Developer Profit

Our clients are concerned with large residential sites typically built on greenfield land. Our comments relate only to matters relevant to Typology 10 and 11.

It is noted at para 330 of the Viability Assessment (VA) that no comments were made to the Interim Viability Study (IVS).

Para 333 of the VA quotes "market evidence" which "suggests" that developers are "increasingly" applying rates from 15% to 17.5% profit rather than seek the full 20% margin. Para 335 justifies a reduction in developer profit from the 20% used in the IVS down to 17.5% because "evidence suggests" developers accept the lower rates.

Para 336 states that should viability be marginal sensitivity testing could be undertaken. Clearly no such testing has taken place to provide justification for this change in profit margin.
There is constant reference to “evidence” throughout this section. None is provided.

Paragraph 017 of the NPPF is clear that:

> *“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.”*

We consider the reduction in developer profit to be arbitrary, unevidenced and un-justified.