority (under the Town and Country Planning Act 1990) that grants planning permission for a site-specific development proposal or classes of development.

Competent person (to prepare site investigation information): A person with a recognised relevant qualification, sufficient experience in dealing with the type(s) of pollution or land instability, and membership of a relevant professional organisation.

Conservation (for heritage policy): The process of maintaining and managing change to a heritage asset in a way that sustains and, where appropriate, enhances its significance.

Decentralised energy: Local renewable and local low carbon energy sources.

Deliverable: To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:

- a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).
- b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.

Design code: A set of illustrated design requirements that provide specific, detailed parameters for the physical development of a site or area. The graphic and written components of the code should build upon a design vision, such as a masterplan or other design and development framework for a site or area.

Design guide: A document providing guidance on how development can be carried out in accordance with good design practice, often produced by a local authority.

Designated heritage asset: A World Heritage Site, Scheduled Monument, Listed Building, Protected Wreck Site, Registered Park and Garden, Registered Battlefield or Conservation Area designated under the relevant legislation.

Designated rural areas: National Parks, Areas of Outstanding Natural Beauty and areas designated as 'rural' under Section 157 of the Housing Act 1985.

Developable: To be considered developable, sites should be in a suitable location for housing development with a reasonable prospect that they will be available and could be viably developed at the point envisaged.

Development plan: Is defined in section 38 of the Planning and Compulsory Purchase Act 2004, and includes adopted local plans, neighbourhood plans that have been made and published spatial development strategies, together with any regional strategy policies that remain in force. Neighbourhood plans that have been approved at referendum are also part of the development plan, unless the local planning authority decides that the neighbourhood plan should not be made.

Edge of centre: For retail purposes, a location that is well connected to, and up to 300 metres from, the primary shopping area. For all other main town centre uses, a location within 300 metres of a town centre boundary. For office development, this includes locations outside the town centre but within 500 metres of a public transport interchange. In determining whether a site falls within the definition of edge of centre, account should be taken of local circumstances.

Entry-level exception site: A site that provides entry-level homes suitable for first time buyers (or equivalent, for those looking to rent), in line with paragraph 72 of this Framework.

Environmental impact assessment: A procedure to be followed for certain types of project to ensure that decisions are made in full knowledge of any likely significant effects on the environment.

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

General aviation airfields: Licenced or unlicenced aerodromes with hard or grass runways, often with extensive areas of open land related to aviation activity.

Geodiversity: The range of rocks, minerals, fossils, soils and landforms.

Green infrastructure: A network of multi-functional green and blue spaces and other natural features, urban and rural, which is capable of delivering a wide range of environmental, economic, health and wellbeing benefits for nature, climate, local and wider communities and prosperity.

Habitats site: Any site which would be included within the definition at regulation 8 of the Conservation of Habitats and Species Regulations 2017 for the purpose of those regulations, including candidate Special Areas of Conservation, Sites of Community Importance, Special Areas of Conservation, Special Protection Areas and any relevant Marine Sites.

Heritage asset: A building, monument, site, place, area or landscape identified as having a degree of significance meriting consideration in planning decisions, because of its heritage interest. It includes designated heritage assets and assets identified by the local planning authority (including local listing).

Heritage coast: Areas of undeveloped coastline which are managed to conserve their natural beauty and, where appropriate, to improve accessibility for visitors.

Historic environment: All aspects of the environment resulting from the interaction between people and places through time, including all surviving physical remains of past human activity, whether visible, buried or submerged, and landscaped and planted or managed flora.

Historic environment record: Information services that seek to provide access to comprehensive and dynamic resources relating to the historic environment of a defined geographic area for public benefit and use.

Housing Delivery Test: Measures net homes delivered in a local authority area against the homes required, using national statistics and local authority data. The Secretary of State will publish the Housing Delivery Test results for each local authority in England every November.

International, national and locally designated sites of importance for biodiversity:

All international sites (Special Areas of Conservation, Special Protection Areas, and Ramsar sites), national sites (Sites of Special Scientific Interest) and locally designated sites including Local Wildlife Sites.

Irreplaceable habitat: Habitats which would be technically very difficult (or take a very significant time) to restore, recreate or replace once destroyed, taking into account their age, uniqueness, species diversity or rarity. They include ancient woodland, ancient and veteran trees, blanket bog, limestone pavement, sand dunes, salt marsh and lowland fen.

Local Development Order: An Order made by a local planning authority (under the Town and Country Planning Act 1990) that grants planning permission for a specific development proposal or classes of development.

Local Enterprise Partnership: A body, designated by the Secretary of State for Housing, Communities and Local Government, established for the purpose of creating or improving the conditions for economic growth in an area.

Local housing need: The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 61 of this Framework).

Local Nature Partnership: A body, designated by the Secretary of State for Environment, Food and Rural Affairs, established for the purpose of protecting and improving the natural environment in an area and the benefits derived from it.

Local planning authority: The public authority whose duty it is to carry out specific planning functions for a particular area. All references to local planning authority include the district council, London borough council, county council, Broads Authority, National Park Authority, the Mayor of London and a development corporation, to the extent appropriate to their responsibilities.

Local plan: A plan for the future development of a local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. A local plan can consist of either strategic or non-strategic policies, or a combination of the two.

Main town centre uses: Retail development (including warehouse clubs and factory outlet centres); leisure, entertainment and more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, nightclubs, casinos, health and fitness centres, indoor bowling centres and bingo halls); offices; and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities).

Major development⁷⁵: For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development

⁷⁵ Other than for the specific purposes of paragraphs 176 and 177 in this Framework.

it means additional floorspace of 1,000m² or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015.

Major hazard sites, installations and pipelines: Sites and infrastructure, including licensed explosive sites and nuclear installations, around which Health and Safety Executive (and Office for Nuclear Regulation) consultation distances to mitigate the consequences to public safety of major accidents may apply.

Minerals resources of local and national importance: Minerals which are necessary to meet society's needs, including aggregates, brickclay (especially Etruria Marl and fireclay), silica sand (including high grade silica sands), coal derived fly ash in single use deposits, cement raw materials, gypsum, salt, fluorspar, shallow and deep-mined coal, oil and gas (including conventional and unconventional hydrocarbons), tungsten, kaolin, ball clay, potash, polyhalite and local minerals of importance to heritage assets and local distinctiveness.

Mineral Consultation Area: a geographical area based on a Mineral Safeguarding Area, where the district or borough council should consult the Mineral Planning Authority for any proposals for non-minerals development.

Mineral Safeguarding Area: An area designated by minerals planning authorities which covers known deposits of minerals which are desired to be kept safeguarded from unnecessary sterilisation by non-mineral development.

National trails: Long distance routes for walking, cycling and horse riding.

Natural Flood Management: managing flood and coastal erosion risk by protecting, restoring and emulating the natural 'regulating' function of catchments, rivers, floodplains and coasts.

Nature Recovery Network: An expanding, increasingly connected, network of wildlife-rich habitats supporting species recovery, alongside wider benefits such as carbon capture, water quality improvements, natural flood risk management and recreation. It includes the existing network of protected sites and other wildlife rich habitats as well as and landscape or catchment scale recovery areas where there is coordinated action for species and habitats.

Neighbourhood Development Order: An Order made by a local planning authority (under the Town and Country Planning Act 1990) through which parish councils and neighbourhood forums can grant planning permission for a specific development proposal or classes of development.

Neighbourhood plan: A plan prepared by a parish council or neighbourhood forum for a designated neighbourhood area. In law this is described as a neighbourhood development plan in the Planning and Compulsory Purchase Act 2004.

Non-strategic policies: Policies contained in a neighbourhood plan, or those policies in a local plan that are not strategic policies.

Older people: People over or approaching retirement age, including the active, newly-retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs.

Open space: All open space of public value, including not just land, but also areas of water (such as rivers, canals, lakes and reservoirs) which offer important opportunities for sport and recreation and can act as a visual amenity.

Original building: A building as it existed on 1 July 1948 or, if constructed after 1 July 1948, as it was built originally.

Out of centre: A location which is not in or on the edge of a centre but not necessarily outside the urban area.

Out of town: A location out of centre that is outside the existing urban area.

Outstanding universal value: Cultural and/or natural significance which is so exceptional as to transcend national boundaries and to be of common importance for present and future generations. An individual Statement of Outstanding Universal Value is agreed and adopted by the UNESCO World Heritage Committee for each World Heritage Site.

People with disabilities: People have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.

Permission in principle: A form of planning consent which establishes that a site is suitable for a specified amount of housing-led development in principle. Following a grant of permission in principle, the site must receive a grant of technical details consent before development can proceed.

Planning condition: A condition imposed on a grant of planning permission (in accordance with the Town and Country Planning Act 1990) or a condition included in a Local Development Order or Neighbourhood Development Order.

Planning obligation: A legal agreement entered into under section 106 of the Town and Country Planning Act 1990 to mitigate the impacts of a development proposal.

Playing field: The whole of a site which encompasses at least one playing pitch as defined in the Town and Country Planning (Development Management Procedure) (England) Order 2015.

Previously developed land: Land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure. This excludes: land that is or was last occupied by agricultural or forestry buildings; land that has been developed for minerals extraction or waste disposal by landfill, where provision for restoration has been made through development management procedures; land in built-up areas such as residential gardens, parks, recreation grounds

and allotments; and land that was previously developed but where the remains of the permanent structure or fixed surface structure have blended into the landscape.

Primary shopping area: Defined area where retail development is concentrated.

Priority habitats and species: Species and Habitats of Principal Importance included in the England Biodiversity List published by the Secretary of State under section 41 of the Natural Environment and Rural Communities Act 2006.

Ramsar sites: Wetlands of international importance, designated under the 1971 Ramsar Convention.

