Courtesy: Deloitte

Viability & Development Finances

11/02/2020

- **Viability is determined by the difference between the total value of the scheme** i.e. how much it would sell for **and the cost of development. Costs greater than value = unviable proposal.** Although this sum is simple, estimating the monetary values that go into it requires knowledge, skill and experience.

- **Assumptions, predictions and benchmarking can all be used to create cost and value estimates** – Costs may include developer's profit, construction, financing, planning contributions and affordable housing provision. Value may be dependent upon when the development will go on sale and how the area might change.

- **Benchmark land values should be used based on the existing use value and a landowner premium**. Benchmarks based on transactions for sites that are not genuinely comparable may lead to inflated values that undermine the planning process. There may be different approaches taken to benchmarking costs and values – more information from the GLA is needed to streamline the process.

- If any local authority would like further information about Viability Assessments, please get in touch with Charles Solomon (Development Viability Advisor, GLA) charles.solomon@london.gov.uk.

Speakers: **Attendees: 125**

Charles Solomon, GLA

Hugh Milne, Deloitte

Richard Katz, Deloitte

Urban Design London

Courtesy: Deloitte

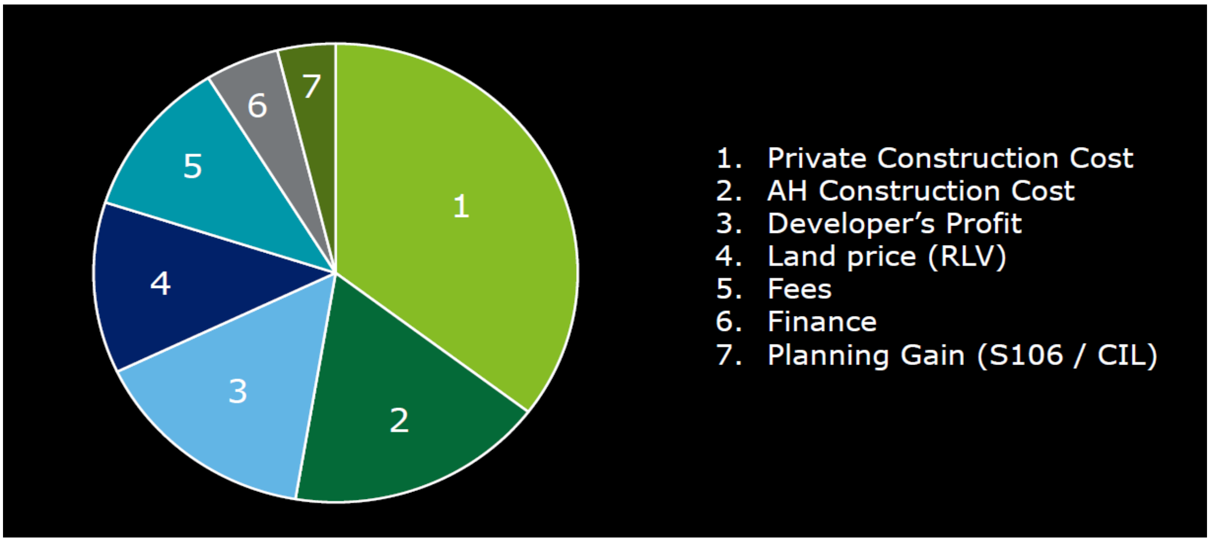

Diagram: Assessing Development Costs
(Courtesy: Deloitte)

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