

1 Residential Market Review

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 overarching study is to test the viability implications of the City of Bradford Metropolitan District Council Core Strategy Polices Review (CSPR) policies and to advice on potential changes to the CIL Charging Schedule.

1.2 The structure of the residential market paper is as follows:

2) National and Regional Market Overview	Provides an assessment of the current residential market in a National and Regional context.
3) Existing Evidence Base	Provides a review of the existing market evidence including the last Core Strategy Viability Assessment in 2013.
4) New Build Achieved Values	Provides an assessment of new build achieved values across the Bradford District. The market assessment is based on industry recognised published data from the Land Registry and the Energy Performance Certificate Register (EPC).
5) Housing Value Zones	Based on our market research we set out our Housing Value Zones which will be used to inform our value assumptions. This includes a review of second-hand transactions from the Land Registry as an additional data-set of comparative values.
6) New Build Asking Prices	Provides an assessment of asking prices for new build properties within the Housing Value Zones identified. The market assessment is based on published data from Rightmove/Zoopla and developer’s websites. Whilst we have placed more weight on the transactional evidence base, we have also considered current asking prices to inform our values.
7) Residential Value Assumptions	Based on our assessment of the residential market, we set out our value assumptions for the range of house types and tenures which will be tested in each of the Housing Value Zones.

8) Build to Rent	Based on our assessment of the rented market, we set out our value assumptions for one- and two-bedroom flats across the District.
9) Specialist Accommodation for Older People	This section provides an overview of the various types of housing for older people. The market assessment focuses on current developments to understand the current values.
10) Affordable Housing Transfer Values	Provides a review of existing market evidence which will inform our transfer values assumptions for S106 affordable housing.

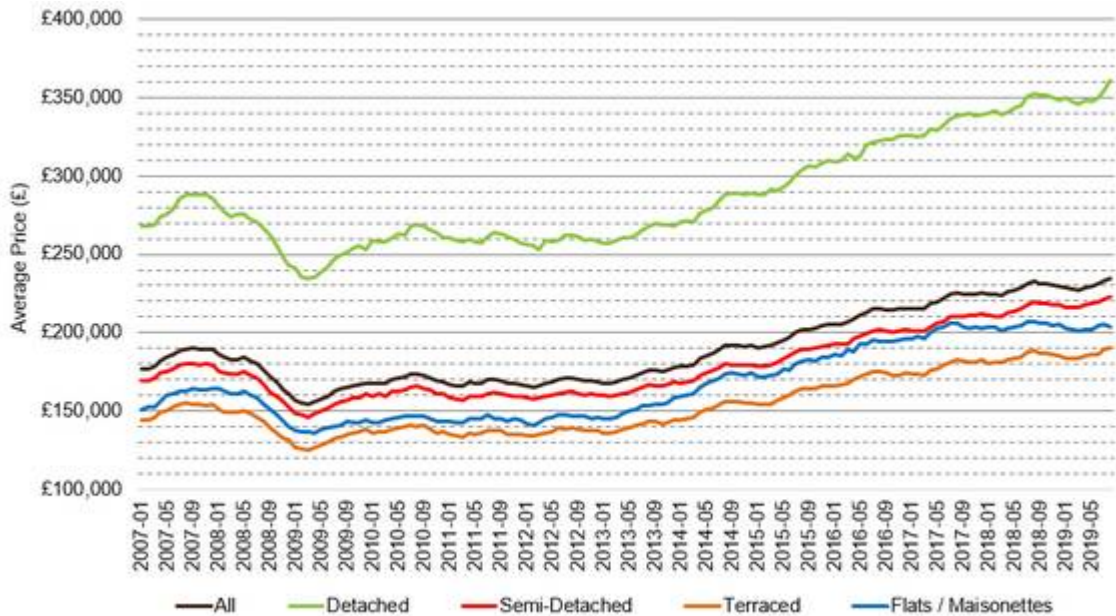
2 National and Regional Market Overview

- 2.1 The RICS publishes a regular UK residential property market survey¹ providing an overall opinion of the direction that the residential market is taking, along with commentary from surveyors from individual regions throughout the UK. At the time of writing, the latest publication is May 2019 which provides the following summary:
- New buyer enquiries steady over the month.
 - Indicators on sales, prices and new instructions remain slightly negative, albeit less so than previously.
 - Expectations point to a gradual improvement in activity over the next twelve months.
 - Demand stabilises in May 2019.
- 2.2 The May 2019 RICS UK Residential Market Survey results point to a slightly more stable picture coming through over the month. Indeed, new buyer enquiries held steady, while the negative trend in agreed sales, new instructions and prices diminished to a certain degree. Having said that, near term expectations are still a little downbeat, although sentiment on the twelve-month outlook for both sales and prices still signals a modest recovery further out.
- 2.3 Savills publishes a regular Prime UK Residential survey with the latest publication being Spring 2019 which provides the following summary:
- The prime UK housing market has faced its fair share of disruption over the past five years. Most of it has been politically induced: a combination of taxation and Brexit.
 - Outside of London, house prices vary by region and by type of property. Year-on-year, prices have fallen across the Wider South by an average of 1.4%, while across Scotland and the Midlands and North, they continued to rise slightly. Where they sit relative to 2014 or 2016 tends to reflect the extent to which they have been exposed to the weakness of the London market.
 - In the first three months of 2019, we hit new heights of political uncertainty. Not surprisingly, concerns over Brexit were overwhelmingly regarded as the biggest constraint on the prime housing market.
- 2.4 Figure 2.1 shows that England and Wales experienced strong house price growth leading up to the 2007/08 financial crisis. Following the financial crisis average prices fell by around 19%. In the following few years there was uncertainty in the economy leading to a slow and unpredictable recovery in house prices. Since 2009 average prices have been steadily increasing, at first driven by strong house price growth in London which then filtered out across the regions.

¹ May 2019: UK Residential Market Survey RICS

2.5 Average prices in England and Wales are now in excess of the 2007/08 peak (£190,032) at £232,554 equating to a 22% increase in values.

Figure 2.1 - Average House Prices in England and Wales



Source: UK House Price Index (November 2019)

2.6 Figure 2.2 - West Yorkshire and Bradford Average Prices below shows how the average prices in West Yorkshire and Bradford have generally followed the national trend. Again, leading up to the 2007/2008 financial crises, houses price inflation was strong. Following the 2007/08 peak, average prices fell by around 19%. At the end of 2018, across all property types in West Yorkshire the average price was in excess of the 2007/08 peak (£156,799). In Bradford, the average price recovery has been slower and the average prices have just got back to the level before the financial crash (£136,804).

Figure 2.2 - West Yorkshire and Bradford Average Prices



Source: Source: UK House Price Index (November 2019)

- 2.7 Bradford is a city in West Yorkshire in the foothills of the Pennines, 9 miles west of Leeds and 16 miles north west of Wakefield.
- 2.8 The City of Bradford Metropolitan District Council is the sixth largest Local Authority District² and contains England’s sixth largest city.³

² Census 2017

³ <http://www.ukcities.co.uk/populations/>

3 Existing Evidence Base

3.1 We have undertaken a review of the existing evidence base which comprises the following studies:

- Bradford District Local Plan Core Strategy – Viability Assessment 2013
- Bradford Community Infrastructure Levy Viability Evidence 2015
- Bradford District Community Infrastructure Levy (CIL) – Adopted March 2017
- Core Strategy and Development Plan Document – Adopted July 2017

Bradford District Local Plan Core Strategy – Viability Assessment 2013

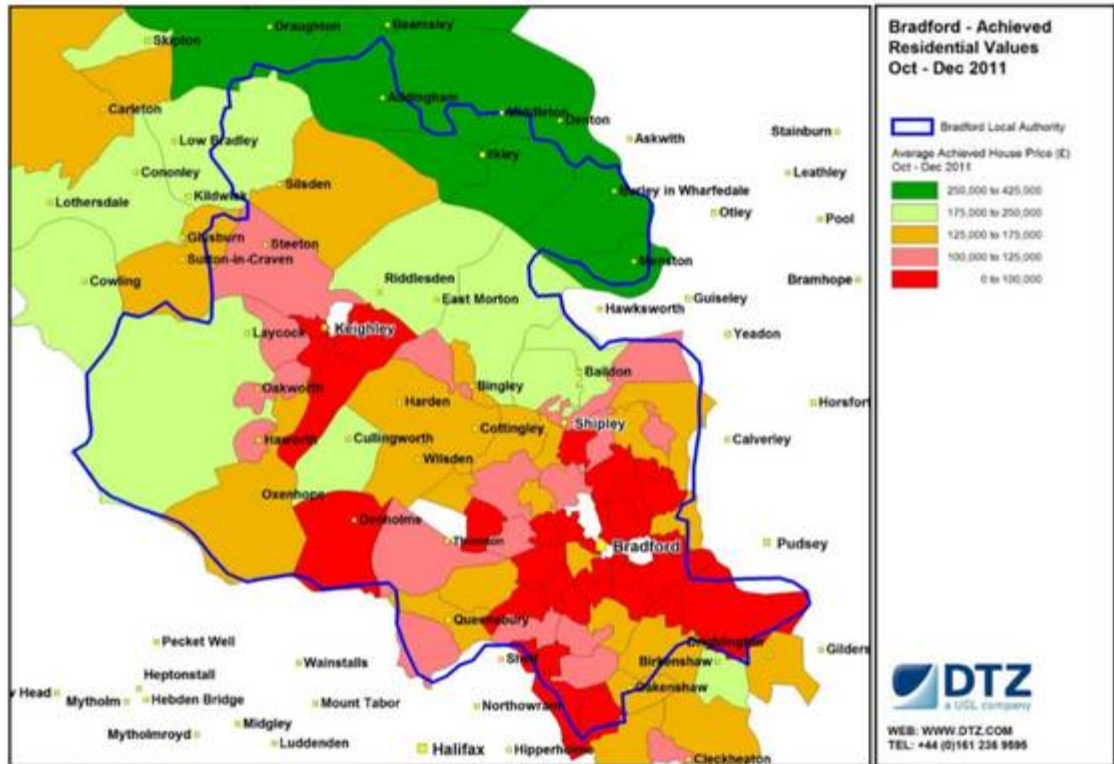
3.2 DTZ (as was) were appointed by the City of Bradford Metropolitan District Council to prepare viability evidence to support the emerging Local Plan Core Strategy. The document set out the findings from their preliminary viability modelling work.

Appraisal Assumptions

3.3 Figure 3.1 identifies the five market areas were selected based on differences in average prices drawn from Land Registry data:

- Value area 1 - £250,000 to £425,000 average house price band.
- Value area 2 - £175,000 to £250,000 average house price band.
- Value area 3 - £125,000 to £175,000 average house price band.
- Value area 4 - £100,000 to £125,000 average house price band.
- Value area 5 - sub £100,000 average house price band.