Renewable and low carbon energy: Includes energy for heating and cooling as well as generating electricity. Renewable energy covers those energy flows that occur naturally and repeatedly in the environment – from the wind, the fall of water, the movement of the oceans, from the sun and also from biomass and deep geothermal heat. Low carbon technologies are those that can help reduce emissions (compared to conventional use of fossil fuels).

Rural exception sites: Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

Recycled aggregates: aggregates resulting from the processing of inorganic materials previously used in construction, e.g. construction and demolition waste.

Safeguarding zone: An area defined in Circular 01/03: *Safeguarding aerodromes, technical sites and military explosives storage areas*, to which specific safeguarding provisions apply.

Secondary aggregates: aggregates from industrial wastes such as glass (cullet), incinerator bottom ash, coal derived fly ash, railway ballast, fine ceramic waste (pitcher), and scrap tyres; and industrial and minerals by-products, notably waste from china clay, coal and slate extraction and spent foundry sand. These can also include hydraulically bound materials.

Self-build and custom-build housing: Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing. A legal definition, for the purpose of applying the Self-build and Custom Housebuilding Act 2015 (as amended), is contained in section 1(A1) and (A2) of that Act.

Setting of a heritage asset: The surroundings in which a heritage asset is experienced. Its extent is not fixed and may change as the asset and its surroundings evolve. Elements of a setting may make a positive or negative contribution to the significance of an asset, may affect the ability to appreciate that significance or may be neutral.

Significance (for heritage policy): The value of a heritage asset to this and future

generations because of its heritage interest. The interest may be archaeological, architectural, artistic or historic. Significance derives not only from a heritage asset's physical presence, but also from its setting. For World Heritage Sites, the cultural value described within each site's Statement of Outstanding Universal Value forms part of its significance.

Special Areas of Conservation: Areas defined by regulation 3 of the Conservation of Habitats and Species Regulations 2017 which have been given special protection as important conservation sites.

Special Protection Areas: Areas classified under regulation 15 of the Conservation of Habitats and Species Regulations 2017 which have been identified as being of international importance for the breeding, feeding, wintering or the migration of rare and vulnerable species of birds.

Site investigation information: Includes a risk assessment of land potentially affected by contamination, or ground stability and slope stability reports, as appropriate. All investigations of land potentially affected by contamination should be carried out in accordance with established procedures (such as BS10175 Investigation of Potentially Contaminated Sites – Code of Practice).

Site of Special Scientific Interest: Sites designated by Natural England under the Wildlife and Countryside Act 1981.

Spatial development strategy: A plan containing strategic policies prepared by a Mayor or a combined authority. It includes the London Plan (prepared under provisions in the Greater London Authority Act 1999) and plans prepared by combined authorities that have been given equivalent plan-making functions by an order made under the Local Democracy, Economic Development and Construction Act 2009 (as amended).

Stepping stones: Pockets of habitat that, while not necessarily connected, facilitate the movement of species across otherwise inhospitable landscapes.

Strategic environmental assessment: A procedure (set out in the Environmental Assessment of Plans and Programmes Regulations 2004) which requires the formal environmental assessment of certain plans and programmes which are likely to have significant effects on the environment.

Strategic policies: Policies and site allocations which address strategic priorities in line with the requirements of Section 19 (1B-E) of the Planning and Compulsory Purchase Act 2004.

Strategic policy-making authorities: Those authorities responsible for producing strategic policies (local planning authorities, and elected Mayors or combined authorities, where this power has been conferred). This definition applies whether the authority is in the process of producing strategic policies or not.

Supplementary planning documents: Documents which add further detail to the policies in the development plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary planning documents are capable of being a material consideration in planning decisions but are not

part of the development plan.

Sustainable transport modes: Any efficient, safe and accessible means of transport with overall low impact on the environment, including walking and cycling, ultra low and zero emission vehicles, car sharing and public transport.

Town centre: Area defined on the local authority's policies map, including the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary shopping area. References to town centres or centres apply to city centres, town centres, district centres and local centres but exclude small parades of shops of purely neighbourhood significance. Unless they are identified as centres in the development plan, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres.

Transport assessment: A comprehensive and systematic process that sets out transport issues relating to a proposed development. It identifies measures required to improve accessibility and safety for all modes of travel, particularly for alternatives to the car such as walking, cycling and public transport, and measures that will be needed deal with the anticipated transport impacts of the development.

Transport statement: A simplified version of a transport assessment where it is agreed the transport issues arising from development proposals are limited and a full transport assessment is not required.

Travel plan: A long-term management strategy for an organisation or site that seeks to deliver sustainable transport objectives and is regularly reviewed.

Wildlife corridor: Areas of habitat connecting wildlife populations.

Windfall sites: Sites not specifically identified in the development plan.

Annex 3: Flood risk vulnerability classification

ESSENTIAL INFRASTRUCTURE

- Essential transport infrastructure (including mass evacuation routes) which has to cross the area at risk.
- Essential utility infrastructure which has to be located in a flood risk area for operational reasons, including infrastructure for electricity supply including generation, storage and distribution systems; and water treatment works that need to remain operational in times of flood.
- Wind turbines.
- Solar farms

HIGHLY VULNERABLE

- Police and ambulance stations; fire stations and command centres; telecommunications installations required to be operational during flooding.
- Emergency dispersal points.
- Basement dwellings.
- Caravans, mobile homes and park homes intended for permanent residential use.
- Installations requiring hazardous substances consent. (Where there is a demonstrable need to locate such installations for bulk storage of materials with port or other similar facilities, or such installations with energy infrastructure or carbon capture and storage installations, that require coastal or water-side locations, or need to be located in other high flood risk areas, in these instances the facilities should be classified as 'Essential Infrastructure'.)

MORE VULNERABLE

- Hospitals
- Residential institutions such as residential care homes, children's homes, social services homes, prisons and hostels.
- Buildings used for dwelling houses, student halls of residence, drinking establishments, nightclubs and hotels.
- Non-residential uses for health services, nurseries and educational establishments.
- Landfill* and sites used for waste management facilities for hazardous waste.
- Sites used for holiday or short-let caravans and camping, subject to a specific warning and evacuation plan.

LESS VULNERABLE

- Police, ambulance and fire stations which are not required to be operational during flooding.

- Buildings used for shops; financial, professional and other services; restaurants, cafes and hot food takeaways; offices; general industry, storage and distribution; non-residential institutions not included in the 'more vulnerable' class; and assembly and leisure.
- Land and buildings used for agriculture and forestry.
- Waste treatment (except landfill* and hazardous waste facilities).
- Minerals working and processing (except for sand and gravel working).
- Water treatment works which do not need to remain operational during times of flood.
- Sewage treatment works, if adequate measures to control pollution and manage sewage during flooding events are in place.
- Car parks.

WATER-COMPATIBLE DEVELOPMENT

- Flood control infrastructure.
- Water transmission infrastructure and pumping stations.
- Sewage transmission infrastructure and pumping stations.
- Sand and gravel working.
- Docks, marinas and wharves.
- Navigation facilities.
- Ministry of Defence installations.
- Ship building, repairing and dismantling, dockside fish processing and refrigeration and compatible activities requiring a waterside location.
- Water-based recreation (excluding sleeping accommodation).
- Lifeguard and coastguard stations.
- Amenity open space, nature conservation and biodiversity, outdoor sports and recreation and essential facilities such as changing rooms.
- Essential ancillary sleeping or residential accommodation for staff required by uses in this category, subject to a specific warning and evacuation plan.

* Landfill is as defined in Schedule 10 of the Environmental Permitting (England and Wales) Regulations 2010.

Appendix 2

Guidance

Viability

Sets out key principles in understanding viability in plan making and decision taking.

From:

[Department for Levelling Up, Housing and Communities](#)
([/government/organisations/department-for-levelling-up-housing-and-communities](#))
and [Ministry of Housing, Communities & Local Government](#)
([/government/organisations/ministry-of-housing-communities-and-local-government](#))

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Contents

- — [Viability and plan making](#)
- — [Viability and decision taking](#)
- — [Standardised inputs to viability assessment](#)
- — [Accountability](#)

This guidance has been updated in line with the new National Planning Policy Framework published in July 2018.

See [previous version](#)

(<http://webarchive.nationalarchives.gov.uk/20180607114045/https://www.gov.uk/guidance/viability>).

Where plans are being prepared under the transitional arrangements set out in Annex 1 to the revised [National Planning Policy Framework](#)

<https://www.gov.uk/government/publications/national-planning-policy-framework--2>), the policies in the [previous version of the framework published in 2012](http://webarchive.nationalarchives.gov.uk/20180608095821/https://www.gov.uk/government/publications/national-planning-policy-framework--2) (<http://webarchive.nationalarchives.gov.uk/20180608095821/https://www.gov.uk/government/publications/national-planning-policy-framework--2>) will continue to apply, as will any previous guidance which has been superseded since the new framework was published in July 2018.

Viability and plan making

How should plan makers set policy requirements for contributions from development?

Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure).

These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types or location of site or types of development.

See related policy: National Planning Policy Framework [paragraph 34](https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34) (<https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34>)

Paragraph: 001 Reference ID: 10-001-20190509

Revision date: 09 05 2019 See [previous version](https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#viability-and-plan-making) (<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#viability-and-plan-making>)

How should plan makers and site promoters ensure that policy requirements for contributions from development are deliverable?

The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.

It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers.

Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage.

It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. Landowners and site purchasers should consider this when agreeing land transactions.

See related policy: National Planning Policy Framework [paragraph 34](https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34)
(<https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34>)

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(<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#viability-and-plan-making>)

Should every site be assessed for viability in plan making?

Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.

