

# DRAFT for consultation

Residential Market  
Paper

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Stafford Borough Council Residential Market  
Paper



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Stafford Borough Council

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December 2021

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## 1 Introduction

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- 1.1 This paper provides the background to the value assumptions made in appraising the residential development typologies set out in the main report. The purpose of the study is a whole plan viability assessment.
- 1.2 The structure of the residential market paper is as follows:
  - **National and Regional Overview** – provides an assessment of the current residential market in a national and regional context.
  - **Existing Evidence Base** – provides a review of existing market evidence which will inform our assumptions.
  - **New Build Achieved Values** – provides an assessment of new build achieved values across the Borough over the last two years based on industry recognised published data from Land Registry and Energy Performance Certificate Register (EPC).
  - **New Build Asking Prices** – provides an assessment of asking prices for new build properties across the Borough. The market assessment is based on industry recognised published data from Rightmove and developer's websites such as Taylor Wimpey.
  - **Housing Value Zones** – provides an assessment of comparative value zones across the Borough. This is based on the new build values as well as further analysis of second hand achieved values across the Borough and the Index of Multiple Deprivation as a proxy for value areas.
  - **Residential Value Assumptions** – Based on assessment of achieved and asking value data, we set out our value assumptions (£ psm and absolute values) which could be expected across the value zones identified within Borough.
  - **Affordable Housing Transfer Values** – this section sets out our specific assumptions in respect of transfer values for S106 affordable housing.

## 2 National and Regional Market Overview

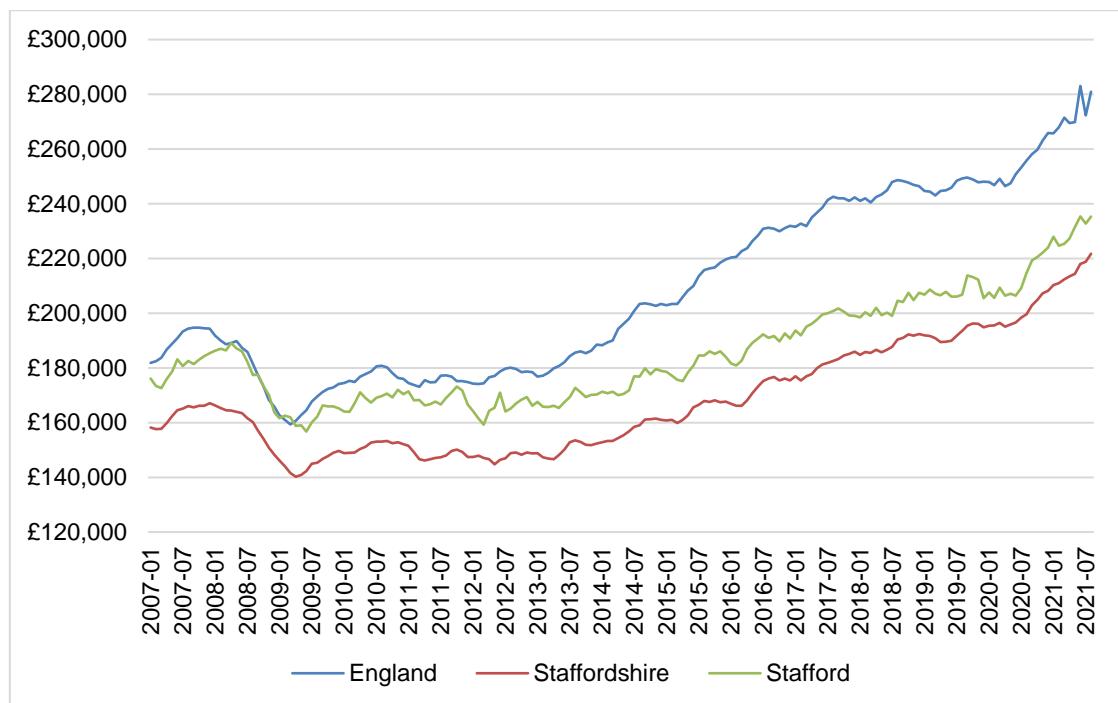
- 2.1 The RICS publishes a regular UK residential property market survey providing an overall opinion of the direction that the residential market is taking, along with commentary from surveyors from individual regions throughout the UK. The latest publication of this is July 2021 providing the following summary:
- Sales volumes are cooling down
  - The stamp duty holiday end has reduced demand
  - Lack of supply is evident across the housing market.
- 2.2 The July 2021 RICS UK Residential Survey results<sup>1</sup> indicate a slightly softer/falling month for new activity in residential property, due to the phasing out of the stamp duty holiday from the end of June. Despite this, housing supply shortage continues to stoke inflation. There is still subtle growth, and newly agreed sales rose over the month by a net balance of +35% of respondents noting an increase (down from +48% in March). Immediate sales expectations remain positive at the national level with a net balance of +23%, with regard to the 12-month view contributors anticipate a cooling in sales growth with the headline net balance standing at just +12%.
- 2.3 Nationally, new buyer enquiries have reduced to a net balance of -9% in July (down from a reading of +10% previously), ending four successive positive monthly returns by this measure. Meanwhile, respondents reported a monthly fall in newly agreed sales, with the net balance reducing to -21% compared with a neutral reading of -1% recorded back in June. Sales volumes declined across most of the country, but particularly in Yorkshire & the Humber, the East Midlands and East Anglia.
- 2.4 With regards to the near-term outlook for sales, a headline net balance of just +5% of contributors expect transactions to rise over the next three months; this is broadly consistent with flat trend inactivity. Likewise, at the twelve-month time horizon, the net balance stands at -2% (slightly improved on -12% last time) which again is indicative of a steady sales picture remaining in place over the year to come.
- 2.5 On the supply side, there seems to be no let-up in the recent decline in fresh listings that has been cited over recent months, as the latest net balance for new instructions moved deeper into negative territory at -46% (down from -35% previously). This is the weakest reading for the new instructions indicator since April 2020 and marks a fourth consecutive contraction in new listings. Alongside this, a national net balance of -21% of survey participants report the number of

<sup>1</sup> RICS UK Residential Survey – July 2021

appraisals being undertaken over the month to be down on the comparable period last year (the most subdued reading for this gauge since January 2021).

- 2.6 Figure 2.1 shows the average price for all property types in England, Staffordshire and Stafford since January 2007.

**Figure 2.1 - Average House Prices in England, Staffordshire and Stafford**



Source: Land Registry May 2021

- 2.7 Average property prices in Stafford have risen by c.48% since their lowest value in April 2009. This percentage increase is lower than both the Staffordshire average increase of 58% and the national average of 76%. As displayed in Figure 2.1, property prices in Stafford are generally above that of the Staffordshire average, however are also significantly below the national average. As of August 2021, the Stafford average (£235,324) is 6% higher than the average for the County (£221,710); however, they are 19% lower than the national average (£280,921).

### 3 Existing Evidence Base

- 3.1 We have undertaken a review of the existing evidence base having regard to the following studies listed below:

#### CIL Viability Study, HDH Planning (2015)

- 3.2 In 2015, Stafford Borough Council started to develop a CIL charging schedule in 2015 but it was not continued due to changes in Government policy. It is anticipated that the work will be revisited as part of the review of the Local Plan. As part of this, HDH Planning were commissioned to test the viability of a range of development types throughout the Borough of Stafford to make contributions to infrastructure requirements through the CIL.
- 3.3 HDH carried out a survey of asking prices by house size and by settlement using online tools such as Rightmove, Zoopla etc. They also carried out analysis of new build asking prices. The results of this are set out in Table 3.1.

