

# 1 Residential Market Review

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- 1.1 The purpose of this paper is to provide the background to the value assumptions that are to be used in the appraisals of residential development typologies that are set out in the main report. The purpose of the overarching study is to test the viability implications of the Council's emerging policies, of particular significance is affordable housing requirements and the Community Infrastructure Levy (CIL).
- 1.2 The structure of this paper is as follows:
- UK and Regional Market Overview – outlines where the trends in the UK and regional residential market to provide context for the market analysis of our study area
  - Existing Evidence Base on Housing Market Zones – reviews previous studies to set the scene for AspinallVerdi's market assessment
  - New Build Achieved Values – market assessment of new build sales using Land Registry data
  - New Build Asking Prices – market analysis of new build residential schemes and their quoting prices
  - Market Housing Value Assumptions – Summary of value assumptions that we have used for our appraisals
  - Supported Living – market values for the specialist supported housing sector
  - Arnside & Silverdale AONB – values in the Arnside and Silverdale Area of Outstanding Natural Beauty. This is to test the policies in the Arnside and Silverdale AONB Draft Plan Consultation Document (DPD) (November 2016)
  - Affordable Housing Transfer Values – summary of affordable housing transfer values based on evidence from the Council and Registered Providers.

## 2 UK and Regional Market Overview

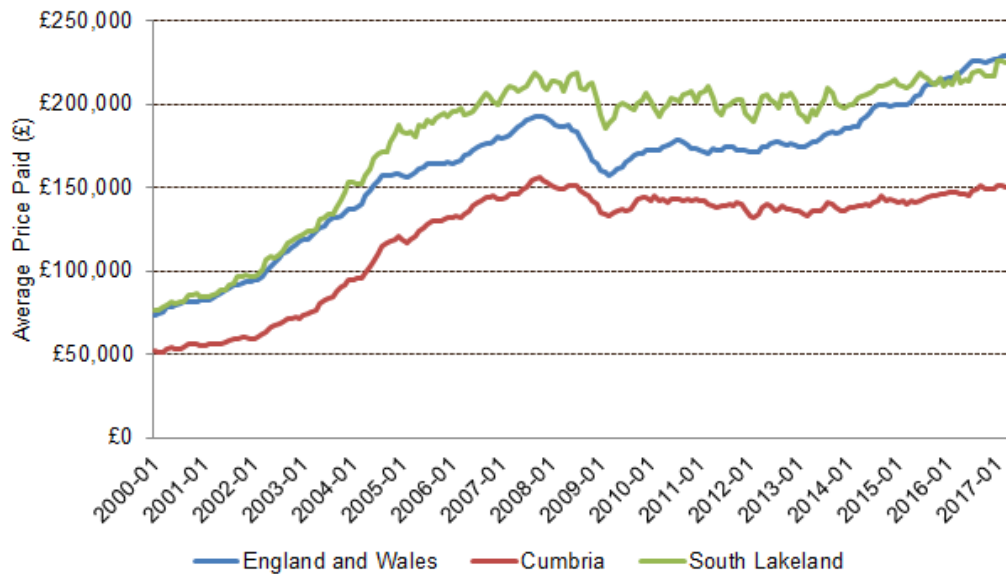
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- 2.1 The RICS publishes a regular UK residential property market survey providing an overall opinion of the direction that the residential market is taking based on that month, along with commentary from surveyors from the individual regions throughout the UK. The latest publication of this is May 2017 providing the following summary:
- 'Demand slips and new sales listings decline further;
  - Agreed sales continue to edge lower steadily;
  - National price growth eases somewhat while expectations remain subdued.'
- 2.2 The paper highlights that instructions and sales are declining over recent months, with price growth losing momentum with further 'cooling' likely in the short term. Reference is drawn to the General Election hindering activity causing hesitancy from both buyers and vendors. The paper notes that there appears to be a lack of supply, with 25% more respondents noted a decline in listings which produces the most negative reading since July 2016, however this is likely to have been exacerbated by the general election<sup>1</sup>.
- 2.3 In terms of RICS residential property market forecasts, in the short term evidence from sales transactions suggest little change over the next three months, and over the next year respondents imply a more optimistic outlook for sales growth with 26% expecting an increase in activity.
- 2.4 Figure 2.1 below provides a breakdown of the average house prices in the UK in comparison with Cumbria and South Lakeland over the period covering January 2000 to April 2017.

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<sup>1</sup> RICS May 2017: UK Residential Market survey, page 1.

**Figure 2.1 – Mean House Prices in England & Wales, Cumbria and South Lakeland**



Source: Landregistry.co.uk

- 2.5 Figure 2.1 above shows that between 2000 and 2004, average house prices in South Lakeland mirrored the England & Wales average reaching circa £130,000 in 2004. The average house price in Cumbria is lower however, and despite also increasing over this period, by 2004 the average house price was circa £100,000.
- 2.6 Beyond this period, average house prices in South Lakeland rose above the England & Wales averages to reach a pre-recession peak of approximately £218,403, compared with the pre-recession peak for England & Wales at around £192,258 and around £154,905 for Cumbria.
- 2.7 Following the 2007/08 peak, average prices in South Lakeland fell by around 15% to £185,280. Average house prices in South Lakeland then fluctuated until the start of 2014 where prices have continued to rise, surpassing the pre-recession peak to a current average of £224,489, slightly less than the England & Wales average at £231,269. In comparison with Cumbria, average prices in South Lakeland are currently circa £75,000 more than the average Cumbria house price of £149,670. This figure has remained relatively constant since the start of 2010 failing to rise above the pre-recession peak.
- 2.8 Further commentary on the current position for South Lakeland was provided in the 'RICS May 2017 residential Market Update' from a Kendal based surveyor suggested that "a steady market within South Lakeland is generating a much more confident feel with good sales activity at all price levels coupled with a steady stream of quality instructions".<sup>2</sup>

<sup>2</sup> RICS May 2017: UK Residential Market survey, page 8

### 3 Existing Evidence Base on Housing Market Zones

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- 3.1 In this section we have undertaken a review of the existing research and evidence base for housing in South Lakeland to help inform our value assumptions for the different Housing Market Areas in the South Lakeland District. We have reviewed the following documents:
- South Lakeland Land Allocations DPD Viability Study (April 2013)
  - South Lakeland Strategic Housing Market Assessment (SHMA 2014)
  - South Lakeland CIL Viability Study Update (July 2014)
  - Arnside and Silverdale AONB DPD Viability Study (October 2016)
  - South Lakeland Draft Strategic Housing Market Assessment emerging evidence (2017) – includes the Interim Objectively Assessed Needs paper (January 2017) and the Interim Housing Market Geographies paper (February 2017)<sup>3</sup>.
- 3.2 We deal with the evidence around Supported Living, the AONB and Affordable Housing Transfer values within their respective chapters.
- 3.3 In summary, the existing evidence base identifies four key market areas within our study area: Kendal, Kendal Rural, Cartmel Peninsula and Ulverston & Furness. A map demonstrating this is set out within this section of the report.
- 3.4 The evidence generally indicates that house prices are greatest in Kendal Rural, with Kendal and Cartmel relatively comparable. Ulverston & Furness is regarded as a lower value area.

#### South Lakeland Land Allocations DPD Viability Study (April 2013)

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- 3.5 HDH Planning & Development were commissioned to undertake a viability appraisal of the 'Land Allocations DPD' in April 2013 on behalf of South Lakeland District Council (SLDC). The purpose of this was to "... *provide an assessment of viability of sites in the DPD to provide confidence that the Council is doing what it can to facilitate development and that if the sites are included in the DPD they will come forward*".<sup>4</sup>
- 3.6 The report references the *new build* house prices that were adopted in the Council's 'Viability Impact Study (NPS, January 2009), a study used as part of the evidence to support the Core Strategy. Table 3.1 below summarises the average house prices for 1 and 2 bed flats and 2 to 4 bed houses on a £ psm basis for Kendal, Rural Kendal, Milnthorpe, Grange & Cartmel and Ulverston & Furness.

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<sup>3</sup> Note that these documents are interim finding papers provided confidentially to inform our study and will not be published as final reports. They will be incorporated into one final SHMA report which will be published in due course.

<sup>4</sup> South Lakeland Land Allocations DPD Viability Study, April 2013, page 5.

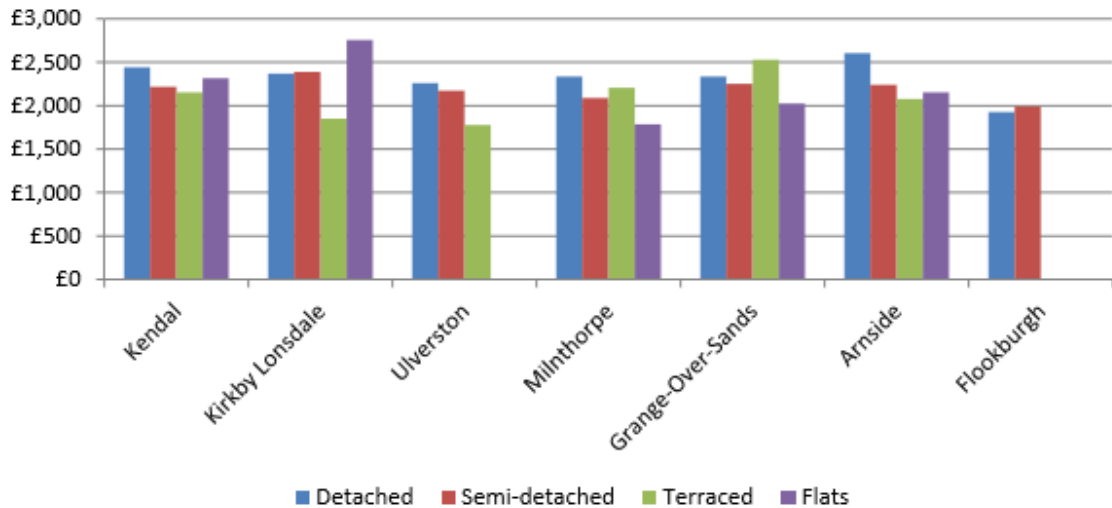
**Table 3.1 – House Prices used in 2009 Viability Impact Study (£ psm)**

	Kendal	Rural Kendal	Milnthorpe	Grange & Cartmel	Ulverston & Furness
Flat – 1 Bed	£2,563	£2,854	£2,375	£2,750	£2,292
Flat – 2 Bed	£2,412	£2,676	£2,221	£2,574	£2,147
House – 2 Bed	£2,413	£2,667	£2,213	£2,573	£2,147
House – 3 Bed	£2,522	£2,789	£2,322	£2,689	£2,244
House – 4 Bed	£2,743	£3,019	£2,533	£2,914	£2,457
<b>Average</b>	<b>£2,531</b>	<b>£2,801</b>	<b>£2,333</b>	<b>£2,700</b>	<b>£2,257</b>

Source: South Lakeland District Council – Land Allocations DPD Viability Study (April 2013), Table 4.3, page 34.

3.7 To supplement this, HDH also looked at *new build* sales prices across the District on a £ psm basis (from Zoopla) to inform the price assumptions for the financial appraisals. The values at the time of the study in January 2013 are set out in Figure 3.1.

**Figure 3.1 Zoopla Average House Prices, January 2013 (£ psm)**



Source: South Lakeland District Council – Land Allocations DPD Viability Study (April 2013), Figure 4.7, page 35.

3.8 Taking into consideration the above information, HDH adopted the values presented below within the appraisals (see Table 3.2).