See related policy: National Planning Policy Framework [paragraph 34](https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34)
(<https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34>)

Paragraph: 003 Reference ID: 10-003-20180724

Revision date: 24 07 2018

What is meant by a typology approach to viability?

A typology approach is a process plan makers can follow to ensure that they are creating realistic, [deliverable policies](#) based on the type of sites that are likely to come forward for development over the plan period.

In following this process plan makers can first group sites by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development. The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.

Average costs and values can then be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Plan makers may wish to consider different potential policy requirements and assess the viability impacts of these. Plan makers can then come to a view on what might be an appropriate benchmark land value and policy requirement for each typology.

Plan makers will then engage with landowners, site promoters and developers and compare data from existing case study sites to help ensure assumptions of costs and values are realistic and broadly accurate. Market evidence can be used as a cross-check but it is important to disregard outliers. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can also help to inform viability assessment. Plan makers may then revise their proposed policy requirements to ensure that they are creating realistic, [deliverable policies](#).

See related policy: National Planning Policy Framework [paragraph 34](#) (<https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34>)

Paragraph: 004 Reference ID: 10-004-20190509

Revision date: 09 05 2019 See [previous version](#) (<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#viability-and-plan-making>)

Why should strategic sites be assessed for viability in plan making?

It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can help inform viability assessment for strategic sites.

See related policy: National Planning Policy Framework [paragraph 34](#) (<https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34>)

Paragraph: 005 Reference ID: 10-005-20180724

Revision date: 24 07 2018

How should site promoters engage in viability assessment in plan making?

Plan makers should engage with landowners, developers, and infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage.

It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that

proposals for development are policy compliant. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies. It is important for developers and other parties buying (or interested in buying) land to have regard to the total cumulative cost of all relevant policies when agreeing a price for the land. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. An illustrative list of circumstances where viability should be assessed in decision making is set out below.

See related policy: National Planning Policy Framework [paragraph 34](https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34)
(<https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34>)

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(<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#viability-and-plan-making>)

How should viability for education provision be addressed?

When considering viability it is recommended that plan makers and local authorities for education work collaboratively to identify which schools are likely to expand, and where new schools will be needed as a result of planned growth.

It is important that costs and land requirements for education provision are known to inform site typologies and site-specific viability assessments, with an initial assumption that development will provide both funding for construction and land for new schools required onsite, commensurate with the level of education need generated by the development.

The total cumulative cost of all relevant policies should not be of a scale that will make development unviable. Local planning authorities should set out future spending priorities for developer contributions in an Infrastructure Funding Statement.

The Department for Education has published [guidance for local education authorities on developer contributions for education](https://www.gov.uk/government/publications/delivering-schools-to-support-housing-growth)
(<https://www.gov.uk/government/publications/delivering-schools-to-support-housing-growth>).

Paragraph: 029 Reference ID: 10-029-20190509

Revision date: 09 05 2019

Viability and decision taking

Should viability be assessed in decision taking?

Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Policy compliant in decision making means that the development fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57)
(<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>).

Paragraph: 007 Reference ID: 10-007-20190509

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(<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#viability-and-decision-taking>).

How should a viability assessment be treated in decision making?

Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then.

The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date, and site circumstances including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment.

Any viability assessment should reflect the government's recommended approach to [defining key inputs](#) as set out in National Planning Guidance.

See related policy: National Planning Policy Framework [paragraph 34](https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34)
(<https://www.gov.uk/guidance/national-planning-policy-framework/3-plan-making#para34>).

Paragraph: 008 Reference ID: 10-008-20190509

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(<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#viability-and-decision-taking>).

How should viability be reviewed during the lifetime of a project?

Plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

Where contributions are reduced below the requirements set out in policies to provide flexibility in the early stages of a development, there should be a clear agreement of how policy compliance can be achieved over time. As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project.

See related policy: National Planning Policy Framework [paragraph 57](#) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>).

Paragraph: 009 Reference ID: 10-009-20190509

Revision date: 09 05 2019 See [previous version](#) (<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#viability-and-decision-taking>).

Standardised inputs to viability assessment

What are the principles for carrying out a viability assessment?

Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.

This National Planning Guidance sets out the government's recommended approach to viability assessment for planning. The approach supports accountability for communities by enabling them to understand the key inputs to and outcomes of viability assessment.

Any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners, and infrastructure and affordable housing providers. Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly

available. Improving transparency of data associated with viability assessment will, over time, improve the data available for future assessment as well as provide more accountability regarding how viability informs decision making.

In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>).

Paragraph: 010 Reference ID: 10-010-20180724

Revision date: 24 07 2018

How should gross development value be defined for the purpose of viability assessment?

Gross development value is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary.

For broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale, location, rents and yields, disregarding outliers in the data. For housing, historic information about delivery rates can be informative.

For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>).

Paragraph: 011 Reference ID: 10-011-20180724

Revision date: 24 07 2018

How should costs be defined for the purpose of viability assessment?

Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making

stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application.

Costs include:

- build costs based on appropriate data, for example that of the Building Cost Information Service
- abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value
- site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value
- the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value
- general finance costs including those incurred through loans
- professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value
- explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>)

Paragraph: 012 Reference ID: 10-012-20180724

Revision date: 24 07 2018

How should land value be defined for the purpose of viability assessment?

To define land value for any viability assessment, a benchmark land value should be established on the basis of the [existing use value \(EUV\)](#) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>).

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What factors should be considered to establish benchmark land value?

Benchmark land value should:

- be based upon [existing use value](#)
- allow for a premium to landowners (including equity resulting from those building their own homes)
- reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.

Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>).

Paragraph: 014 Reference ID: 10-014-20190509

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What is meant by existing use value in viability assessment?

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>).

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How should the premium to the landowner be defined for viability assessment?

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be

used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>)

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Can alternative uses be used in establishing benchmark land value?

For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV.

Plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>)

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(<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#standardised-inputs-to-viability-assessment>)

How should a return to developers be defined for the purpose of viability assessment?

Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of fully complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan.

For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57)
(<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>).

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(<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#standardised-inputs-to-viability-assessment>)

How does viability assessment apply to the build to rent sector?

The economics of build to rent schemes differ from build for sale as they depend on a long term income stream. For build to rent it is expected that the normal form of affordable housing provision will be affordable private rent. Where plan makers wish to set affordable private rent proportions or discount levels at a level differing from national planning policy and guidance, this can be justified through a viability assessment at the plan making stage. Developers will be expected to fully comply with build to rent policy requirements.

However, for individual schemes, developers may propose alternatives to the policy, such as variations to the discount and proportions of affordable private rent units across a development, and the ability to review the value of a scheme (rent levels) over the duration of its life. Plan makers can set out in plans where review mechanisms will be used for build to rent schemes.

Scheme level viability assessment may be improved through the inclusion of two sets of figures, one based on a build to rent scheme and another for an alternative build for sale scheme. This would enable authorities to compare and understand the differences, and agree any necessary adjustments to the affordable private rent contribution.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>)

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Accountability

How should a viability assessment be presented and published to ensure accountability?

Complexity and variance is inherent in viability assessment. In order to improve clarity and accountability it is an expectation that any viability assessment is prepared with professional integrity by a suitably qualified practitioner and presented in accordance with this National Planning Guidance. Practitioners should ensure that the findings of a viability assessment are presented clearly. An executive summary should be used to set out key findings of a [viability assessment](#) in a clear way.

The inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions have been made about costs and values (including gross development value, benchmark land value including the landowner premium, developer's return and costs). At the decision making stage, any deviation from the figures used in the viability assessment of the plan should be explained and supported by evidence.

See related policy: National Planning Policy Framework [paragraph 57](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57) (<https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57>)

Paragraph: 020 Reference ID: 10-020-20180724

Revision date: 24 07 2018

Should a viability assessment be publicly available?

Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances. Even in those

circumstances an executive summary should be made publicly available. Information used in viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data. In circumstances where it is deemed that specific details of an assessment are commercially sensitive, the information should be aggregated in published viability assessments and executive summaries, and included as part of total costs figures. Where an exemption from publication is sought, the planning authority must be satisfied that the information to be excluded is commercially sensitive. This might include information relating to negotiations, such as ongoing negotiations over land purchase, and information relating to compensation that may be due to individuals, such as right to light compensation. The aggregated information should be clearly set out to the satisfaction of the decision maker. Any sensitive personal information should not be made public.

An executive summary prepared in accordance with the government's data format published by government ([draft available online \(https://digital-land.github.io/project/developer-contributions\)](https://digital-land.github.io/project/developer-contributions)) will present the data and findings of a viability assessment more clearly so that the process and findings are accessible to affected communities. As a minimum, the government recommends that the executive summary sets out the gross development value, benchmark land value including landowner premium, costs, as set out in this guidance where applicable, and return to developer. Where a viability assessment is submitted to accompany a planning application, the executive summary should refer back to the viability assessment that informed the plan and summarise what has changed since then. It should also set out the proposed developer contributions and how this compares with policy requirements.

See related policy: National Planning Policy Framework [paragraph 57 \(https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57\)](https://www.gov.uk/guidance/national-planning-policy-framework/4-decision-making#para57)

Paragraph: 021 Reference ID: 10-021-20190509

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Why is reporting on developer contributions important?

Reporting on developer contributions helps local communities and developers see how contributions have been spent and understand what future funds will be spent on, ensuring a transparent and accountable system.

Paragraph: 022 Reference ID: 10-022-20190901

Revision date: 01 09 2019 See [previous version \(https://webarchive.nationalarchives.gov.uk/20190607211011/https://www.gov.uk/guidance/viability#accountability\)](https://webarchive.nationalarchives.gov.uk/20190607211011/https://www.gov.uk/guidance/viability#accountability)

How should section 106 agreements be published?