**Table 3.1 - HDH New Build Asking Prices (Nov 2014)**

			Minimum	Norm	Maximum
Reeds Rain	Fountain Ct, Wharf Rd	Gnosall	2,192	2,262	2,372
Reeds Rain	Radford Mews, Radford St	Stone		2,211	
Bellway	Knights Ct, Knightley Rd	Gnosall	2,315	2,365	2,436
Barratts	Yarnfield Park, Yarnfield Lane	Yarnfield	1,875	2,350	2,856
Taylor Wimpey	Sheridan Grange, Rowley Park	Stafford	2,559		2,964
Taylor Wimpey	Marston Grange, Marston Gate	Stafford	1,703	1,990	2,464
Taylor Wimpey	Tilling Drive	Stone	2,000	2,080	2,470
Bovis	St George's Park	Stafford	2,186	2,365	2,635
Bovis	Green Acres	Yarnfield	2,164	2,445	2,639
Seddon Homes	Hammond Rise	Tittensor	1,944	2,075	2,250
Reeds Rains	Creswell Grove	Stafford		1,500	
Tinsley Garner	The Oaks, Cold Norton	Stone		1,925	

Source: HDH Planning CIL Viability Study, March 2015.

- 3.4 Table 3.2 displays the values that HDH applied in their financial modelling.

**Table 3.2 - HDH Value Assumptions (£ psm)**

	Small Schemes	Estate Housing
Stafford Town North	1,950	2,250
Stafford Town South and Adjacent	2,500	2,400
Stone	2,600	2,500
Rest of Borough	2,750	2,700

Source: HDH CIL Viability Study, March 2015.

- 3.5 In the conclusion of the study, HDH recommended different CIL charging rates dependent on geographical location within the Borough. These recommended rates are displayed below in Table 3.3.

**Table 3.3 – 2015 Study Recommended CIL Rates**

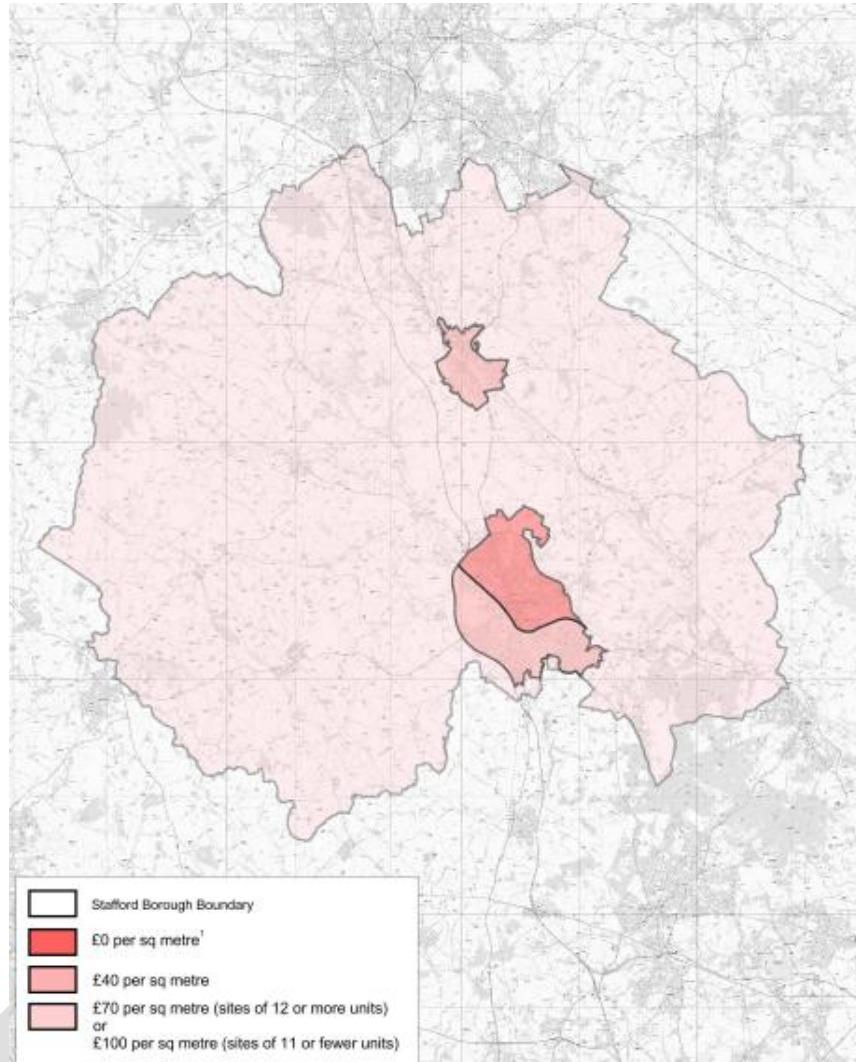
Residential Development		
Within the northern area of Stafford – including the North Stafford Strategic Development Location		£0/m <sup>2</sup>
Within and adjacent to Stafford and Stone, but excluding the northern area of Stafford - including the West Stafford Strategic Development Location		£40/m <sup>2</sup>
All other areas – sites of 12 or more units		£70/m <sup>2</sup>
All other areas – sites of 11 or fewer		£100/m <sup>2</sup>
Older People's Housing		£0/m <sup>2</sup>

Source: SBC CIL Viability Study March 2015

Source: SBC CIL Viability Study, 2015.

- 3.6 Whilst a map displaying these particular value zones within the Borough is not provided in the 2015 study (see section 6 below for their zonal mapping), there is a corresponding map available on Stafford Borough Council's website. This map is displayed in Figure 3.1.

**Figure 3.1 - Stafford Recommended CIL Zones Map (2015)**



Source: SBC, 2015.

- 3.7 As displayed in Figure 3.1, the North Stafford Strategic Development Area is allocated as a zero-charge zone as in 2015 this was expected to be an area of significant residential development. The remainder of Stafford and also Stone are recommended for a CIL charging rate of £40 psm whilst the remainder of the Borough is recommended to be charged at either £70 psm or £100 psm depending on development scale.
- 3.8 These CIL recommendations were not taken forward.

## 4 New Build Achieved Values

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4.1 We have carried out a market review of new build sales values within Stafford Borough over the previous 2 years (October 2019 – June 2021). This has been based on a detailed analysis of the Land Registry new build achieved values, cross-referenced, on an address-by-address basis (approx. 230 properties),<sup>2</sup> to the floor areas published on the EPC (Energy Performance Certificate) database in order to derive the achieved values (£ per square meter). This data gives a good baseline for comparing the average values across the Borough as it devalues each house type to a value per square meter. Note, we have removed data ‘outliers’ such as Shared Ownership registrations, extremely high values and other ‘one-off’ properties from the dataset. This is to focus on the ‘typical’ new units and avoid skewing the results.

4.2 It should also be noted that the Land Registry data for new build achieved values contains a ‘PPD Category Type’ which is defined on the gov.uk website as:

*“Indicates the type of Price Paid transaction”*

*A = Standard Price Paid entry, includes single residential property sold for full market value.*

*B = Additional Price Paid entry including transfers under a power of sale/repossession, buy-to-lets (where they can be identified by a Mortgage) and transfers to non-private individuals*

*Note that category B does not separately identify the transaction types stated. HM Land Registry has been collecting information on Category A transactions from January 1995. Category B transactions were identified from October 2013.”<sup>3</sup>*

4.3 For the purposes of this research, we have excluded new build achieved data that falls under category B as the transactions consistently presented discounted transfer values to those provided under category A, therefore not providing a reflection of the true full market value.

4.4 We note that Land Registry values include the value of garages where garages are sold as part of the house. However, the database does not specify whether a house type includes a garage. The value of garages is therefore implicit in the achieved values below.

### Average Achieved New Build Values – All Property Types

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4.5 We have reviewed the available data (all house types including flats) for each town/area since October 2019 on a price per square metre (£ psm) basis. This allows us to identify high and low value areas across the Borough. Table 4.1 displays the average new build values psm across

<sup>2</sup> Over a 2-year review period for new build achieved values - 1st June 2015 - 1st June 2017.

<sup>3</sup> Price Paid Data Guidance, 14<sup>th</sup> August 2014 (<https://www.gov.uk/guidance/about-the-price-paid-data>)

the 4 main town/areas in Stafford in which we have identified a significant number (200 +) of new build transactions that have occurred.