**Table 3.2– HDH House Price Assumptions**

Number	Site		Units	Market	LCHO	Affordable Rent
				£/m2	£/m2	£/m2
1	Urban Edge 1	Kendal	144	2,300	1,465	1,137
2	Urban Edge 2	Kendal	175	2,250	1,465	1,125
3	Office re-development	Kendal	13	2,150	1,465	1,075
4	Estate Infill	Kendal	12	2,300	1,465	1,150
5	LSC Infill	Arnside	35	2,000	1,465	1,000
6	LSC Infill	Grange	45	2,350	1,465	1,175
7	Cleared Urban	Ulverston	12	1,950	1,465	975
8	KSC Urban Edge	Milnthorpe	76	2,150	1,465	1,075
9	LSC Edge	Allithwaite	24	2,350	1,465	1,175
10	LSC Edge	Endmoor	15	2,100	1,465	1,050
11	LSC Paddock	Penny Bridge	21	2,300	1,465	1,150
12	Small Village	Lune Valley	4	3,000	1,465	1,500
13	Ex Garage Site	Central SLDC	5	2,200	1,465	1,100
14	Village Infill	Cartmel Peninsula	10	2,350	1,465	1,175
15	Village Infill	Eastern Area	3	2,750	1,465	1,375
16	Rural House	Rural west	1	3,000	1,465	1,500

Number	Site		Units	Market	LCHO	Affordable Rent
				£/m2	£/m2	£/m2
1	Castle Green Road	Kendal	60	2550	1465	1137
2	Quarry Lane	Storth	42	2300	1465	1050
3	South Ulverston	Ulverston	747	1975	1465	1050
4	Ulverston Canal Head	Ulverston	86	1990	1465	1050

Source: South Lakeland – Land Allocations DPD Viability Study (April 2013), table 9.6, page 88.

## South Lakeland Strategic Housing Market Assessment (SHMA 2014)

- 3.9 The South Lakeland Strategic Housing Market Assessment (SHMA) was prepared by arc4 Ltd who was commissioned in July 2013 to prepare an update of the 2011 SHMA<sup>5</sup>. The SHMA update provides an assessment of housing needs covering the period from 2014 to 2025 setting out an indication of the scale, mix and range of tenures that the local population is likely to need over the plan period.
- 3.10 The report identifies a total of six housing market areas across the South Lakeland District including Cartmel Peninsula, Central Lakes, The Dales, Kendal, Kendal Rural and Ulverston and Furness. Table 3.3 below identifies the ‘South Lakeland District Housing Market Areas, Key Service Centres and constituent parishes’.<sup>6</sup>

**Table 3.3 – South Lakeland District Housing Market Areas, Key Service Centres and Constituent Parishes**

Market Areas	Key Service Centres	Constituent Parishes:
Cartmel Peninsula	Cartmel Peninsula Rural	Lower Allithwaite, Broughton East, Cartmel Fell, Haverthwaite, Lower Holker, Staveley in Cartmel
	Grange Over Sands	Grange Over Sands
Central Lakes	Ambleside	Ambleside, Troutbeck
	Windermere	Windermere
	Central Lakes Rural	Blawith and Subberthwaite, Claife, Colton, Coniston, Crook, Grasmere, Hawkshead, Langdale, Kentmere, Rydal, Satterthwaite, Skelwith, Staveley with Ings, Torver
Dales	Sedbergh	Sedbergh, Dent, Garsdale, Middleton
Kendal	Kendal	Kendal
Kendal Rural	Kirkby Lonsdale	Kirkby Lonsdale, Barbon, Casterton
	Milnthorpe	Milnthorpe
	Kendal Rural	Arnside, Beetham, Burneside, Burton in Kendal, Crosthwaite and Lyth, Firbank, Grayrigg, Helsington, Heversham, Hincaster, Holme, Hutton Roof, Killington, Levens, Longsleddale, Lupton, Mansergh, Meathop and Ulpha, Natland, New Hutton, Old Hutton and Holmescales, Preston Patrick & Richard, Sedgewick, Skelsmergh and Scalthwaiteirigg, Stainton, Underbarrow and Bradleyfield, Whinfell, Whitwell and Selside, Witherslack, Upper Allithwaite
Ulverston and Furness	Ulverston	Ulverston
	Furness Rural	Aldingham, Duddon, Egton with Newland, Kirkby Ireleth, Lowick, Pennington, Urswick

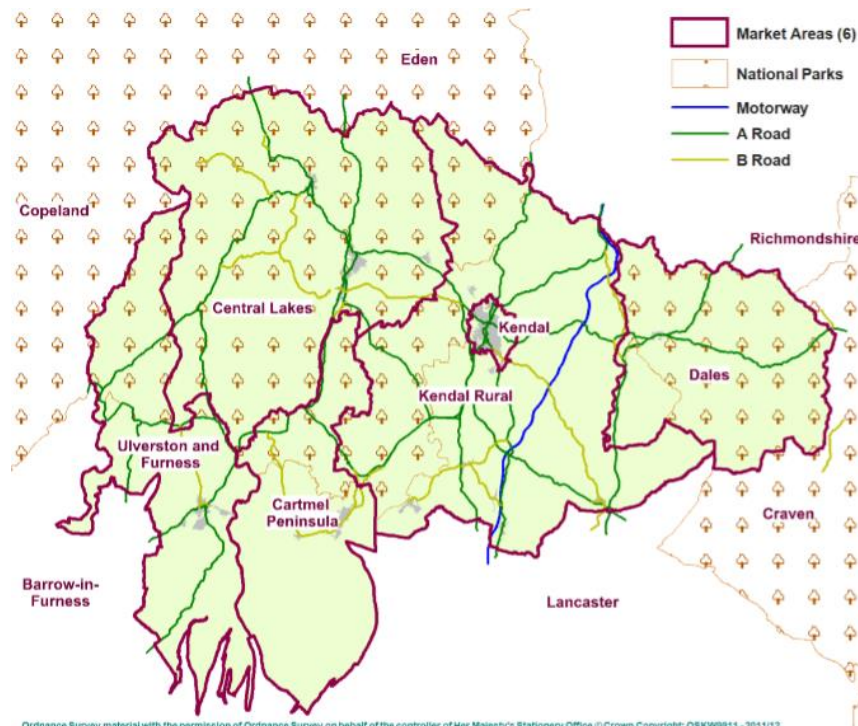
Source: South Lakeland 2014 SHMA Update, May 2014, Table 1.2, page 19.

- 3.11 Additionally, Figure 3.2 below illustrates South Lakeland and the location of the main urban settlements, principal roads and the boundaries of the main market areas and key service centres of the District.

<sup>5</sup> South Lakeland District 2014 SHMA Update, May 2014, Page 7.

<sup>6</sup> South Lakeland District 2014 SHMA Update, May 2014, Page 19.

**Figure 3.2 – South Lakeland District Geography**



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Source: South Lakeland District 2014 SHMA Update, May 2014, Map 1.1, page 20. (Note the National Park boundary is the old boundary based on the 2014 map)

- 3.13 The SHMA also identifies that the District is split into three Local Planning Authorities. 77% of households are in south Lakeland, 19% are in the Lake District National Park Authority area (LDNP) and 3.2% live in the Yorkshire Dales National Park (YDNP). The District is predominantly rural in character, although 27.6% of households live in Kendal and 11.6% in Ulverston.<sup>7</sup>
- 3.14 As shown by the figure above, the LDNP and YDNP areas overlap into all our study areas, apart from Kendal. We have filtered our data to only include evidence from South Lakeland, excluding the National Parks. This is to ensure that higher values from within the National Park boundaries do not skew our values for residential sales within the study area.

### South Lakeland CIL Viability Study (January 2014)

- 3.15 This study was produced by HDH Planning and Development. The study was based on the assumptions set out in the Land Allocations DPD Viability Study discussed earlier.
- 3.16 The study also appraised supported living typologies. The assumptions associated with this are addressed within the Supported Living chapter of this report.

<sup>7</sup> South Lakeland District 2014 SHMA Update, May 2014, Page 9.



## South Lakeland CIL Viability Study Update (July 2014)

- 3.17 This report by HDH Planning and Development was to update the earlier study and address points raised by consultees, stakeholders or the Council.
- 3.18 The report noted that between January 2013 and March 2014 average Cumbrian house prices had risen by 0.7% from £120,286 to £121,104<sup>8</sup>.
- 3.19 The following values were presented from Zoopla (Table 3.4).

**Table 3.4 – Average Prices by Main Settlement**

	Average Price	Percentage Change
Kendal	£230,711	7.78%
Ulverston	£208,608	7.83%
Kirkby Lonsdale	£260,029	5.46%
Grange Over Sands	£256,158	8.15%
Arnside	£270,228	5.47%
Milnthorpe	£264,611	4.99%
Kirkby in Furness	£210,952	5.55%

Source: Zoopla.com (May 2014)

Source: South Lakeland CIL Viability Study Update (July 2014), page 14

- 3.20 The average values assumed within the appraisals for the typologies across the respective market areas within this study are set out below. We provide a comparison with the average market sales values psm applied in the Land Allocations DPD Viability Study shown earlier in Table 3.2.

**Table 3.5 - Comparison Between Value Assumptions in HDH Studies (£ psm)**

	Kendal	Rural Kendal	Milnthorpe	Grange & Cartmel	Ulverston & Furness
Land Allocations DPD Viability 2013	£2,310	£2,630	£2,350	£2,350	£2,113
CIL Viability Update 2014	£2,426	£2,848	£2,258	£2,362	£2,251

Source: AspinallVerdi using HDH 2013 and 2014 Studies

## Arnside and Silverdale AONB DPD Viability Study (October 2016)

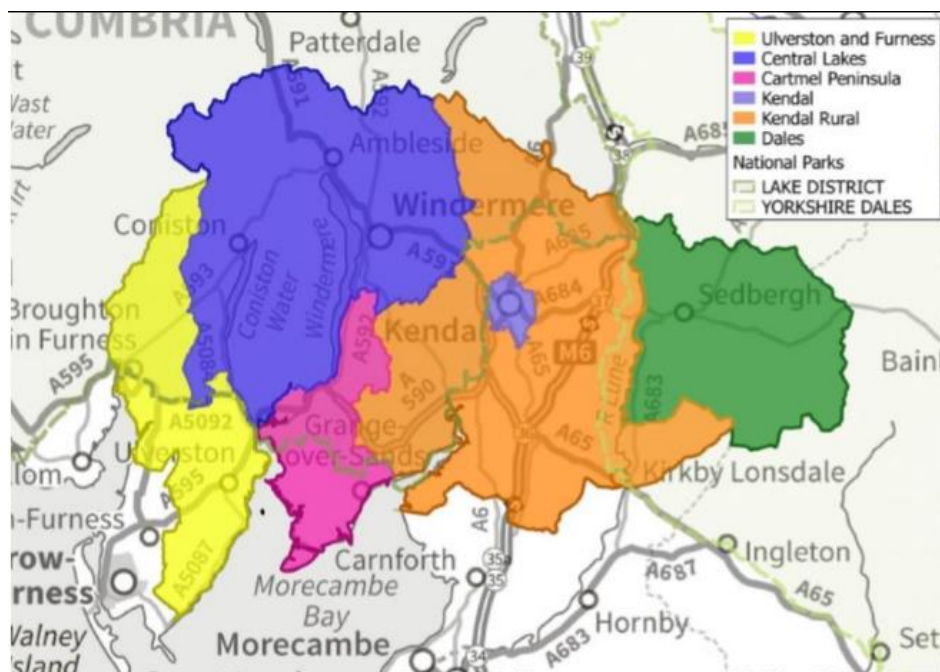
- 3.21 Please see section 8 below in respect of the AONB.

