

On further review of this document, it has been agreed by the Monitoring Officer that the restriction be removed and the document be published.

1. Instructions and Purpose of Valuation Report.

Instructions were originally received from Matt Broughton on 14 April 2017 requesting a valuation of a potential ransom strip for access across an area of Council owned land.

The purpose of the valuation was to enable the Council to commence negotiations with the adjoining landowner for access over the Council's land.

The transaction did not proceed and but the interested party has recently approached the Council to recommence negotiations.

The purpose of this valuation is therefore to provide an update of the previous valuation. The valuation will be carried out on the same basis as the previous valuation.

2. Date of Valuation

The date of valuation is the date of this report.

3. Background and Description

The Council's land comprises a strip of woodland with an area of approximately 977 square metres (0.24 acres) at the Eastern end of Park Avenue Glapwell. The Council's land is shown edged red on the plan.

The proposed development site is currently used as agricultural land and has an area of approximately 4.22 acres. The land is generally flat and is shown edged blue on the plan.

The owner of the land is proposing to develop the land for residential use and a drawing has been provided showing a scheme of 61 2, 3, 4 and 5 bedroom houses of which 32 have detached garages.

At present there is an access available via Blacksmiths Close however this appears to be quite narrow.

4. Inspection

The land was originally inspected on 18 April 2017. No further inspection has been undertaken

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 2017 (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 and residual approach. The market approach involves transactions of similar properties being analysed and appropriate adjustments made to reflect material differences where these produce a material impact on value. The residual approach involves calculating the gross development value and deducting the costs of the development with an element for developers profit to leave a residual value which is what a developer would be prepared to pay for the land.

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 development and that there are no abnormal costs associated in connecting to them.

7. Rating

This is not applicable to this report

8. Title

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

A desktop search of HM Land Registry titles indicates that the road at Blacksmiths Close appears to be held under the same title number as the development land.

It is noted that a public footpath runs across the northern boundary of the development site.

9. Planning and Highways

The Council's Development Control Section has not been consulted and it is assumed for the purposes of this valuation that planning permission would be granted for the proposed development.

As to date no planning application has been submitted on the land neither the Development Control Section nor Derbyshire County Council as the highways authority have made any formal comments as to the likelihood of the land gaining planning consent for residential development via an access off Blacksmiths Close.

10. Condition

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

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 Flood Risk website indicates that the land is not in an area that is at a risk of flooding.

13. Status of the Valuer

The valuer is a Fellow of the Royal Institution of Chartered Surveyors and is employed by Bolsover District Council in the post of Senior Valuer in the Council's Property and Estates Section. For the purposes of this valuation the valuer is acting as an internal valuer.

The valuer has the necessary skills and experience to carry out the valuation.

14. 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 2017 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 future is even more uncertain today than it normally is – due to 'Brexit', the decision of Britain to leave the European Union, and the consequent changes to come following this. In view of the massive uncertainty the economy is currently facing the property market may go through a period of unprecedented volatility which may cause properties to not sell in the short term or achieve below normal market value. The valuation assumes normal market conditions. This is particularly relevant as indications are that costs will increase (building materials, transport, and labour) whilst values are forecast to decrease. If both of these forecasts prove true, then this will be a double blow to developers.

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

The comparable evidence used has been sourced for EIG and Rightmove websites and in house databases. The evidence is assumed to be accurate and its accuracy has not been verified or checked.

The valuation of a ransom strip is normally a percentage of the uplift in the value of the land from its existing use to its proposed use. This can be up to 50% of its uplift in value.

In arriving at the gross development value the following sales and properties currently on the market in the locality have been considered.

8 Applecroft Close Glapwell – Modern 5 bedroom detached house with double garage. Fitted out to a very good standard. Sold December 2018 for £390,000. Floor area 188 sq m. £2,074 psm.

63 Rowthorne Avenue Glapwell – Modern 4 bedroom detached house with double garage. Fitted out to a very good standard. Sold January 2017 for £380,000. Floor area 179 sq m. £2,123 psm.

61 Rowthorne Avenue Glapwell – Modern detached house with garage. Fittings assumed to be of the same standard as 63 Rowthorne Avenue. Sold April 2019 for £377,750. Floor area 153 sq m. £2,469 psm.

3 The Pinfold Glapwell – Modern 3 bedroom detached bungalow with double garage. Fitted out to a high standard. Sold November 2017 for £345,000. Floor area 160 sq m. £2,165 psm.

7 The Pinfold Glapwell – Modern 3 bedroom detached house with a double garage. Fitted out to a good standard. Sold May 2018 for £335,000. Floor area 152 sq m, £2,200 psm.

From this evidence a value of £2,200 psm for the detached properties and a value of £1,975 psm for the semi-detached properties have been assumed. From this the gross development value for the proposed development has been calculated at £11,721,500. The affordable houses have been valued at 80% of market value.

In arriving at the residual value I have assumed the following costs:

- House build cost £957 per square metre (BCIS Figs Lower quartile for General Housing adjusted for the East Midlands inc prelims).
- External works at 10% of build cost
- Garage build cost £1,660 per square metre (BCIS figures adjusted for East Midlands). Assumed brick construction under a pitched tiled roof.
- Finance at 6.5%.
- Professional Fees including planning at 10% of build cost.
- S106 contribution estimated at £200,000.
- Developers profit at 17.5% of GDV
- Contingency at 3% of build cost.
- Legal and sales costs at 2.25% of GDV.
- Acquisition costs at 4% of gross capital.