**Table 4.1 – Average New Build Price psm**

Property Type	Central Stafford	Outer Stafford / Marston	Stone	Eccleshall
Flat	£3,245	n/a	n/a	n/a
Terraced	£2,337	£2,956	£3,055	n/a
Semi Detached	£2,646	£2,689	£2,808	£2,644
Detached	£2,532	£2,662	£2,460	£2,636

Source: Land Registry, 2021.

- 4.6 Cells marked 'n/a' represent locations where the relevant property types (new build) have not transacted since November 2019.
- 4.7 It is clear that, as displayed in Figure 2.1, there has been considerable house price growth since HDH's assessment in 2014. However, there is only a small difference between HDH's value assumptions and our transactional evidence. We have not seen HDH's evidence and cannot comment on their data analysis. As such, we have determined our own independent assessment of values which accounts for house price growth that has clearly occurred but has not yet been documented in the form of HM Land Registry transactions.

## 5 New Build Asking Prices

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- 5.1 In November 2021, we reviewed a number of new build developments which have recently completed and are currently being marketed within Stafford Borough to understand the up-to-date **asking prices** associated with new build properties which can be used in our viability testing.
- 5.2 It should be noted that asking prices may be aspirational, and may not reflect the incentives offered by the developer or the actual value a willing purchaser will pay.
- 5.3 The RICS information paper on comparable evidence in property valuation<sup>4</sup> states that asking prices '*cannot by themselves provide reliable evidence of value and should be treated with some caution. They will usually vary from the price achieved on exchange in the open market, but when interpreted with care by an experienced valuer they can provide some guidance as to current market sentiment and trends in value.*' Thus, whilst the achieved value data (from the Land Registry in section 4 above) provides robust data this is retrospective. The asking price analysis in this section provides a review of **current** prices for new builds. It is important to note that in arriving at our value assumptions for the appraisals will have had regard to the new build asking prices, but put more weight on the transactional data (section 4). We have also considered the assumptions for the appraisal 'in the round' e.g., having regard to the marketing cost assumptions for sales incentives and discounts (from the headline asking prices).
- 5.4 Finally, it is important to note that the supply ('flow') of new build properties has to be sold within a marketplace that includes an established 'stock' of competing properties. The asking price is therefore tempered by the wider price mechanism.
- 5.5 We have undertaken market research across the Borough which focuses mostly on Stafford and Stone where the majority of new build properties are currently listed.

### Stafford

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- 5.6 In August 2021, there were 3 new developments in Stafford:

#### The Fairways – St Modwen Homes

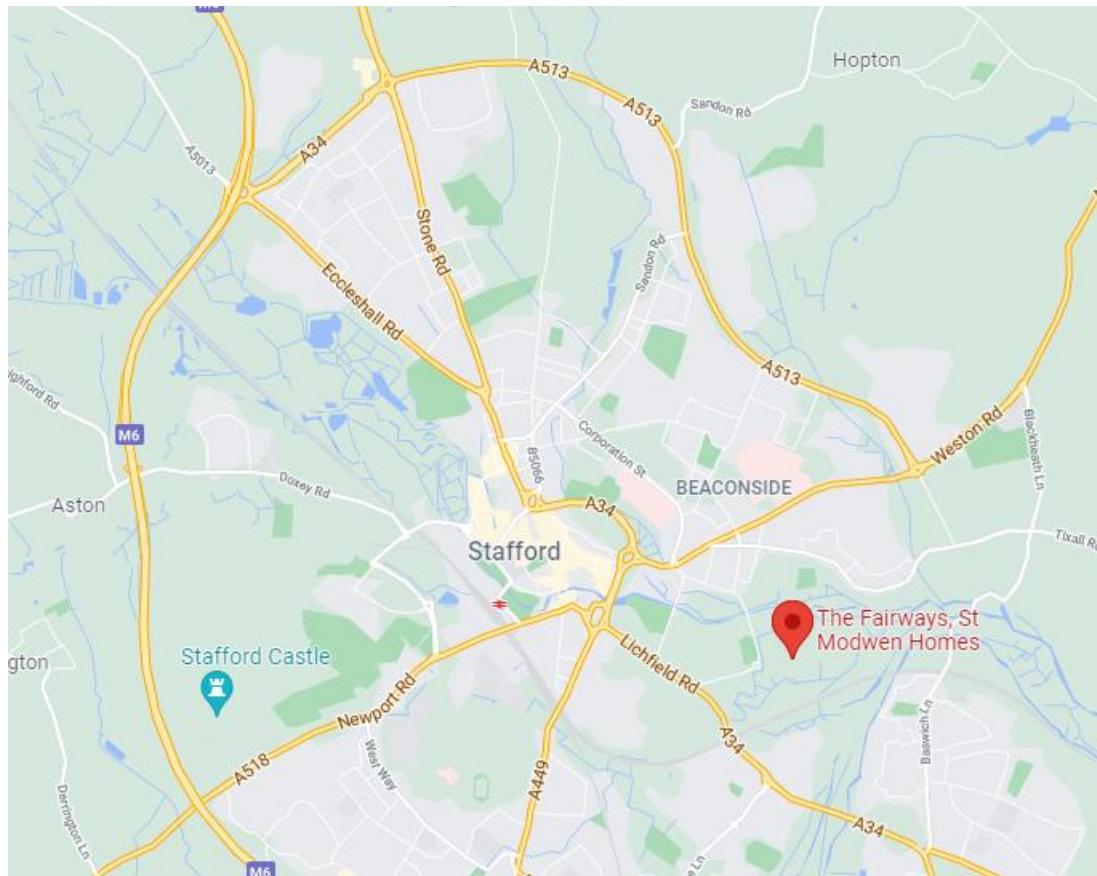
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- 5.7 This development offers a range of 2-, 3-, 4- and five-bed homes. It is located in Forebridge - a suburb in the south east of Stafford. The location of the development is displayed in Figure 5.1.

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<sup>4</sup> Comparable evidence in property valuation, RICS information paper, 1st edition (IP 26/2012)

**Figure 5.1 – The Fairways Location Map**



Source: Google Maps 2021

**Table 5.1 - The Fairways Asking Prices**

Property Type	No. of Units Available	Size (sqm)	Asking Price	Asking Price psm
3-Bed Terraced	1	n/a	£237,995	n/a
3-Bed Semi-Detached	3	n/a	£237,495 - £255,995	n/a
3-Bed Detached	2	n/a	£269,995 - £301,995	n/a
4-Bed Detached	1	n/a	£333,995	n/a

Source: Rightmove, 2021.

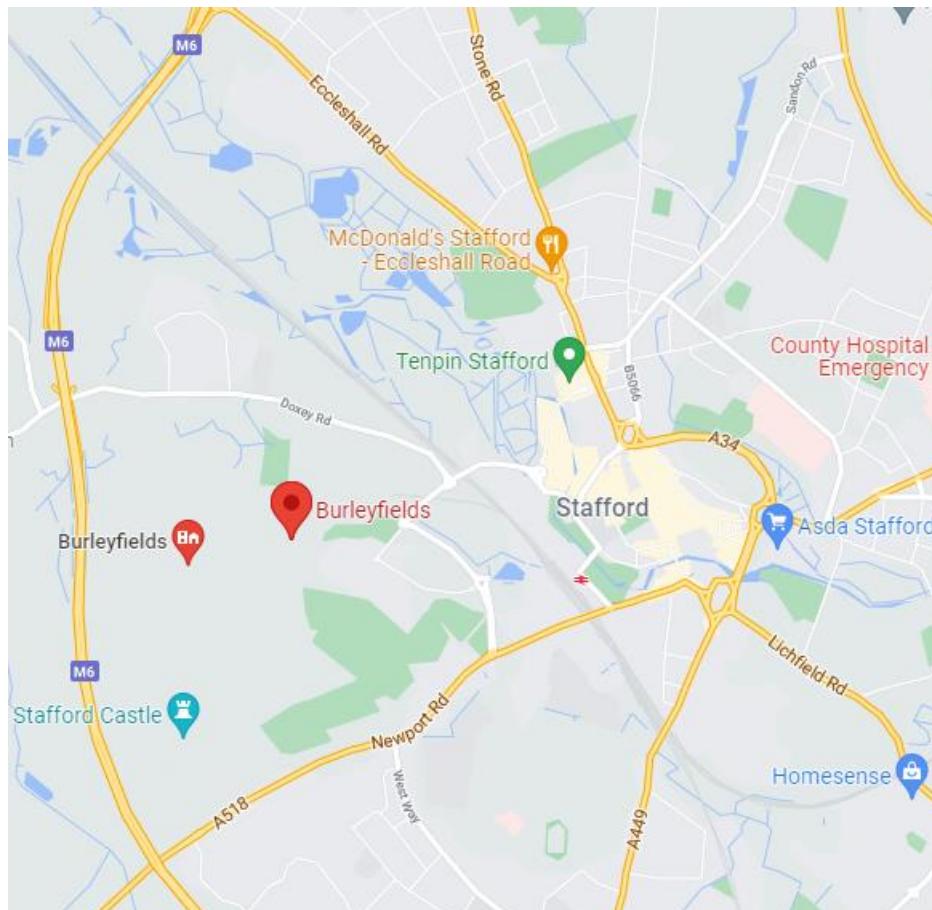
- 5.8 Floorspace areas were unavailable for the properties listed for sale at The Fairways.  
5.9 None of these properties have a garage attached to the dwelling.