Figure 3.1 - DTZ Residential Market Areas



Source: Bradford District Local Plan Core Strategy – Viability Assessment 2013

3.4 The following house sizes were selected based on draft CIL viability evidence.

Figure 3.2 - DTZ house sizes

House type	Size (GIA sq m)
2 bed flat	60
2 bed house	67
3 bed house	79
4 bed house	102
5 bed house	135

Source: Bradford District Local Plan Core Strategy – Viability Assessment 2013

3.5 The following blended capital values were assumed in each of the five zones.

Figure 3.3 - DTZ Property Values on a price per sqm basis

	£psm		
	Base - 100%	Mid - 130%	High - 160%
Zone 1	£3,100	£4,030	£4,960
Zone 2	£2,200	£2,860	£3,520
Zone 3	£1,800	£2,340	£2,880
Zone 4	£1,400	£1,820	£2,240
Zone 5	£1,200	£1,560	£1,920

Source: Bradford District Local Plan Core Strategy – Viability Assessment 2013

Bradford Community Infrastructure Levy Viability Evidence 2015

3.6 DTZ were appointed by Bradford Council to develop the viability evidence base for the Community Infrastructure Levy (CIL) in Bradford District.

3.7 The same value bands were used as in the previous 2013 study and have not been repeated here. The following blended capital values were assumed in each of the five zones.

Figure 3.4 - DTZ Property Values on a price per sqm basis

Current sales values assumptions		
	£psm	£psf
Value band 1	£3,100	£288
Value band 2	£2,300	£214
Value band 3	£2,000	£186
Value band 4	£1,750	£163
Value band 5	£1,500	£139

Source Bradford Community Infrastructure Levy Viability Evidence 2015

3.8 These values are now somewhat historic and we have updated them here-in. We have also sought to rationalise the Value bands / zones in the context of affordable housing and CIL (and greenfield / brownfield typologies).

Affordable Housing

3.9 The following transfer values were used for each value band.

Figure 3.5 - Affordable housing values

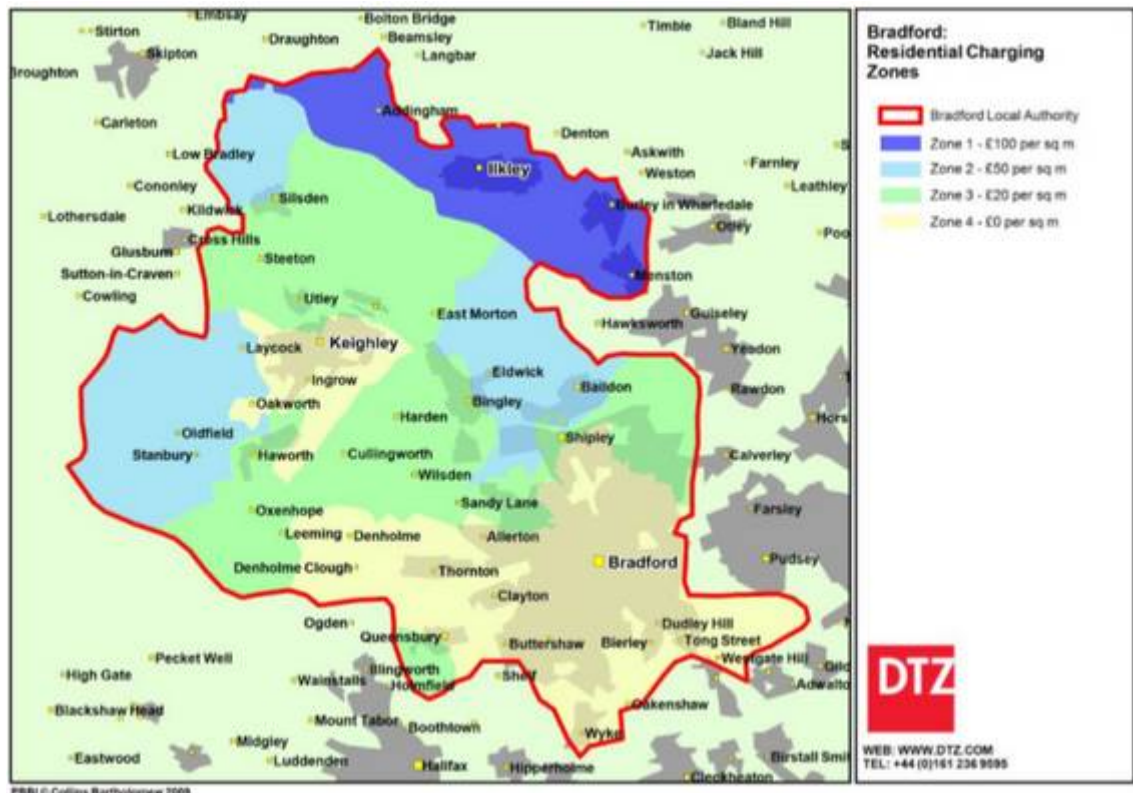
	Market Value (£ psf)	Affordable Housing (%)	Affordable Housing discount (from Market Value)	Affordable Housing (£ psf)	Developer's profit on GDV (blended rate)
Value area 1	288	30%	50%	144	17.53%
Value area 2	214	20%	35%	139	18.04%
Value area 3	186	20%	35%	121	18.04%
Value area 4	163	20%	35%	106	18.04%
Value area 5	139	15%	35%	90	18.56%

Source Bradford Community Infrastructure Levy Viability Evidence 2015

CIL Zones

3.10 The following CIL rates were recommended

Figure 3.6 - Residential CIL Charging Zones



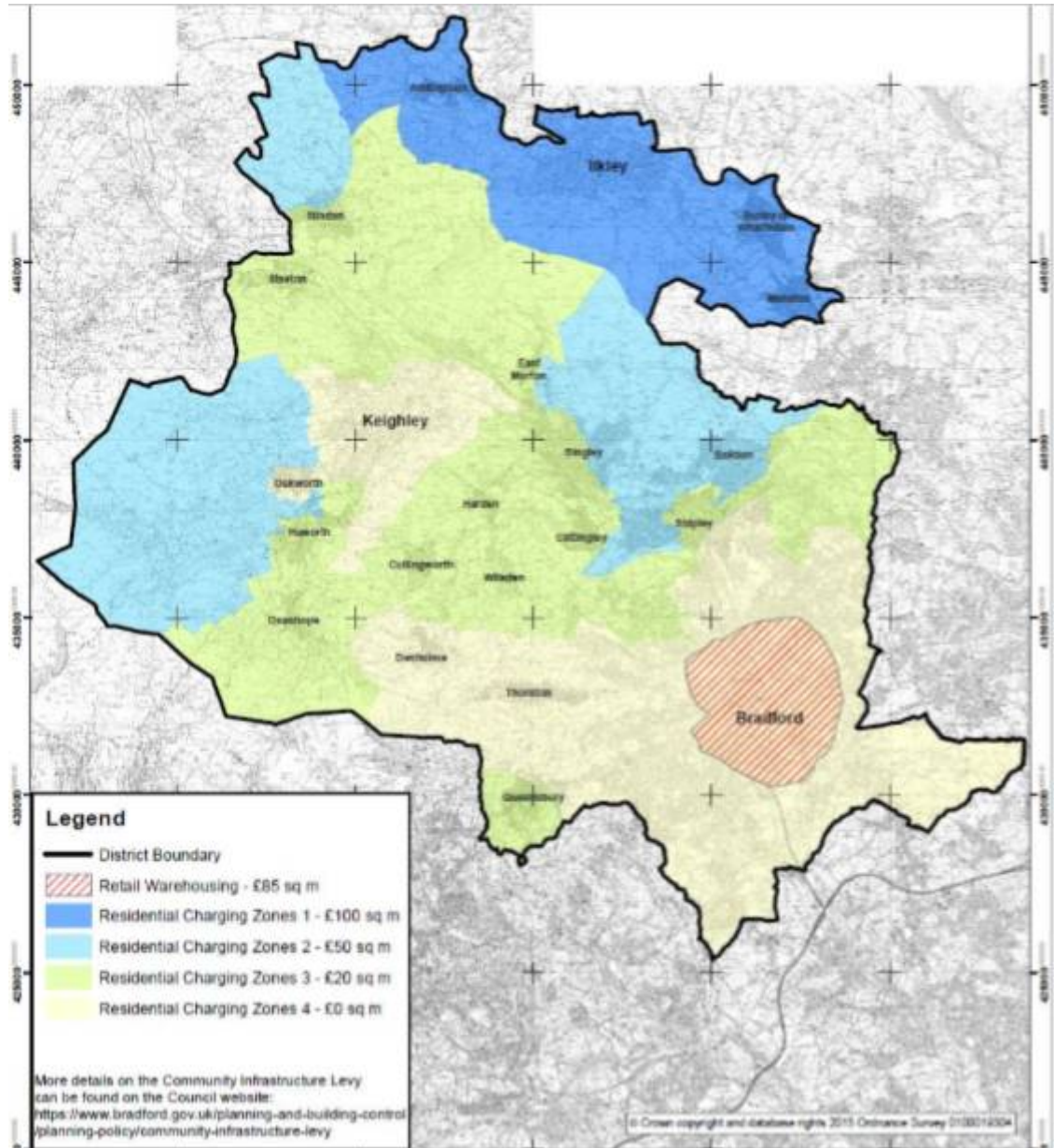
Source Bradford Community Infrastructure Levy Viability Evidence 2015

Bradford District Community Infrastructure Levy (CIL) – Adopted March 2017

3.11 The Community Infrastructure Levy Charging Schedule was approved and published in accordance with the Community Infrastructure Levy Regulations 2010 in March 2017.

3.12 Figure 3.7 below sets out the CIL Charging Zones that were adopted.

Figure 3.7 - Bradford CIL Charging Map

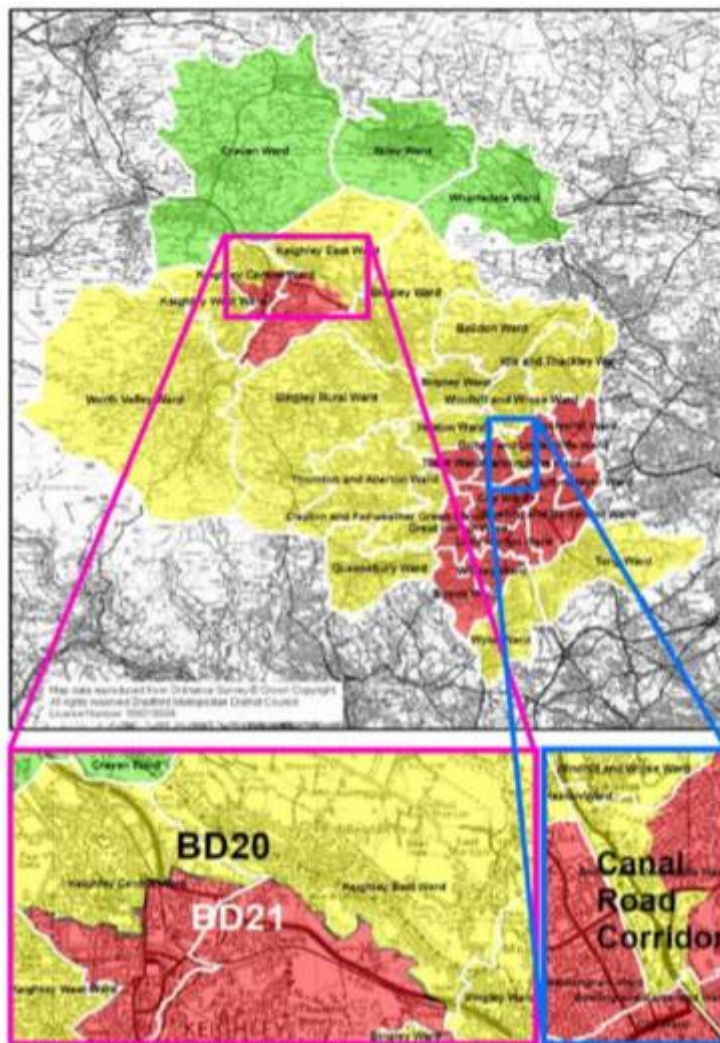


Bradford District Community Infrastructure Levy (CIL) – Adopted March 2017

Core Strategy and Development Plan Document – Adopted July 2017

- 3.13 The Adopted Core Strategy 2017 sets out the strategy and framework within which all subsequent development plan documents are formulated.
- 3.14 Section 5.3 of the Core Strategy considers planning for people and in particular Affordable Housing.
- 3.15 Paragraph 5.3.187 states that the Council will seek affordable housing from residential developments as follows:
- Wharfedale up to 30%
 - Towns, suburbs and villages up to 20%
 - Inner Bradford and Keighley up to 15%

Figure 3.8 - Affordable Housing Zones



Source: Core Strategy and Development Plan Document – Adopted July 2017

SHMA 2019

- 3.16 The SHMA 2019 provides the latest available evidence to help shape the future planning and housing policies of the District.