<sup>8</sup> South Lakeland CIL Viability Study Update (July 2014), para 3.6 page 14

## South Lakeland Draft SHMA (July 2017)

- 3.22 Justin Gardner Consulting (JG Consulting) was commissioned to produce a SHMA on behalf of SLDC to provide an update of the previous South Lakeland SHMA (2014). We were provided with confidential interim findings prior to consultation on Draft SHMA (July 2017). The draft SHMA provides an assessment of objectively assessed housing need in South Lakeland for the period 2016 – 2036<sup>9</sup>, and includes a review of ‘Housing Market Geographies’<sup>10</sup>
- 3.23 We note that the draft SHMA has been the subject of recent consultation and we will review our viability assessment in the context of the final findings (if materially different from the current draft SHMA).
- 3.24 The Draft SHMA identifies that at a local level the six ‘Housing Sub-Market Areas’ previously identified in the 2014 SHMA are suitable geographies to assess the local housing needs. Figure 3.3 below defines the six Housing Sub-Market Areas.

**Figure 3.3 – Sub-Market Areas**



Source: South Lakeland Draft SHMA (July 2017), Figure 2.20, page 37.

- 3.25 The SHMA sub-market areas are summarised as follows:
- “Ulverston and Furness – The most western sub-area includes the towns of Ulverston and Broughton in Furness. The northern part of the sub area falls within the Lake District National Park;

<sup>9</sup> South Lakeland Draft SHMA (July 2017), page 11.

<sup>10</sup> South Lakeland Draft SHMA (July 2017), section 2 from page 19.

- *Central Lakes – Includes Coniston Water and Lake Windermere and the surrounding towns and villages. This includes the major towns of Ambleside, Windermere and Bowness. Much of the area falls entirely within the Lake District National Park;*
- *Carmel Peninsula – This sub- area is largely rural but includes the town of Grange-over-Sands. The northern part of the sub area falls within the Lake District National Park;*
- *Kendal – This is the smallest in area of all the sub-areas and encompasses the district’s major town;*
- *Kendal Rural – There are no major towns in the sub-area although there are a great many villages. The northern and western extremes fall within the Lake District National Park with the eastern parts within the Yorkshire Dales National Park;*
- *The Dales – This this the eastern most sub-area and falls entirely within the Yorkshire Dales National Park. The only major settlement in the sub-area is Sedbergh.”<sup>11</sup>*

3.26 In determining the Housing Sub-Market Areas, the Draft SHMA focuses on a detailed house price analysis on a sub-area level. The findings determine that the property prices are the highest in the Central Lakes sub-area (where second-hand home ownership and holiday accommodation plays an important role).

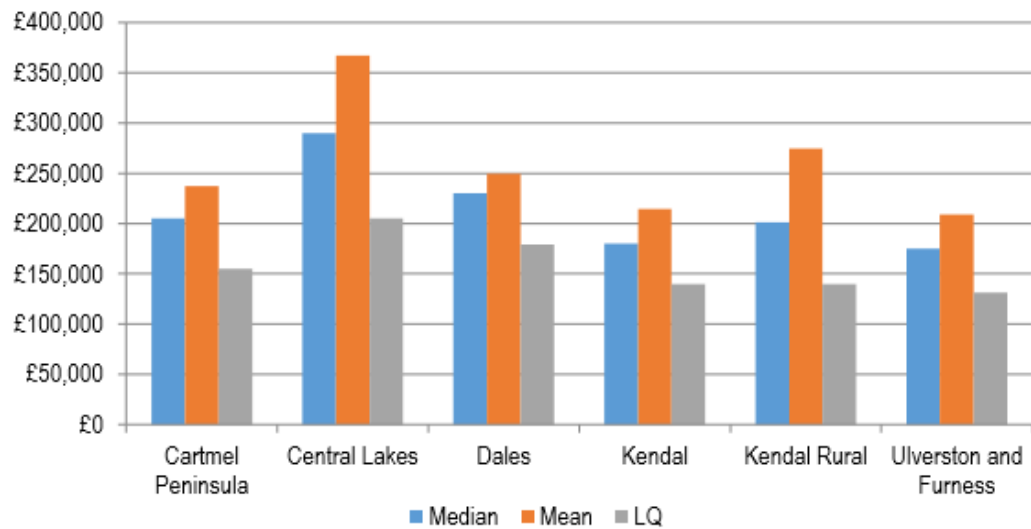
3.27 The Dales sub-area followed by Kendal-Rural sub-area saw high sales values in 2016; the entirety of the Dales sub-area is within the YDNP and approximately half of the Kendal-Rural sub-area is in either a national park or the Arnside and Silverdale AONB. Therefore, these areas have seen the lowest sales activity due to their rural nature.

3.28 Figure 3.4 below shows the Median, Mean and Lower Quartile house prices for each of the housing market geographies and Figure 3.5 shows a heat map of house prices in the sub-market areas.

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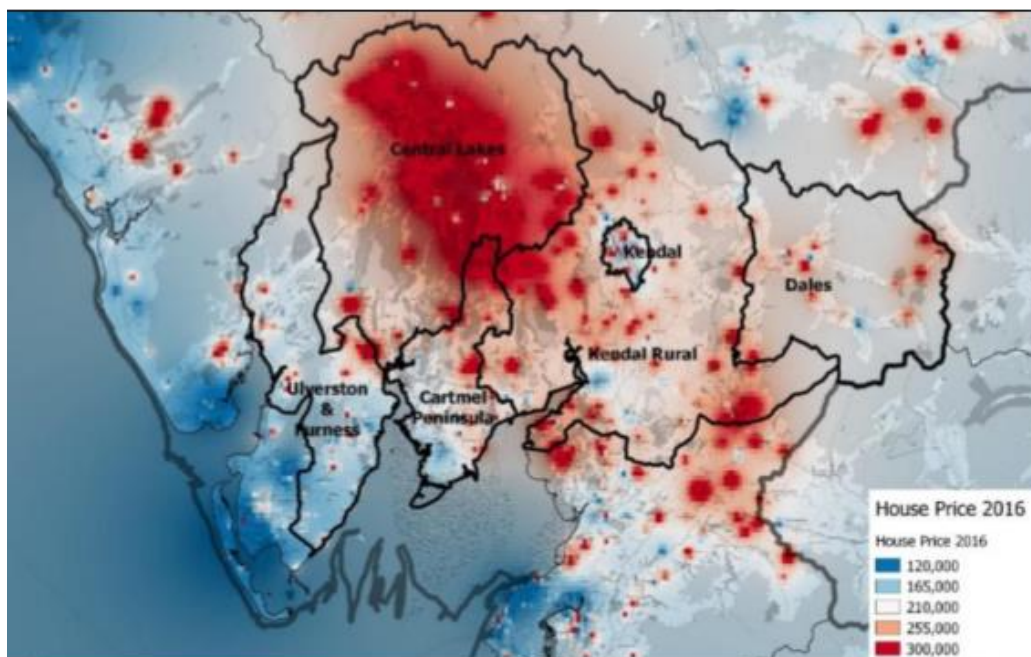
<sup>11</sup> South Lakeland Draft SHMA (July 2017), page 37

**Figure 3.4 – House Prices 2016, Sub-Market Areas**



Source: South Lakeland Draft SHMA (July 2017), Figure 2.21, page 39.

**Figure 3.5 – House Prices Heat Map, Sub-Market Areas**



Source: South Lakeland Draft SHMA (July 2017), Figure 2.22, page 39.

- 3.29 Figure 3.6 below provides a breakdown of the median costs by property type for each sub-area<sup>12</sup>.
- 3.30 The SHMA identifies notable differences between the housing sub-market areas, with values in Central Lakes and the Dales generally at a premium to those within our study area.

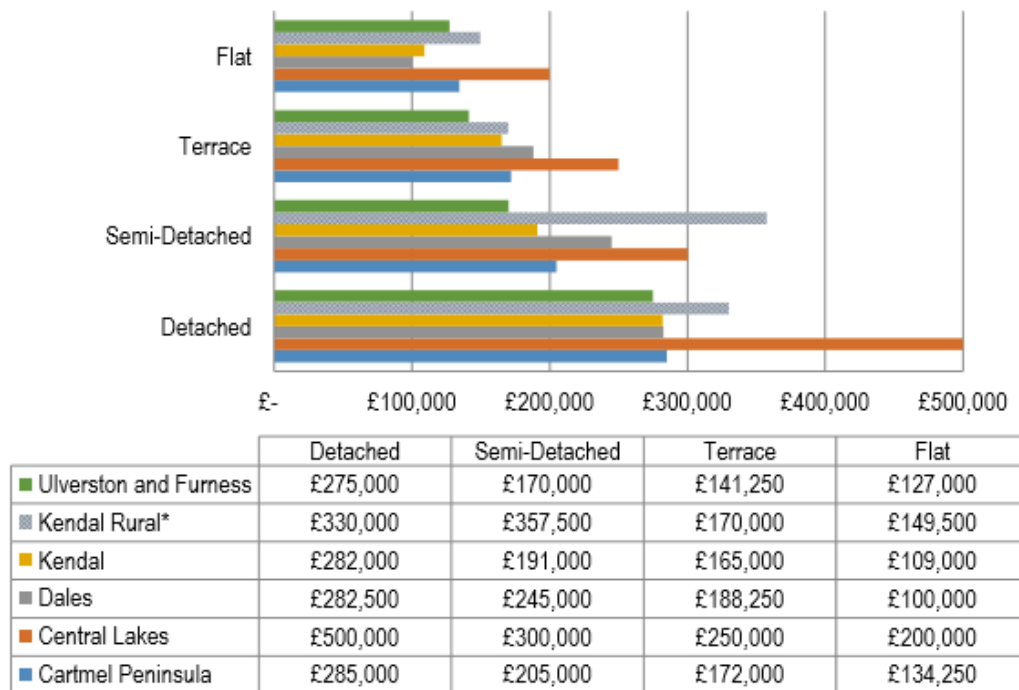
<sup>12</sup> South Lakeland Draft SHMA (July 2017), page 40.

3.31 Within our study area, values in Kendal Rural are strongest across all property types except for terraced properties where Cartmel Peninsula has the highest median price. By property type, values in the Cartmel Peninsula and Kendal are quite comparable, the only noticeable differences are the lower median prices for semi-detached and flats:

- Median price of a semi-detached house is lower in Ulverston & Furness than Kendal
- Median price of a flatted property is lower in Kendal than Ulverston & Furness

3.32 In terms of Ulverston & Furness, this sub-area has the lowest median house prices (within our study area) across all but the flatted property types. However, it should be noted that there has been a very small number of sales recorded for some areas.

**Figure 3.6 – House Price by Type of Property**



Source: South Lakeland Draft SHMA (July 2017), Figure 2.23, page 40.

## 4 New Build Achieved Values

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4.1 We have carried out a market review of sales values within the South Lakeland District. This has been based on a detailed analysis of the Land Registry new build achieved values<sup>13</sup> cross-referenced, on an address-by-address basis to the floor areas published on the EPC (Energy Performance Certificate) database in order to derive the achieved values (£ per square metre). This gives a good baseline for comparing the average values across the District given the variation in unit sizes of 1-4 bed properties.

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/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.”<sup>14</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 values (i.e. Shared Ownership or Discounted Sale) to those provided under category A, therefore not providing a reflection of the true full market value. We have also filtered extremely high value 'one-off' sales and thus ensure that the data reflects the 'typical' new-build units which are likely to come forward in South Lakeland.

4.4 We have focused our research in four key 'housing sub-market areas'<sup>15</sup> within South Lakeland District: Kendal, Kendal Rural, Cartmel Peninsula and Ulverston & Furness. These key areas/housing zones have been informed by the adopted SHMA (2014) and the Draft SHMA (2017) as outlined above. For the purposes of our research, we have excluded all data that falls within the YDNP and the LDNP as this is not part of our study area.