Local authorities are required to keep a copy of any planning obligation together with details of any modification or discharge of the planning obligation and make these publicly available on their planning register.

Government recommends that data on each section 106 agreement is published online in line with the government's [data format \(https://www.gov.uk/guidance/publish-your-developer-contributions-data\)](https://www.gov.uk/guidance/publish-your-developer-contributions-data). The government recommends that this data includes details of the development and site, and what is to be provided by each planning obligation, including information on any affordable housing that is to be provided, and any trigger points or deadlines for contributions.

Local authorities are expected to use all of the funding they receive through planning obligations in accordance with the terms of the individual planning obligation agreement. This will ensure that new developments are acceptable in planning terms; benefit local communities and support the provision of local infrastructure.

Paragraph: 023 Reference ID: 10-023-20190509

Revision date: 09 05 2019 See [previous version \(https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#accountability\)](https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#accountability)

How should developer contributions be monitored?

Local planning authorities are required to keep a copy of any planning obligation together with details of any modification or discharge of the planning obligation and make these publicly available on their [planning register \(https://www.gov.uk/guidance/making-an-application#planning-register\)](https://www.gov.uk/guidance/making-an-application#planning-register).

Any local authority that has received developer contributions is required to publish an infrastructure funding statement at least annually.

To collect data for the infrastructure funding statement, it is recommended that local authorities monitor data on section 106 planning obligations and the levy in line with the government's [data format \(https://www.gov.uk/guidance/publish-your-developer-contributions-data\)](https://www.gov.uk/guidance/publish-your-developer-contributions-data).

This data should include details of the development and site, what infrastructure is to be provided including any information on affordable housing, and any trigger points or deadlines for contributions. Local authorities should also record when developer contributions are received and when contributions have been spent or transferred to other parties.

Local planning authorities are expected to use all of the funding they receive through planning obligations in accordance with the terms of the individual planning obligation agreement. This will ensure that new developments are acceptable in planning terms; benefit local communities and support the provision of local infrastructure.

Paragraph: 024 Reference ID: 10-024-20190901

Revision date: 01 09 2019 See [previous version](https://webarchive.nationalarchives.gov.uk/20190607211011/https://www.gov.uk/guidance/viability#accountability)
(<https://webarchive.nationalarchives.gov.uk/20190607211011/https://www.gov.uk/guidance/viability#accountability>)

How should developer contributions be reported?

For the financial year 2018/19, charging authorities must report on CIL it has collected, or any CIL collected on its behalf. The report must be published on the authority's website no later than 31 December 2019 and include

- the total CIL receipts for the reported year;
- the total CIL expenditure for the reported year;
- summary details of CIL expenditure during the reported year including:
 - the items of infrastructure to which CIL has been applied;
 - the amount of CIL expenditure on each item;
 - the amount of CIL applied to repay money borrowed, including interest, with details of the infrastructure items which that money was used to provide;
 - the amount of CIL applied to administrative expenses and that amount expressed as a percentage of CIL collected in that year; and
 - the total amount of CIL receipts retained at the end of the reported year.

For the financial year 2019/2020 onwards, any local authority that has received developer contributions (section 106 planning obligations or Community Infrastructure Levy) must publish online an infrastructure funding statement by 31 December 2020 and by the 31 December each year thereafter. Infrastructure funding statements must cover the previous financial year from 1 April to 31 March (note this is different to the tax year which runs from 6 April to 5 April).

Local authorities can publish updated data and infrastructure funding statements more frequently if they wish. More frequent reporting would help to further increase transparency and accountability and improve the quality of data available. Infrastructure funding statements can be a useful tool for wider engagement, for example with infrastructure providers, and can inform Statements of Common Ground.

Local authorities can also report this information in authority monitoring reports but the authority monitoring report is not a substitute for the infrastructure funding statement.

For information on what an infrastructure funding statement must contain see 'What data should be in an infrastructure funding statement?'

Paragraph: 025 Reference ID: 10-025-20190901

Revision date: 01 09 2019 See [previous version](https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#accountability)
(<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#accountability>)

How can local authorities fund reporting on planning obligations?

Authorities, including county councils, should work together to ensure that resources are available to support the monitoring and reporting of planning obligations.

Authorities can charge a monitoring fee through section 106 planning obligations, to cover the cost of monitoring and reporting on delivery of that section 106 obligation. Monitoring fees can be used to monitor and report on any type of planning obligation, for the lifetime of that obligation. Monitoring fees should not be sought retrospectively for historic agreements.

Fees could be a fixed percentage of the total value of the section 106 agreement or individual obligation; or could be a fixed monetary amount per agreement obligation (for example, for in-kind contributions). Authorities may decide to set fees using other methods. However, in all cases, monitoring fees must be proportionate and reasonable and reflect the actual cost of monitoring. Authorities could consider setting a cap to ensure that any fees are not excessive.

Authorities must report on monitoring fees in their infrastructure funding statements (see [paragraph \(2\)\(h\)\(iii\) of Schedule 2](#) (<http://www.legislation.gov.uk/ukxi/2019/1103/schedule/2/made>)).

Paragraph: 026 Reference ID: 10-026-20190901

Revision date: 01 09 2019 See [previous version](#) (<https://webarchive.nationalarchives.gov.uk/20181208094658/https://www.gov.uk/guidance/viability#accountability>)

How should monitoring and reporting inform plan reviews?

The information in the infrastructure funding statement should feed back into reviews of plans to ensure that policy requirements for developer contributions remain realistic and do not undermine the deliverability of the plan.

Paragraph: 027 Reference ID: 10-027-20180724

Revision date: 24 07 2018

How should local authorities and applicants promote the benefits of development to communities?

Local authorities and applicants are encouraged to work together to better promote and publicise the infrastructure that has been delivered through developer contributions. This could be through the use of on-site signage, local authority websites, or development-specific websites, for example.

Paragraph: 028 Reference ID: 10-028-20180724

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9 May 2019

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24 July 2018

New version of guidance to reflect the revised version of the National Planning Policy Framework 2018.

6 March 2014

First published.

Related content

[Housing and economic land availability assessment \(/guidance/housing-and-economic-land-availability-assessment\)](/guidance/housing-and-economic-land-availability-assessment)

[Publish your developer contributions data \(/guidance/publish-your-developer-contributions-data\)](/guidance/publish-your-developer-contributions-data)

[Permission in principle \(/guidance/permission-in-principle\)](/guidance/permission-in-principle)

[Delivering schools to support housing growth \(/government/publications/delivering-schools-to-support-housing-growth\)](/government/publications/delivering-schools-to-support-housing-growth)

Collection

[Revised National Planning Policy Framework \(/government/collections/revised-national-planning-policy-framework\)](/government/collections/revised-national-planning-policy-framework)

[Housing development support for local government projects \(/government/collections/housing-development-support-for-local-government-projects\)](/government/collections/housing-development-support-for-local-government-projects)

[Planning practice guidance \(/government/collections/planning-practice-guidance\)](/government/collections/planning-practice-guidance)

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[Planning system \(/housing-local-and-community/planning-system\)](#)

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Appendix 3

The HCA Area Wide Viability Model

Annex 1 Transparent Viability Assumptions

August 2010
Consultation version

AREA WIDE VIABILITY ASSESSMENT**TRANSPARENCY OF ASSUMPTIONS AND PRINCIPLES****CONTENTS**

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1 INTRODUCTION

Viability appraisals have become an established part of decision making with regard to both planning and use of public subsidy in residential development. The HCA provides its Economic Appraisal Tool for use in site specific appraisals, alongside other proprietary models, and it has developed an area wide appraisal model for strategic decision making on planning and investment.

The benefits of the area wide approach are outlined at the beginning of this paper, but the purpose of the paper is to focus on the assumptions used in viability appraisal and the area wide approach in particular.

The robustness of viability appraisals depends on the quality of the inputs and there is a great deal of debate in the field about the best sources of input assumptions. The RICS has commissioned consultants to produce a guidance note on the use of financial viability in planning, which should add to the clarity about the basis of assumptions used across the sector. In the interim, HCA wishes to set out transparently the basis of the assumptions that it will use in its viability modelling at an area wide level to support investment planning and consideration of the capacity of an area to support affordable housing delivery through S106. We hope this approach will provide transparency to our partners which they can factor into their decision-making, even if they use alternative assumptions for their own modelling.

We are consulting with interested parties and informed experts on a draft set of assumptions and principles, as set out in this working draft paper.

2 AREA WIDE VIABILITY ASSESSMENT

2.1 Housing Supply and the HCA Enabling Role

At the centre of the new government's proposals for housing supply is a shift in decision making to local areas through reform of the planning system, the abolition of regional targets and a new incentives approach through council tax and business rate matching in those areas that promote new house-building.

HCA can, when requested, support local authorities to achieve their housing supply ambitions. As part of this, Local Investment Planning can play a role in setting the context and priorities for housing growth and the framework for HCA's supporting investment. The Local Investment Planning process allows discussion about realism of public funding assumptions and prioritisation. Supported by Area Wide Viability Assessment, it is possible to have a structured discussion about how and where infrastructure and planning policies (including affordable housing contributions) are supporting and/or constraining development and to consider in the round a viable level of development contribution.

Where local authorities choose not to complete a Local Investment Plan, they will be seeking to make informed choices amongst policy options, taking account of the prospects for delivery. Use of area wide viability tools can inform this process.

The area wide approach can be used to assess the viability of proposed developments across an area, to underpin discussion about investment. It can also be used to inform the viability element of affordable housing policy setting (as part of a local authority's Section 106 policies), in particular the proportion of affordable housing that can be delivered on a nil grant basis on different types of site.

