

Our Ref: LD/IG/hb
8th June 2006

Dr Howard Stoate MP
Member of Parliament for Dartford
House of Commons
LONDON
SW1A OAA

Dear Dr Stoate

***PARLIAMENTARY COMMISSION ON CHILDHOOD LEUKAEMIA
RESPONSE TO REQUEST FOR INFORMATION DATED 17TH MAY 2006***

I have been asked to respond to your letter to David Pretty dated 17th May 2006 regarding the information being gathered by the Parliamentary Commission on Childhood Leukaemia. Our response to the specific questions regarding the proximity of homes to power lines is set out below.

By how much are houses located close to power lines priced below normal market value?

Barratt does not systematically collect data that would allow calculation of an accurate reduction in sale price of new build properties adjacent to power lines, principally because it happens infrequently and because the sale price of a property depends on the local market, the particular location within a development and is often adjusted by incentives such as part exchange which can distort the true sale value.

However, Sales Directors within Barratt have advised that in their opinion the likely discount needed to sell properties in a reasonable timescale, close to overhead power lines might be between 15% and 25% depending on the particular situation of each property. The reference to reasonable timescale is important because there is a relationship between sale price and time to sell which means that even if a builder were prepared to wait for a longer period of time in order to achieve a higher sales price, the benefit would be eroded by the cost of financing.

These figures appear high in comparison to the figures reported in the leading case of *Turriss Investments Limited v Central Electricity Generating Board* [1981] 1G LR 186, but the compensation figures calculated in *Turriss* were calculated in 1981 under the heading of "injurious affection" which included visual intrusion, interference with radio & television reception, noise and rights of entry to the land to maintain equipment. Significantly, there was no compensation for perceived risk of health effects, whereas in reality perceived risk will greatly affect the achievable sale price of a property today.

8th June 2006
Dr Howard Stoate MP

As can be seen from the spread of likely discount required, calculation of discount is not an exact science and depends very much on market conditions at the time, proximity to the power cables and the appearance and size of the power cables and pylons. Therefore it is a real risk to develop close to existing power lines that remain in place, and hence it is avoided if at all possible.

If the Government decides to impose a moratorium on house building at a certain distance from power lines, what further depressive effect might this have on the price of existing houses in close proximity to power lines?

It is likely that a moratorium on house building at a prescribed distance from power lines would make any existing properties within the exclusion zone very difficult to sell, both because of the perceived risk that the moratorium would reinforce and, potentially, because of mortgage lenders declining to lend on these properties. Property prices adjacent to the exclusion zone would also be affected to a lesser extent because perceived risk will shift outward from the areas adjacent to the power lines to the areas adjacent to the exclusion zone.

Also, the extent of any price reductions would depend on how the public relations aspects were handled by the government. Inaccurate or sensationalist media coverage could be extremely damaging and exaggerate an already sensitive situation. In such circumstances some homes may not be possible to sell at any price. Overall, our 'guesstimate' is that the *further depressive effect* could be an *additional* 15% - 20% depending on the circumstances, i.e. resulting in a total of between 30% - 50% price reduction.

The implications of a moratorium should not be underestimated. The National Grid estimate that there are approximately 17,000 homes within 50m of the high voltage network (400kv and 275kv) and perhaps 7 times as many if low voltage 132kv lines are included. Taking an average house price of say £180,000, this represents a value of over £3 Billion worth of property that could be affected by the introduction of an exclusion zone around high voltage lines alone. Using these National Grid figures, it is also apparent that up to 120,000 properties could be affected, which represents almost an entire years production of private sector building (based on figures quoted in paragraph 12 of the Executive Summary of the Review of Housing Supply by Kate Barker, published in March 2004).

A moratorium would also affect all undeveloped land within and adjacent to the exclusion zone, including land held in builders' land banks, to the point where it would not be economically viable to develop. Also, large land owners, including the government, would have some of their land holdings significantly diminished in value. Again, reverting to National Grid figures to put the issue into perspective, it is estimated that there are over 7000 km of overhead high voltage power lines. Taking an exclusion zone of say 50m either side would create an exclusion zone of approximately 7000 hectares, enough land to build 210,000 properties based on an average planning density of 30 units per hectare.

8th June 2006
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What would be the effect on these house prices if a building moratorium were announced in conjunction with plans to bury power line cables underground?

It is difficult to be precise in this scenario because there are so many variables and “what if” factors to consider.

An exclusion zone created by a building moratorium adjacent to a power line coupled with the continued presence of a power line would be likely to have the same effects as in b. above.

Unless a proven link had been established between proximity to overhead power lines and injury to health, and the safety of burying power lines had likewise been proven, burying overhead power lines would appear to be just removing one perceived risk at the expense of creating another.

Without absolute scientific proof of the safety of burying power lines, burying might just end up as a temporary solution to the problem if a statistical link were to be established in the future, thereby creating a new perceived risk. In any event, extensive burying of existing power lines across the country would inevitably take time (presumably many years) and significant government funding. Until, if and when such work were to start and finish, the effects on existing homes and land values could be very significant.

Yours sincerely

Laurence Dent
Group Corporate Director & Company Secretary