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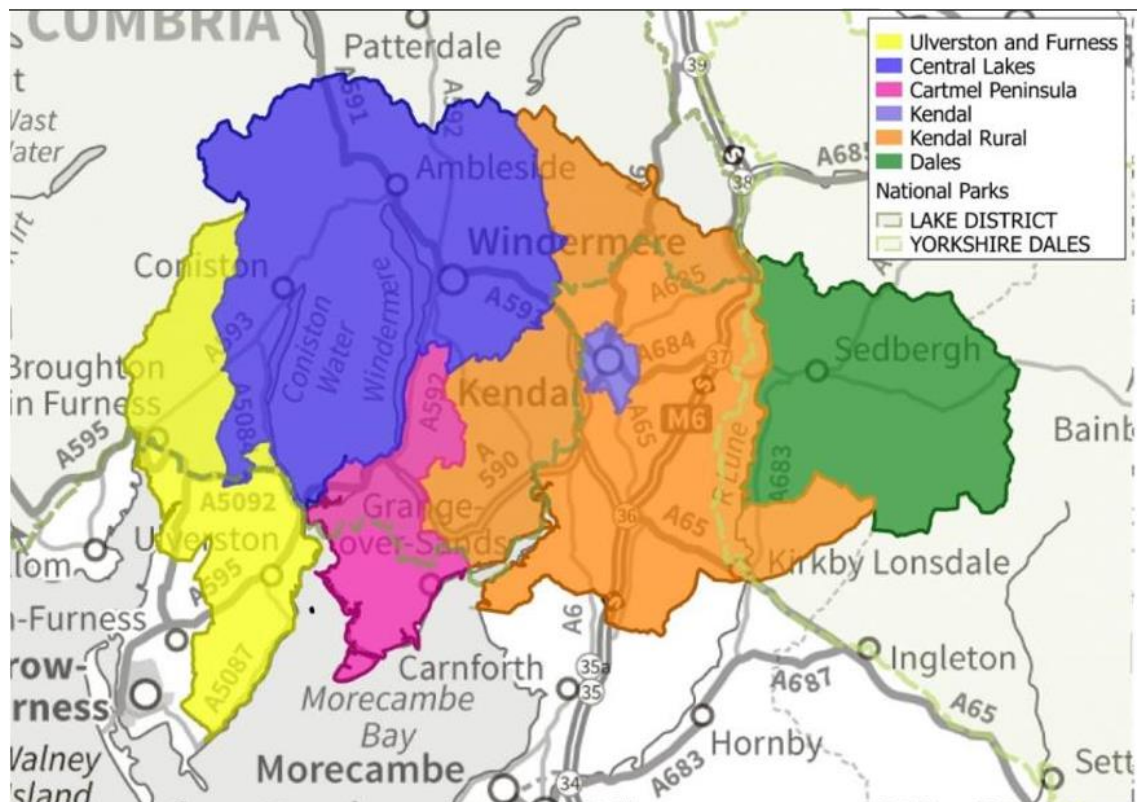
<sup>13</sup> Over a 2-year period in Kendal and 5-year period in the rest of the District, reflecting lack of comparable evidence outside of Kendal

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

<sup>15</sup> Draft SHMA, July 2017, section 2, from page 19.

- 4.5 We have analysed new-build sales values in Kendal Rural, Cartmel Peninsula and Ulverston & Furness over a five-year period from January 2012 to present (June 2017). This is due to limited transaction based evidence for new-build property over a two-year period we typically would use.
- 4.6 In Kendal, there have been 92 new-build sales over a two-year period and therefore we have not changed our standard approach to data collection (i.e. 2 years). This firstly demonstrates that new-build activity has been greater here, and thus we are less reliant on more historic value data informing our assumptions.
- 4.7 However, it must be reiterated that in forming our opinions of value, we have had regard to the existing evidence base as discussed above and these studies analyse residential sales values from the 2009 Viability Study to the CIL Update in 2014.
- 4.8 The housing market areas are shown on the map below (Figure 4.1). We reiterate that our study relates to those parts of the housing market areas that are outside the National Parks.

**Figure 4.1 – Housing Sub-Market Areas**



## Kendal

- 4.9 We note that HDH assumed £2,310 psm in the 2013 viability study, and £2,426 psm in the 2014 CIL Update (as noted in Table 3.5).
- 4.10 Over a 2-year study period (January 2015 to present) we have evidence of 92 new build transactions. Table 4.1 below summaries the evidence of new build sales values from Land Registry data in Kendal which suggests an average achieved value of £2,568 psm.
- 4.11 Lambert Smith Hampton have provided evidence that sales values in Kendal range between £2,400-£2,900 psm<sup>16</sup> which is in line with our findings presented below.

**Table 4.1 – Average New Build Sales Values, Kendal**

Average Unit Price	Average Price psm
£273,291	£2,568

Source: Land Registry (2017)

- 4.12 Additional evidence of values submitted to the Council as part of financial viability appraisals for S106 negotiations within Kendal adopt the following values:
- In 2015, sales values have been agreed at £2,344 psm for new-build units on a small urban windfall site in Kendal;
  - In 2016, sales values were agreed at £2,604 psm for new build units on a medium urban edge greenfield scheme in Kendal.
- 4.13 Given the above evidence, we consider that a value of £2,600 psm is suitable for new build properties in Kendal.

<sup>16</sup> Lambert Smith Hampton, Email dated 19/05/2017 – Market Evidence Email 2



## Kendal Rural

- 4.14 Kendal Rural is the largest housing sub-market area within the District comprising a number of settlements i.e. Kirkby Lonsdale, Milnthorpe, Burton-in-Kendal, Holme and Levens.
- 4.15 Note - HDH made separate value assumptions for Kendal Rural and Milnthorpe over the two viability studies (2013 & 2014 Update), the average value psm for the respective areas was:
- £2,739 psm for Kendal Rural;
  - £2,304 psm for Milnthorpe (note there was only one typology in each study).
- 4.16 Milnthorpe is situated in close proximity to the AONB, and the M6 which provides connections to major conurbations in the North West. As shown in the draft SHMA 2017, we have included Milnthorpe within the Kendal Rural housing sub-market area.
- 4.17 In addition to the draft SHMA 2017, we recognise that three typologies appraised over the preceding DPD and CIL viability studies had an assumed value psm at or below the average value of £2,304 psm assumed for the one typology appraised in Milnthorpe in 2013 and 2014.
- 4.18 Further to this, we note that there have been 4 new build sales in Milnthorpe since 2013 which produce an average achieved value of £490,238 and an average achieved £ psm of £2,568 psm. This indicates that it is difficult to distinguish between Rural Kendal and Milnthorpe as separate market value areas.
- 4.19 Taking the assumptions made by HDH for Kendal Rural and Milnthorpe, the average value psm was £2,553 in 2014. Table 4.2 below shows a summary of the 27 deals for new-build properties registered on Land Registry for Kendal Rural. Note deals done are over a five-year period. Our findings indicate that values have increased since the previous study.

**Table 4.2 - Average New Build Sales Values, Kendal Rural (last 5 years)**

Average Unit Price	Average Price psm
£301,728	£2,725

Source: Land Registry (2017)

- 4.20 This average value per psm must be qualified in the context of the constituent transactional data. The average floor area of the transacted units is 128m<sup>2</sup>, which is much larger than average unit sizes. Large units will typically attract an element of quantum discount when analysed on a value per psm basis. It is also noted that all but eight of these transactions took place in the period between 2012 and 2014. Subsequent re-sales of similar properties indicate that market values within this market area have increased since 2014.
- 4.21 Lambert Smith Hampton negotiate affordable housing transfer values on behalf of the Council and Registered Providers. In order to do this, they agree the market values which are then

discounted to derive the transfer values for the affordable units. We have been provided with evidence of market values agreed by LSH on two site-specific EVAs in Kendal Rural in February 2017. The average value per square metre on these schemes is £2,901.

- 4.22 Given the above evidence, we feel a value of £2,900 psm is suitable for new-build properties in Kendal Rural.

## Cartmel Peninsula

- 4.23 It should be noted that the 2013 HDH viability study assumed £2,350 psm and £2,362 in the 2014 CIL Update.
- 4.24 Table 4.3 below provides the evidence of new build sales values from Land Registry data in Cartmel Peninsula over the 5 year study period. All new build transactions have been for units in the key service centre, Grange-over-Sands. Although there is a lack of new build deals (24), the evidence suggests an average achieved value of £2,533 psm which is higher than the most recent assumption made by HDH.

**Table 4.3 - Average New Build Sales Values, Cartmel Peninsula (last 5 years)**

Average Unit Price	Average Price psm
£269,582	£2,533

Source: Land Registry (2017)

- 4.25 Lambert Smith Hampton have provided evidence that sales values in Cartmel Peninsula are comparable to Kendal and range between £2,400 - £2,900 psm<sup>17</sup>.
- 4.26 We note that the 18 deals to take place in Cartmel Peninsula at Oversands View, have achieved an average value of £2,820 psm with the most recent 8 deals (between December 2016-February 2017) achieving £2,928 psm.
- 4.27 In addition, we have been provided evidence of values submitted to the Council as part of financial viability appraisals for S106 negotiations within Cartmel Peninsula adopting the following values:
- In 2017, sales values have been agreed at £2,464 psm for a small greenfield site in Cartmel.
- 4.28 Given the above evidence, and that we have assumed £2,600 psm for new-builds in Kendal, we consider a value of £2,600 psm is suitable for new-build properties in Cartmel Peninsula.

<sup>17</sup> Lambert Smith Hampton, Email dated 19/05/2017 – Market Evidence Email 2

## Ulverston & Furness

- 4.29 We note that HDH assumed £2,113 psm in the 2013 viability study, followed by £2,251 psm in the CIL Update 2014.
- 4.30 The table below provides a summary of new build achieved values for Ulverston & Furness over the study period (5 years). The majority of new build transactions are for units in the key service centre, Ulverston. Whilst there are a limited number of new-build deals (31), we have an average achieved price of £2,047 psm which is in line with evidence provided by Lambert Smith Hampton.
- 4.31 Agents have indicated a lack of evidence for new-build sales, but state that the market is comparable to Penrith in Eden, where values range between £1,900-£2,400 psm<sup>18</sup>. As the table below shows, the new-build deals are at the lower end of this range.
- 4.32 Note, a number of deals done have been for leasehold properties on one scheme. Haven spoken with agents, the length of leaseholds are 999 years and the occupiers of the properties pay a small service charge towards the upkeep of a small parcel of land at the front of the development.

**Table 4.4 - Average New Build Sales Values, Ulverston & Furness (last 5 years)**

Average Unit Price	Average Price psm
£213,509	£2,047

Source: Land Registry (2017)

- 4.33 However, we have also been provided with evidence of values submitted to the Council as part of financial viability appraisals for S106 negotiations.
- In 2016, sales values have been agreed at £2,313 psm for the new-build units on a greenfield site in Ulverston.
  - In 2017, sales values have been agreed at £2,238 psm for a large urban greenfield site in Ulverston
- 4.34 Given the above evidence, we consider a value of £2,400 psm is suitable for new-build properties in Ulverston & Furness.

<sup>18</sup> Lambert Smith Hampton, Email dated 19/05/2017 – Market Evidence Email 2

## New Build Achieved Values Summary

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4.35 From our evidence, we have assumed the following values across the respective market areas based on achieved value data.