In this regard, it should be noted that part of the rationale for Local Investment Planning is to co-ordinate investment and planning strategies to make best use of resources to meet local objectives. The model can be used as evidence by local authorities to inform planning strategies, including both the setting of affordable housing targets and tariffs.

2.2 Area Wide and Site Specific Assessments

Area wide viability assessments do not replace site specific viability assessments. These continue to be required, to take account of the particular circumstances of each site when assessing:

- the capacity for planning obligations on the grant of planning consent; and
- the case for public investment to deliver additional outputs.

The area wide approach informs investment and planning strategies at an early stage, allowing clear policy signals to be made to the market, in advance of land acquisition and site specific investment and planning decisions. Nevertheless, it is important to recognise that the assumptions used in area wide modelling do not set a precedent for assumptions used on a site by site basis.

2.3 Transparent Assumptions

As part of the development of the area wide model, the HCA is promoting a transparent approach to assumptions to underpin viability modelling. The intention is to provide transparency to partners about what HCA will assume in using models to inform its investment decisions.

On many of the required assumptions, there is not a consensus among professionals advising local authorities and the Planning Inspectorate. The RICS has commissioned a practice note Tests of Financial Viability in Planning which will be published this autumn. We are engaged with the RICS work via membership of the project steering group.

2.4 Consultation

Through our involvement with the RICS viability project and independent routes we are consulting on a transparent assumptions framework with:

- expert practitioners and valuers in the field, including practitioners acting on the Planning Inspectorate's expert panel
- landowners and developers, including HBF and HBA
- the Valuation Office Agency, who have supplied commissioned analysis of land values to feed into the assumptions framework
- quantity surveyors and BCIS
- lenders
- local authorities
- planners
- the Planning Inspectorate
- housing associations
- housing professionals

2.5 How to Complete an Assessment

2.5.1 The Model

The HCA has developed an area wide assessment model which will be freely available to download from its website. The model can be run either by local authority staff directly, or by HCA staff on behalf of a local authority, as appropriate to the availability of capacity and skills.

2.5.2 Technical and Professional Input to the Assumptions

Part of the rationale for area wide viability assessment is that property market conditions and the costs of delivering sites tend to vary significantly across an area. Therefore, the appraisal must be based on robust and well informed views of property market conditions and realistic assessments of development costs. This requires high level advice from experienced practitioners via consultancy advice, as is noted in several places within this paper.

2.5.3 How HCA Can Help

The HCA model is available for use by any partner, as noted above. Where it is invited to by local authorities, HCA can offer a range of support, from running the model to strategic advice. More specifically, the HCA has the capability and technical expertise (from its own land development activities and ongoing liaison with developers, valuers and lenders) to offer:

- help on appropriate and cost effective ways of commissioning and interpreting advice from external experts;
- sense checks on the principles and assumptions that are used in an assessment; and
- help to source some of the data and capacity for spatial analysis, as noted in sections 6.2 and 7.1.

2.6 Structure of This Paper

The purpose of the area wide viability assessment is to provide a robust broad brush view of the economic viability of the different types of site within an area's land supply pipeline, to test different policy scenarios. The assessment process requires clarity on certain points of principle, namely:

- that land value should be an input to the appraisal, as set out in section 3;
- how any potential variation in future market conditions should be assessed, as discussed in section 4; and
- use of appropriate assumptions on developer margin, taking account of the margins required by lenders and shareholders (section 5).

The structure of the remainder of this paper follows the various stages that are required to complete an appraisal, starting with an assessment of the characteristics of the sites and their capacity in the area's land supply pipeline (section 6), then applying appropriate assumptions on house prices, rates of sale, affordable housing value, build costs and infrastructure costs (sections 7 and 8).

The final section looks at how to approach policy testing, emphasising that the starting point for investment planning is viability using a nil grant assumption, to provide clarity on the additionality gained from public investment. The nil grant position is also relevant to planning policy and strategy.

Assumptions are also required on the costs of building standards (including the Code for Sustainable Homes), planning obligations to fund infrastructure and the level at which any tariff is set, should it be implemented at a local level. In this respect, a local authority may choose to use the area wide model to test the economic viability of proposed levels of tariff, as part of its evaluation of planning strategies.

3 LAND VALUE

3.1 Threshold Land Value

The rationale of the development appraisal process is to assess the residual land value that is likely to be generated by the proposed development and to compare it with a benchmark that represents the value required for the land to come forward for development. We refer to this benchmark as threshold land value.

Threshold land value is commonly described as existing use value plus a premium, but there is not an authoritative definition of that premium, largely because land market circumstances vary widely. This paper sets out a framework of principles that can be used to set threshold land value at a level that will allow development to come forward, while achieving wider policy objectives, at value for money to the taxpayer.

3.2 Market Land Value

The market value of serviced land is a relevant benchmark, as it is tangible evidence of the value at which land has been released for development. Its weakness is that market values are influenced by expectations of planning obligations, introducing circular logic to the appraisal. More specifically, reference to market value may offer inappropriate evidence if the transaction is based on unrealistic expectations of market potential, planning obligations or public subsidy, in which case price paid is too high a benchmark.

3.3 Premium over Existing or Alternative Use Value

Nevertheless, the gap between market values and existing use values (EUV) should be understood, together with the relationships to alternative use value (AUV), if relevant. Therefore, any assessment of threshold land value in an area should start with an assessment of the gap between market values and EUV (and separately AUV if relevant) on different types of land. Typically, this gap or premium will be expressed as a percentage over EUV for previously developed land and as a multiple of agricultural value for greenfield land.

3.4 Consistency of Definition

Consistency of definition with regard to level of servicing of land is crucial here. In most instances, the market value of serviced plots will not be the relevant benchmark, as expenditure on enabling infrastructure is likely to be required on the land in question. Commentary on infrastructure costs is provided in section 8.

The residual appraisal also needs to be clear on the difference between net developable residential area, on which residential densities can be based, and gross site area, which is relevant to EUV and AUV. On large sites, where there is significant provision of open space and community facilities, the difference tends to be substantial, as is the case on mixed use sites where there are significant commercial uses which will also need financial appraisal.

3.5 Variation in the Premium over EUV

There is some practitioner convention on the required premium above EUV, but this is some way short of consensus and the views of Planning Inspectors at Examination of Core Strategy have varied. Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value.

In practice, the premium over EUV/ AUV will vary according to the strength of demand for new homes, the supply of land at various stages within the planning system and the predominant attitude of landowners to a sale of land. In areas where landowners have long investment horizons and they are content with current land use, the premium will be relatively high. Conversely, the premium will be relatively low (and in extreme cases non-existent) where landowners are minded to sell or financially distressed.

3.6 Value in Existing Commercial Use

Where an urban site is currently in commercial use, rather than being a cleared site, the existing use value should be assessed as the value in that use. The assessment should apply an appropriate investment yield to the estimated rental income from the current use.

3.7 Capital Gains Tax

The Capital Gains Tax payable by a landowner will be a factor in that landowner's attitude to sale and, at an aggregate level, this will have an influence on the required premium over EUV. The increase in CGT to 28% in the June 2010 Budget may increase the premium required by 'content' landowners.

3.8 Policy Influence on the Premium over EUV

This approach allows the market premium over EUV/ AUV to be compared amongst types of site, local markets and over time. The commentary above suggests that any policy prescription on a maximum premium is unlikely to be effective where landowners are content with current land use. However, as noted above, the premium is likely to be influenced by the supply of land allocated within the planning system. Therefore, a policy decision to increase the supply of land allocated within a local plan (potentially via the use of preferred options) will increase competition amongst landowners, offering a mechanism to reduce the required premium above existing use value.

3.9 Sources of Data

Application of the approach outlined here to area wide viability appraisal is likely to require high level advice (robust indicative advice but not formal valuations) from land agents or valuers who are familiar with the local market. The commissioning of such advice will ground the area wide appraisal (and the policy decisions that follow) in the realities of the local market. This is consistent with the Inspector's finding, when assessing the Barking and Dagenham Core Strategy¹, that the assumption used on premium above existing use value "must be based on recent and convincing evidence".

3.10 Other Benchmarks

3.10.1 Percentage of Gross Development Value

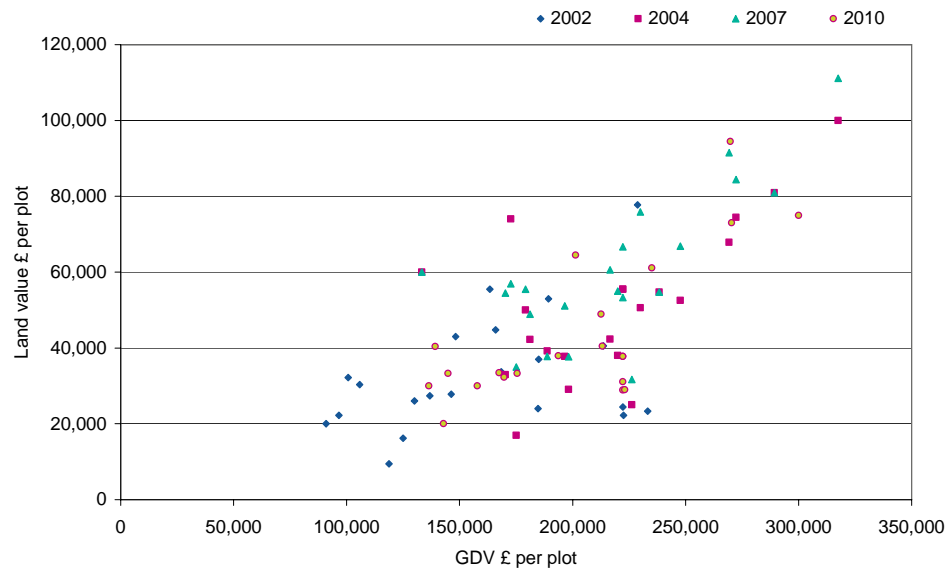
Some area wide viability studies (commissioned for planning purposes) have used percentage of gross development value (% of GDV) as a benchmark to assess threshold land value. This ratio is used by developers and valuers as a sense check during the appraisal process and it serves as a useful cross check amongst appraisals. However, there are limitations to the usefulness of this measure, namely:

- as affordable housing planning obligations tend to depress GDV, there is a circularity in using % of GDV as a benchmark in assessing financial capacity for planning obligations;
- the % of GDV benchmark tends to be used and understood with reference to serviced parcels of land, meaning that it is not an appropriate benchmark for bulk unserviced land; and
- it takes no account of variations in the efficiency of land use, expressed in terms of the net developable area as a proportion of gross area.

