

# LAND EAST OF TROWBRIDGE, WEST WILTSHIRE

## 1 EXECUTIVE SUMMARY

<b>1.1 INTRODUCTION</b>	We have assessed the economic viability of Persimmon's original scheme of 550 dwellings and a revised scheme necessary to produce a viable development.
<b>1.2 SUMMARY, INTERPRETATION</b>	<p>This report and appraisals have been produced to advise the Council as to the economic viability of Persimmon Home's proposed scheme on land east of Trowbridge for 550 houses, including 132 affordable units.</p> <p>Following an initial report, a further scheme was subsequently appraised. This featured:</p> <ul style="list-style-type: none"><li>• 650 dwellings.</li><li>• Higher proportion of smaller units.</li><li>• Density 36.3 dwellings per hectare</li><li>• Obligations as previous with no uplift for additional units.</li><li>• Social Housing Grant £40,000 per unit</li><li>• 25% affordable housing</li><li>• 162 affordable housing units</li><li>• All social rent</li><li>• A commuted sum in lieu of 5% shared ownership housing.</li></ul>
<b>1.3 HOUSING CORPORATION ECONOMIC APPRAISAL TOOL</b>	West Wiltshire District Council and Persimmon Homes agreed with that appraisals be carried out using the Housing Corporation Economic Appraisal Tool, a financial appraisal model which assesses the capability to incorporate affordable housing.
<b>1.4 HOUSING MARKET ASSESSMENT/ TROWBRIDGE MARKET OVERVIEW</b>	<ul style="list-style-type: none"><li>• <b>Finance rates`</b> The UK economy is rapidly weakening yet inflationary pressures continue to prevent a reduction in the base rate. The credit crunch and global inflationary pressure constrain household budgets and corporate profits.</li><li>• <b>Lending environment</b> The effective closure of wholesale credit markets has constrained lenders' access to funds. Increasing risk aversion of lenders is reflected in dramatically reduced level of mortgage approvals.</li></ul>

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	<ul style="list-style-type: none"> <li>• <b>Demand</b> Overall transactions though are falling sharply and could fall by 45% this year.</li> <li>• <b>New-build</b> The development market is facing weak demand with little prospect of any short-term improvement Developers' sales expectations this year have significantly weakened.</li> <li>• <b>New-build pricing</b> South West negative house price growth in the year to Q2 2008 was -3%. Pricing pressure shows no sign of abating in the new-build market</li> <li>• <b>Conclusion</b> The anticipated sale price of £2,124 /m<sup>2</sup> equating to £197 per square foot was considered to be marginally on the high side when this exercise commenced but in view of the downturn in the property market it is now considered to be reasonable and a proper reflection of the private open market.</li> </ul>
<p><b>1.5 PLANNING</b></p>	<p>A resolution to grant a scheme of 550 units has been made by the Council in accordance with the land east of Trowbridge development brief</p> <p>West Wiltshire District Council has indicated that affordable housing need has changed since the development brief adoption.</p>
<p><b>1.6 METHODOLOGY</b></p> <p><b>HOUSING CORPORATION ECONOMIC APPRAISAL TOOL</b></p>	<p>The Housing Corporation Economic Appraisal Tool has been used to achieve four different scenarios, each assuming a [policy compliant 25% on-site affordable housing (social rent) plus a commuted sum in lieu of 5% intermediate affordable housing.</p> <ul style="list-style-type: none"> <li>• 550 units, NIL social housing grant;</li> <li>• 550 units, social housing grant at £40,000 per unit.</li> <li>• 650 units, NIL social housing grant;</li> <li>• 650 units, social housing grant at £40,000 per unit.</li> </ul> <p>The figures adopted in compiling the Housing Corporation Economic Appraisal Tool appraisals are mainly in line with:-</p> <ul style="list-style-type: none"> <li>• Persimmon Homes own assumptions</li> </ul>

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	<ul style="list-style-type: none"><li>• Housing Corporation Economic Appraisal Tool default figures.</li><li>• Section 106 planning obligation figures were supplied in an agreed form by the Council.</li><li>• Persimmon Homes supplied a number of additional site costs which have been subject to, and accepted in, a separate report by King Sturge.</li><li>• The residential build cost estimate supplied by Persimmon Homes has also been subject to review by King Sturge LLP and is reported upon separately.</li></ul>
<b>1.7 METHODOLOGY COMPENSATION</b>	<p>We have assessed the compensation payable under the Land Compensation Act 1973, having regard to our estimate of increased noise and light intrusion that the new roads will cause within a certain proximity.</p> <p>Compensation is payable in respect of the depreciation in value due to physical factors such as noise, fumes and light. Claims can only relate to the 'nuisance' caused by the use of public works, not the consequent intensification of the use of existing roads where no works have been carried out.</p> <p>The compensation payable in respect of the Hilperton Relief Road should be limited, provided it can be demonstrated that there is a benefit caused by a reduction in traffic to those owners in Hilperton, particularly along Church Street and Hill Street. Compensation claims are likely to be higher on the western side of the Hilperton Marsh area.</p> <p>A main concern is the connection between the East Trowbridge Distributor Road, and the Hilperton Relief Road via Leap Gate.</p> <p>If highways works are necessary in the vicinity of Green Lane, this could trigger a number of claims from the occupiers of Stokehill, Cornbrash Rise and the neighbouring roads and this is where the bulk of compensation might become payable.</p> <p>We estimate total claims to be in the region of <b>£2,640,000</b>, being <b>£980,000</b> for the Hilperton Relief Road and <b>£1,660,000</b> for the East Trowbridge Distributor Road net of professional fees and interest.</p> <p>It is our opinion that there are potentially solid grounds to resist some of these compensation claims; however we cannot predict actual noise levels or movement in the market values of the</p>

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	properties affected between now and the claim date.				
<b>1.8 SUMMARY AND CONCLUSIONS</b>	<p>Persimmon's original scheme of 550 houses included an affordable housing provision of 132 units. The initial appraisal demonstrated that economic development was not viable; development costs exceeded gross development value by up to £3.6 million.</p>				
	<p>The appraisals of the revised 650 unit scheme demonstrated it to be economically viable and to produce an acceptable land value approaching <b>£6.5 million</b> that could bring the site forward for development</p>				
	Total	Market	Affordable	Grant/unit	Residual
	550	418	132	NIL	-£3,605,000
	550	418	132	£40,000	£600,000
650	488	162	NIL	£5,280,000	
650	488	162	£40,000	£6,480,000	

*This executive summary is designed to be read in conjunction with the main report and should not be relied upon in isolation*