**Table 4.5 - New Build Achieved Value Summary (psm)**

Kendal	Kendal Rural	Cartmel Peninsula	Ulverston & Furness
£2,600 psm	£2,900 psm	£2,600 psm	£2,400 psm

Source: AspinallVerdi using Land Registry (2017)

4.36 This evidence mirrors the existing evidence base showing that house prices are strongest in Kendal Rural, following by Kendal, Cartmel Peninsula and Ulverston & Furness.

4.37 We re-consider the above summary in Chapter Six (Market Housing Value Assumptions) having reviewed asking price data in South Lakeland. This is discussed below.

## 5 New Build Asking Prices

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- 5.1 We have reviewed new build developments for all property types currently 'on-site' within South Lakeland District to understand the up to date *asking values* associated with new build properties. This helps us to determine the level of value differentials which may occur between the identified housing sub-market areas, which can then be applied to 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>19</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 build. It is important to note that in arriving 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 market place that includes an established 'stock' of competing properties. The asking price is therefore tempered by the wider price mechanism.

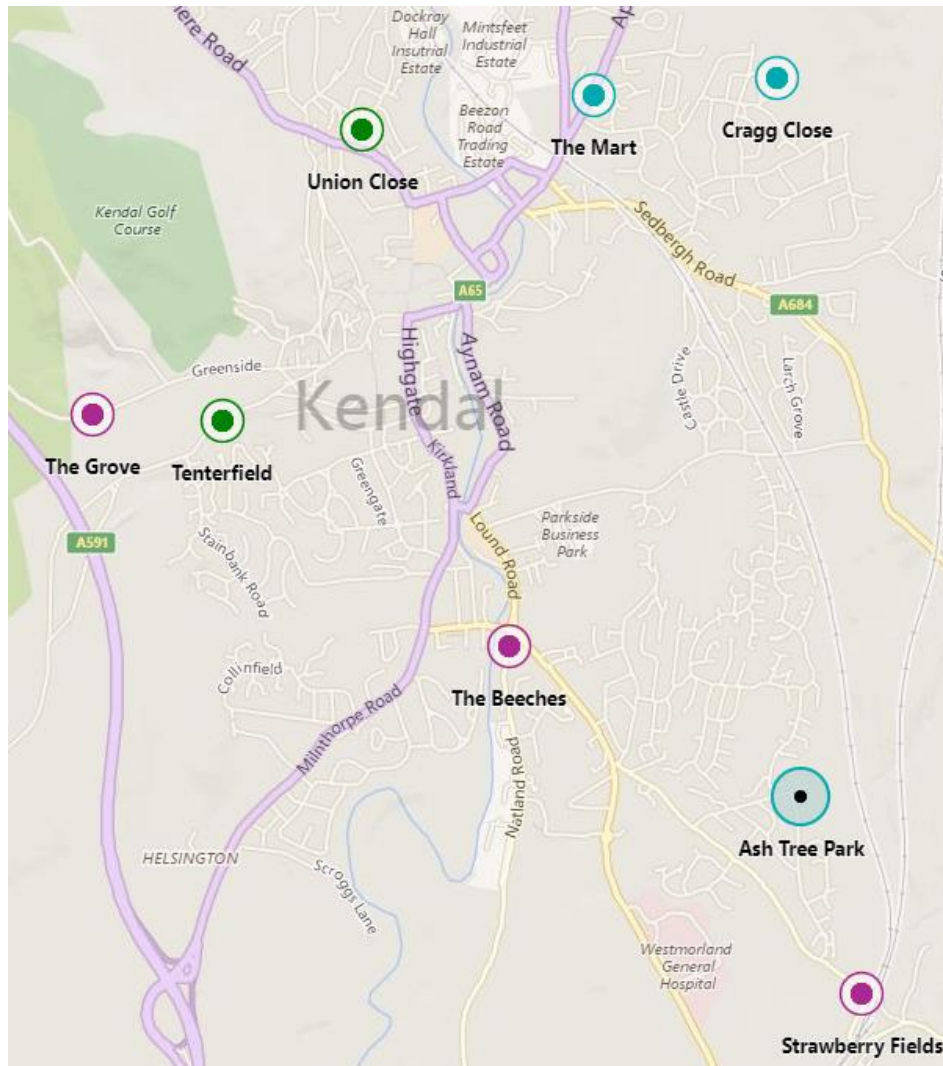
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<sup>19</sup> Comparable evidence in property valuation, RICS information paper, 1st edition (IP 26/2012)

## Kendal

5.5 Figure 5.1 shows where the new build developments are situated in Kendal.

**Figure 5.1 - New Build Developments, Kendal**



Source: AspinallVerdi using Bing Maps (2017)

5.6 The map above shows that in total we have identified eight new build schemes currently on the market within the Kendal housing sub-market area. This includes;

- **Strawberry Fields, Oakmere Homes** – 30 new ‘luxury’ homes (phase one) (with 35% affordable across all phases);
- **The Mart, Time & Tide Homes** – 94 new homes and apartments (nearing completion and includes circa 50% affordable housing);
- **Union Close, Robert Hughes Ltd.** – 5 new ‘quality’ homes;

- **The Beeches, Story Homes** – 76 new ‘executive’ homes (now complete and includes 35% affordable housing);
- **Ash Tree Park, Story Homes** – 105 new ‘high quality’ homes (with 35% affordable housing)
- **Cragg Close, Russell-Armer Homes** – 94 new homes (nearing completion with 50% affordable housing);
- **Tenterfield, Russell-Armer Homes** – 18 new homes (with 17% affordable housing);
- **The Grove, Russell-Armer Homes** – 47 new homes (with circa 20% affordable housing).

5.7 We have obtained our information from recognised sources such as Zoopla and Rightmove, and supplemented this with researching the websites of active local developers. It should be noted however that there is only asking price information currently available for four of the eight schemes. We have contacted local agents and developers regarding asking prices for the remaining schemes, however the units were either marketed as Price on Application or considered too early in the development process to have a quoting price.

5.8 Where asking price information is available, each scheme has been reviewed to identify the location of the scheme, a breakdown of the current asking prices as well as commentary on the similarity between asking and achieved values within the housing sub-market area in the summary. This is discussed below.

## Strawberry Fields – Oakmere Homes

- 5.9 Strawberry Fields is a 'luxury' development of 148 dwellings to be built out over four phases. Phase one comprises of 30 'superior' four bed detached new homes. We understand that the site had outline planning granted with 35% affordable housing, and phases 2-4 have been allowed on appeal (see SL/2016/0398 and SL/2016/0988).
- 5.10 The site is located at Oxenholme road on the edge of Kendal (LA9 7RH). The scheme is located circa '10 minutes' drive' from the M6 to the east via the A684, and '2 minutes' walk from Oxenholme Railway Station with its West Coast Main Line links to Manchester, Birmingham, London, Carlisle, Glasgow and Edinburgh.<sup>20</sup>

**Figure 5.2 – Phase 1 Site and Location Plan**



Source: Site Plan – Oakmere Homes Strawberry Fields Brochure, page 8. Location Plan – Google Maps

- 5.11 Table 5.1 below is a 'typical' four bedroom detached home that is provided as part of the scheme.

**Table 5.1 – Typical Four Bedroom Detached House**

House Type	Image
<p><b>4 Bedroom Detached (Kirkstone)</b></p>	

Source: Oakmerehomes.co.uk

<sup>20</sup> Rightmove.co.uk (walk from Oxenholme Railway Station with its West Coast Main Line links to Manchester, Birmingham, London, Carlisle, Glasgow and Edinburgh).



5.12 There is limited asking price data with only 5 of the 8 property types with quoting prices.

5.13 Table 5.2 below provides a summary of the properties that are currently on sale. From this information we are able to determine that four bedroom detached properties are listed for between £350,000 and £455,000.

**Table 5.2 – Asking Prices at Strawberry Fields**

Property Type	Floor Area (sqm)	Floor Area (sqft)	Asking Price (£)	Asking Price (£ psm)	Asking Price (£ psf)
<b>The Wasdale - 4 Bedroom Detached</b>	122	1309	£350,000	£2,875	£267
<b>The Kirkstone - 4 Bedroom Detached</b>	131	1405	£390,000	£2,985	£278
<b>The Grasmere - 4 Bedroom Detached</b>	133	1428	£385,000	£2,899	£270
<b>The Ullswater - 4 Bedroom Detached</b>	151	1620	£425,000	£2,821	£262
<b>The Windemere - 4 Bedroom Detached</b>	161	1735	£455,000	£2,820	£262
<b>Min</b>	<b>122</b>	<b>1,309</b>	<b>£350,000</b>	<b>£2,820</b>	<b>£262</b>
<b>Average</b>	<b>139</b>	<b>1,499</b>	<b>£401,000</b>	<b>£2,880</b>	<b>£268</b>
<b>Median</b>	<b>133</b>	<b>1,428</b>	<b>£390,000</b>	<b>£2,875</b>	<b>£267</b>
<b>Max</b>	<b>161</b>	<b>1,735</b>	<b>£455,000</b>	<b>£2,985</b>	<b>£278</b>

Source: Rightmove.co.uk, Oakmehomes.co.uk.

5.14 We note from our achieved values data that 7 deals for units on this scheme achieved an average price psm of £2,803 (psm). The average floor area of the units sold to date is 130.5 sqm. The two units at 156 and 164 sqm which have been sold achieved £2,729 to £2,738 psm and therefore consistent with the asking price data shown above, which relate to similar units.

## The Mart – Time & Tide homes

5.15 The Mart is a development of 94 one, two, three and four bedroom new homes split between detached, semi-detached, terraced (townhouse) properties and apartments. The scheme is located off Appleby road, Kendal (LA9 6ES) circa 930 meters to the north east of Kendal town centre, and circa 250 meters from Kendal train station. The M6 is approximately 6 miles to the east accessed via the A684 (see Figure 5.3 below).

**Figure 5.3 – Site and Location Plan**



Source: Site Plan and location plan – Time&tidehomes.co.uk

5.16 There is limited availability within the site with asking price data only available for 3 of the 8 property types. From this information, we are able to determine that:

- One-bedroom apartment listed at £99,950
- Two-bedroom apartment listed at £132,950
- Two-bedroom terraced property listed at £169,950 (£2,863 psm / £265 psf).

5.17 We note that from our achieved value data, that 6 units have sold for between £2,083-£2,353 psm averaging £2,173 psm. This indicates there is potential for some aspirational value associated with the current two-bed market listing.

5.18 We are also aware that the fact that this scheme features circa 50% affordable housing and part of the site was also subject to flooding during the ‘Storm Desmond’ event of December 2015 is likely to have a downward effect on values achieved.

## Robert Hughes Ltd. – Union Close

5.19 The Union close scheme is a development of 5 new two bedroom properties in 2 semi-detached properties and 3 terraced properties. The scheme is located at 50 – 54 Union Street, Kendal (LA9 4RR) to the immediate north of Kendal town centre and approximately 6 miles to the west of the M6. The scheme is also circa 0.6 miles from Kendal train station to the east which is linked to

Oxenholme train station with the west coast mainline running from London Euston to Glasgow.<sup>21</sup>  
 (See Figure 5.4 below).

**Figure 5.4 – Site and Location Plan**



Source: Site plan – Armisteadbarnett.co.uk, Location plan – Googlemaps.com

5.20 Table 5.3 below is an image of the 2 bed terraced properties that are provided at the Union Close scheme.

**Table 5.3 – Two Bedroom Terraced Property at Union Close**

House Type	Image
<p><b>2 Bedroom Detached (Kirkstone)</b></p>	

Source: Rightmove.co.uk

5.21 All property types are defined as 2 bed terraced properties which are listed at £184,999. Four of the five properties have floor areas of 65 sqm (697 sqft) which equates to £2,858 psm (£266 psf), and one property has a floor area of 63 sqm (675 sqft) which produces a £ psm quoting price of £2,949 psm (£274 psf).

