

Addendum Viability Study:

Ashton Park, Trowbridge

By

John Turner MRICS

1st October 2020

1. BACKGROUND

- 1.1. Turner Morum were originally appointed by Mr. Chris Minors of Persimmon Homes ('Persimmon') in March 2020 to undertake a viability assessment in regard to their proposed development known as Ashton Park to the South East of Trowbridge for 2,200 residential units and other non-residential land uses including circa 34 acres of employment land.
- 1.2. I previously prepared a viability study dated 30th April 2020 (with a post-script dated 11th August regarding changes to Stamp Duty). That study concluded that the policy level requirement of affordable housing (30%) rendered the scheme non-viable alongside £25.078m of S106 contributions and £6.226m of CIL contributions.
- 1.3. Accordingly, I undertook a sensitivity analysis by varying the level of affordable housing to try and identify the sub policy position that “breaks-even” (i.e. where the Residual Land Value [RLV] is equal to the Benchmark Land Value [BLV]), and this was found to be circa **14.5%** affordable housing [in conjunction with £25.078m of S106 and £7.163m of CIL].
- 1.4. The conclusions of my original assessment are summarised below:-

| Tab | Scenario | RLV | BLV | Surplus/ Deficit | Viable/ Non-Viable |
|-----|---|----------|----------|---------------------|-----------------------|
| 1A | 30.0% Affordable <i>Policy Position</i> | £24.615m | £44.270m | -£19.656m | NON-VIABLE |
| 1B | 20.0% Affordable | £36.180m | £44.270m | -£8.090m | NON-VIABLE |
| 1C | 14.5% Affordable | £44.323m | £44.270m | £52,355 | VIABLE |

- 1.5. On 30th September I was advised that the **£4.5m** of Local Government Funding (“LGF”) included in my original analysis would no longer be available and I have therefore been requested to provide an updated viability study. I would highlight

that the only amendment to my original assessment has been to amend the LGF hence no other changes have been made. Accordingly, this addendum report is to be read in conjunction with my original assessment.

2. APPRAISAL AMENDMENTS

- 2.1. As mentioned above, the only change made to the assessment has been to remove the £4.5m of grant funding previously included (in order to carry out a like-for-like comparison). This update does not consider changes in revenues nor build costs.
- 2.2. In overview, the removal of the LGF has two effects; obviously to remove a “positive income stream” of £4.5m but also, as a result, to increase finance costs associated with the development; [as my original assessment showed a £4.5m “cash injection” on ‘Day-1’ which is no longer the case].

3. UPDATED CONCLUSIONS

- 3.1. As can be seen from the below summary table, all other inputs remaining unchanged, the removal of the LGF has the effect of reducing the ‘break even’ level affordable housing from 14.5% to **8.8%** (193 dwellings of which 115 are Affordable Rent and 78 are Shared Ownership):-

| Tab | Scenario | RLV | BLV | Surplus/ Deficit | Viable/ Non-Viable |
|-----|---|----------|----------|---------------------|-----------------------|
| 1A | 30.0% Affordable <i>Policy Position</i> | £16.711m | £44.270m | -£27.559m | NON-VIABLE |
| 1B | 20.0% Affordable | £27.912m | £44.270m | -£16.357m | NON-VIABLE |
| 1C | 8.8% Affordable | £44.284m | £44.270m | £13,539 | VIABLE |

- 3.2. This significant [c. £7-8m] reduction in scheme viability is (as summarised above) as a result of:-
- Removing £4.5m from scheme revenue, and
 - The resulting additional [c. £2.8-£3.3m] of finance costs
- 3.3. I hope this provides a sufficient level of information, and I would welcome the opportunity to discuss the findings of my updated analysis if required.



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John Turner MRICS
Turner Morum LLP

1st October 2020

APPENDICES

Appendix 1 – Updated Turner Morum Appraisal Analysis:-

Summary

Tab 1A: Residual @ **30.0%** Affordable Housing (60/40 – Aff. Rent/Shared Own)

Tab 1B: Residual @ **20.0%** Affordable Housing (60/40 – Aff. Rent/Shared Own)

Tab 1C: Residual @ **8.8%** Affordable Housing (60/40 Aff. Rent/Shared Own)

Tab 2: Accommodation Schedule

Tab 3: Affordable Housing Values

Tab 4: BCIS Housebuild Costs

Tab 5A: Infrastructure & Abnormal Cost Plan [relating to the 20% AH scheme]

Tab 5B: S106 & CIL Costs & Contributions [ditto above]

Tab 5C: Cost Plan Cashflow [ditto above]

Tab 6: Relief Road Cost Plan

Tab 7: HIF & LEP Funding

Tab 8: Land Budget

Tab 9A: Finance Cashflow @ 30.0% Affordable Housing [re Tab 1A]

Tab 9B: Finance Cashflow @ 20.0% Affordable Housing [re Tab 1B]

Tab 9C: Finance Cashflow @ **8.8%** Affordable Housing [re Tab 1C]