



Property and Commercial Services

Valuation Report

**Section 106 Properties
Alfreton Road
Pinxton**

1. Instructions and Purpose of Valuation Report.

Instructions were received from Andy Clarke the Operational Repairs Manager in the Council's Housing Department on 23 March 2022 requesting a valuation of 6 houses that the Council is considering purchasing from Gleeson Homes.

The valuation is to be of the freehold interest in the properties with vacant possession.

The valuation is required for internal decision making and negotiation purposes.

A second valuation is required for the affordable rental value of the properties for viability purposes.

As instructed the integrated kitchen appliances are to be omitted from the properties.

2. Date of Valuation

The date of valuation is the date of this report.

3. Background and Description

Pinxton is a village located to the South of Bolsover District. The village has good transport links to the nearby junction 28 of the M1 motorway and the A38 dual carriageway.

The 2011 census shows the village as having a population of 5,699.

Pinxton has basic amenities such as local shops, a doctor's surgery and a primary school.

The site is located to towards the Northern edge of the village near to the junction of the A38 and M1.

The site plan that has been supplied shows a development of 65 houses with a mix of 2, 3 and 4 bedroom semi-detached and detached houses. Some of the houses have garages.

As part of the planning permission Gleeson's, the developer is providing six two bedroom semi-detached houses as the affordable housing contribution under the section 106 agreement. Each property has a floor area of approximately 62 square metres (671 square feet). The properties are the same floorplan as Gleeson's 'Kerry' design.

From the floor plans provided that accommodation for each property will be:-

Ground Floor – Entrance hall with WC off, Lounge and Dining Kitchen.

First Floor – Two double bedrooms and a bathroom.

Externally there is off road parking and front and rear gardens. It is understood from the specification provided that the driveways will not be tarmac surfaced and the rear gardens will not be turfed. No manufacturer for the central heating boiler has been specified.

4. Inspection

Development has not yet started on site and therefore no inspection has taken place.

5. Basis of Valuation

The valuation is to be provided on the basis of Market Value.

Market Value is defined in the Royal Institution of Chartered Surveyors Valuation - Global Standards effective from January 2022 (the Red Book) VPS 4 para 4 and by the International Valuation Standards (IVS) 104 paragraph 29 as:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

The valuation methodology used to calculate the valuation figure is the market approach. This involves transactions of similar properties being analysed and appropriate adjustments made to reflect material differences where these produce a material impact on value.

The rental valuation is to be provided on the basis of Affordable Rent which is derived from Market Rent.

Market Rent is defined in the Royal Institution of Chartered Surveyors Valuation - Global Standards 2022 (the Red Book) VPS 4 para 5 and by the International Valuation Standards (IVS) 104 paragraph 40.1 as:

'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably prudently and without compulsion.'

The valuation methodology used to calculate the valuation figure is the market approach. This involves transactions of similar properties being analysed and appropriate adjustments made to reflect material differences where these produce a material impact on value.

Under the guidance issued by the Homes and Communities Agency homes let on Affordable Rent terms can be let at a rental level of up to 80% of gross market rents (inclusive of services charges where applicable).

On each occasion an Affordable Rent tenancy is issued for a property – whether it is let to a new tenant or an existing tenancy is re-issued, landlords are required to reset the rent based on a new valuation, to ensure that it remains at no more than 80% of the relevant market rent. This overrides the normal maximum rent increase of CPI +1.0% as laid out in the guidance. Where the property is re-let to the same tenant as a consequence of a probationary tenancy coming to an end, the landlord is not required to re-set the rent.

6. Services

It is assumed for the purposes of this report that all necessary mains services are available in the vicinity to serve the proposed properties and that there are no abnormal costs associated in connecting to them.

7. Council Tax

This is not applicable to this report

8. Title

The title has not been inspected and it is assumed for the purpose of this valuation that there are no unusual or onerous restrictions, covenants or easements that would affect the valuation.

9. Planning

It is assumed for the purposes of this valuation that the properties will be built in accordance with the planning permission granted and in accordance with building regulations prevailing at the time of construction.

It is assumed that the properties will be of traditional construction.

10. Condition

The properties are to be new builds and therefore this is not considered applicable to this report.

11. Minerals

A Mineral Surveyor's Stability Report has not been requested and it is assumed for the purpose of this report that if such a report was commissioned that there would be no adverse comments.

12. Environmental and Sustainability

An environmental audit has not been carried out and it is assumed for the purpose of this report that if such a report was commissioned that there would be no adverse comments.

The Long Term Flood Risk indicates that parts of the site are at a low risk of flooding from surface water.

It is assumed for the purposes of this report that the properties will be constructed in an energy efficient and sustainable manner.

13. Equality Act 2010

This is not considered applicable to this valuation report.

14. Status of the Valuer

The valuation has been carried out by Roger Owen FRICS, Chartered Surveyor & RICS Registered Valuer who is acting as an employed valuer.

The valuation is the responsibility of the valuer, who will provide an objective and unbiased valuation.

The valuer has no direct interest in the property nor beneficial or fee interest in providing the valuation.

The valuer has sufficient current, local knowledge of the market to which the property relates; and the skills and understanding to undertake the valuation competently.

15. Methodology and Market Commentary

The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards 2022 and the UK national supplement, taking into account the available comparable evidence in current market conditions.

Compliance with the Red Book also ensures compliance with the International Valuation Standards (IVS).

In determining my opinion I have had regard for the market approach method of valuation which requires the identification of comparable market evidence. Research has been carried out to identify such comparable evidence and market commentaries have been analysed in determining the applicable value of the property.