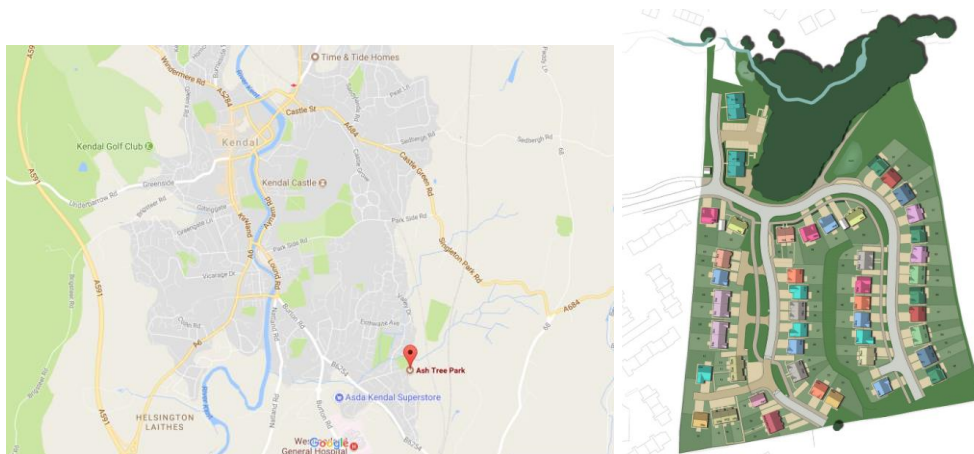
5.22 We take the view that this provides further evidence to support a minimum value assumption of £2,600 psm in Kendal.

<sup>21</sup> Union Close Brochure, Armistead Barnett. Page 2.

## Story Homes – Ash Tree Park

5.23 Ash Tree Park is a development of 105 two, three and four bedroom new homes split between detached, semi-detached, terraced properties and apartments. The first phase consists of 71 new homes. The scheme is located off Kendal Parks Road, Kendal (LA9 7NG) approximately 2 miles to the south east of Kendal town centre, and junction 37 of the M6 is approximately 6 miles to the east accessed via the A684 (see Figure 5.5 below).


**Figure 5.5 – Site and Location Plan**



Source: Site Plan – Storyhomes.co.uk, Location Plan – Googlemaps.com

5.24 Table 5.4 – 4 Bedroom Detached Property at Ash Tree Park Table 5.4 below is an image of an average 4 bed detached property provided at the Ash Tree Park scheme.

**Table 5.4 – 4 Bedroom Detached Property at Ash Tree Park**

House Type	Image
<p><b>4 Bedroom Detached Property (The Pennington)</b></p>	

Source: Storeyhomes.co.uk

5.25 Table 5.5 below provides a summary of the property types which are currently on sale at Ash Tree Park. It provides further evidence to support that £2,600 psm is a reasonable value assumption for new-build schemes in Kendal.

**Table 5.5 - Asking Prices for Properties at Ash Tree Park**

Property Type	Floor Area (sqm)	Floor Area (sqft)	Asking Price (£)	Asking Price (£ psm)	Asking Price (£ psf)
<b>The Portland – 3 Bedroom Detached</b>	102	1,092	£285,995	£2,816	£262
<b>The Pennington - 4 Bedroom Detached</b>	187	2,015	£449,995	£2,401	£223
<b>The Branthwaite - 4 Bedroom Detached</b>	205	2,203	£489,995	£2,394	£222
<b>Min</b>	102	1,092	£285,995	£2,401	£223
<b>Average</b>	165	1,770	£408,662	£2,477	£231
<b>Median</b>	165	1,770	£408,662	£2,477	£231
<b>Max</b>	205	2,220	£489,995	£2,816	£262

Source: Rightmove.co.uk

## Kendal Rural

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5.26 The map below (Figure 5.6) shows the two new build schemes within the Kendal Rural housing sub-market area. They are as follows;

- **Greengate Meadows, Levens, Story Homes** – 49 new ‘executive’ homes (including 35% affordable housing);
- **Oakfield Park, Kirkby Lonsdale, Russell Armer homes** – 78 new homes (including 35% affordable housing)

**Figure 5.6 - New Build Developments, Rural Kendal**



Source: AspinallVerdi using Bing Maps (2017)

5.27 It should be noted however that there is no asking price information available for the Oakfield Park scheme. After contacting Russell-Armer Homes it was determined that the properties have not been released for sale, meaning that the asking prices have not yet been set. We understand that work on site will commence in September.

5.28 However, we understand that the Masters’ Grange development by Russell Armer Homes achieved values of over £3,000 psm.

5.29 We discuss the Greengate Meadows scheme below.

## Greengate Meadows – Story Homes

5.30 The Greengate Meadows scheme is a development of 49 new homes comprising a mix of three, four and five bedroom houses set out in detached and semi-detached properties including bungalows. The scheme is located off Greengate Crescent, Levens (LA8 8QB) approximately 6 miles to the south of Kendal, and 5.3 miles from the M6 to the south east of the site (see Figure 5.7 below).


**Figure 5.7 – Site and Location Plan**



Source: Storyhomes.co.uk

5.31 Table 5.6 below is an image of a 'typical' 4 bed detached property that is provided at the Greengate Meadows scheme.

**Table 5.6 – Four Bedroom Detached Property at Greengate Meadows**

House Type	Image
<p><b>4 Bedroom Detached Property (The Taunton)</b></p>	

Source: Rightmove.co.uk

5.32 There is limited availability within the site with asking price data only available for 3 of the 8 property types:

5.33 Table 5.7 below provides a summary of the property types which are currently on sale at Greengate Meadows scheme. From this information, we are able to determine that:

- Four bedroom detached properties are being listed between £398,995 and £449,995;
- Five bedroom detached properties are listed at £472,995

**Table 5.7 – Asking Prices at Greengate Meadows**

Property Type	Floor Area (sqm)	Floor Area (sqft)	Asking Price (£)	Asking Price (£ psm) <sup>22</sup>	Asking Price (£ psf)
<b>The Taunton - 4 Bedroom Detached</b>	149	1597	£398,995	£2,686	£250
<b>The Salisbury - 4 Bedroom Detached</b>	168	1803	£449,995	£2,684	£250
<b>The Mayfair - 5 Bedroom Detached</b>	177	1905	£472,995	£2,670	£248
<b>Min</b>	149	1,597	£398,995	£2,670	£248
<b>Average</b>	164	1,768	£440,661	£2,680	£249
<b>Median</b>	168	1,803	£449,995	£2,684	£250
<b>Max</b>	177	1,905	£472,995	£2,686	£250

Source: Rightmove.co.uk

5.34 The table above indicates that the asking prices are lower than the findings in the achieved value data. However, it is important to note that the above house types are larger than that required by the nationally prescribed standards, resulting in a lower value per square metre. As noted earlier, we have evidence from Lambert Smith Hampton to support a market value assumption of £2,900 psm and we note that market values of up to £2,923 psm have been agreed for smaller units at this scheme.

5.35 We are therefore comfortable with the assumption of £2,900 psm.

<sup>22</sup> Differences due to rounding of the floor areas

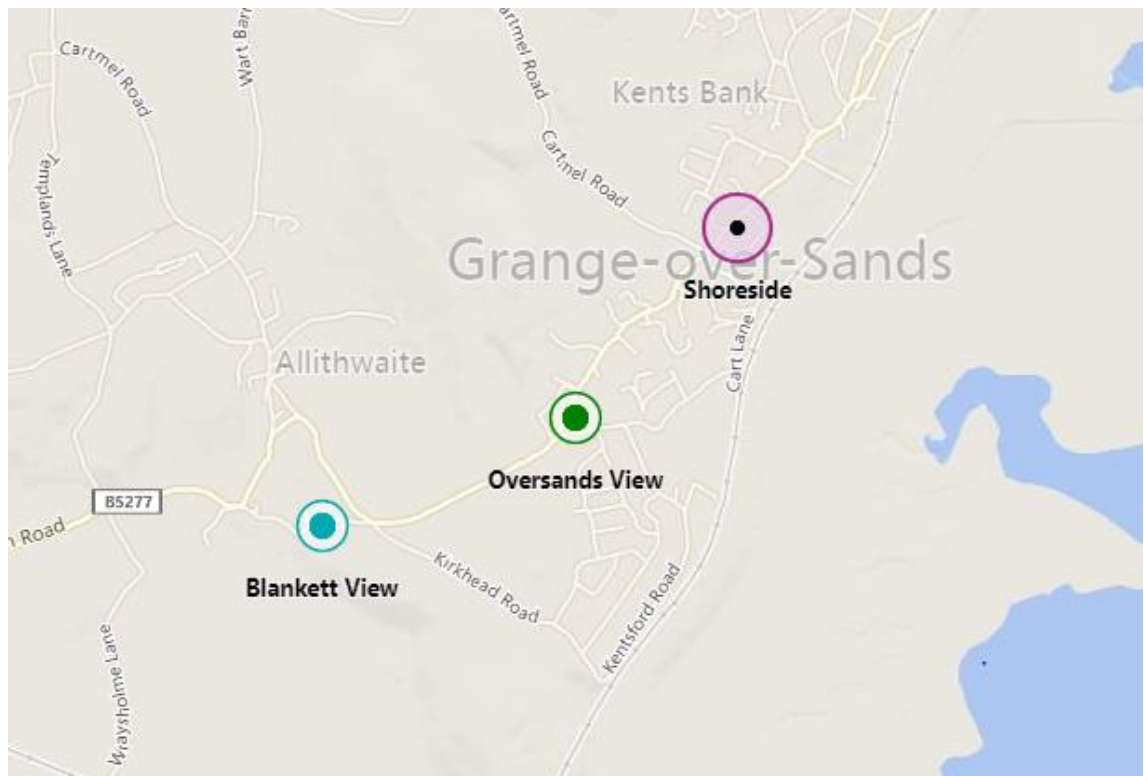


## Cartmel Peninsula

5.36 Figure 5.8 below shows the three new build schemes we have identified within the Cartmel Peninsula housing sub-market area. This includes;

- **Blenkett View, Allithwaite, Applethwaite Homes** – 18 new homes;
- **Oversands View, Grange-over-Sands, Russell-Armer Homes** – 42 new homes;
- **Shoreside, Grange-over-Sands, Wainhomes** – 64 new 'luxury' homes

**Figure 5.8 - New Build Developments, Cartmel Peninsula**



Source: AspinallVerdi using Bing Maps (2017)

5.37 It should be noted however that there is no asking price information for Blenkett View. After contacting Applethwaite Homes it was determined that the properties have not been released for sale, meaning that the asking prices have not yet been set.