### Burleyfields – Taylor Wimpey

- 5.10 A development by Taylor Wimpey, Burleyfields is located in the West of Stafford in between Castletown and Burleyfields. This development offers c.200 three-, four- and five-bedroom homes and as well as 11 2-bed apartments.

- 5.11 The location of this development is displayed in Figure 5.2.

**Figure 5.2 - Burleyfields Location**



Source: Rightmove, 2021.

- 5.12 Table 5.2 displays the asking prices for the available houses at Burleyfields.

**Table 5.2 - Burleyfields Asking Prices**

Property Type	No. of Units Available	Size (sqm)	Asking Price	Asking Price psm
3-Bed Semi-Detached	1	70	£205,950	£2,944
3-Bed Detached	4	87 – 105	£264,950 - £297,950	£2,843 - £3,063
4-Bed Detached	4	102 - 117	£284,950 - £314,950	£2,791 - £2,820

Source: Rightmove, 2021.

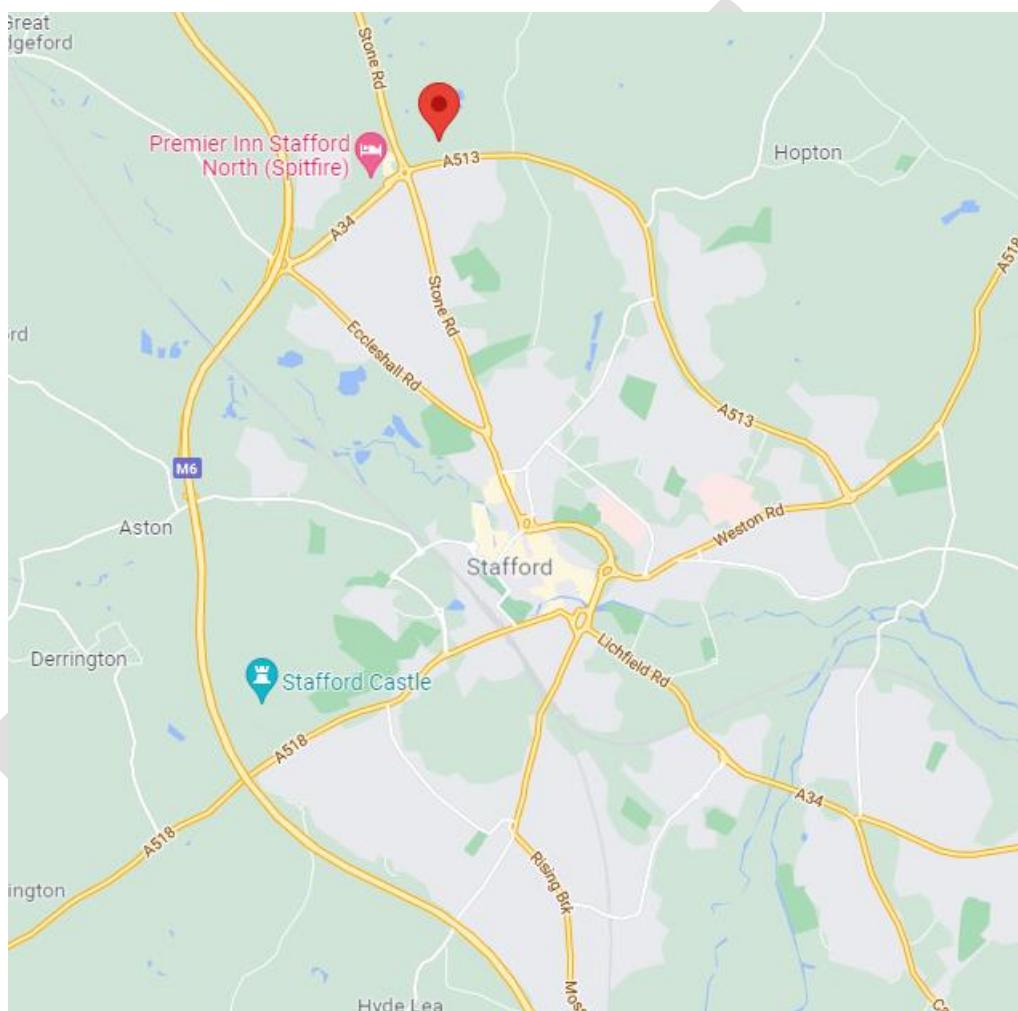
- 5.13 The 3-bed semi-detached houses at Burleyfields are listed at a slightly higher price to the 3-bed semi-detached units at The Fairway. The 3-bed detached units at Burleyfields are priced similar to those at The Fairway. The 4-bed detached units at Burleyfields are also listed for less than the 1 4-bed at The Fairway.

- 5.14 Only 7 of the 9 properties have a single garage attached to the property. This represents 78% of the listings.

### Bertelin Fields – Barratt Homes

- 5.15 This is the first phase of a 700 dwelling development that includes 60 elderly living dwellings and 2,500 sqm of employment floorspace. The dwellings provided are 2-, 3- and 4-bedroom homes.

**Figure 5.3 – Bertelin Fields Location Map**



Source: Google Maps, 2021.

- 5.16 This development is located in the north of Stafford, just off the A34. The asking prices of the available homes are displayed in Table 5.3.

**Table 5.3 - Bertelin Fields Asking Prices**

Property Type	No. of Units Available	Size (sqm)	Asking Price	Asking Price psm
2-Bed Semi-Detached	1	63.1	£204,995	£3,249

3-Bed Semi-Detached	2	77.1	£239,995	£3,113
3-Bed Detached	2	80.2 - 85.2	£255,500 - £269,995	£3,169 - £3,186
4-Bed Detached	1	n/a	£313,995	n/a

Source: Rightmove, 2021.

- 5.17 The asking prices at Bertelin Fields for 3-bed detached units are slightly lower than the asking prices at Burleyfields. The asking prices for 3-bed semi-detached units at Bertelin Fields is higher than for those at Burleyfields and at the lower end of the range of asking prices when compared to The Fairway. The 4-bed detached unit is priced similarly to Burleyfields and slightly below that at The Fairway. Only 1 of the 3-bed detached properties and 1 of the 4-bed detached units are listed as having a garage.

## Stone

- 5.18 There is currently 1 new development with units marketed for sale in Stone.

### Udall Grange – Persimmon Homes

- 5.19 This development is comprised of 198 2-, 3-, 4- and 5-bedroom homes. It lies to the south west of Stone town centre, off the A4130.
- 5.20 The location of this development is displayed in Figure 5.4.

**Figure 5.4 – Udall Grange Location Map**



Source: Google Maps 2021

- 5.21 The current availabilities at Udall Grange are displayed in Table 5.4.