Housing market context

- 3.17 Median house prices across the District have been consistently lower than those for the Yorkshire and Humber region and for England as a whole.
- 3.18 Median house prices in Bradford District have been consistently lower than those for the region since 2000 and substantially below England as a whole. Median house prices in the District more than doubled in the period 2000-2007, rising from £46,000 in 2000 to £122,500 in 2007. The next five years saw price stagnation, reflecting regional and national trends, with prices fluctuating between £115,000 and £124,500. However, there has been evidence of growth since, with the six-year period 2012-2018 seeing a rise from a median price of £116,500 to £131,000.
- 3.19 During 2018, median prices across the District were £131,000 compared with £155,000 across Yorkshire and Humber.

Affordable Housing

- 3.20 In terms of the size of affordable housing required, a broad range of dwellings are needed based on gross shortfall: 25.1% one-bedroom, 30.6% two-bedroom, 28.3% three-bedroom and 16% four or more -bedroom general needs dwellings. However, when likely supply is considered, the need for 3 or more-bedroom general needs is particularly identified.
- 3.21 Analysis indicates that an appropriate tenure split for Bradford District would be around 65% social/affordable rented and 35% intermediate tenure.

4 New Build Achieved Values

- 4.1 We have carried out a market review of new build achieved values within the postcode areas which cover the Bradford Metropolitan District between October 2017 and April 2019. 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. 745 transactions) to the floor areas published on the EPC (Energy Performance Certificate) database in order to derive the achieved values (£ per square meter). This gives a good baseline for comparing the values across the District as it devalues each house type to a value per square meter (£ psm). This is also consistent with the build cost rates £ psm from the BCIS.
- 4.2 We have removed the extremely high values and ‘one – off’ properties from the dataset – to focus on the ‘typical’ new units and to avoid skewing the results.
- 4.3 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/repossessions, 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.”⁴

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

Achieved Values - by Postcode

4.5 Within our review period⁵ a total of 745 new build properties (Detached, Semi Detached, Terraced and flats) were sold and recorded on the Land Registry. We have subsequently analysed these transactions by reviewing the house and flat transactions separately in each postcode area. Postcode shapefiles were provided by the Council.

Houses

- 4.6 Within our review period 616 houses were sold and recorded on the Land Registry.
- 4.7 Table 4.1 below provides a summary of the 32 postcode areas with the range of values achieved on a price per sqm basis. i.e. Minimum, Average, Median and Maximum and the total number of units sold per postcode area.
- 4.8 New Build activity occurred in 32 postcodes across the District, as follows:
- BD10 0 saw the most activity with 108 properties sold and recorded on the Land Registry.
 - Five postcodes saw less than 5 properties sold and recorded on the Land Registry.

⁵ October 2017 and April 2019

Table 4.1 - New Build Achieved Values - Houses

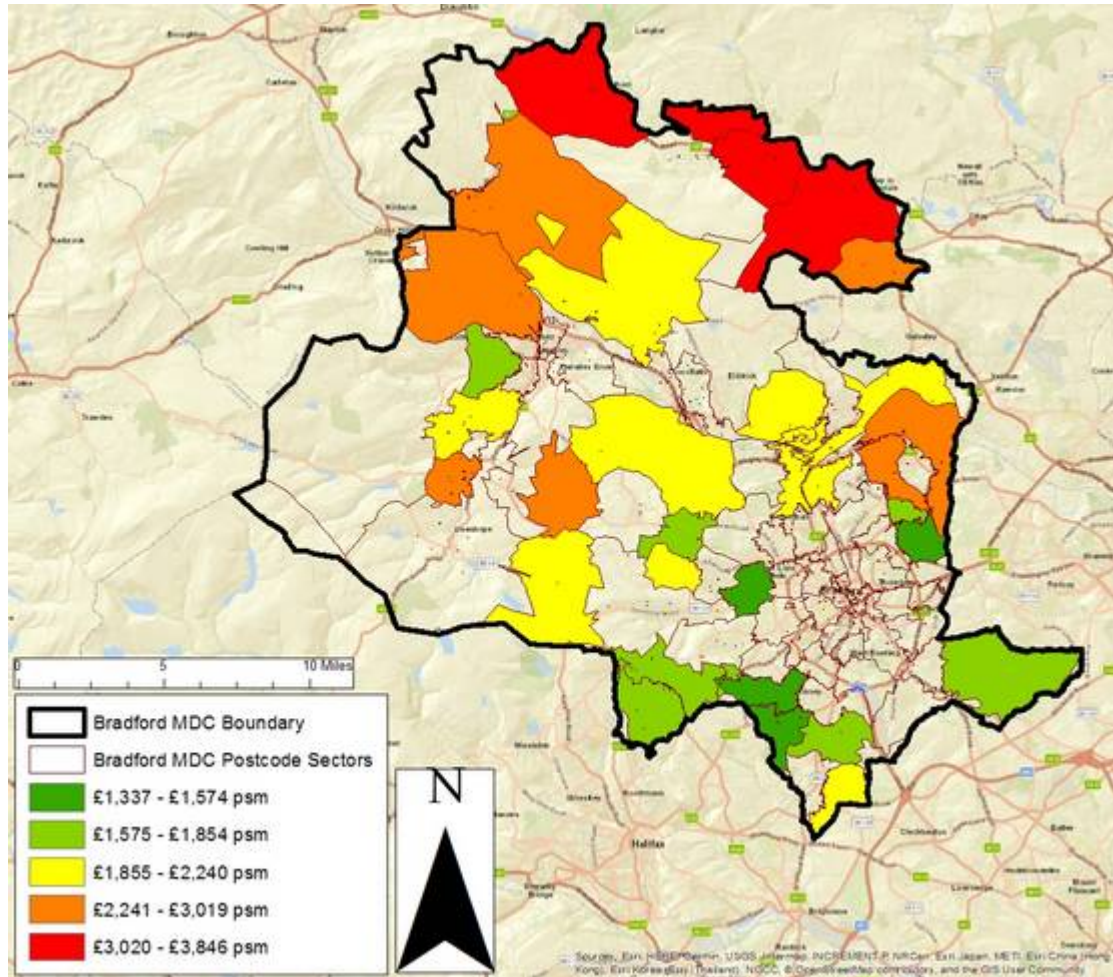
Postcode	Minimum £ psm	Average £ psm	Median £ psm	Maximum £ psm	Total units
BD8 0	£1,155	£1,450	£1,337	£2,108	13
BD6 3	£1,471	£1,500	£1,490	£1,538	3
BD6 2	£1,136	£1,479	£1,500	£1,838	15
BD23	£1,292	£1,663	£1,574	£1,742	11
BD22	£1,488	£1,682	£1,710	£1,776	7
BD4 0	£1,867	£1,749	£1,717	£1,944	24
BD13 2	£1,460	£1,803	£1,740	£1,803	28
BD22 6	£1,417	£1,755	£1,758	£1,938	37
BD13 1	£1,707	£1,934	£1,822	£2,426	36
BD15 9	£1,700	£1,915	£1,823	£2,147	15
BD12 0	£1,847	£1,882	£1,854	£1,974	4
BD17 5	£1,771	£1,932	£1,935	£2,072	9
BD18 2	£1,866	£1,953	£1,944	£2,039	15
BD17 7	£1,809	£1,958	£1,947	£2,257	28
BD16 1	£1,595	£1,834	£1,954	£1,954	6
BD20 5	£1,964	£1,964	£1,964	£1,964	1
BD12 9	£1,548	£1,901	£1,968	£2,059	13
BD18 3	£1,868	£2,033	£1,993	£2,236	6
BD15 8	£1,216	£2,009	£2,012	£2,333	44
BD22 7	£1,904	£2,133	£2,151	£2,341	13
BD13 4	£2,240	£2,240	£2,240	£2,240	1
BD22 8	£2,110	£2,386	£2,371	£2,713	36
BD20 0	£1,870	£2,391	£2,536	£2,719	16
BD13 5	£1,888	£2,496	£2,536	£2,778	41
BD20 7	£2,552	£2,552	£2,552	£2,552	2
BD20 6	£2,333	£2,548	£2,565	£2,734	19
BD10 8	£2,007	£2,559	£2,750	£2,870	27
BD10 0	£2,113	£2,781	£2,846	£3,133	108
LS29 6	£2,877	£3,090	£3,019	£3,835	9
LS29 7	£3,070	£3,218	£3,258	£3,264	7
LS29 0	£1,130	£3,532	£3,709	£5,130	15
LS29 8	£3,371	£3,815	£3,846	£4,130	7

Source: Land Registry and EPC (May 2019)

- 4.9 The choropleth map below shows the median achieved values on a per sqm basis across the District for houses.
- 4.10 It can be seen that the lower values are situated to the south of the District in locations such as Queensbury, Wyke and Tong. Here the values range between £1,337 and £1,854 per sqm.
- 4.11 Towards the middle of the District in locations such as Denholme and Cullingworth the median achieved values on a per sqm tend to be higher than those to the south of the District. Here the values range between £1,855 and £2,240 per sqm.

4.12 To the north of the District in locations such as Addingham, Ilkley and Burley-in-Wharfedale the median achieved values on a per sqm are the highest in the District. Here the values range between £2,241 and £3,846 per sqm.

Figure 4.1 - New Build Achieved Value - Houses - (Median £ psm)



Source: ARC GIS (May 2019)

Flats

- 4.13 Within our review period 129 flats were sold and recorded on the Land Registry within our review period.
- 4.14 Table 4.2 below provides a summary of the 9 postcode areas with the range of values achieved on a price per sqm basis. i.e. Minimum, Average, Median and Maximum and the total number of units sold per postcode area.
- 4.15 New Build activity occurred in 9 postcodes across the District, as follows:
- BD1 5 saw the most activity with 49 properties sold and recorded on the Land Registry. This postcode is located within the city centre.
 - 6 postcodes saw below 10 properties sold and recorded on the Land Registry.