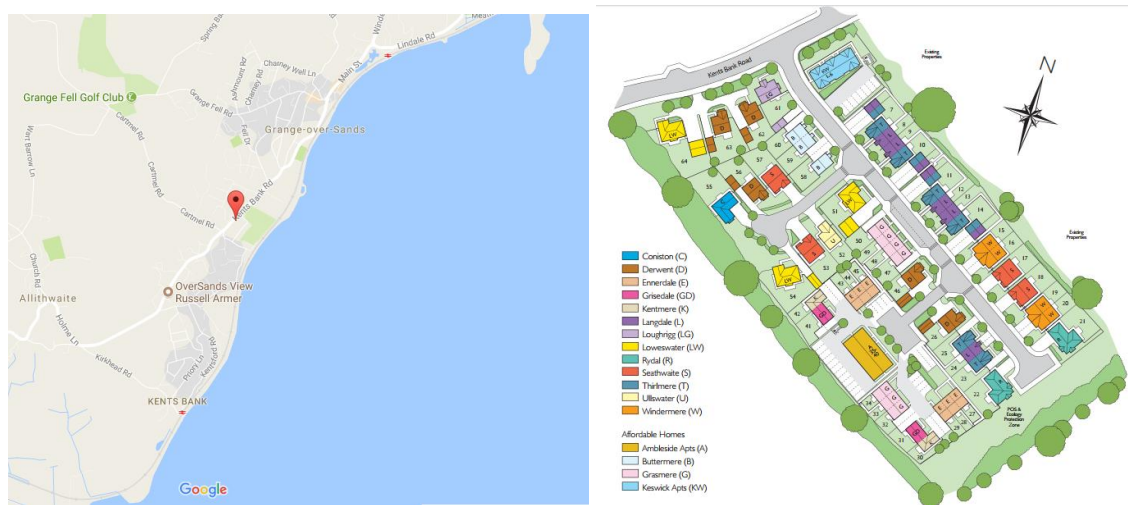
5.38 In terms of Oversands View, we note just one market listing, with a bungalow currently available £395,000. We note that 15 units have already sold at Oversands View, and the achieved values have been analysed in Chapter 4. For reference, they ranged between £2,475-£3,173 psm.

5.39 We discuss the Shoreside scheme below.

## Wainhomes – Shoreside

5.40 Shoreside is a development of 64 two, three and four bedroom new homes split between detached, semi-detached, and terraced properties. The scheme is located off Kents Bank Road, Grange-Over-Sands (LA11 7EF) approximately 16 miles to the south west of Kendal, approximately 15 miles from Ulverston the west, and 0.4 miles to the north of the Oversands View scheme (see Figure 5.9 below).


**Figure 5.9 – Site and Location Plan**



Source: Site Plan – Wainhomes, Location Plan – Googlemaps.com

5.41 Table 5.8 below is an image of ‘typical’ a 4 bed detached property that is provided at the Shoreside scheme.

**Table 5.8 – Typical 4 Bedroom Detached Property at Shoreside**

House Type	Image
<p style="text-align: center;"><b>4 Bedroom Detached Property (The Seathwaite)</b></p>	

Source: Wainhomes.co.uk

5.42 Table 5.9 below provides a summary of the property types which are currently on sale at Shoreside. From this information, we are able to determine that:

- Four-bedroom detached properties are listed for between £269,950 and £409,950
- Four-bedroom mews properties are listed for between £274,950 and £289,950

**Table 5.9 – Asking Prices at Shoreside**

Property Type	Floor Area (sqm)	Floor Area (sqft)	Asking Price (£)	Asking Price (£ psm)	Asking Price (£ psf)
<b>The Langdale – 4 Bedroom Terrace</b>	78	837	£274,950	£3,537	£329
<b>The Thirlmere – 4 Bedroom Semi-Detached</b>	102	1,099	£289,950	£2,839	£264
<b>The Ullswater - 4 Bedroom Detached</b>	87	938	£269,950	£3,099	£288
<b>The Derwent - 4 Bedroom Detached</b>	85	910	£299,950	£3,548	£330
<b>The Seathwite - 4 Bedroom Detached</b>	104	1120	£329,950	£3,171	£295
<b>The Coniston - 4 Bedroom Detached</b>	95	1024	£334,950	£3,522	£328
<b>The Loughrigg - 4 Bedroom Detached</b>	103	1108	£339,950	£3,304	£307
<b>The Loweswater - 4 Bedroom Detached</b>	119	1279	£409,950	£3,451	£321
<b>Min</b>	78	837	£269,950	£2,839	£264
<b>Average</b>	97	1,039	£318,700	£3,309	£308
<b>Median</b>	99	1,062	£314,950	£3,378	£314
<b>Max</b>	119	1,279	£409,950	£3,548	£330

Source: Rightmove.co.uk

5.43 The asking prices in the table above are considerably higher than the achieved value data for the preceding five years for Cartmel Peninsula on a whole at £2,550 psm. We note that within our achieved value data we have 14 deals for units on this scheme and the average price psm achieved is £2,830 (psm).

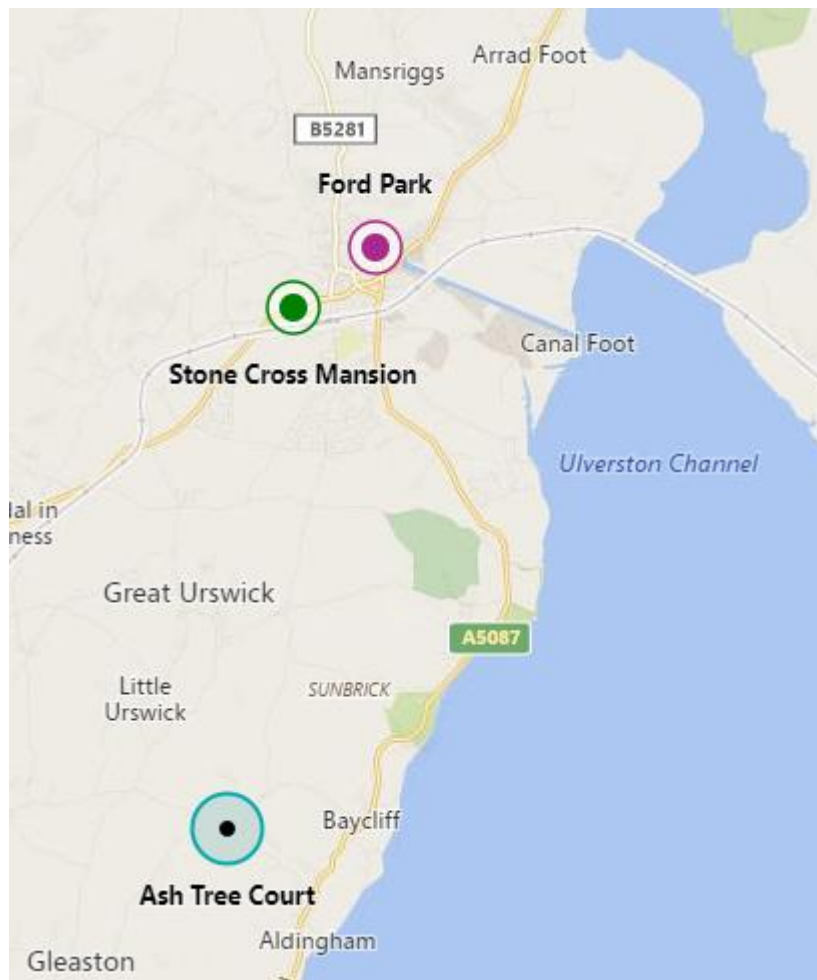
- 5.44 This demonstrates the potential for aspirational value associated with asking prices. However, it is also noted that of the units to have sold, the smallest is 101 sqm, and thus the smaller units currently marketed have higher prices psm because they are generally smaller in size.
- 5.45 This scheme demonstrates Cartmel's comparability to Kendal where Lambert Smith Hampton have indicated that new build values in the two areas typically range at present between £2,400-£2,900 psm.

## Ulverston & Furness

5.46 Figure 5.10 shows the two new build schemes we have identified within the Ulverston & Furness housing sub-market area. These are;

- **Ash Tree Court, Leck Construction** – 6 new 'luxury' homes;
- **Ford Park, Brook House Group** – 8 new homes.
- **Stone Cross Mansion, Persimmon Homes (Charles Church)** – renovation and conversion to form 19 apartments and 1 self-contained residential unit, and 45 new build homes.

**Figure 5.10 - New Build Developments, Ulverston & Furness**



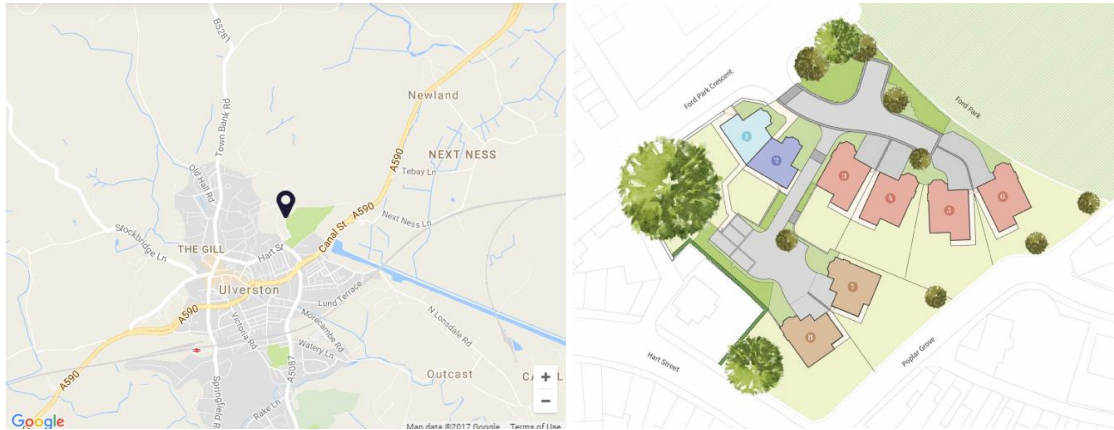
Source: AspinalVerdi using Bing Maps (2017)

5.47 Each of the new build schemes have been reviewed to identify the location of the scheme, a breakdown of the current asking prices and commentary on similarity between asking and achieved values within the housing sub-market area.

## Brook House Group – Ford Park

5.48 Ford Park is a development of 8 three and five bedroom new homes in detached properties. The scheme is located off Ford Park Crescent, Ulverston (LA12 7JR) approximately 16 miles to the south west of Kendal, approximately 15 miles to the west of Grange-Over-Sands, and approximately 5 miles to the north of the Ash Tree Court scheme (see Figure 5.11 below).



**Figure 5.11 – Site and Location Plan**



Source: Site Plan – Lancet-Homes.co.uk, Location Plan – Googlemaps.com

5.49 Table 5.10 below is an image of ‘typical’ a 3 and 5 bed detached property that is provided at the Ford Park scheme.

**Table 5.10 – Typical 3 and 5 Bedroom Properties at Ford Park**

House Type	Image
<p><b>3 Bedroom Detached Property (The Poole)</b></p>	
<p><b>5 Bedroom Detached Property (The Crossthwaite)</b></p>	

Source: Lancet-Homes.co.uk

5.50 Table 5.11 below provides a summary of the property types which are currently on sale at Ford Park. From this information, we are able to determine that:

- Three bedroom detached properties are listed at £375,000
- Five bedroom detached properties are listed at £540,000

**Table 5.11 – Asking Prices at Ford Park**

Property Type	Floor Area (sqm)	Floor Area (sqft)	Asking Price (£)	Asking Price (£ psm)	Asking Price (£ psf)
<b>The Ainslee F - 3 Bedroom Detached</b>	108	1166	£375,000	£3,461	£322
<b>The Ainslee S - 3 Bedroom Detached</b>	99	1071	£375,000	£3,770	£351
<b>The Poole - 3 Bedroom Detached</b>	114	1227	£375,000	£3,289	£306
<b>The Crossthwaite - 5 Bedroom Detached</b>	165	1780	£540,000	£3,266	£304
<b>Min</b>	99	1,071	£375,000	£3,266	£304
<b>Average</b>	122	1,311	£416,250	£3,446	£321
<b>Median</b>	111	1,197	£375,000	£3,375	£314
<b>Max</b>	165	1,780	£540,000	£3,770	£351

Source: Rightmove.co.uk

5.51 We discuss the implications of this table having reviewed the other new-build development in Ulverston and Furness below.