It is assumed that there are not abnormal costs associated in developing the land.

The uplift in the value of the development land as a result of it being accessed via the Council's land has been calculated on a percentage of the uplift in value for its existing use to its proposed use.

The following comparable evidence has been identified for residential development land and agricultural land in the locality.

Address	Area	Date	Price	Comments
Land West of Sterry Close Clowne	6.05 acres	May-15	£840,000	Breaks down to £138,842 per acre. Sold with outline planning consent for residential development
Yorke House Model Village Creswell	15.42 acres	Feb-16	£1,415,000	Part of former Creswell Colliery. Sale agreed at £91,794 per acre for residential development
Stockley Farm, Stockley Chesterfield	9.65 acres	Nov-15	£80,000	Mowing/grazing land. Breaks down to £8,290 per acre
Palterton	22.27 acres	Apr-15	£150,000	Grassland currently on the market at £6,735 per acre
Scarcliffe	6.12 acres	Apr-15	£40,000	Grassland currently on the market for tender at £6,535 per acre

It is considered that for its current use as agricultural land the development land has a value in the region of £8,000 per acre

In determining the uplift I have had regard to the determinations made in the following Court and Lands Tribunal cases.

Stokes v Cambridge Corporation 1961

This case was concerned with arriving at the value of the backland owned by Stokes. The only suitable access land was owned by the acquiring authority. The value of the access land was considered to be 33% of the uplift that would be realized by the development of Stokes land. The acquiring authority owned other land nearby which had potential for development that might be enhanced by the proposed development on the Stokes land which may have influenced the price that the acquiring authority would accept for the access strip.

Batchelor v Kent County Council 1992

In this case the Tribunal decided that 15% was the appropriate proportion attributable to the ransom strip as there were other possible alternative accesses.

Ozanne v Hertfordshire County Council 1988

On the basis that there was only one practical access, the Tribunal awarded 50% of the increase in value of the development backland.

Crown House Developments Ltd v Chester City Council 1997

A payment of 30% of the uplift was awarded reflecting the possibility that the developer would be able to investigate other means of access.

Persimmon Homes (Wales) Ltd v Rhondda Cynon Taff County Borough Council 2004

There was the remote possibility of an alternative access in this case and the Tribunal awarded 45% of the uplift in the value of the backland.

Snook v Somerset County Council 2004

The ransom strip was owned by several parties but did not prevent the Tribunal awarding 50% of the value uplift.

The landowner has a potential access via Blacksmiths Close and on this basis it is considered that the ransom strip has a percentage value of 25% of the uplift in the value of the development land.

15. Valuation

Based on the forgoing I am of the opinion that the ransom for an access across the Council's land to serve the proposed development is **£240,500 (two hundred and forty thousand five hundred pounds)**.

16. 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.

17. 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.

18. 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

6 August 2019

Appendices





Spreadsheet for Residual Valuations

Please insert the following information in the areas shaded:		Notes
Site Area (Acres)	4.22	(e.g. 2.54)
Selling price per property to be built:	£11,963,598.00	Comparables?
Number to be erected:	1	
GEA floor area of example property to be built (m2):	5683	
Building Cost per m2:	1053	Taken from BCIS Building Prices
Interest rate for finance (<i>i</i>):	0.065	1.065 Please insert as decimal e.g 0.06
Development period (<i>x</i> years):	2.5	1.170507011
Amount of £1 for <i>x</i> years at <i>i</i> interest rate		1.170507011
PV of £1 for <i>x</i> years at <i>i</i> interest rate		0.854330637 0.854330637
<u>The Valuation</u>		
Gross Development Value:	£11,963,598.00	Value of the development when completed.
<i>Less:</i>		
1 Building Costs:	£5,984,199.00	
2 Contingencies:(Subjective)	£1,152,504.00	Includes Contingency, S106 & Garage build cost
3 Architects & Q.S. Fees (10% of 1+ 2):	£713,670.30	£7,136,703.00
4 Finance on Building Costs and Contingencies:	£608,428.95	£8,353,560.90
5 Finance on Architects & Q.S. Fees:	£60,842.89	£60,842.89
6 Estate Agent's and Legal Fees (2.25% of GDV)	£269,180.96	
7 Promotion:(Subjective)	£50,000.00	Allowance for costs of advertising/marketing the development.
8 Developers profit:(17.5% of GDV)	£2,093,629.65	The amount required by the developer for risk and remuneration.
<i>Total Development Costs:</i>	<i>£10,932,455.75</i>	
<i>Gross capital available for land purchase:</i>	<i>£1,031,142.25</i>	The residual amount, available to purchase the land.
<i>Less acquisition costs: (4% of Gross Capital)</i>	<i>£35,237.46</i>	Include estate agent's fees, legal fee's and stamp duty
<i>Price developer can afford to pay for the site:</i>	<i>£995,904.79</i>	
<i>Price per acre</i>	<i>£235,996.40</i>	