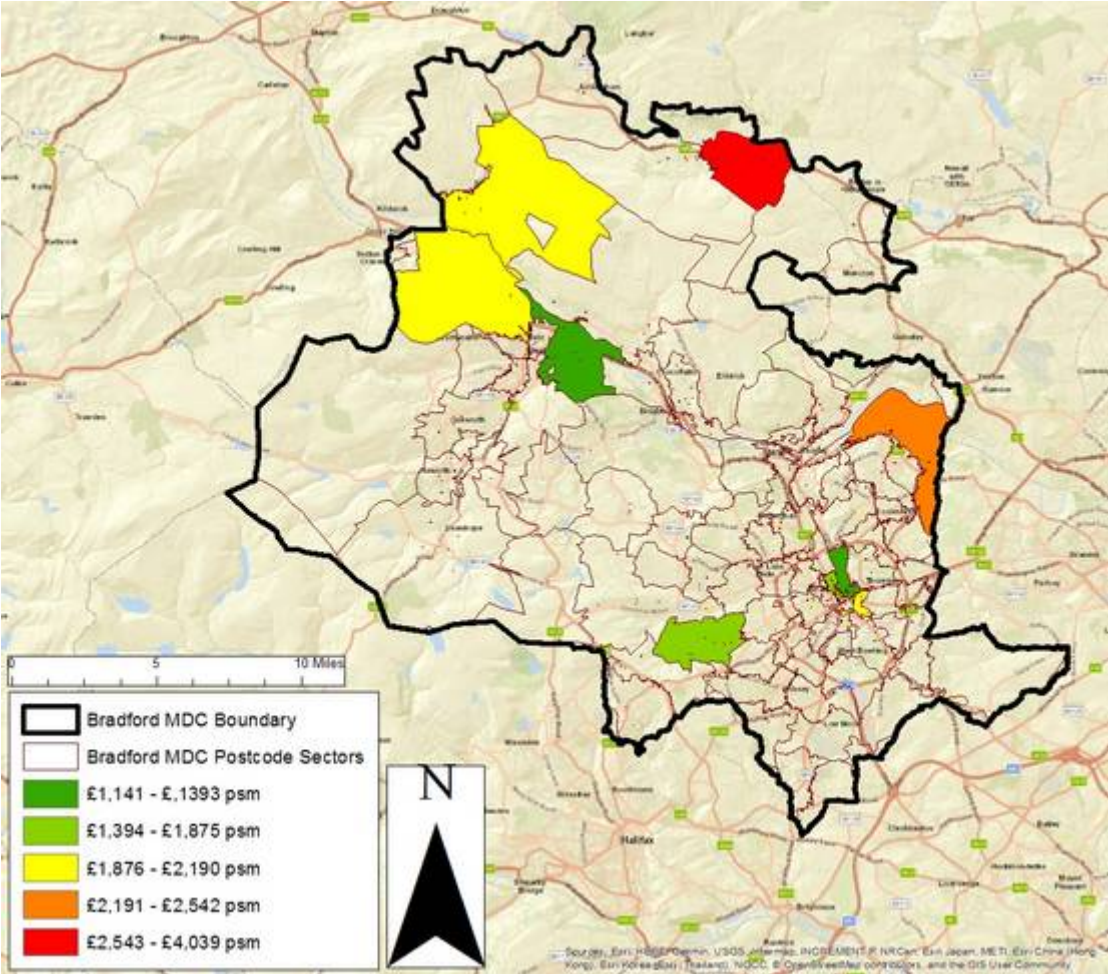
Table 4.2 - New Build Achieved Value - Flats

Postcode	Minimum £ psm	Average £ psm	Median £ psm	Maximum £ psm	Total units
BD1 3	£1,596	£1,872	£1,875	£2,027	6
BD1 4	£892	£1,268	£1,393	£1,580	5
BD1 5	£1,250	£1,933	£2,000	£3,077	49
BD100	£2,542	£2,542	£2,542	£2,542	9
BD146	£1,640	£1,742	£1,725	£1,939	6
BD200	£1,863	£2,024	£2,036	£2,205	6
BD206	£2,063	£2,195	£2,190	£2,338	4
BD214	£909	£1,154	£1,141	£1,400	20
LS298	£3,146	£4,169	£4,039	£5,036	24

Source: Land Registry and EPC (May 2019)

- 4.16 The choropleth map below shows the median achieved values on a per sqm basis across the District for flatted properties.
- 4.17 There have been far fewer new build flats sold and recorded on the Land Registry within our review period. It is therefore difficult to ascertain whether or not there is a pattern across the District. However, the data that we do have follows a similar pattern as for houses with higher values in the north and lower values in the south of the District.

Figure 4.2 - New Build Achieved Value - Flats - (Median £ psm)



Source: ARC GIS (May 2019)

Achieved Values - by number of beds

4.18 The Land Registry does not provide details of the number of bedrooms. Therefore, we have made the following assumptions having regard to the Nationally Described Space Standards set out by DCLG.

Figure 4.3 - Nationally Described Space Standards

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) ²			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

Source: DCLG - September 2015 (June 2019)

4.19 For all houses (Detached, Semi Detached and Terrace) we have assumed to be two storeys:

- Up to 69 sqm 1 bed
- 70 - 80 sqm 2 bed
- 81 - 100 sqm 3 bed
- 101 - 124 sqm 4 bed
- 125+ sqm 5 bed

4.20 For Flats we have assumed to be one storey:

- Up to 50 sqm 1 bed
- 55 - 70 sqm 2 bed
- 71 - 95 sqm 3 bed

Houses

4.21 We have analysed the dataset presented in Table 4.1 above based on the above floor area assumptions.

4.22 Our research identified that 616 new build houses which were sold and recorded on the Land Registry and are divided as follows;

- One Beds: 48 units - 7.79%
- Two Beds: 89 units - 14.45%
- Three Beds: 149 units - 24.19%
- Four Beds: 211 units - 34.25%
- Five Beds: 119 units - 19.32%

4.23 Table 4.3 sets out the range of achieved values by number of beds (e.g. The median value for new build three bed properties is £175,000).

Table 4.3 - Range of Achieved Values - Houses

No of beds	Minimum £	Average £	Median £	Maximum £
One Bed	£102,251	£142,042	£152,473	£174,950
Two Bed	£110,000	£156,853	£146,995	£395,000
Three Bed	£106,250	£189,329	£175,000	£380,000
Four Bed	£124,950	£249,569	£242,246	£352,950
Five + Bed	£194,995	£427,119	£374,995	£899,950

Source: AspinallVerdi '190516 New Build Achieved v4' (June 2019)

4.24 Table 4.4 sets out the range of floor areas by number of beds (e.g. new build three-bedroom properties ranged between 81 and 100 sqm).

Table 4.4 - Range of floor areas - Houses

No of beds	Minimum sqm	Average sqm	Median sqm	Maximum sqm
One Bed	60	64	64	69
Two Bed	70	75	76	80
Three Bed	81	91	91	100
Four Bed	101	113	113	124
Five + Bed	125	159	143	273

Source: AspinallVerdi '190516 New Build Achieved v4' (June 2019)

4.25 Table 4.5 sets out the range of achieved values per sqm by number of beds (e.g. The median value psm for new build three bed properties is £1,923 psm).

Table 4.5 - Range of Achieved Values psm - Houses

No of beds	Minimum £ psm	Average £ psm	Median £ psm	Maximum £ psm
One Bed	£1,676	£2,234	£2,313	£3,133
Two Bed	£1,429	£2,086	£2,000	£5,130
Three Bed	£1,155	£2,088	£1,923	£4,130
Four Bed	£1,136	£2,217	£2,201	£3,257
Five + Bed	£1,130	£2,651	£2,734	£4,054

Source: AspinallVerdi '190516 New Build Achieved v4' (June 2019)

Flats

4.26 We have analysed the dataset presented in Table 4.2 based on the above floor area assumptions.

4.27 Our research identified that 129 new build houses which were sold and recorded on the Land Registry and are divided as follows;

- One Beds: 73 units - 56.59%
- Two Beds: 32 units - 24.81%
- Three Beds: 24 units - 18.60%

4.28 Table 4.6 sets out the range of achieved values by number of beds (e.g. the median value for new build one bed flats is £72,000).

Table 4.6 - Range of Achieved Values - Flats

No of beds	Minimum £	Average £	Median £	Maximum £
One Bed	£33,000	£69,713	£72,000	£79,995
Two Bed	£101,800	£178,416	£149,995	£279,649
Three Bed	£68,750	£191,931	£181,250	£404,499

Source: AspinallVerdi '190516 New Build Achieved v4' (June 2019)

4.29 Table 4.7 sets out the range of floor areas by number of beds (e.g. new build one bed flats ranged between 35 and 59 sqm).

Table 4.7 - Range of floor areas - Flats

No of beds	Minimum sqm	Average sqm	Median sqm	Maximum sqm
One Bed	35	42	37	59
Two Bed	56	61	59	70
Three Bed	73	83	77	102

Source: AspinallVerdi '190516 New Build Achieved v4' (June 2019)

4.30 Table 4.8 sets out the range of achieved values per sqm by number of beds (e.g. the median value psm for new build one bed flats is £1,972 psm).

Table 4.8 - Range of Achieved Values psm - Flats

No of beds	Minimum £ psm	Average £ psm	Median £ psm	Maximum £ psm
One Bed	£892	£1,934	£1,972	£5,036
Two Bed	£1,640	£2,929	£2,542	£4,994
Three Bed	£909	£2,282	£1,887	£5,019

Source: AspinallVerdi '190516 New Build Achieved v4' (June 2019)

Summary

4.31 The absolute median (£) values and values per sqm for each house type is as follows:

- One Bed: £152,473 £2,313
- Two Bed: £146,995 £2,000
- Three Bed: £175,000 £1,923
- Four Bed: £242,246 £2,201
- Five Bed: £374,995 £2,734