**Table 5.4 - Udall Grange Asking Prices**

Property Type	No. of Units Available	Size (sqm)	Asking Price	Asking Price psm
2-Bed Terraced	2	n/a	£191,950 - £193,950	n/a
4-Bed Semi-Detached	1	n/a	£251,950	n/a
4-Bed Detached	3	n/a	£304,950 - £354,950	n/a

Source: Rightmove, 2021.

- 5.22 The asking prices for units marketed at Udall Grange appear to be higher than those that we have identified in Stafford. Asking prices for a 4-bed detached unit at Udall Grange ranged between £304,950 - £354,950 whereas a 4-bed detached unit at Burleyfields, Stafford is marketed for between £284,950 - £314,950.
- 5.23 2 of the 3 4-bed detached units feature a garage. None of the other units feature a garage.

## 6 Housing Value Zones

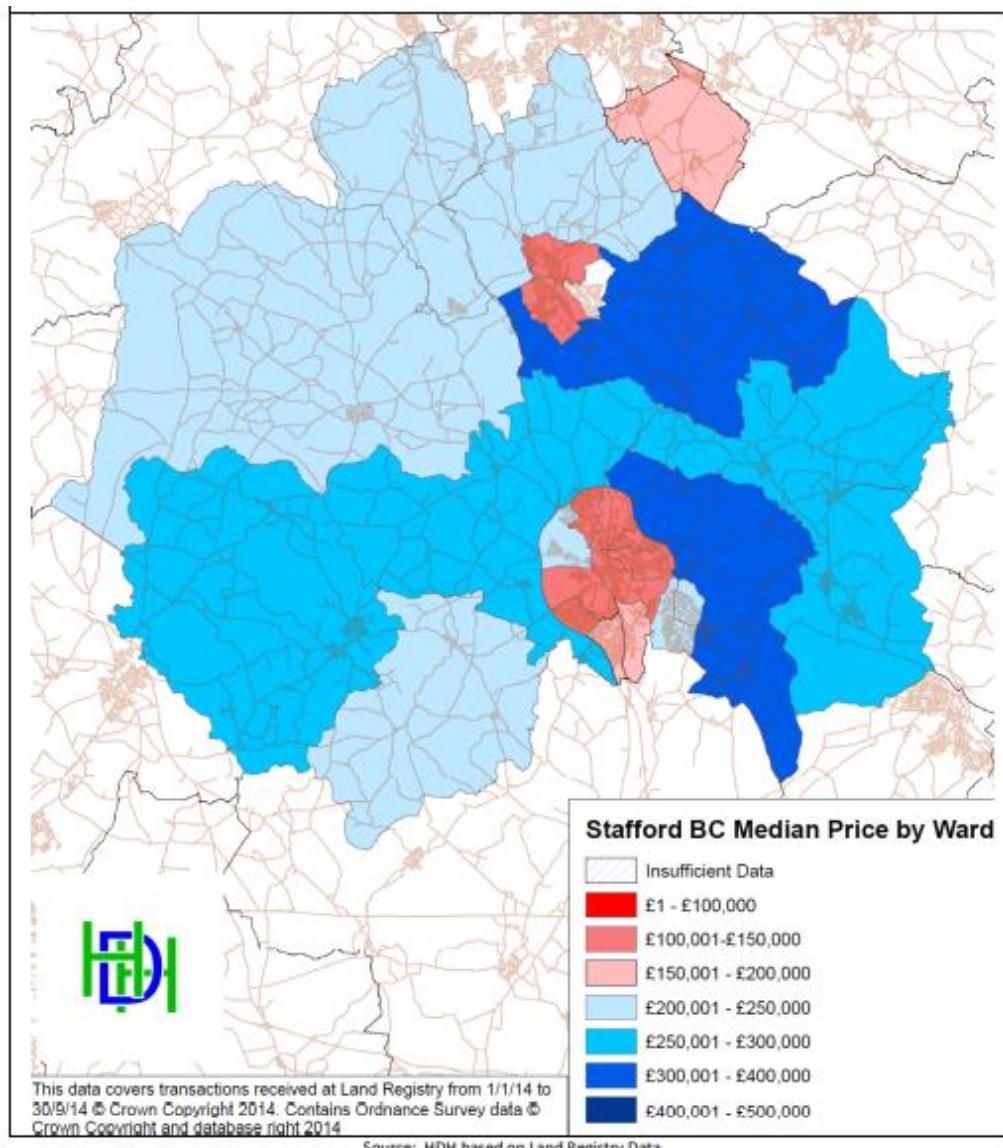
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- 6.1 In this section we build upon our new-build market research to arrive at comparable value zones across the Borough. As can be seen above in Figure 3.1 - Stafford Recommended CIL Zones Map (2015), there has previously been a zoning map produced for the purpose of proposed CIL charging.
- 6.2 The purpose of this section is to create a visual representation of the differences in value across the Borough. We have therefore sought to rationalise and simplify the Housing Value Zones for ease of application both in terms of any future CIL charging schedule and values. All planning obligations (Affordable Housing, CIL etc.) should 'align' in terms of Housing Value Zones and viability.
- 6.3 Note that this section on Housing Value Zones is about the *relativity* of values across zones in Stafford Borough – not the *absolute* value assumption which are contained in section 7 below.

## CIL Viability Study, HDH Planning (2015)

- 6.4 HDH identified the following value zones (based on median prices for semi-detached houses).

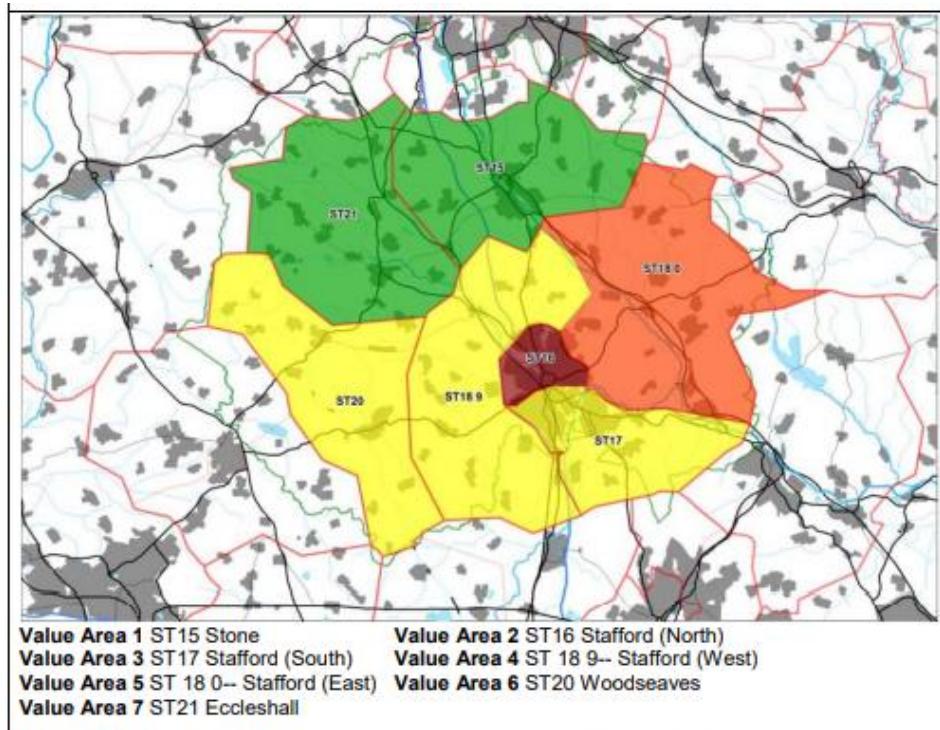
**Figure 6.1 - Stafford BC Median House Price by Ward (March 2015)**



Source: CIL Viability Study FINAL - March 2015, HDH Planning & Development

- 6.5 HDH compared this to the Council's affordable housing viability work (from July 2011). This analysis showed the following value zones