¹ *Report on the Examination into the London Borough of Barking and Dagenham Core Strategy Development Plan Document.* Report to the London Borough of Barking and Dagenham. 8 February 2010. The Planning Inspectorate, Bristol.

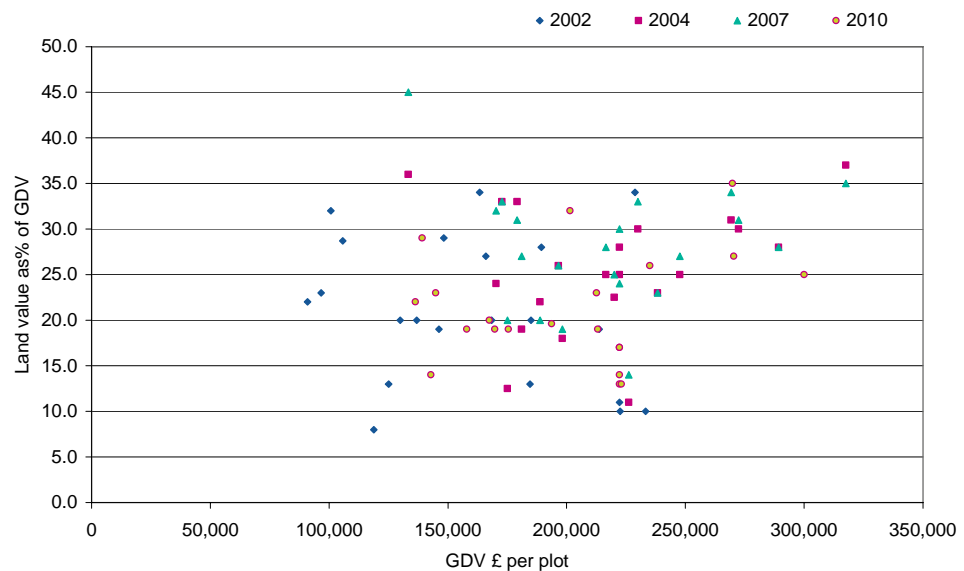
These limitations are illustrated by analysis completed by the Valuation Agency for HCA. This looked at the relationships between land value and GDV in 21 locations across England in 2002, 2004, 2007 and 2010. The study assumed a site of 0.5 hectares, serviced to the periphery, with planning obligations typical of each location at each date. The analysis shows that the relationship between GDV and land value per plot (Figure 1) is more consistent than the relationship between GDV and land value expressed as a % of GDV (Figure 2). Both charts show that these relationships vary considerably according to local market circumstances.

Figure 1 – Land value per plot v GDV



Source: VOA

Figure 2 – Land value as % of GDV v GDV



Source: VOA

With regard to definitions, the VOA analysis uses a standard assumption on the requirement for external works, infrastructure and S106 infrastructure contributions, assuming that spine roads and major infrastructure items are either already provided or separately funded. In practice, land in a local supply pipeline will have varying requirements for such infrastructure, meaning that there is a variable relationship with the type of benchmark information presented in the charts above.

3.10.2 Share of Land Value Uplift

Some area wide studies² have used the concept of share of uplift in land value (between existing use value and theoretical residual land value, 'unencumbered' by planning obligations). This approach has also been advocated at independent examination of a Core Strategy³. However, it is not clear whether or not this approach is an effective representation of landowner motives and attitudes to the sale of land.

² *Affordable Housing Viability Assessment for South Kesteven District Council*. Levvel Ltd, December 2009.

³ *A Critical Review of the Affordable Housing Economic Viability Assessment prepared by BNP Paribas Real Estate on behalf of The London Borough of Barking & Dagenham*. Nigel Jones, Chesterton Humberts, for the Planning Inspectorate. November 2009.

4 MARKET CONDITIONS

4.1 Market Assumptions During a Downturn

The downturn in the residential market since 2007 has impaired the overall economic viability of residential development, as recognised in the HCA good practice note⁴ on viability of planning obligations during the market downturn. This states that:

“The Planning Inspectorate have advised Local Planning Authorities that it would not be reasonable to base a Core Strategy on a short term view of the housing market, and that reasoned assumptions on what might be a normal market are needed. Any targets would need to have been tested and justified, and provision for flexibility will also need to deal with abnormal market conditions. LPAs are expected to monitor and review policies and adapt them should abnormal conditions became the norm.”

The area wide appraisal will need house price and build costs assumptions to be made, appropriate to the types of site in the land supply pipeline, as discussed in sections 6 to 8. As part of this process, assumptions need to be made about market conditions during the period in which sites are likely to be developed, taking account of risk.

Much of this section relates to the potential for recovery from the currently muted market conditions. The applicability of these principles and assumptions to area wide assessment will need to be reviewed on a regular basis.

4.2 What is a Normal Market?

A review of various market indicators is set out in Appendix 1. This review demonstrates that the task of defining a ‘normal market’ with reference to past market conditions is highly complex and contentious. It suggests that there may never have been a normal market, but that conditions during the 2000-2005 period were ‘more normal’ than those prevailing in 2006 and 2007. Some (but not all) indicators suggest that the 2000-2002 market was ‘more normal’ than the 2003-2004 market. Some indicators remain significantly different from ‘relative normality’ and show signs of only a slow recovery, namely:

- Loan to value on mortgage advances
- Market turnover, including both mortgage approvals for house purchase and sales transactions
- The price premium for new homes relative to second hand stock.

4.3 Use of Current Prices and Costs

The relationship between house prices and build costs is a major determinant of viability. The analysis set out in Appendix 2 indicates that house price growth tends to exceed build cost inflation over the longer term, but that these growth factors tend to converge during the extent of a market downturn, as they have done between Q3 2007 and Q2 2010.

On this basis, it is appropriate to use current house prices and build costs to consider the viability of schemes during the next two to three years, with appropriate adjustment for the costs of meeting the Code for Sustainable Homes.

⁴ *Investment and Planning Obligations: Responding to the downturn.* HCA Good Practice Note, July 2009

4.4 Inflation Assumptions

For schemes with a longer development period, there is a case for building in an explicit assumption on a gap between house price inflation and build costs, before consideration of the costs of the Code. This reflects the tendency for developers to take a forward looking view of the market, although the corollary of this may well be that profit margins should be increased to reflect the attitudes towards risk and return of developers who are prepared to take such a forward looking view.

Based on past relationships between household disposable income and build costs, there is a case for expecting house price inflation to exceed build cost inflation over the long term by a margin. The analysis in Appendix 2 suggests that this might lie in a range around a figure of 0.4% per annum, but this finding is only tentative. It is also before consideration of the extra costs of future regulation and any explicit projection of future household incomes.

4.5 Sensitivity Analysis

Whatever assumptions on market conditions are used, the central set of assumptions should be accompanied by sensitivity analysis (with regard to variations in house prices, build costs and rates of sale). Typically, this will contrast high and low growth scenarios, arguably with different relationships between house prices and build costs.

Such sensitivity analysis is the basis of the dynamic approach to viability that is advocated by some practitioners⁵. Such an approach has been called into question at planning inquiry⁶. If this view prevails, then dynamic viability will be best applied to update findings on capacity for planning obligations at appropriate intervals, as the relevant market variables change, including consideration of any new variables that are impacting on the economics of development.

4.6 Rates of Sale

Site specific assumptions on rates of sale are discussed later in section 7. On larger schemes, there is a case for building in an assumption that rates of market absorption will increase slowly to levels more in line with normality over the longer term. However, this would be applicable to the larger phased schemes only and should probably be associated with an appropriate increase in risk premium, consistent with the discussion above on house price inflation.

⁵ *Fordham Research Dynamic Viability Model*. Fordham Research, October 2009

⁶ *Barratt Developments & City of Wakefield & SS Communities*. Mr Justice Pitchford Approved Judgment., Case No: CO/5036/2009. High Court of Justice, December 2009.

5 DEVELOPER MARGIN

Development appraisals are often completed with reference to both developer overhead and developer profit. For these purposes, we refer to developer margin as gross profit, i.e., the total of both overhead and profit, but not including overheads that are attributable to allowable development costs.

5.1 Market Housing

Developers' required returns are determined largely by the returns required by shareholders (particularly for the publicly quoted house builders) and lenders (particularly at the current time, when development finance is scarce and lenders are risk averse). The returns required to cover risk are higher in the current market than they were at the peak of the market in 2007 and there is a general consensus that the availability of development finance will be constrained during the next five years.

At a site specific level, margins should and do vary according to the risk of the project. It is important to recognise that the average margins used in area wide modelling do not set a precedent for assumptions used on a site by site basis.

The current user manual for the HCA Economic Appraisal Tool⁷ states that a typical figure might be in the region of 17.5% to 20% of the value of open market housing, but that this is only a guide as it will depend on the state of the market and the size and complexity of the scheme. We are consulting with lenders and equity analysts with regard to variations in required return and the determining factors in that variation.

