



Property and Commercial Services

Valuation Report

**Section 106 Housing
Glapwell Nurseries
Glapwell
Derbyshire**

1. Instructions and Purpose of Valuation Report.

Instructions were received from Andy Clarke the Hosing Department's Operational Repairs Manager requesting a valuation of six proposed dwellings that the Council is considering purchasing under a section 106 agreement at a proposed development in Glapwell.

The purpose of the valuation is for internal decision making purposes in advance of the Council potentially making an offer for the properties.

The valuation is to be provided on the basis of the market value of the freehold interest in the properties with vacant possession.

The valuation is also to be provided on the basis of the affordable rental value of the properties.

This valuation is an update of a previous valuation carried out in October 2021 which was for seven dwellings.

2. Date of Valuation

The date of valuation is the date of this report.

3. Background and Description

The properties are to be constructed by Meadowview Homes on a proposed development of 65 houses off Glapwell Lane, Glapwell. The site is located at the Northern edge of the village.

The properties that are being offered to the Council are as follows:-

4 x two bedroom semi-detached houses each with a floor area of 66 sq metres.

2 x three bedroom semi-detached houses each with a floor area of 71 sq metres.

Each property will have off road parking and garden space.

The architect for the development has previously provided the developers assessment of the market values for each property as follows:-

Two bedroom semi-detached house - £170,000.

Three bedroom semi-detached house - £184,000.

It is not clear from the documentation provided whether these figures represent the developer's valuation of the market properties of these house types or are the valuations of the affordable properties of the various types.

A typical basic specification for the affordable properties has been provided. This includes the provision of a fitted oven and hob which I would expect to be deleted from the Council's specification for the properties.

It is expected that the standard of fittings used in the affordable properties would be of a lower quality than those used in the market properties.

It is noted that there is proposed service charge of £250 per property per annum.

4. Inspection

The properties have yet to be constructed therefore no inspection has been carried out and valuation is on a desk top basis only.

5. Basis of Valuation

The valuation of the freehold interest 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 will be connected to the properties.

7. Council Tax

This is not applicable to this report as the properties have yet to be built.

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 that the properties will be constructed in accordance with the planning permission granted and also in accordance to building regulations prevailing at the time of construction.

It is understood that the site currently has the benefit of outline planning permission and a reserved matters application is under preparation.

Under the outline consent a section 106 agreement was entered into by the original owners of the land to provide seven affordable dwellings.

10. Condition

As the properties have yet to be built this is not 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

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 website indicates that part of the development site is a low risk of flooding from surface water with the remainder of the site at a very low risk.

It is assumed for the purposes of this valuation that any flood risk will be mitigated against by the developer during construction.

As the properties have yet to be built they have not yet been assessed for energy performance. It is assumed that they will have a good energy efficiency rating when assessed.

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.

The housing market is currently still buoyant with most parts of the district seeing rising prices and properties selling quickly. However the recent rises in interest rates may see the market slowdown in the coming months.

Sources of information used in preparing this valuation are the Rightmove and Energy Performance Certificate websites. The accuracy of this information has not been verified and is assumed to be correct.

Market Value

Market Evidence

The following houses on the development are currently being marketed by Keepmoat at its Hedgerows Development in Bolsover:-

Plot 124 – Four bedroom detached with a floor area of 95 sq metres.
£265,000.

Plot 113 – Three bedroom detached with a floor area of 81 sq metres.
£250,000.

Plot 82 – Three bedroom semi-detached with a floor area of 77 sq metres.
Ensuite bathroom. £220,000.

Plot 83 – Three bedroom semi-detached with a floor area of 77 sq metres.
Ensuite bathroom. £220,000.

The following properties are currently for sale on the estate:-

28 Lawson Road – Three bedroom semi-detached house with a floor area of 95 Sq metres. On the market at £240,000.

11 Foxglove Close – Four bedroom detached house with a floor area of 113 sq metres. On the market at £282,000.

1 Lawson Close – Three bedroom semi-detached house with a floor area of 78 sq metres. On the market at £229,950.

46 Lawson Road – Three bedroom semi-detached house with a floor area of 71 sq metres. On the market at £189,950. Sold subject to contract.

The following property has been sold on the estate:-

27 Foxglove Close – Sold September 2021 for £220,000. Floor area 71 sq metres.

Affordable Rent

Rental Evidence

Hodding Road Hodthorpe – New build three bedroom semi-detached house. Integrated appliances. Rent £750 pcm. Same design as the larger properties being valued.

Foxglove Close – Three bedroom mid-terrace house. Let for £700 pcm in 2021. Better specification than subject properties. Floor area 70 square metres.

Buckthorn – New build three bedroom detached house on the Hedgerows development with a floor area of 80 sq metres. Better specification than the subject properties. Rent £950 pcm.

Based on the market evidence available it is considered that the three bedroom properties have a market value of £200,000 and the two bedroom properties have a market value of £180,000.

The Council has previously purchased affordable housing from developers at between 52% and 67% of their market value.

A figure based on approximately 60% of market value has recently been agreed with Keepmoat Homes to purchase additional affordable properties on their Hedgerows development in Bolsover.

A figure based on 60% of market value has therefore been adopted.

The two bedroom semi-detached houses are considered to have a market rental value of £570 pcm per property.

The three bedroom semi-detached houses are considered to have a market rental value of £615 pcm per property.

16. Valuation

Based on the foregoing I am of the opinion that the properties have the following values:-

Market Value as affordable properties:-

Two bedroom semi-detached house - **£114,000.**

Three bedroom semi-detached house - **£120,000.**

For the six properties this totals **£696,000.**

Affordable Rent:-

Two bedroom semi-detached house - **£532 pcm (£5,472 per annum)**.

Three bedroom semi-detached house - **£572 pcm (£6,864 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.



Roger Owen FRICS
Senior Valuer and RICS Registered Valuer
22 June 2022