**Figure 6.2 - Value Areas used in 2011 Affordable Housing Viability Assessment**

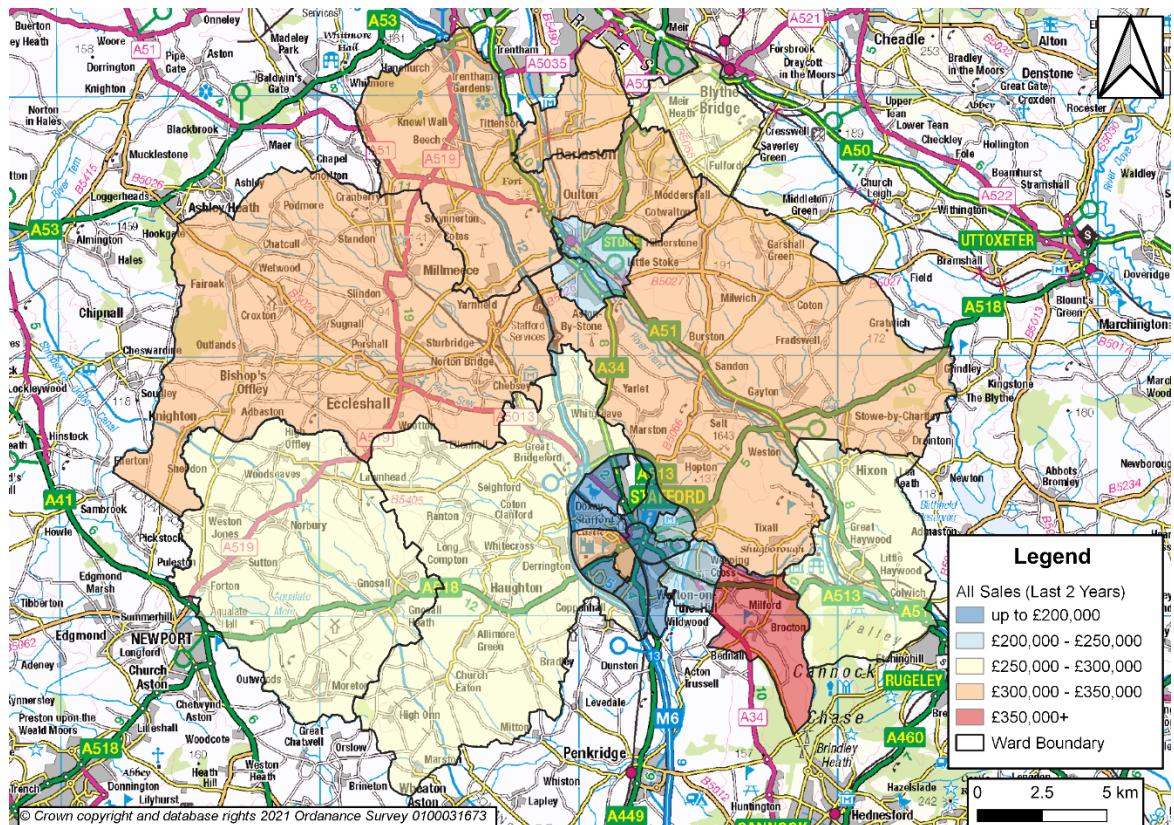


Source: CIL Viability Study FINAL - March 2015, HDH Planning & Development

## Second-Hand Values

- 6.6 To sense check the pattern of values across the Stafford Borough, we have reviewed the second-hand market between October 2019 and October 2021. There is a greater stock of second-hand properties and turnover is higher than new builds.

**Figure 6.3 – Average Second Hand Achieved Values by Ward**



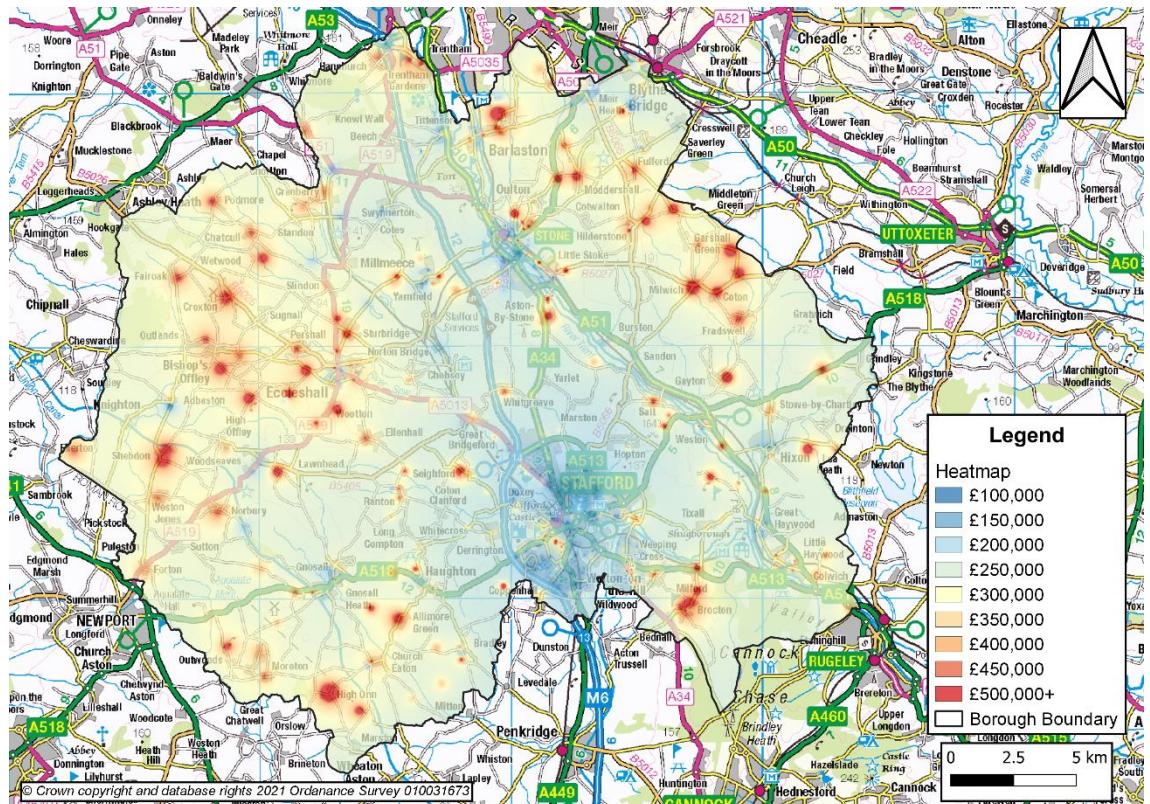
Source: AspinallVerdi, 2021.

- 6.7 This map is consistent with previous studies and shows that values in Central Stafford are lower than the surrounding rural areas with the exception of Rowley ward. We know from experience that the Rowley Park area is considered part of the premium market in Stafford town.
- 6.8 Stone has also experienced slightly lower values than the surrounding areas, however the average values here are still higher than in Central Stafford. Settlements like Gnosall and Eccleshall are located in higher value areas when compared to the urbanised Stafford area.
- 6.9 The values displayed in Figure 6.3 are broadly in line with the values indicated by the Council's CIL Viability Study in Figure 3.1.

## New Build & Second-Hand Values

- 6.10 Figure 6.4 displays the sales values for new build and second-hand units in the Borough over the last 2 years as a 'heatmap'.

**Figure 6.4 Stafford Borough Residential Values Heatmap (second hand and newbuild)**



Source: Land Registry Sale Value data, Basemap ArcGIS online, October 2021.