The HCA area wide model uses a single developer margin for all typologies in its base case, recognising that site specific margins will vary around an average. For riskier typologies where there is more cost uncertainty, this can be reflected in the allowance made for abnormals and contingencies, as discussed in section 8.3.

5.2 Affordable Housing

Conventional practice is to allow for developer's margin at a lower rate for affordable housing developed as part of a Section 106 agreement, as the risks are low relative to development of open market housing. The user manual for the Economic Appraisal Tool states that a typical figure may be in the region of 6% of affordable housing value on a nil grant basis, but this is only a guide.

⁷ *Economic Appraisal Tool User Manual*. Version 2.0. HCA, July 2009.

6 SITE CHARACTERISTICS

The efficacy of an area wide viability appraisal rests on whether the initial assessment of site characteristics is adequate to give a robust broad brush basis for formulation of investment and planning strategies.

6.1 Selection of Sites

The sites chosen should be those on which investment and planning decisions will be made during the period under consideration. Typically, this will be a subset of the sites identified in the area's SHLAA. There may be merit in making the selection sufficiently wide for alternative investment and planning strategies to be evaluated.

6.2 Categorisation of Sites

In most areas, a proportion of the sites in the identified land supply pipeline will share common characteristics, such that they can be regarded as part of a site typology that will share broadly similar viability characteristics. Where this is the case, an enhanced strategic view will be obtained by grouping such sites into typologies. The criteria for grouping will vary amongst areas, but they are likely to include:

- Density
- Strength of residential market (measured by house prices)
- Size of site and requirements for spending on infrastructure
- Greenfield/ urban land
- Existing and alternative use value (which may be correlated with other criteria)

Allocation of sites amongst broad bands within each of the criteria will demonstrate the predominant characteristics of sites, allowing appropriate site typologies to be built up. The HCA model allows for up to nine site typologies.

Analysis of the selected sites via a Geographical Information System (GIS) will facilitate this process, most notably with regard to assessment of residential market potential, as noted in the next section. Clearly, this requires site location data to be available, which leads to the conclusion that best practice in completing a Strategic Housing Land Availability Assessment (SHLAA) should include provision of site location data, ideally in the form of OS co-ordinates.

6.3 Density and Net Developable Area

SHLAAs should provide site capacity data in terms of residential unit numbers, although it should be noted that the validity of assumptions on market capacity may have changed since the time at which the SHLAA was completed. Where there is a difference between net residential area and gross site area, both of these areas will need to be identified in the appraisal, in order that:

- density on the net developable area can be assessed, feeding into appropriate assumptions on build costs and sales prices; and
- residual land value can be related back to gross site area, for the purposes of comparison with threshold land value.

The difference between gross and net area may be accounted for by non income producing open space or ancillary land use, such as community facilities. Where the development is mixed use, a judgment or formal appraisal will have to be made of the residual land value generated by that use, relative to threshold land value.

6.4 Dwelling Mix

Once realistic densities have been established, a view will be needed on a dwelling mix for each site typology, to specify the size of units and the proportions of flats and houses. Reference should be made to evidence from successfully developed sites in the local market and other relevant markets, as appropriate.

Where the dwelling mix is prescribed by the terms of an existing planning consent, then it may be appropriate to use this mix, albeit that changes to the development mix may be part of the sensitivity analysis that follows, as noted in section 9.

7 REVENUE

7.1 House Prices

Spatial analysis of house prices relative to the location of sites is likely to be required for a robust broad brush assessment to be made of residential market potential. Spatial analysis of house prices across a local area can be provided by HCA as part of the Local Investment Planning process, using a combination of in house resources and bespoke reports from proprietary providers of house price data.

Data analysis should be supplemented by enquiries with agents or valuers familiar with the local market and, where relevant (which is most likely to be the case for large regeneration schemes), comparable schemes in other markets.

7.2 Rates of Sale

Timing of sales revenue is a crucial variable that will determine the speed of cash flow receipts. Most development that is currently in progress will be completed in relatively small phases, to allow for the relatively constrained rates of sale that prevail in the current market. Evidence from comparable developments should be used, via experienced developers and advisers if required, taking account of overall market capacity in an area. For the area wide model, this will need to be translated into realistic start and end dates for receipt of sales income for each site typology, taking account of the typical size of sites.

7.3 Ground Rent Receipts

Flats are usually sold in the open market on the basis of a long leasehold interest. The freehold interest will generally also have a capital value which should be assessed by reference to prevailing market rates of both ground rent income and investment yields. Reference should be made to appropriate market evidence, which may be available from valuers' reports⁸.

Yields vary according to the initial ground rent income and the terms of the lease. At the time of writing, indicative opinion amongst valuers suggests that gross initial yields are in a range of 5.75% to 6.5%.

⁸ *Ground Rents Uncovered*. Savills, Winter/ Spring 2010

7.4 Affordable Housing Value

Guidance on how to assess the capital value of affordable housing has been published by the RICS⁹. This states that:

“There are three main components that make up the GDV of land for affordable housing:

1. *Rental and capital receipts from the affordable units. Income from this source will be from either:*
 - (a) *The capitalised net annual rents (for a given time period at a given discount rate) from the social rented, intermediate rent, and the rental element of the new build HomeBuy units; or*
 - (b) *The capital receipts from initial equity sales and future tranche sales of new build HomeBuy, shared equity and discounted market sale units.*
- 2 *Any proceeds that may be reinvested from staircasing receipts, Right to Acquire (RTA) or external subsidies, such as Social Housing Grant (SHG).*
- 3 *Any internal registered provider of subsidy.”*

7.4.1 Grant Assumption

For the purposes of area wide viability assessment, the starting point should be to establish the viability of sites with nil payment of grant. Sensitivity to alternative grant scenarios can then be tested, to identify the additionality (i.e., the additional outputs gained) from grant expenditure.

7.4.2 Value Assuming Nil Grant

Providers of affordable housing will form a view of the value to them of the future flow of rental and capital receipts, based on a financial appraisal and the provider's attitude to risk, linked to the availability and use of internal subsidy. Site specific viability appraisals will, wherever possible, be based on the provider's own view of capital value.

For area wide appraisals, a view should be taken of the prevailing assumptions used by providers when assessing capital value (assuming nil grant), consistent with RICS Guidance, with reference to evidence from valuers and providers. With regard to tenure:

- for shared ownership, these assumptions should take account of evidence of buyer behaviour with regard to both the size of initial equity purchase and subsequent staircasing activity
- for social rented housing, assumptions will include the prevailing levels of operating costs and the effective capitalisation rate used by providers. These should be applied to estimated rent levels in the area, taking account of the level of rents that providers tend to charge, relative to target rents.

⁹ *Valuation of Land for Affordable Housing*. 1st Edition, Guidance Note. GN 59/2010. RICS, June 2010.

8 DEVELOPMENT COSTS

8.1 Build Costs

Data from the Building Cost Information Service¹⁰ are widely accepted benchmarks for build costs, albeit that they are based predominantly on the construction of affordable housing. Definitions are all important when assessing costs of development, to avoid the risk of either double counting or omission of costs.

Specialist advice may be required to assess build costs across different typologies, particularly in the case of complex or higher density typologies. For instance, in the latter case, variation in the height of the building and the inclusion of underground car parking can lead to substantial variation in costs.

8.1.1 Definitions – External Works and Gross/ Net Areas

It should be understood that BCIS figures do not include the cost of external works or on site infrastructure. Therefore, appropriate allowances needs to be made for external works and site infrastructure, to include all expenditure on site clearance and preparation, roads, pavements, sewers, utilities, street lighting and landscaping.

BCIS figures are quoted on the basis of gross internal area (GIA), whereas dwellings are sold on the basis of net internal area (NIA)¹¹. For houses, these are broadly equivalent measures, but for flats the difference can be substantial, to take account of common areas and stair or lift cores. The difference will depend on the form and height of the building and is likely to lie in a range of 10% to 20% of GIA. The current Economic Appraisal Tool user manual states that a gross to net ratio of 15% may be typical.

The HCA area wide model is based on net internal areas throughout, so BCIS build costs for flats should be grossed up by a factor of, say, 15%, before they are translated into a blended build cost across both flats and houses, for each site typology.

8.1.2 Developer's Overheads

House builders often quote lower build costs than BCIS, generally because contribution to overheads is quoted as a separate figure. Developer overheads that are attributable to build costs should not be included in the assessment of developer margin, as noted in section 5.

8.2 External Works and Infrastructure

Some quantity surveyors use a rule of thumb that external works and infrastructure vary in a range of 10% to 20% of build costs, although the difficulty here is making a judgment on the type of infrastructure that has been considered in coming to that high level view.

The BCIS survey method records costs other than the cost of the building, but reports only on the cost of the building as a benchmark cost, as noted above. Analysis completed by BCIS for the Housing Corporation in 2007 indicated that the average cost of external works and infrastructure on residential schemes started since 2003 was equivalent to an additional 27% of building costs. This included averages of 16% of building cost for flats and 30% for houses. These averages included a wide range of site specific circumstances.

¹⁰ www.bcis.co.uk

¹¹ Also referred to as GIA of the individual units, to differentiate this measure from commercial building NIA measures which exclude toilets and bathrooms.

Such benchmarks can be only a starting point for setting the assumption on external works and infrastructure spend, as costs vary widely amongst different types of site. On larger sites, such expenditure can be significant, whilst on small serviced sites they will be less. We are consulting with developers and quantity surveyors on the range of infrastructure costs that can be encountered in practice.

8.3 Site Abnormals and Contingencies

BCIS build costs include only costs that are directly related to the building. Therefore they do not include abnormal expenditure such as costs of site remediation, decontamination or mitigation of flood risk. Where there is a known requirement for remediation or decontamination on certain sites, this can be reflected in the allowance for abnormals. Otherwise, a suitable abnormals contingency may be appropriate on all previously developed sites. Informed advice may be needed.