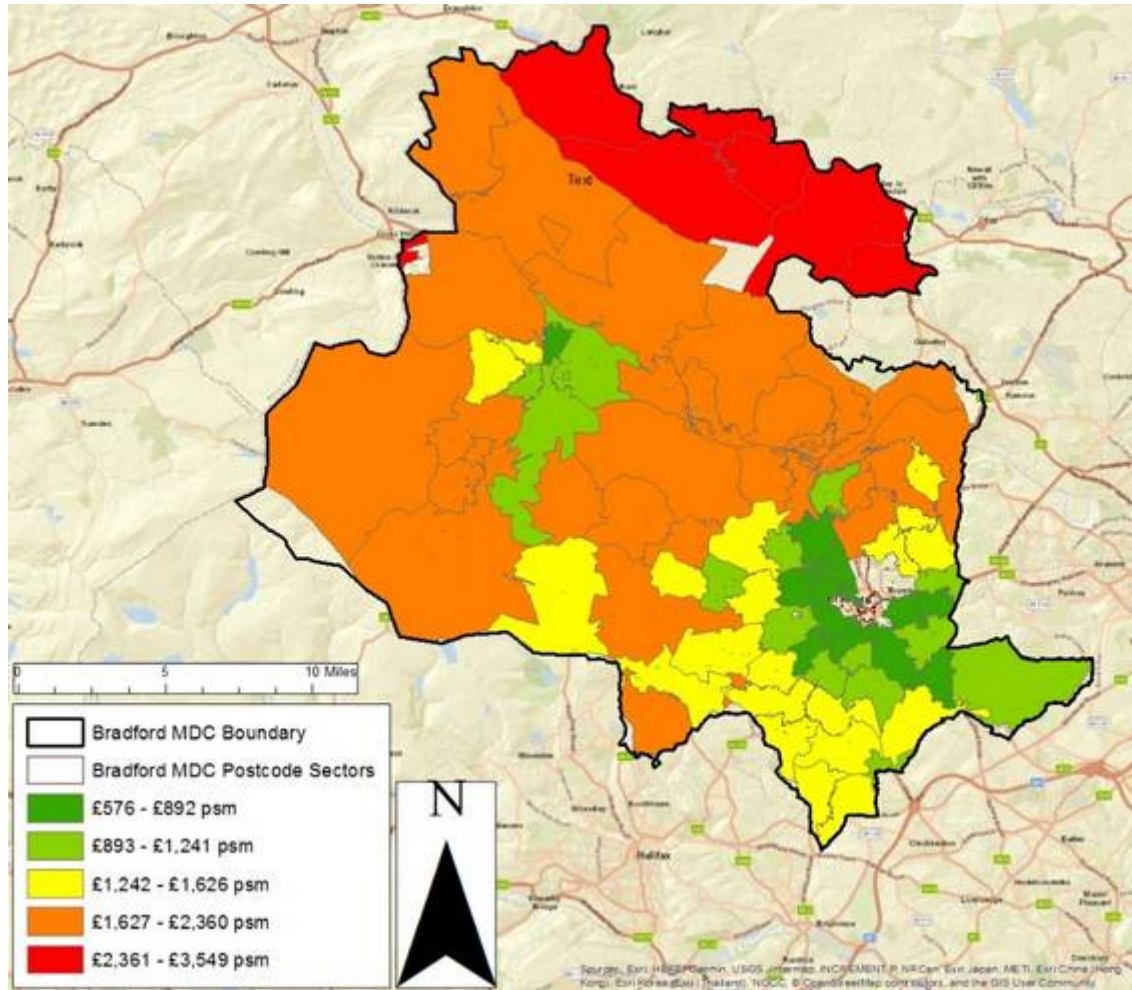
4.32 The absolute median (£) values and values per sqm for each flat type is as follows:

- One Bed: £72,000 £1,972
- Two Bed: £149,995 £2,542
- Three Bed: £181,250 £1,887

5 Housing Value Zones

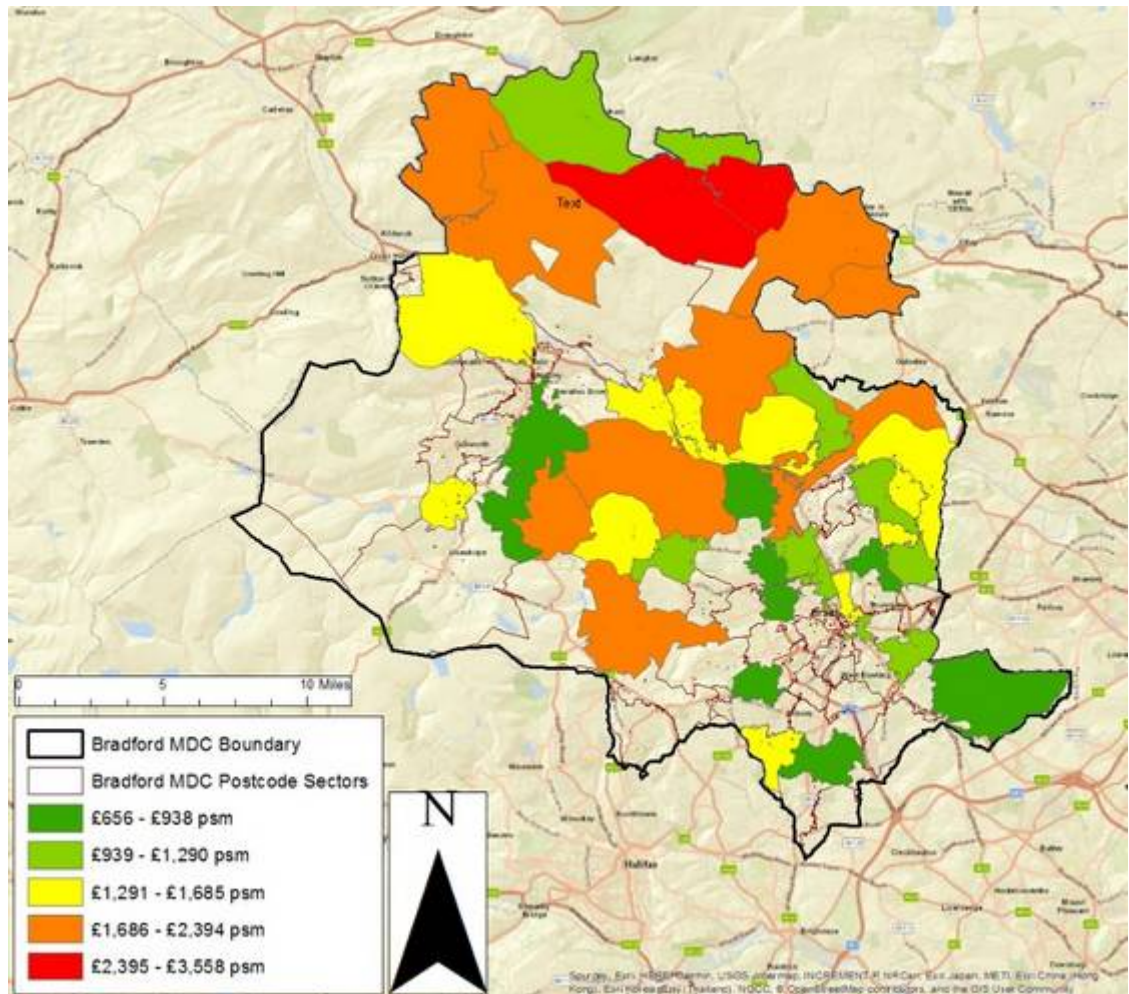
- 5.1 To sense-check the pattern of new build values across the District we have also reviewed the second hand market between October 2018 and April 2019. This is a shorter timescale looking backwards as there is a greater stock of second hand properties and turnover is greater than for new builds. As with the new builds, this has been based on a detailed analysis of the Land Registry second hand achieved values, cross-referenced, on an address-by-address basis (approx. 585 transactions) to the floor areas published on the EPC (Energy Performance Certificate) database in order to derive the achieved values (£ per square meter).
- 5.2 We have carried out this sense check in order to identify whether or not there is a pattern of values across the District which can help formulate our Housing Value Zones and reinforce that pattern for new build values.
- 5.3 Figure 5.1 and Figure 5.2 below show the median achieved values on a per sqm basis across the District for houses (Semi Detached, Detached and Terrace) and flats.

Figure 5.1 - Second Hand Houses - Achieved Value (Median £ psm)



Source: ARC GIS (June 2019)

Figure 5.2 - Second Hand Flats - Achieved Value (Median £ psm)



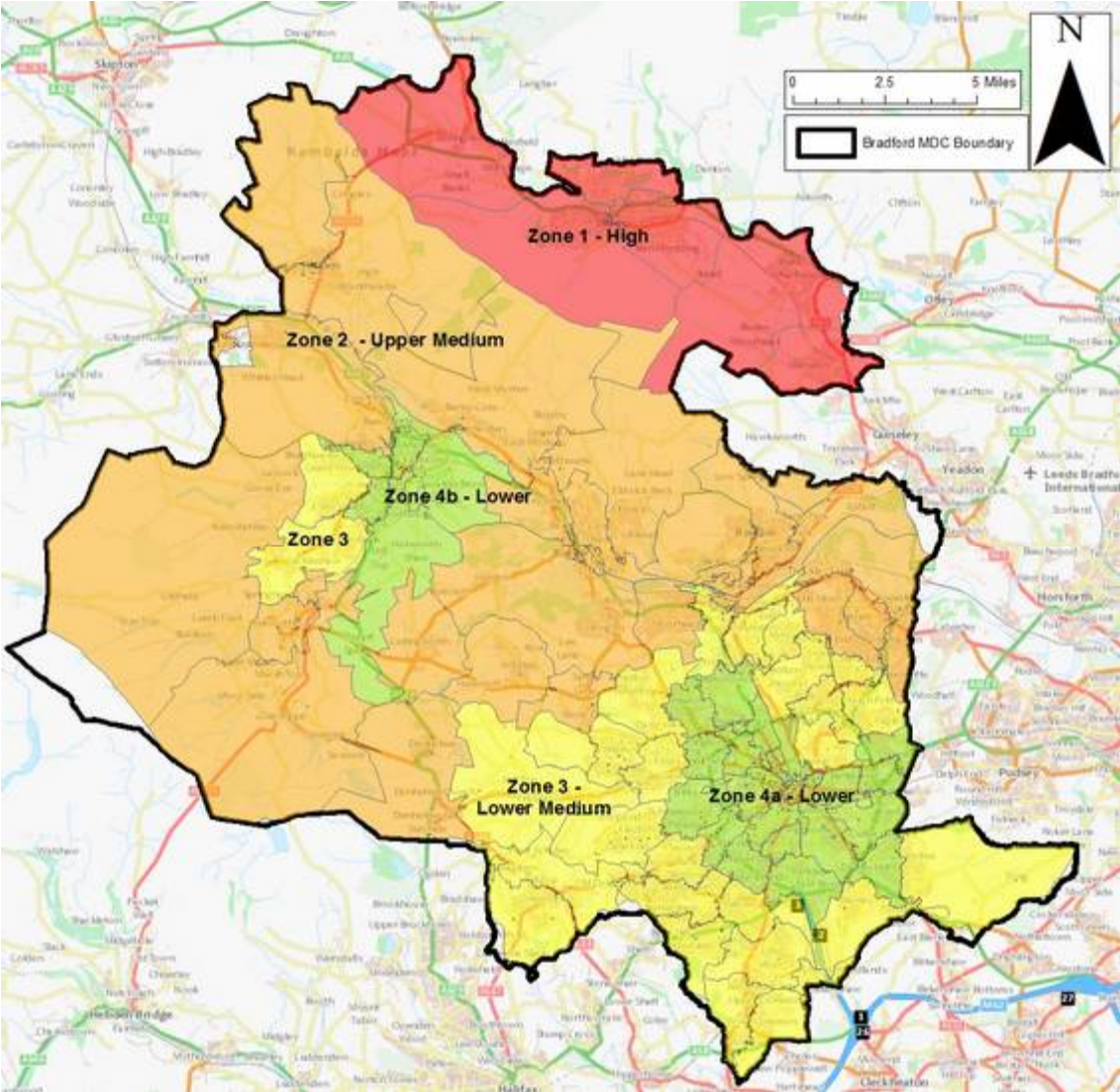
Source: ARC GIS (June 2019)

5.4 It can be seen in Figure 5.1 and to a lesser extent Figure 5.2 that there are four housing value zones which we consider to be separate:

- Zone 1 – Wharfedale identified in red
- Zone 2 – Rest of District identified in orange
- Zone 3 – Outer Bradford / Keighley identified in yellow
- Zone 4a and 4b – City Centre and Keighley identified in green (two zones)

5.5 We have undertaken extensive market research, stakeholder workshop and consultation and consultation with the Council to finalise these housing value zones due to the diverse housing market evidenced in our market research. These zones are consolidated and illustrated in Figure 5.3 below.