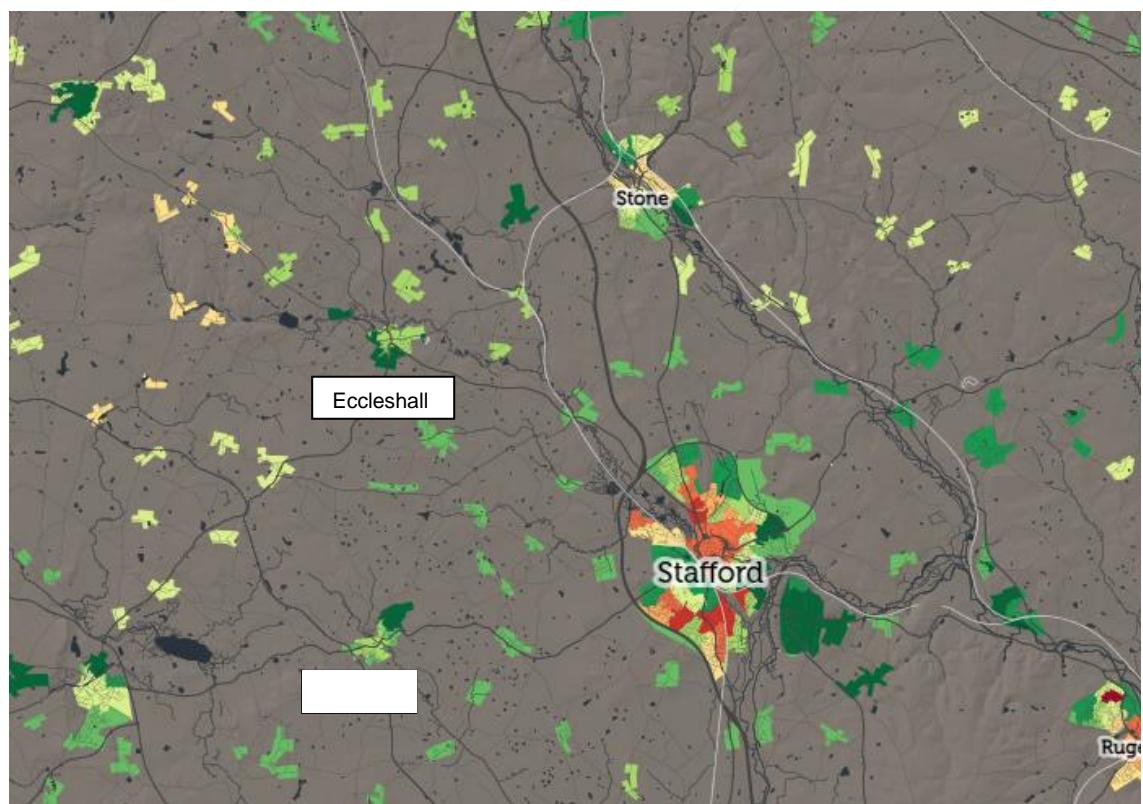
- 6.11 This data is not 'fixed' against ward boundaries (as shown in Figure 6.3) thus allowing for finer grain analysis of the areas of higher, mid and lower values. The red/orange colours represent higher average prices and the blue colours represent the lower values. The analysis shows an emphasis on the lower-value area around the Stafford town. This trend can also be observed in Stone, where the central urban area has typically achieved lower values than the surrounding rural villages, however the values do not appear to be quite as low as Stafford, or as widespread throughout the town. The higher value areas are achieved around the outer edges of the Borough which are typically more rural than the built-up town areas.
- 6.12 It should also be noted that new build properties tend to achieve higher values than second-hand properties. The locations of new build developments are therefore often displayed in red / orange in Figure 6.4 whilst the surrounding area may be represented in blue. It is important to remember that these sales have still occurred in a lower value area, however the heatmap may represent

them as being a higher value zone simply because they are achieving more than the surrounding second-hand properties in the same lower value zone.

## Index of Multiple Deprivation

- 6.13 When preparing our Housing Value Zones, we have also had regard to the Index of Multiple Deprivation (IMD). The IMD provides a metric for which multiple datapoints, such as average income, health, education, crime, unemployment etc., are all amalgamated into a single rating which shows the level of deprivation that an area is experiencing, this is illustrated on a map (See Figure 6.5 - Indices of Multiple Deprivation 2021).
- 6.14 Although this is not a direct comparison to housing values, it is a very good proxy. In our experience higher values tend to be found in areas of least deprivation and values are lower in areas where there is greatest deprivation. This IMD map is therefore a good proxy for the Housing Zones Map.

**Figure 6.5 - Indices of Multiple Deprivation 2021**



Source: Indices of Multiple Deprivation 2021

- 6.15 On the above map the red areas are those with most deprivation and the green areas the least deprivation. The grey areas are no-data areas.

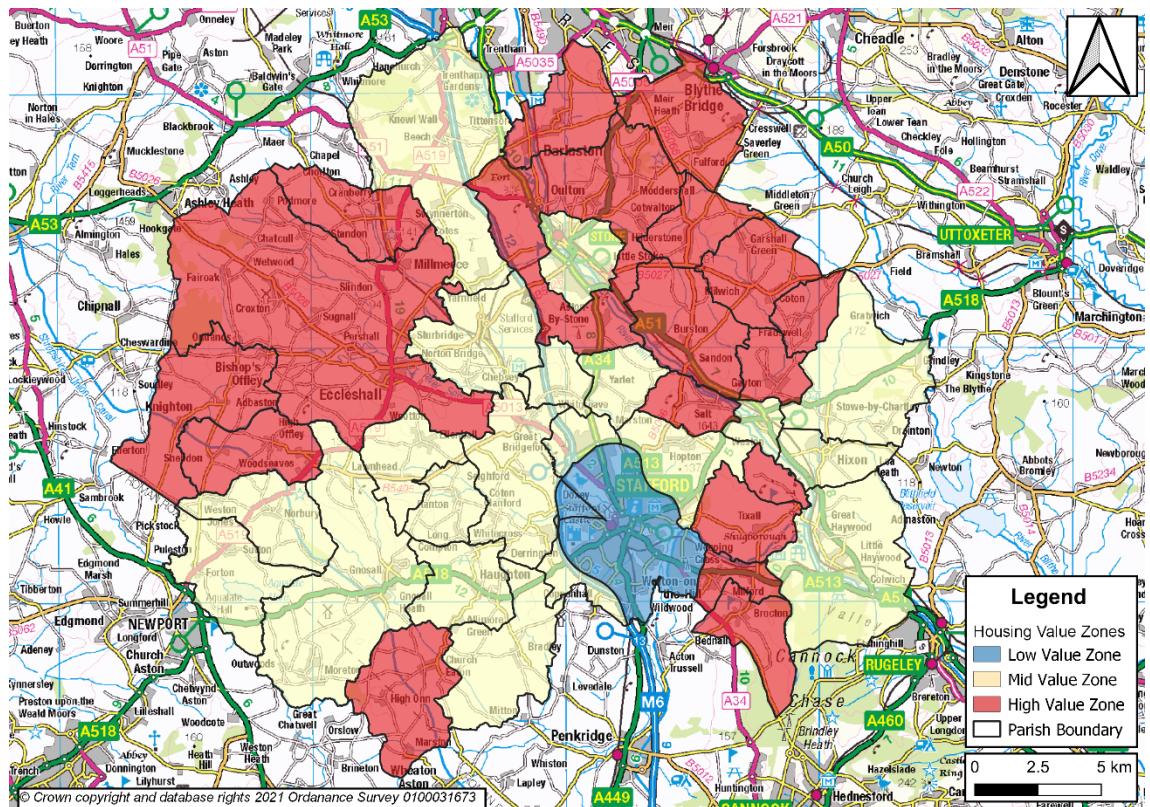
- 6.16 The map clearly shows that there is higher deprivation in Stafford than anywhere else in the Borough. There are no areas of particularly high deprivation outside of Stafford which suggests that this is a lower value market area, as we have already established in our sales value analysis.
- 6.17 Stone is also indicated as having slightly higher levels of deprivation than the surrounding rural areas, as shown by the yellow shading in the centre of the town. This indicates that this area may be a mid-value zone compared to other settlements like Gnosall and Eccleshall which are shown to have lower levels of deprivation. This analysis aligns broadly with the data used to formulate our value zones.

## AspinallVerdi Housing Value Zones

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- 6.18 In order to derive our Housing Market Zones we have had regard to:
- the existing evidence base and particularly the heat maps and choropleth maps contained in previous market research (see section 3 above);
  - CIL Viability Study (2015);
  - current new-build achieved values;
  - second-hand achieved values; and
  - the Index of Multiple Deprivation.
- 6.19 Figure 6.6 shows the result of our analysis of the data listed above. We set out three value zones in this map: high, mid and low value zones. These zones will form the basis of our Typologies Matrix with which we will model different site typologies (e.g., greenfield and brownfields) together with current policy requirements.