Generally, for volume house building on greenfield sites, no contingency should be anticipated, assuming that proper allowance has been made for external works and infrastructure. Regeneration schemes or those with unusual design features may be expected to include some contingency to cater for the risk associated with unknowns.

The HCA area wide model allows for “Additional Costs” for each site typology. This will include an appropriate allowance for external works, infrastructure and abnormals/contingencies.

8.4 Standards/ Code for Sustainable Homes

A view needs to be taken of the cost of standards during the period under consideration in the assessment. It is generally accepted that BCIS costs are currently based on affordable housing standards, including Level 3 of the Code for Sustainable Homes. Therefore any variation from this standard should be separately costed, as noted in section 9. Future minimum levels of the Code will be:

- Code 3 from October 2010
- Code 4 from 2013
- Code 6 from 2016

8.4.1 Sources of Data

The costs of achieving levels of the Code were assessed in a report by Element Energy and Davis Langdon to CLG in March 2010¹². However, since that report was commissioned, changes to the definition of standards above Code 4 have been proposed. More specifically, the assessment did not consider the current proposal for 70% of the required carbon reduction for Code level 6 to be achieved on site, with the remainder being achieved via ‘allowable solutions’.

¹² *Code for Sustainable Homes: A Cost Review*. Report to CLG. Element Energy and Davis Langdon, March 2010

Indicative costs for this type of arrangement were included in the Zero Carbon Homes Impact Assessment published in December 2009¹³. We are consulting on an appropriate set of working assumptions on the cost impacts of standards above Code 4, on the basis that the March 2010 report can be referenced for cost impacts up to and including Code 4.

The HCA consulted in March 2010 on the future standards applying to affordable housing¹⁴.

8.5 Professional Fees

An allowance should be made to cover professional fees relating to construction. Expenditure on such fees will vary with the complexity of the site. A typical figure for design fees (architects and quantity surveyors) might be in the region of 8% of build costs, but a typical amount to cover all professional fees might be in the order of 10% to 15% of build costs. Planning costs may be significant on certain types of site, e.g., large strategic greenfield sites.

8.6 Sales and Marketing Costs

An allowance should be made to cover the costs of marketing open market and intermediate units. Sales fees and marketing costs will vary according to the nature of demand for the residential units. A typical figure might be in the region of 3% to 5% of sales value (including intermediate sales).

8.6.1 Legal Fees

An additional allowance should be made for legal fees incurred on sale of open market units, typically in a range of £600 to £800 per unit. Within the HCA area wide model, sales and marketing costs should be adjusted to include an allowance for such legal fees.

8.7 Planning Obligations

Clear assumptions on Section 106 planning obligations other than affordable housing are required, as noted in section 9 below. Evidence on prevailing levels of Section 106 payment for different types of site should include costs of construction that are incurred as a direct result of a planning obligation. These costs should be excluded from evidence of costs of infrastructure.

8.8 Preliminary Site Costs

The assessment should include site acquisition costs, to include:

- agency fees, typically in the region of 1% of land value
- legal fees in the region of 0.75%
- stamp duty payable as a percentage of site value. At the time of writing this applies at a rate of 4% for values over £500,000.

¹³ *Zero Carbon Homes Impact Assessment*. CLG, December 2009.

¹⁴ *Proposed Core Housing Design and Sustainability Standards Consultation*. HCA, March 2010

8.9 Finance Costs

Financing costs should be based on the current market rate of borrowing for development. The model uses the conventional assumption of 100% debt funding, as a measure of the time cost of money, acknowledging that this is a crude assumption.

The 100% debt funding assumption is often criticised by those familiar with investment appraisal, where explicit consideration is taken of the use of equity and debt, together with a more conceptually rigorous approach to alignment between growth rates and discount rates. Furthermore, the viability of large long term schemes may be enhanced by alternative forms of financing and investment, including use of patient equity and share of long term uplift in value.

A move to a more financially coherent set of conventions would require a recalibration of the prevailing assumptions used within the residential development sector with regard to appropriate profit margins. Therefore, while it may be desirable to move to a more financially coherent set of conventions in the longer term, the approach used in the area wide model is to continue with the convention of assuming 100% debt funding.

9 POLICY ASSUMPTIONS

9.1 Grant

The discussion of affordable housing value in section 7.4 made it clear that, for the purposes of area wide viability assessment, the starting point should be to establish the viability of sites with nil payment of grant. Sensitivity to alternative grant scenarios can then be tested, to identify the additionality (i.e., the additional outputs gained) from grant expenditure.

9.2 Section 106/ Tariff Contributions to Infrastructure Funding

Clarity on policy assumptions is required with regard to Section 106 developer contributions to infrastructure funding and, if appropriate, a tariff. It is commonly acknowledged that there is a trade off between the financial capacity to pay these types of payment and planning obligations to provide affordable housing.

A local authority may choose to use the area wide model to test the economic viability of proposed levels of any tariff and its potential interaction with affordable housing delivery, as part of its evaluation of planning strategies.

9.3 Environmental Standards

The Housing Minister Grant Shapps has signalled (in a press statement issued on 27 July 2010) a move to more local flexibility on how best to meet new environmental standards. Such flexibility may lead to local authorities seeking to make informed choices amongst policy options, taking into account the impact of standards on build costs and the economic viability of sites identified in the land supply pipeline. The model can be used by local authorities as a way to model different options.

9.4 Development Mix and Density

In some markets a change in the density of development may enhance viability on some site typologies. It may be appropriate to test the sensitivity of viability to such changes in the development mix.

Appendix 4

Key Facts

- 1502 applicants require 1 bedroom accommodation 175 single applicants aged under 25
- Strategic Housing Market Assessment (2011) – Net annual need 430 dwellings
- Backlog: 395 dwellings – 79 per annum
- Taking income and savings into account 17% of all households in East Dorset cannot afford housing at current market prices / rents without the need for some form of subsidy (SHMA, 2011)

- **Christchurch Statistics**
 - 21,920 dwellings
 - About 11% are provided by registered social landlords
 - About 8.6% are privately rented
 - About 3% are empty

 - Average house price in spring 2011 was £238,000 (Land Registry)
 - Market entry prices in 2011 were approximately £110,000
 - Housing register 2,025 January (2012)
 - Strategic Housing Market Assessment (2011) – Net annual need 330 dwellings
 - Backlog: 310 dwellings – 62 per annum
 - Taking income and savings into account 19.5% of all households in Christchurch cannot afford housing at current market prices / rents without the need for some form of subsidy (SHMA, 2011)

15.8 The Bournemouth and Poole Strategic Housing Market Assessment Update 2012 provides the latest information on the level of affordable housing need in the area and justifies policies that seek the highest possible provision, subject to financial viability. The following policy sets out the circumstances in which affordable housing is required.

15.9 Details on how the policy is to be implemented will be published within the Affordable Housing Supplementary Document.

Policy LN3

Provision of Affordable Housing

To maximise affordable housing provision, whilst ensuring flexibility and sufficient margins to facilitate housing delivery, the Councils will require all residential developments to meet the following affordable housing requirements:-

Policy Percentage Requirements

All greenfield residential development which results in a net increase of housing is to provide up to 50% of the residential units as affordable housing in accordance with the Policy Delivery Requirements and Affordable Housing Requirements unless otherwise stated in strategic allocation policies. All other residential development which results in a net increase of housing is to provide up to 40% of the residential units as affordable housing in accordance with the Policy Delivery Requirements and Affordable Housing Requirements.

Any Planning Application which on financial viability grounds proposes a lower level of affordable housing than is required by the Policy Percentage Requirements must be accompanied by clear and robust evidence that will be subject to verification.

Affordable Housing Requirements

The mix of affordable housing units will be subject to negotiation and agreement with the Council but in any event must reflect local housing needs identified in the latest Strategic Housing Market Assessment (see Policy LN1). Tenure split should normally allow for 30% intermediate housing, with the remainder being affordable rented or social rented.

Conditions or legal obligations will be used to ensure that affordable housing is secured for those in housing need and prioritised for those with a Local Connection.

Policy Delivery Requirements

On sites resulting in a net increase of 1 to 4 dwellings, the Councils will accept on site affordable housing provision in accordance with the Policy Percentage Requirements and Affordable Housing Requirements or a financial contribution in lieu of on site affordable housing, calculated in accordance with the Commuted Sum Methodology.

On sites resulting in a net increase of 5 to 14 dwellings, the Councils will require on site affordable housing provision in accordance with the Policy Percentage Requirements and Affordable Housing Requirements, however, where this is not possible or at the Councils' discretion, a financial contribution in lieu of on site affordable housing will be acceptable, calculated in accordance with the Commuted Sum Methodology

On sites resulting in a net increase of 15 or more dwellings, provision in accordance with the Policy Percentage Requirements and Affordable Housing Requirements should be on site but where it is not possible to provide affordable housing units on the site, off-site provision on an alternative site may be acceptable. If an alternative site is not available, a financial contribution in lieu of on site affordable housing will be acceptable, calculated in accordance with the Commuted Sum Methodology.

Financial contributions should be of equivalent value to on-site provision calculated in accordance with the Commuted Sum Methodology.

Where developments are required to provide 10 or more affordable homes, 10% of the affordable housing element should be planned for households requiring specially adapted or supported housing. However, if a requirement for specialised affordable housing (or a viable delivery mechanism) cannot be demonstrated by the Council at the point of submitting a planning application, the quota shall revert to 100% general need affordable housing.

Under no circumstances will the financial consequences of including 10% adapted or supported housing result in a greater cost to the development than would arise through an acceptable, viable and proportionate mix of general need affordable housing.