Figure 5.3 - Housing Value Zones



Source: ARC GIS (November 2019)

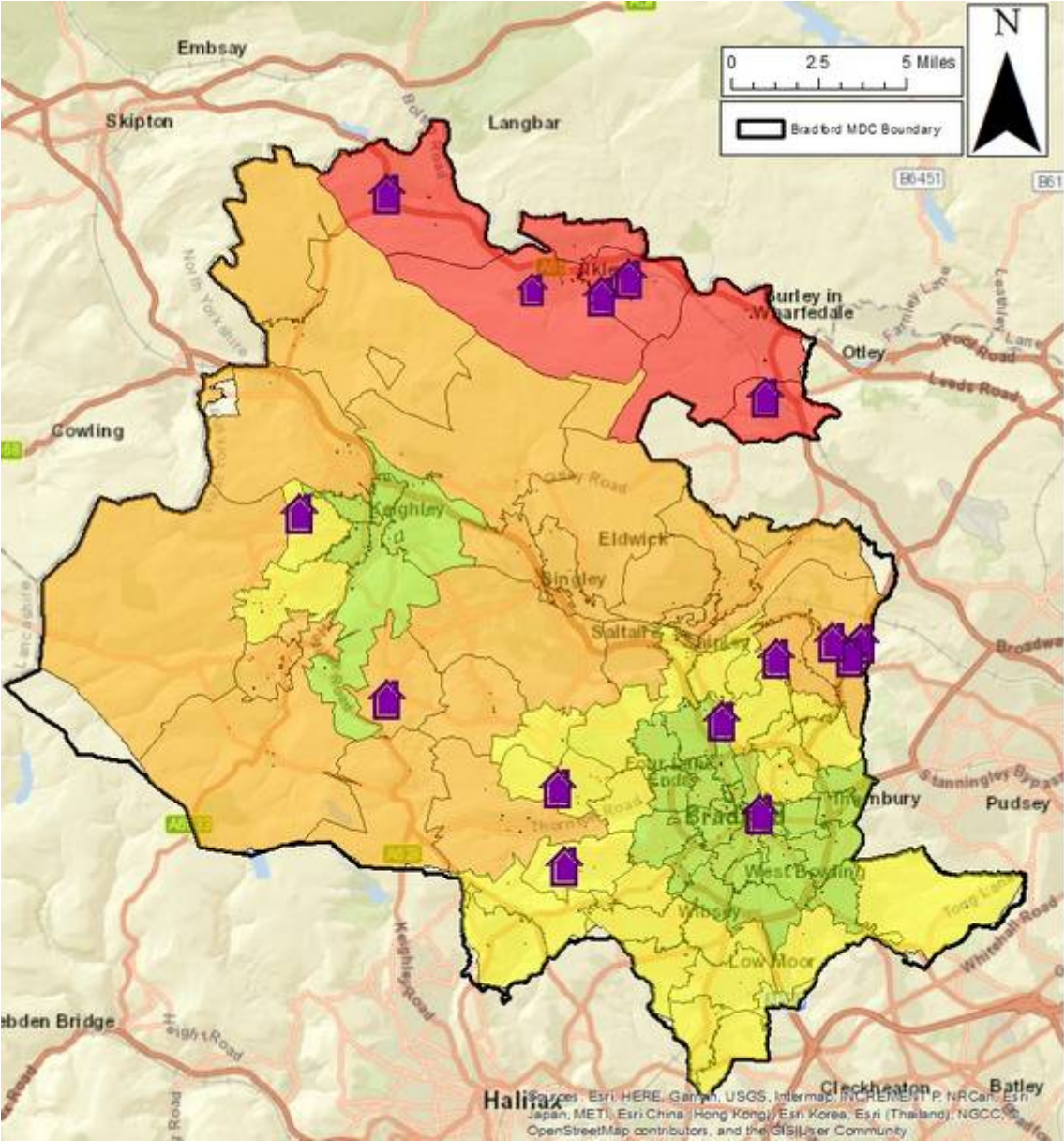
6 New Build Asking Prices

- 6.1 We have reviewed a number of new build developments currently ‘on-site’ within our adopted housing values zones. This is to understand the up to date *asking values* associated with new build properties which can be used to inform the values in our viability testing.
- 6.2 It should be noted that asking prices may be aspirational, and may reflect the incentives offered by the developer (which have to be deducted to calculate a net price) or the actual value a willing purchaser will pay.
- 6.3 The RICS information paper on comparable evidence in property valuation⁶ 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 an indication of more up-to-date 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).
- 6.4 Finally, it is important to note that the supply (‘flow’) of new build properties has to be sold within a market place that includes an established ‘stock’ of competing second-hand properties (section five above). The asking price is therefore tempered by the wider price mechanism and housing choices for purchasers.
- 6.5 Figure 6.1 below provides the location of the ‘typical’ new build developments which we have reviewed.

⁶ Comparable evidence in property valuation, RICS information paper, 1st edition (IP 26/2012)

6.6

Figure 6.1 - Location of New Build Developments



Source: ARC GIS (November 2019)

Lower Value Zone

6.7 We have identified two developments within the lower value zone, as follows:

- Vision (BD22 6QL) by Barratt Homes in Keighley
- Law Russell House (BD1 5AH) (Grade II listed building) by Bentley Klyne

Vision

6.8 A development by Barratt Homes located on North Dean Avenue, Keighley consisting of 324, 3- and 4-bedroom homes.

Table 6.1 - Vision Asking Prices

Property Type	Asking Price (£)
Three Bed Semi Detached	£162,995
Four Bed Detached	£212,995

Source: Rightmove (June 2019)

6.9 We have analysed the Land Registry for transactions at this development.

- Detached properties have sold for between £189,995 and £220,995 (1st July 2018 and 8th Feb 2019)
- Semi Detached properties have sold for between £129,995 and £169,995 (3rd March 2018 and 28th June 2019).

Law Russell House

6.10 Law Russell House was originally a textile warehouses and has been converted into 65 apartments over 6 floors.

Table 6.2 - Law Russell House Asking Prices

Property Type	Asking Price (£)
Studio	£55,000
One Bed Flat	£75,997
One Bed Flat	£75,997
One Bed Flat	£85,000

Property Type	Asking Price (£)
One Bed Flat	£69,997
One Bed Flat	£75,450
Two Bed Flat	£99,950

Source: Rightmove (June 2019)

6.11 We have analysed the Land Registry for transactions at this development.

- Flats have sold for between £55,000 and £80,000 (23rd January 2018 and 31st October 2018).

Summary

6.12 The table below provides a summary of the range of asking values for different property values in the Lower Value Zone.

Table 6.3 - Range of Asking Values in the Lower Value Zone

Property Type	Asking Price (£)
Three Bed Semi Detached	£162,995
Four Bed Detached	£212,995
Studio	£55,000
One Bed Flat	£69,997 - £85,000
Two Bed Flat	£99,950

Source: Rightmove (June 2019)

6.13 Note that the wide range in asking prices reflects the range of unit sizes and specification (as well as specific location and aspect).

Lower Medium Zone

6.14 We have identified three developments within the lower medium value zone, as follows:

- Heron’s Reach (BD15 8HB) by Keepmoat
- Spring Valley View (BD14 6SQ) by Barratt Homes
- Woodlands View (BD2 1AS) by Keepmoat Homes in Bradford.

Heron’s Reach

6.15 A development by Keepmoat located on Allerton Lane, Bradford consisting of 300, 2, 3- and 4-bedroom homes.

Table 6.4 - Heron's Reach Asking Prices

Property Type	Asking Price (£)
Two Bed Semi Detached	£135,995
Two Bed Semi Detached	£140,995
Three Bed Semi Detached	£164,995
Three Bed Semi Detached	£166,995
Three Bed Semi Detached	£185,995
Three Bed Detached	£193,995
Three Bed Detached	£209,995
Four Bed Detached	£230,995

Source: Rightmove (June 2019)

Spring Valley View

- 6.16 A development by Barratt Homes located on Westminster Avenue, Clayton consisting of 100, 3- and 4-bedroom homes.

Table 6.5 - Spring Valley Asking Prices

Property Type	Asking Price (£)
Two Bed Semi Detached	£105,820
Two Bed Semi Detached	£106,535
Two Bed Semi Detached	£107,250
Two Bed Semi Detached	£108,680
Three Bed Semi Detached	£199,995
Three Bed Semi Detached	£201,995
Three Bed Semi Detached	£202,995
Three Bed Semi Detached	£234,995
Four Bed Semi Detached	£229,995
Four Bed Semi Detached	£235,995
Four Bed Semi Detached	£309,995
Four Bed Semi Detached	£314,995

Source: Rightmove (June 2019)

Woodlands View

- 6.17 A development by Keepmoat Homes located on Stanley Road, Bradford, consisting of 140, 2, 3- and 4-bedroom homes.

Table 6.6 - Woodlands View Asking Prices

Property Type	Asking Price (£)
Two Bedroom Semi Detached	£129,995
Three Bedroom Semi Detached	£164,995
Three Bedroom Semi Detached	£174,995
Three Bedroom Semi Detached	£199,995
Three Bedroom Terrace	£189,995
Three Bedroom Detached	£204,995

Source: Rightmove (June 2019)

Upper Medium Zone

6.18 We have identified six developments within the medium value zone currently released as follows:

- Swanside (BD18 3ST) by Mandale Homes in Shipley
- Stone Bridge View (BD10) by Bellway in Apperley Bridge
- West Wood Fields (BD10 0LX) by Avant Homes in Apperley Bridge
- Brompton Fold (BD10 0AX) by Miller Homes in Apperley Bridge
- Sandhill Croft (BD10 8XB) by Avant Homes in Idle
- Hewenden Ridge (BD13 5DX) by David Wilson Homes in Cullingworth, Bradford

Swanside Development

6.19 A development by Mandale Homes located in Shipley, consisting of 76 homes.

Table 6.7 - Swanside Development Asking Prices

Property Type	Asking Price (£)
Three Bedroom Semi Detached	£225,000

Source: Rightmove (October 2019)

Stone Bridge View

6.20 A development by Bellway located in Apperley Bridge, Bradford, consisting of 45 x 3- and 4-bedroom homes.

Table 6.8 - Stone Bridge View Asking Prices

Property Type	Asking Price (£)
Three Bedroom Semi Detached	£269,995
Four Bedroom Semi Detached	£299,995
Four Bedroom Semi Detached	£354,995
Four Bedroom Detached	£449,995

Source: Rightmove (June 2019)

Saxon Dene

6.21 A development by Barratt Homes located in Shipley, consisting of 223 x 2, 3- and 4-bedroom homes.

Table 6.9 - Saxon Dene Asking Prices

Property Type	Asking Price (£)
Four Bed Semi Detached	£259,995
Two Bed Semi Detached	189,995
Two Bed Semi Detached	£197,995
Three Bed Semi Detached	£218,995
Three Bed Semi Detached	£219,995
Three Bed Semi Detached	£228,995
Three Bed Semi Detached	£232,995
Three Bed Detached	£244,995
Three Bed Detached	£255,995
Three Bed Detached	£257,995
Three Bed Detached	£259,995

Source: Rightmove (October 2019)

West Wood Fields

- 6.22 A development by Avant Homes located in Apperley Bridge, Bradford, consisting of 85 x 3- and 4-bedroom homes.

