

2nd Addendum Viability Study:

Ashton Park, Trowbridge

By

John Turner MRICS

1st July 2021

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]. 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

- 1.4. 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 was requested to provide an updated viability study. I would highlight that the only amendment to my original assessment was to amend the LGF hence no other

changes were made. The 'break-even' level of affordable housing reduced to **8.8%** affordable housing. The conclusions of that updated assessment are summarised below:-

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

1.5. The District Valuer Service (DVS) were subsequently appointed by the Council to review the submitted viabilities and, whilst detailed discussions have taken place, no agreement has been reached as to the viable level of affordable housing.

1.6. In anticipation of the scheme being presented to Committee I have therefore been asked to provide an update. Accordingly, this addendum report is to be read in conjunction with my original [April 2020] assessment and [October 2020] Addendum.

2. APPRAISAL AMENDMENTS

2.1. The only changes made to my [October 2020] assessment are summarised below:-

1. The infrastructure and abnormal cost plan has been reduced by £365,450 following the review carried out by Currie & Brown on behalf of the Council (which assumes Currie & Brown are 100% correct)
2. The Benchmark Land Value (BLV) has been modelled to be paid on deferred terms, with 40% payable on completion and 30% on the first and second anniversaries, which reduces scheme finance costs. It is standard

viability practice to show/assume all of the BLV is paid on completion but on this occasion, in the interests of trying to ‘close the gap’ between the respective positions, I have adopted this atypical approach, and

3. The gross acreage to which the Benchmark Land Value is applied has been amended from 416.8 acres (168.65 hectares) to 421.4 acres (170.52 hectares) which has increased BLV by £463k from £41.676m to £42.138m. The gross acreage [and therefore BLV] in my earlier assessments was understated.

- 1.1. In order to provide a like for like comparison with previous assessments/ conclusions, this update does not consider changes in revenues nor build costs.

2. UPDATED CONCLUSIONS

- 2.1. As can be seen from the below summary table, all other inputs remaining unchanged, the aforementioned amendments have had the effect of increasing the ‘break even’ level affordable housing from 8.8% to **11.1%** (245 dwellings of which 145 are Affordable Rent and 100 are Shared Ownership):-

Tab	Scenario	RLV	BLV	Surplus/ Deficit	Viable/ Non-Viable
1A	30.0% Affordable <i>Policy Position</i>	£20.504m	£44.762m	-£24.258m	NON-VIABLE
1B	20.0% Affordable	£31.903m	£44.762m	-£12.859m	NON-VIABLE
1C	11.1% Affordable	£44.824m	£44.762m	£61,814	VIABLE

- 2.2. 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.



John Turner MRICS
Turner Morum LLP

1st July 2021

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 @ **11.1%** 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 @ **11.1%** Affordable Housing [re Tab 1C]