**Figure 6.6 - Stafford Value Zone Map (By Parish)**



Source: AspinallVerdi 2021

- 6.20 After cross-referencing the new build achieved values with the new build asking and second hand achieved, we have come to a view on where the value zones differ across the Borough. Our analysis has been refined by allocating value zones based on parishes rather than wards. Parish boundaries are more flexible and allow for greater detail when identifying price disparities across the Borough.
- 6.21 We have provided a breakdown of parishes by value zone in Table 6.1:

**Table 6.1 - Parishes by Value Zone**

<b>Higher Value Zone Parishes</b>	Adbaston, Barlaston, Berkswich, Brocton, Church Eaton, Eccleshall, Fradswell, Fulford, Gayton, High Offley, Hilderstone, Ingestre, Milwich, Salt and Enson, Sandon and Burston, Standon, Stone Rural, Tixall.
<b>Mid Value Zone Parishes</b>	Bradley, Chebsey, Colwich, Creswell, Ellenhall, Forton, Gnosall, Haughton, Hixon, Hopton and Coton, Hyde Lea, Marston, Norbury, Ranton, Seighford, Stone, Stowe-by-Chartley, Swynnerton, Weston, Whitgreave.
<b>Lower Value Zone Parishes</b>	Doxey & Stafford Town Wards <sup>5</sup> .

Source: AspinallVerdi 2021

- 6.22 We accept that some allocations will be located on the edge of existing settlement boundaries and may straddle different value zones. We will make and assessment and determine which value zone the allocation is likely to best reflect.

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<sup>5</sup> There is no single parish in Stafford Town as it is made up of a collective of wards. Based on the evidence analysed in this study, we believe these wards to be in the low value zones.

## 7 Residential Value Assumptions

- 7.1 Based on our market assessment above we have assumed the following values (£ and £ psm) across the Borough. For our assumptions we have divided the Borough into 3 distinct areas:
- Central Stafford (Low Value Zone)
  - Outer Stafford, Marston & Stone (Mid Value Zone)
  - Rest of Borough (High Value Zone)
- 7.2 We have assumed the floor areas as follows:
- 1 Bedroom Flat – 50 sqm
  - 2 Bedroom Flat – 70 sqm
  - 2 Bedroom House – 79 sqm
  - 3 Bedroom House – 100 sqm
  - 4 Bedroom House – 115 sqm
  - 5 Bedroom House – 140 sqm
- 7.3 We have taken account of the nationally described space standards<sup>6</sup> as well as market delivery in Stafford Borough when adopting these floorspace areas.
- 7.4 Based on the above evidence, our opinion of capital values are as follows:

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<sup>6</sup> Department for Communities and Local Government, Technical housing standards – nationally described space standard (March, 2015)

**Table 7.1 - Market Value (£ psm) Assumptions (October 2021)**

Property type	Higher Value Area	Medium Value Area	Lower Value Area
1 Bed Flat	£3,500	£3,200	£2,900
2 Bed Flat	£3,286	£3,000	£2,786
2 Bed House	£3,481	£3,165	£2,722
3 Bed House	£3,350	£3,050	£2,650
4 bed House	£3,261	£2,913	£2,609
5 Bed House	£2,813	£2,500	£2,344

Source: AspinallVerdi, 2021.

- 7.5 The values that we have adopted are higher than the achieved transactional evidence displayed in Table 4.1. As displayed in Figure 2.1, there has been considerable price growth since the end of 2020, which is the date of the most recent new build transactional evidence from HM Land Registry. We have adopted higher value assumptions to capture the value increases which may not have filtered through into the achieved data on Land Registry yet. We reserve the right to revise these values should further evidence come available.
- 7.6 This transposes into the following absolute values:

**Table 7.2 - Market Value (£) Assumptions (October 2021)**

Property type	Higher Value area	Medium Value Area	Lower Value Area
1 Bed Flat	£175,000	£160,000	£145,000
2 Bed Flat	£230,000	£210,000	£195,000
2 Bed House	£275,000	£250,000	£215,000
3 Bed House	£335,000	£305,000	£265,000
4 Bed House	£375,000	£335,000	£300,000
5 Bed House	£450,000	£400,000	£375,000

Source: AspinallVerdi 2021

- 7.7 We have made the following assumptions in respect of garages:

- 3 bed houses - 50% have garages;
- 4 bed houses - 100% have garages;

- 5 bed houses - 150% have garages (i.e., 1.5 garages per units – 100% have single garages and 50% have double garages).

## 8 Affordable Housing Transfer Values

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8.1 The most recent existing evidence for affordable housing transfer values is provided by the Council's CIL Viability Study 2015 (HDH Planning). This assessment adopted £ psm values for affordable housing. We have provided these values, as well as calculating the average % of OMV which this represents based on the sales values for all schemes across the borough adopted in the same assessment:

- Intermediate – 65% of OMV
- Affordable rent – 48% of OMV (£1,182 psm)
- Social rent – 34% of OMV (£775 psm)

8.2 Since this assessment, First Homes have been introduced as an alternative method of providing affordable housing.

### PPG for First Homes

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8.3 On 24 May 2021 MHCLG issued guidance on First Homes. The guidance provides the following description for First Homes:

*'First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:*

- a) must be **discounted by a minimum of 30% against the market value;**
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,
- d) after the discount has been applied, the first sale must be at a **price no higher than £250,000** (or £420,000 in Greater London).

*First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.'*<sup>7</sup>

8.4 The guidance explains that there should be a S106 agreement to secure restrictions 'on the use and sale of the property, and a legal restriction on the title of the property to ensure that these restrictions are applied to the property at each future sale [... ]. The price cap of £250,000 (or

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<sup>7</sup> MHCLG, 24 May 2021, Paragraph: 001 Reference ID: 70-001-20210524

£420,000 in Greater London), however, applies only to the first sale and not to any subsequent sales of any given First Home.<sup>8</sup>

- 8.5 The guidance explains that homes meeting First Homes criteria should be considered to meet the definition of affordable housing for planning purposes.
- 8.6 Note that PPG First Homes Paragraph: 023 Reference ID: 70-023-202105249 requires that 10% of all homes are to be for affordable homeownership. The affordable housing tenure mix is set out on the separate Typologies Matrix.

## Adopted Affordable Housing Transfer Values

- 8.7 We have consulted with a number of Registered Providers (RPs) who are active in the local area. The headline points from the consultations are as follows:
  - RPs prefer 'land and build' packages, where they are able to secure land and develop affordable units themselves, rather than acquire units through S106 agreements which have been built by private developers. The reason given was due to higher level of control during the build and the delivery of a higher quality product.
  - RPs are seeing bid levels for S106 units become more aggressive with higher levels of competition in the market. As such, the transfer values for some tenure products have increased (Shared Ownership).
  - In lower value zones, the transfer values as a % of open market value (OMV) can be higher because grant funding rates may be 'fixed', allowing RPs to bid for a higher % of OMV in lower value areas (Stoke was mentioned as the example).
  - RPs quoted typical transfer values for different tenures in Stafford Borough:
    - Shared ownership: 70% - 75% of OMV
    - Affordable rent: 55% - 65% of OMV
    - Social rent: 48% - 56%
- 8.8 Taking the above evidence into account, we have adopted the following transfer values:

<sup>8</sup> Ibid, Paragraph: 002 Reference ID: 70-002-20210524

<sup>9</sup> How does the requirement for 25% First Homes interact with the requirement in the National Planning Policy Framework that where major development is proposed, at least 10% of homes should be available for affordable home ownership?

**Table 8.1 - Transfer Value Assumptions**

First homes	70% of OMV
Shared ownership	70% of OMV
Affordable rent	60% of OMV
Social rent	50% of OMV

London | Leeds | Liverpool

Property | Infrastructure | Planning  
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