Statement On Affordable Housing

We have analysed the Penistone housing market for new housing comparables and the picture at present is fairly depressed. There are 2 general housing sites in Penistone at Green Road, Emerald Green now completed by Taylor Wimpey and Saunderson Gardens which Barratt Homes are now also completed. These sites are in close proximity to our site at Springvale though we consider our site to be slightly better in location. Bellway have also started on the former Penistone Grammar School which is well located at the west of the town.

Sales progress was good in 2011 for both sites due to huge write downs on the prices to make them attractive to all aspects of the market. However this is not the case this year as sales have dropped significantly on both sites. The values they are achieving are between £143/ft2 and £156/ft2 which reflects the market place at present. The properties consist of 4 bedroom detached, 3 bedroom townhouses and 2 bedroom apartments which these values are based upon. We are expecting better prices than achieved locally due to the increase in demand in the market generally. However build costs have also increased.

We understand there is a need for affordable housing in Penistone and we are therefore prepared to offer 2 number 1 bedroom bungalows of 475 square feet each as our contribution for this requirement.

You will see from the attached appraisals that the figures do not warrant the provision of any affordable units, as whichever way the appraisal is presented, either showing land value attributable or profit created, the resultant figures are less than would in ordinary circumstances be accepted. This can be explained further, as the land value created is less than the cost of acquisition of the various component parts; and on the profit side this does not reach the normal level that a funding institution would expect.

The correct approach on these valuations we feel is what profit is created rather than the land value created as in most circumstances the land will have been already bought or a transaction agreed.

We have therefore taken a balanced view on the matter knowing that it will go in our favour if we provide at least a token gesture especially when Taylor Wimpey were not required to provide any at all on a site of 151 houses at Emerald Green, which is also in the Penistone district.

When looking at the borough there will be very few sites that can afford to give any affordable housing due the very low offers made for completed units by the Housing Associations and because the relationship between land values and build costs have narrowed so much over the recession.