Table 6.10 - West Wood Fields Asking Prices

Property Type	Asking Price (£)
Three Bedroom Detached	£299,950
Four Bedroom Detached	£414,950
Four Bedroom Detached	£414,950
Four Bedroom Detached	£414,950
Four Bedroom Detached	£414,950
Five Bedroom Detached	£434,950
Five Bedroom Detached	£489,950
Six Bedroom Detached	£494,950

Source: Rightmove (June 2019)

Brompton Folds

- 6.23 A development by Miller Homes located in Apperley Bridge, Bradford, consisting of 270 x 2, 3- and 4-bedroom homes.

Table 6.11 - Brompton Folds Asking Prices

Property Type	Asking Price (£)
Four Bedroom Detached	£304,950
Four Bedroom Detached	£359,950
Four Bedroom Detached	£379,950

Source: Rightmove (June 2019)

Sandhill Croft

- 6.24 A development by Avant Homes located in Idle, Bradford, consisting of 60 x 3- and 4-bedroom homes.

Table 6.12 - Sandhill Croft Asking Prices

Property Type	Asking Price (£)
Four Bedroom Detached	£344,950
Four Bedroom Detached	£374,950
Four Bedroom Detached	£394,950

Source: Rightmove (June 2019)

Hewenden Ridge

- 6.25 A development by David Wilson Homes located in Cullingworth, Bradford, consisting of 3- and 4-bedroom homes.

Table 6.13 - Hewenden Ridge Asking Prices

Property Type	Asking Price (£)
Three Bedroom Semi Detached	£233,995
Three Bedroom Semi Detached	£233,995
Three Bedroom Semi Detached	£234,995
Three Bedroom Semi Detached	£249,995
Three Bedroom Semi Detached	£252,995
Four Bedroom Detached	£369,995
Four Bedroom Detached	£374,995
Four Bedroom Detached	£384,995

Source: Rightmove (June 2019)

Summary

6.26 The table below provides a summary of the range of asking values for different property values in the Medium Value Zone.

Table 6.14 - Range of Asking Values in the Medium Value Zone

Property Type	Asking Price (£)
Two Bed Semi Detached	£129,995
Three Bed Semi Detached	£164,995 - £269,995
Three Bed Detached	£189,995 - £299,950
Four Bed Semi Detached	£195,000 - £354,995
Four Bed Detached	£304,950 - £449,995
Five Bed Detached	£489,950

Source: Rightmove (June 2019)

6.27 Note again that the wide range in asking prices reflects the range in unit sizes and specification (as well as specific location and aspect).

Upper Value Zone

6.28 The higher value zone is characterised by smaller developments of high spec properties. The table below sets out the properties which are currently on the market.

Table 6.15 - High Value Area Asking Values

Property Type	Asking Price (£)
Five End Terrace	£689,950
Five End Terrace	£695,000
Five End Terrace	£699,950
Five End Terrace	£597,500
Five Detached	£585,000
Five Detached	£674,950
Five Detached	£794,950
Five Detached	£744,950
Five Detached	£769,950
Five Detached	£735,000
Four Semi Detached	£450,000
Five Semi Detached	£710,000

Source: Rightmove (June 2019)

7 Residential Value Assumptions

- 7.1 Our value assumptions have had regard to both new-build achieved values and asking prices. The achieved values provide a benchmark for the assumptions whilst the asking prices allow us to ‘sense check’ our assumptions. We are mindful that they are often aspirational and therefore the asking prices aren’t always achieved.
- 7.2 For the purposes of our area wide viability assessment we have applied the following values and floor areas within our financial appraisals.

Table 7.1 - Absolute Market Value Assumptions

Dwelling Type	Floor Area (sqm)	Zone 4a and 4b	Zone 3	Zone 2	Zone 1
1 bed house	62	£90,000	£130,000	£150,000	£220,000
2 bed house	79	£145,000	£170,000	£180,000	£285,000
3 bed house	100	£160,000	£200,000	£275,000	£400,000
4 bed house	115	£200,000	£265,000	£350,000	£510,000
5 bed house	140	£275,000	£365,000	£450,000	£625,000
1 bed flat	50	£65,000	£95,000	£125,000	£200,000
2 bed flat	70	£85,000	£110,000	£145,000	£285,000

Source: AspinallVerdi (November 2019)

Table 7.2 - £ psm Value Assumptions

Dwelling Type	Floor Area (sqm)	Zone 4a and 4b	Zone 3	Zone 2	Zone 1
1 bed house	62	£1,452	£2,097	£2,419	£3,548
2 bed house	79	£1,835	£2,152	£2,278	£3,608
3 bed house	100	£1,600	£2,000	£2,750	£4,000
4 bed house	115	£1,739	£2,304	£3,043	£4,435
5 bed house	140	£1,964	£2,607	£3,214	£4,464
1 bed flat	50	£1,300	£1,900	£2,500	£4,000
2 bed flat	70	£1,214	£1,571	£2,071	£4,071

Source: AspinallVerdi (November 2019)

- 7.3 The above value assumptions have been lowered to reflect feedback from the stakeholder consultation workshop in July 2019.

8 Build to Rent

8.1 This section considers evidence to inform the rental values for the Build to Rent (BTR) accommodation in Bradford District. BTR is in effect its own asset class and is a subsidiary of the wider private rented sector which includes private landlords, institutional and large corporate investors. This section refers to evidence from the rented sector in general, where information is specifically related to BTR we explicitly state this.

National Context

8.2 The number of households in the Private Rented Sector (PRS) has increased rapidly over the past decade, partly reflecting affordability barriers to home-ownership. Indeed, over the past decade (2006-2017) the PRS market has been one of the fastest growing sub-sectors of the property market, growing by over 100% across the regions and by around 90% in London.

8.3 One of the major drivers of PRS growth has been the lack of housing availability and supply, particularly for first-time buyers, exacerbated by rising house prices in London, the south-east and other major cities. The bulk of this rental demand has been driven by the 25-34 age-group, the so-called 'Generation Rent', with renters in this age group more than doubling since 2003.⁷

Local Context

8.4 In terms of market rental evidence, we have reviewed each of the four zones separately. This is to understand the differences in rental values across the District.

High Value Zone

8.5 We have reviewed flats which are currently for rent in the following locations:

- Ilkley
- Burley in Wharfedale
- Menston

Table 8.1 - Ilkley Rental Statistics (£ pcm)

Property Type	No. of units to let	£ pcm (average)
One Bed Flat	5	£583
Two Bed Flat	2	£750

⁷ <https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-april-2018-to-march-2019>

Source: Zoopla Area Stats (August 2019)

Table 8.2 - Burley in Wharfedale Rental Statistics (£ pcm)

Property Type	No. of units to let	£ pcm (average)
One Bed Flat	2	£585
Two Bed Flat	1	£550

Source: Zoopla Area Stats (August 2019)

Table 8.3 - Menston Rental Statistics (£ pcm)

Property Type	No. of units to let	£ pcm (average)
One Bed Flat	/	/
Two Bed Flat	2	£737

Source: Zoopla Area Stats (August 2019)

Upper Medium Value Zone

8.6 We have reviewed flats which are currently for rent in the following locations:

- Shipley
- Baildon
- Silsden

Table 8.4 - Shipley Rental Statistics (£ pcm)

Property Type	No. of units to let	£ pcm (average)
One Bed Flat	11	£453
Two Bed Flat	3	£563

Source: Zoopla Area Stats (August 2019)

Table 8.5 - Baildon Rental Statistics (£ pcm)

Property Type	No. of units to let	£ pcm (average)
One Bed Flat	8	£580

Two Bed Flat	9	£661
--------------	---	------

Source: Zoopla Area Stats (August 2019)

8.7 There are currently no flats for rent in Silsden.

Lower Medium Value Zone

8.8 We have reviewed rented accommodation in the lower medium value zone which includes Queensbury, Wyke and Tong.

8.9 There is limited rental market evidence for this zone with only 2 x one-bedroom flats on the market in Wyke for £375 pcm (based on Zoopla).

Lower Value Zone

8.10 We have reviewed flats which are currently for rent in the following locations:

- Keighley
- Bradford

Table 8.6 - Keighley Rental Statistics (£ pcm)

Property Type	No. of units to let	£ pcm (average)
One Bed Flat	21	£373
Two Bed Flat	14	£432

Source: Zoopla Area Stats (August 2019)

Table 8.7 - Bradford Rental Statistic (£ pcm)

Property Type	No. of units to let	£ pcm (average)
One Bed Flat	228	£414
Two Bed Flat	137	£589

Source: Zoopla Area Stats (August 2019)

Investment Yield

- 8.11 Investment yields are difficult to determine in the Build to Rent sector. Yields vary significantly by location, the quality of the stock and particularly the management approach. The landlord will be responsible for a number of costs including the operating costs and market risk. The latter has a significant impact on the net operating income (net rent). Prospects of rental growth and wider factors such as financing costs and regulatory risks also need to be reflected in the investment yield applied.
- 8.12 We have capitalised the net rental income by a yield of 5.5%.
- 8.13 It must be stressed that wider economic factors will also influence the yield expectations of investors and with uncertainty in the market place, this is subject to change.

Build to Rent Value Assumptions

- 8.14 Table 8.8 below sets out our BTR value assumptions.

Table 8.8 - Build to Rent Value Assumptions

	Higher Value Zone	Upper Medium Value Zone	Lower Medium Value Zone	Lower Value Zone
1 Bed rent (£ pcm)	£700	£550	£500	£400
2 Bed rent (£ pcm)	£850	£650	£575	£500
Management costs (%)	28%	28%	28%	28%
Yield (%)	5.5%	5.5%	5.5%	5.5%

Source: AspinallVerdi

Net Rental Assumptions

- 8.15 We have assumed a 28% deduction from the gross headline rent to the net rent. This is to take into consideration the cost of: Void Loss / Write-offs / Expend on Voids; Regular Maintenance / Insurance / Utilities; Management Fees / Letting Costs; and Major repairs / refurb (SF) etc.

9 Specialist Accommodation for Older People

9.1 This section of the report focuses on the specialist accommodation for older people. We set out a summary of our understanding of the various types of housing for older people and undertake a review of the current market within the District.

Specialist Accommodation for Older People Defined

9.2 We recognise that there are various types of specialist housing for older people ranging from:

- Sheltered / Age Exclusive / Retirement Housing – This is accommodation that is built specifically for sale or rent to older people e.g. McCarthy and Stone or Churchill. They comprise self-contained units (apartments) with communal facilities and a live-in or mobile scheme manager and alarm call systems in case of emergency.
- Extra Care / Very Sheltered / Assisted Living Housing (ECH) - This is similar to the Sheltered Housing, but is designed to enable residents to retain their independence as they grow older and their need for support and/or care increases. Residents still occupy their own self-contained home within blocks of flats, estates of bungalows or retirement 'villages' but often enjoy enhanced communal accommodation and occupants may also be offered individual care and assistance from support staff, within the complex, 24 hours per day.
- Close Care or Assisted Living Housing – This is normally situated within the grounds of a care home and takes the form of self-contained, independent flats or bungalows. Units may be rented or purchased by the occupier. Residents will also have access to the care home's other facilities and will normally have some form of direct communication with the care home, for emergencies. There may well be an arrangement whereby, the care home management will buy-back the property if it becomes necessary for them to move into the care home.
- Care Homes / Residential care homes - Living accommodation for older people and employ staff who provide residents with personal care, such as washing and dressing. Residents normally occupy their own single room but have access to other communal facilities.
- Care Homes with Nursing / Nursing Homes – Similar to a residential home but, they offer the full-time service of qualified nursing. Such accommodation is suited to residents who are physically or mentally less capable and require a higher level of care.