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or special assumptions (as contained the Red Book in Valuation Practice Statement 4 paragraph 2, Assumptions, and VPS 4 paragraph 3, Special assumptions). A valuation is not a fact, it is an opinion. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty – that is, the probability that the valuer's opinion of market value would exactly coincide with the price achieved were there an actual sale at the valuation date.

The valuation is a question of opinion and different Valuers can legitimately arrive at a different opinion of value. Historically it has generally been considered that Valuers should arrive at a tolerance of accuracy of up to 15%. Academic research has questioned this statistic and suggested a wider bracket is appropriate. This is particularly true where the market is uncertain and volatile.

The price achieved can vary substantially dependent upon the level or lack of competition at any one time.

In arriving at my opinion of value no allowance has been made for liability for taxation which may arise on disposal. Neither does the valuation reflect the costs of acquisition or realisation.

According to the Rightmove website properties in Pinxton had an overall average price of £146,824 over the last year.

The majority of sales in Pinxton during the last year were terraced properties, selling for an average price of £112,841. Semi-detached properties sold for an average of £161,684, with detached properties fetching £193,177.

Overall, sold prices in Pinxton over the last year were 10% up on the previous year and 15% up on the 2018 peak of £127,496.

In preparing the valuation I have considered data from the Rightmove and Energy Performance Certificate websites. This information has not been verified and is assumed to be correct.

Market Evidence

Freehold

Gleesons	Type	Date	Floor Area/sq m	Price	£/psm
25 Model Lane Creswell	3 bed semi with garage	Apr-21	71	£140,000	£1,972
29 Model Lane Creswell	3 bed detached with garage	Feb-21	75	£170,000	£2,267
Model Lane Creswell	3 bed semi	On mkt	71	£165,000	£2,324
The Cork Swinton S Yorks	2 bed semi	On mkt	59	£156,995	£2,661
The Cork Forest Town	2 bed semi	On mkt	59	£156,995	£2,661
The Kerry Doncaster	2 bed semi with garage	On mkt	62	£149,995	£2,419
The Cork Bolsover	2 bed semi with garage	On mkt	59	£139,968	£2,372
The Lisburn Bolsover	3 bed semi	On mkt	70	£157,325	£2,248
Rippon Homes South Normanton					
30 Thornhill Drive	3 bed semi	Jul-21	76	£171,950	£2,263
28 Thornhill Drive	3 bed semi	Jun-21	76	£168,950	£2,223
25 Thornhill Drive	3 bed semi	Jun-21	82	£178,950	£2,182
35 Thornhill Drive	Semi	Jun-21	72	£160,950	£2,235
27 Thornhill Drive	Semi	May-21	69	£153,000	£2,217
Thornhill Drive	3 bed semi	On mkt	76	£210,000	£2,763
Keepmoat Hodthorpe					
The Halstead	2 bed semi	On mkt	60	£165,000	£2,750

The Council acquired three properties at Thornhill Drive South Normanton each with a floor area of 70 square metres from Rippon Homes in 2020 at a figure of approximately £91,500 per property.

Previously the Council has acquired properties from developers via section 106 agreements based upon 52% to 67% of market value. The reduction on market value reflects the lower specification of the affordable properties.

It is considered that the properties will have a market value of £153,000.

Assuming a value of 60% of market value this gives an affordable value of approximately £92,000 per property.

Affordable Rent

Hawthorne Avenue South Normanton – Modern two bedroom semi-detached house with a floor area of approximately 52 sq metres. Fitted out to a good standard and has a conservatory. Rent £725 pcm.

Birchen Home South Normanton – Modern two bedroom semi-detached house with a floor area of approximately 55 sq metres. Fitted out to a good standard. Rent £725 pcm.

Dahlia Avenue South Normanton – Modern two bedroom semi-detached house. Fitted out to a good standard. Rent £725 pcm.

Storth Lane South Normanton – Modern two bedroom semi-detached house with a garage. Floor area approximately 55 sq metres. Fitted out to a good standard. Rent £675 pcm.

Lea Vale South Normanton – Modern two bedroom semi-detached house. Large plot. Fitted out to a good standard. Rent £750 pcm.

Taking into account the better specification of the comparable properties it is considered that the subject properties have a market rental value of £675 pcm.

16. Valuation

Based on the forgoing I am of the opinion that freehold interest properties have a value of **£552,000 (five hundred and fifty two thousand pounds)**.

I am of the opinion that each property has an affordable rent valuation of **£540 pcm (£6480 per annum)**.

17. Third Party Reference

This report is provided for the stated purpose and for the sole use of Bolsover District Council. It is confidential to the Council and their professional advisors and no responsibility is accepted whatsoever to any other person.

18. Consent to Publication

Neither the whole nor any part of this Valuation Report or any reference hereto, may be included in any published document, circular or statement, or published in any way, without my written approval to the form or context in which it may appear.

This report is considered exempt information within the terms of Paras 7 to 13 of Schedule 12A to the Local Government Act 1972 (See Sec 1 and Part 1 of Schedule 1 to the Local Government Access to Information Act 1985 and the Council is recommended to treat it accordingly.

19. Validity

This report should not be considered valid for a period in excess of 6 months from the date of valuation, nor if the circumstances are altered.

I trust that this report is sufficient for your purposes but if you require any further advice or assistance in this matter please do not hesitate to contact me.

A handwritten signature in blue ink, appearing to read 'R Owen'.

Roger Owen FRICS
Senior Valuer and RICS Registered Valuer

14 April 2022