9.3 It is important to note that for the purposes of this viability assessment we have only modelled the Age Restricted and ECH schemes which are more likely to be developed by the private sector and are most similar to C3 Use housing.

- 9.4 C2 Use Residential Institutions such as residential care homes and nursing homes are specialist developments (valued on a turnover or ‘profits’ basis) and are not included in the viability assessment. Note that some of these schemes are developed by housing associations and others by the private sector and/or charities and all will have a different status in terms of liability for Affordable Housing (and CIL (for example, Charitable Organisations are exempt from CIL)).

Existing Evidence Base

- 9.5 We have reviewed the existing evidence base to formulate our assumptions and understanding of older persons housing provision in Bradford. This is outlined below.

Bradford Strategic Housing Market Assessment 2019

- 9.6 A major strategic challenge for the Council is to ensure a range of appropriate housing provision, adaptation and support for the District’s older population. The key comments are summarised below:
- Over the period 2019 to 2037, the number of older person households is going to increase by around 32,000 and there will be a 39.5% increase in older people living in the District. The majority of older people want to stay in their home with help and support when needed but there is also a need to diversify the range of specialist older persons’ housing.
 - The percentage increases are larger when looking at the categories of 75 years plus (56.7%) and 85 years plus (68.5%).
 - Across the District, there are around 10,747 units of specialist older persons accommodation. This includes 3,903 units of residential care (C2 planning use class) dwellings and 6,844 units of specialist older person accommodation (C3 planning use class).
 - Analysis would indicate that 61.3% of specialist older person provision including sheltered housing is owned by registered/social providers and 37.7% by private organisations and charities.

Specialist Accommodation Asking Prices – New Build

- 9.7 In July 2019, we reviewed new-build Age Restricted/Extra Care Housing developments which currently had units on the market followed by a District wide review of second-hand asking prices utilising Rightmove.

Scholars Place: Priestley Court

- 9.8 Located on Railway Road, Ilkley, Scholars Place - Retirement Living Plus (previously assisted living) is a development consisting of 45 x one- and two-bedroom homes for those over 70.

Figure 9.1 - Scholars Place



Source: McCarthy & Stone (July 2019)

9.9 Table 9.1 below summarises the 3, one bed apartments currently being marketed for sale at this development.

Table 9.1 - One Bed Apartments

Size sqm	Asking Price (£)	£ psm
56	£264,999	£4,721
57	£264,999	£4,631

Source: McCarthy & Stone (July 2019)

9.10 Table 9.2 below summarises the 4, two bed apartments currently on sale at this development.

Table 9.2 - Two Bed Apartments

Size sqm	Asking Price (£)	£ psm
75	£369,999	£4,961
75	£369,999	£4,961
75	£384,999	£5,162
90	£364,999	£4,055

Source: McCarthy & Stone (July 2019)

Specialist Accommodation Asking Prices – Second Hand

9.11 We have undertaken a review utilising Rightmove to gain an understanding of the asking values associated with second hand, age restricted and extra care housing.

9.12 Table 9.3 below summarises the properties we have identified.

Table 9.3 - Second Hand Retirement Properties

Property	Address	Floor Area (sqm)	Asking Price (£)	£ psm
1 Bed Flat	15 Elmsley Ilkley Lodge LS29		£310,000	
2 Bed Flat	Carnegie Court, Ilkley LS29	65	£202,000	£3,122
2 bed flat	Carnegie Court, Ilkley LS29	68	£215,000	£3,148
2 bed flat	1 Conyers View, Ilkley LS29	95	£460,000	£4,842
2 bed flat	23 Conyers View, Ilkley LS29	95	£460,000	£4,842

Source: Rightmove (July 2019)

Specialist Accommodation for Older People Value Assumptions

9.13 The Retirement Housing Group⁸ acknowledges that sheltered housing values carry a premium on typical private residential apartments.

9.14 The Retirement Housing Group applies a rule of thumb approach which is outlined in the table below. We note from the above that the majority of new specialist accommodation for older people is developed by the private sector in the higher value areas of the District.

9.15 Evidence from the Retirement Housing Group⁹ recommends that supported living sales values are a premium to private residential apartments as follows:

Table 9.4 - Sheltered Housing and ECH Sales Values

Typology	Assumption
Sheltered housing unit prices	In high value areas - <ul style="list-style-type: none"> 10-15% premium to private market 1/2 bed flats

⁸ RHG Retirement Housing Group, Retirement Housing Viability Base Data (April 2013) / Briefing Paper for CIL Practitioners Retirement Housing and the Community Infrastructure Levy (June 2013) by Churchill Retirement Living and McCarthy and Stone

⁹ RHG Retirement Housing Group, Retirement Housing Viability Base Data (April 2013) / Briefing Paper for CIL Practitioners Retirement Housing and the Community Infrastructure Levy (June 2013) by Churchill Retirement Living and McCarthy and Stone

Extra-care housing unit prices

Or, in low value areas (where no apartment scheme comparable) -

- 75% value of 3-bed semi-detached house for a 1 bed sheltered housing unit, and
- 100% value of 3-bed semi-detached house for a 2-bed sheltered housing unit
- 25% premium to sheltered housing

Source: Retirement Housing Group 2013⁸

9.16 Taking the average price of a 3-Bed property in the higher value zone (£350,000¹⁰), the guidelines presented in Table 9.4 would indicate a value for sheltered housing in Bradford as follows:

- 1-Beds at 75% of 3-bed semi-detached market value = £262,500
- 2-Beds at 100% of 3-bed semi-detached market value = £350,000

9.17 We have reflected the above value parameters within our supported living appraisals.

¹⁰ Zoopla Area Stats

Specialist Accommodation Summary

9.18 We have adopted the following values for sheltered housing / retirement living properties.

Table 9.5 - Retirement Living / Sheltered Housing Value Assumptions

No. of Beds	Unit Price	Floor Area (sqm)	Price psm
1-Bed	£255,000	50	£5,100
2-Bed	£360,000	70	£5,143

Source: 190704 Retirement Living v1

9.19 Based on the above values, we have applied a 25% premium to establish a value for the extra-care housing:

Table 9.6 - Extra Care Housing Value Assumptions

No. of Beds	Unit Price	Floor Area (sqm)	Price psm
1-Bed	£318,750	60	£5,312
2-Bed	£450,000	80	£5,625

Source: 190704 Retirement Living v1

10 Affordable Housing Transfer Values

- 10.1 In this section we outline our affordable housing transfer value assumptions.
- 10.2 We have undertaken extensive market research, consultation with Registered Providers (RPs) and with the Council in determining the transfer values adopted.

Existing Evidence Base

- 10.3 We have undertaken a review of the existing evidence base.

Bradford Community Infrastructure Levy Viability Evidence 2015

- 10.4 For the purposes of this report, the following affordable housing discounts were used within each area.

Table 10.1 - Affordable Housing Transfer Values

	Market Value (£ psf)	Affordable Housing (%)	Affordable Housing discount (from Market Value)	Affordable Housing (£ psf)	Developer's profit on GDV (blended rate)
Value area 1	288	30%	50%	144	17.53%
Value area 2	214	20%	35%	139	18.04%
Value area 3	186	20%	35%	121	18.04%
Value area 4	163	20%	35%	106	18.04%
Value area 5	139	15%	35%	90	18.56%

Source: Bradford Community Infrastructure Levy Viability Evidence 2015

- 10.5 This set the general rule of thumb of 65% of market value which has been applied in Bradford District in Development Management.

Consultation with RPs

10.6 We have specifically asked the RP's for the range of transfer values for affordable rented and intermediate units across the District. We have received the following comments:

	Affordable Rented Values	Intermediate Values
highest values (Wharfedale)	1 bed: £82,000 - £82,073	2 bed: £136,409 - £180,000
	2 beds: £96,000 - £107,011	3 bed: £91,767 - £215,000
lowest values (e.g. Inner-City Bradford and Keighley)	2 beds: £55,930 - £68,000	2 bed: £67,242 - £102,000
	3 beds: £72,184 - £88,000	3 bed: £119,906 - £132,000

10.7 These transfer values equate to:

- Affordable Rent c. 35% of market value
- Intermediate c. 50% of market value

Investment Appraisal

10.8 We have also sought to triangulate the affordable housing transfer value by reference to analysis of the Local Housing Allowance (as a proxy for Affordable Rent) and Shared Ownership models as a proxy for (Intermediate tenure).

10.9 The Local Housing Allowance for Bradford Local Authority is as follows:

- One bed: £60.01 per week
- Two Bed: £97.81 per week
- Three Bed: £111.83 per week
- Four Bed: £123.58 per week

10.10 These figures were grossed-up to reflect the rent per annum with the following costs deducted to result in a net rent per annum:

- Management and Maintenance
- Void Allowance
- Repairs Allowance.

10.11 These net rental figures were then capitalised at a yield of 5.5% to arrive at a transfer price for the affordable rented units.

- 10.12 In terms of the values for the shared ownership units, we have modelled this on an initial 40% equity sale and the retained equity being the subject of a rental charge which is equivalent to 2 % per annum.
- 10.13 The net rent per annum were then capitalised at a yield of 5.5% to arrive at a transfer price for the shared ownership units.
- 10.14 Table 10.2 provides the transfer values for the affordable rented units each of the zones. The values have been blended for all house types.

Table 10.2 - Affordable Rented Transfer Values

	Zone 4	Zone 3	Zone 2	Zone 1
Houses	53%	41%	34%	23%
Flats	80%	69%	45%	25%

Source: 191018 Transfer Value Calcs_v9

Table 10.3 - Shared Ownership Transfer Values

- 10.15 Table 10.3 provides the transfer values for the shared ownership units each of the zones. The values have been blended for all house types.

	Zone 4	Zone 3	Zone 2	Zone 1
Houses	60%	60%	61%	61%
Flats	58%	60%	60%	

Source: 191018 Transfer Value Calcs_v9

Affordable Housing Transfer Value Assumptions

- 10.16 In determining our transfer values, we have analysed the data provided by the RP's against our market values set out in table 7.1 to determine the percentage difference or transfer values.
- 10.17 Note that in the Higher Value Zone 1 we have assumed greater weight to the RP's values because the Local Housing Allowance is too low in the higher value area to represent Affordable Rental values. In the Lower Value Zone 4 the LHA rents are comparable to market rents and therefore Affordable Rental value. We have extrapolated the results between the high and low value areas for the Medium zones.

Table 10.4 - Transfer Value Assumptions

Value Zone	Affordable Rent Transfer Values (% of MV)	Intermediate Transfer Values (% of MV)
Higher Value Zone 1	40%	50%
Upper Medium Value Zone 2	45%	60%
Lower Medium Value Zone 3	45%	60%
Lower Value Zone 4 a&b	50%	70%

Source: AspinallVerdi '191018 Transfer Value Calcs_v9' (November 2019)

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