## Leck Construction – Ash Tree Court

5.52 Ash Tree Court is a development of 8 four bedroom new homes in detached properties. The scheme is located in the village of Scales (LA12 0PE) approximately 4.4 miles to the south of Ulverston (see Figure 5.12 below).

**Figure 5.12 – Site and Location Plan**



Source: Leckconstruction.co.uk

5.53 Table 5.12 below is an image of ‘typical’ a four bed detached property that is provided at the Ash Tree Court scheme.

**Table 5.12 – 4 Bedroom Detached Property at Ash Tree Court**

House Type	Image
<p><b>4 Bedroom Detached Property</b></p>	

Source: Leckconstruction.co.uk

5.54 Table 5.13 below provides a summary of the property types which are currently on sale at Ash Tree Court. From this information, we are able to determine that four bedroom detached properties are listed between £459,000 and £495,000.



**Table 5.13 – Asking Prices at Ash Tree Court**

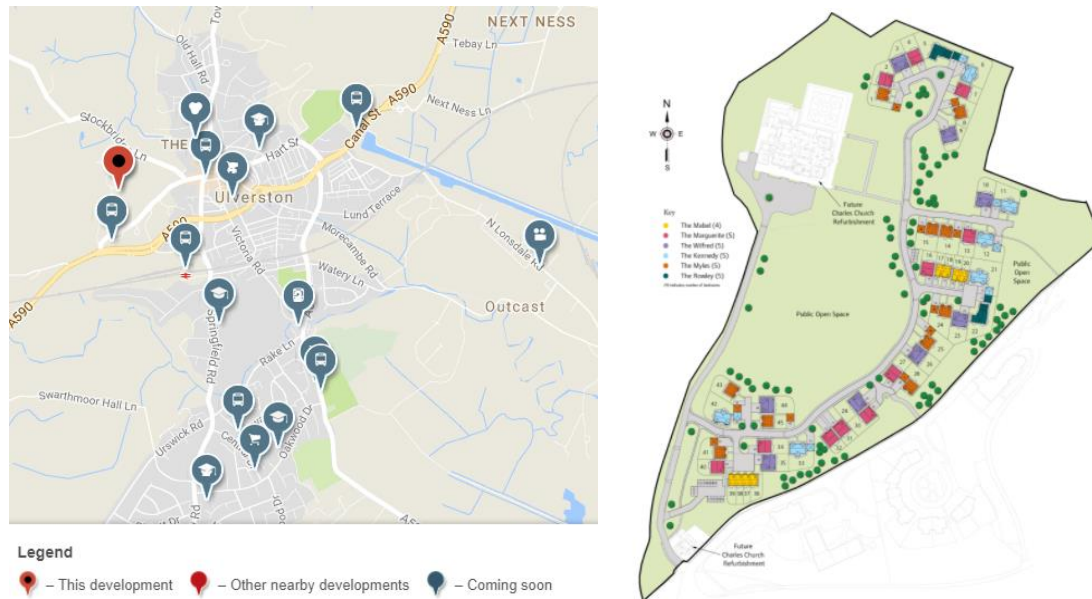
Property Type	Floor Area (sqm)	Floor Area (sqft)	Asking Price (£)	Asking Price (£ psm)	Asking Price (£ psf)
<b>plot 1 - 4 Bedroom Detached</b>	147	1582	£479,000	£3,259	£303
<b>plot 2 - 4 Bedroom Detached</b>	142	1531	£459,000	£3,228	£300
<b>plot 3 - 4 Bedroom Detached</b>	147	1582	£479,000	£3,259	£303
<b>plot 4 - 4 Bedroom Detached</b>	142	1531	£495,000	£3,481	£324
<b>plot 5 - 4 Bedroom Detached</b>	142	1531	£489,000	£3,439	£320
<b>plot 6 - 4 Bedroom Detached</b>	142	1531	£486,000	£3,417	£318
<b>Min</b>	142	1,531	£459,000	£3,228	£300
<b>Average</b>	144	1,548	£481,167	£3,347	£311
<b>Median</b>	142	1,531	£482,500	£3,338	£310
<b>Max</b>	147	1,582	£495,000	£3,481	£324

Source: Rightmove.co.uk

### Stone Cross Mansion - Charles Church

5.55 This Charles Church scheme is located in the historic market town of Ulverston (see Figure 5.13). Stone Cross Mansion is a unique housing development of one self-contained residential unit, nineteen 2 and 3 bedroom apartments within a former Listed Mansion House, plus forty-five 4 and 5 bedroom executive detached homes within the grounds. A site plan is provided below (see Figure 5.13) along with a sample of the typical high quality units being delivered (see Table 5.14).



**Figure 5.13 - Stone Cross Mansion Site Location and Site Plan**



Source: [www.charleschurch.com](http://www.charleschurch.com)

**Table 5.14 – Typical 3-5 Bedroom Properties at Stone Cross Mansion Scheme**

House Type	Image
<b>3 Bedroom Semi-Detached Property (The Mabel)</b>	
<b>4 Bedroom Detached House (The Marguerite)</b>	

House Type	Image
<p><b>4 Bedroom Detached House (The Wilfred)</b></p>	
<p><b>5 Bedroom Detached House (The Myles)</b></p>	

Sources: [www.charleschurch.com](http://www.charleschurch.com)

5.56 Table 5.15 below provides a summary of the property types which are currently on sale at Stone Cross Mansion. From this information, we are able to determine that:

- Three bedroom semi-detached properties are listed between £314,995 and £329,995
- Four bedroom detached properties are listed at £469,995
- Five bedroom detached properties are listed between £564,995-£569,995

5.57 Where possible, the floor areas within the table are based on calculations using the information provided on the Charles Church website. We note inconsistencies between the diagrams and the supporting text and thus these values psm and psf must be treated with caution.

**Table 5.15 - Asking Prices at Stone Cross Mansion**

Property Type	Floor Area (sqm)	Floor Area (sqft)	Asking Price (£)	Asking Price (£ psm)	Asking Price (£ psf)
<b>Plot 38 – 3 Bedroom Semi-Detached</b>	107	1,152	£314,995	£2,943	£274
<b>Plot 37 – 3 Bedroom Semi-Detached</b>	107	1,152	£319,995	£2,991	£278

Property Type	Floor Area (sqm)	Floor Area (sqft)	Asking Price (£)	Asking Price (£ psm)	Asking Price (£ psf)
<b>Plot 36 – 3 Bedroom Semi-Detached</b>	107	1,152	£329,995	£3,084	£287
<b>Plot 40 – 4 Bedroom Detached</b>			£469,995		
<b>Plot 43 – 5 Bedroom Detached</b>	167	1,798	£564,995	£3,383	£314
<b>Plot 45 – 5 Bedroom Detached</b>	167	1,798	£569,995	£3,413	£317
<b>Min</b>	<b>107</b>	<b>1,152</b>	<b>£314,995</b>	<b>£2,943</b>	<b>£274</b>
<b>Average</b>	<b>131</b>	<b>1,410</b>	<b>£428,328</b>	<b>£3,163</b>	<b>£294</b>
<b>Median</b>	<b>107</b>	<b>1,152</b>	<b>£399,995</b>	<b>£3,084</b>	<b>£287</b>
<b>Max</b>	<b>167</b>	<b>1,798</b>	<b>£569,995</b>	<b>£3,413</b>	<b>£317</b>

Sources: [www.charleschurch.com](http://www.charleschurch.com)

- 5.58 We note that the asking prices for all three schemes in Ulverston and Furness are at a considerable premium to the achieved value data for the previous five years (£2,300 psm), in particular Stone Cross Mansion. We recognise the potential for aspirational value associated with these asking prices, as evidenced in Cartmel. However, it is noted that there are a number of sites allocated in Ulverston and Furness, including a strategic site. The commercial paper has evidenced a demand for employment space and lack of supply of industrial land. At this stage there is inconclusive evidence to suggest that the values above are achievable and representative of market conditions improving. We therefore recommend that the Council monitors house price change in Ulverston and Furness moving forward.

## Asking Prices Summary

5.59 The table below shows the percentage difference between asking prices and achieved values across the respective market areas:

**Table 5.16 – Asking Prices versus Achieved Values**

Market Area	Achieved Value Assumption (psm)	Average Asking Price (psm)	Percentage Difference
<b>Kendal</b>	£2,600	£2,688	3.38%
<b>Kendal Rural</b>	£2,725	£2,677	-1.76%
<b>Cartmel Peninsula</b>	£2,550	£3,309	29.76%
<b>Ulverston &amp; Furness</b>	£2,300	£3,312	44.00%

Source: AspinallVerdi

5.60 The evidence for Kendal and Rural Kendal is quite conclusive in that there is little difference between achieved and asking prices on each respective scheme. This is possibly because there is a more active market in Kendal and the price of new builds is also determined by the availability and price of similar second-hand stock. We are therefore satisfied with our achieved value assumptions.

5.61 In Cartmel and Ulverston & Furness, there is an evident increase in asking prices on average versus the achieved data. Given that we place greater weight on achieved values our assumptions are more akin to those values than the prices currently being quoted on new-build schemes in the respective market areas.

5.62 Taken this into consideration our value assumptions are set out below.

## 6 Market Housing Value Assumptions

- 6.1 Given the evidence detailed above, we have come to the following conclusions as to the assumed £ psm to be applied per housing sub-market area (Table 6.1).

**Table 6.1 - AspinallVerdi Market Housing Value Assumptions (£ psm)**

Kendal	Kendal Rural	Cartmel Peninsula	Ulverston & Furness
£2,600 psm	£2,900 psm	£2,600 psm	£2,400 psm

Source: AspinallVerdi using Land Registry and existing evidence base.

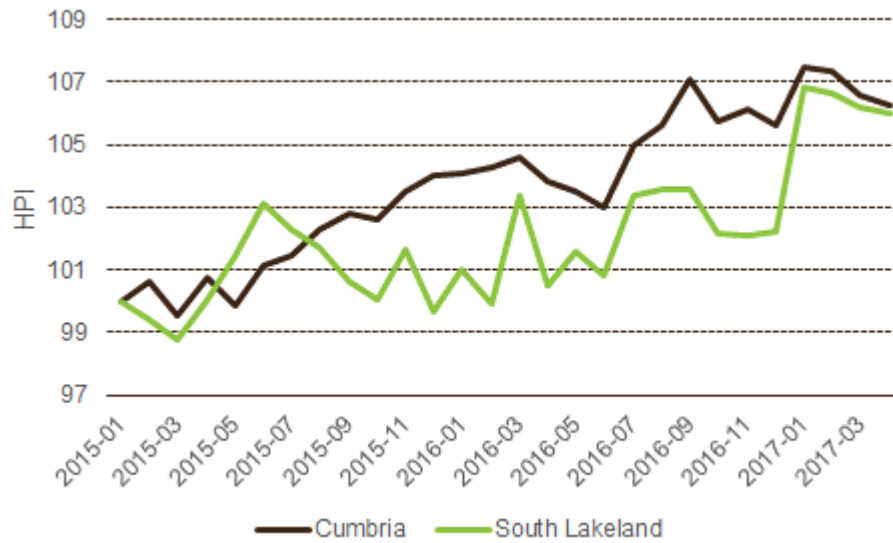
- 6.2 Kendal values are based on the average achieved value £ psm.
- 6.3 We have assumed a value of £2,900 psm for Kendal Rural based on the recent site-specific EVA evidence of agreed market values.
- 6.4 Given that anecdotal evidence compares Kendal and Cartmel Peninsula, and that the average asking price (£ psm) is 23% greater than the average achieved value of £2,550 psm, we have assumed the same value at £2,600 psm.
- 6.5 In terms of Ulverston and Furness, evidence from Lambert Smith Hampton indicates a value of £1,900 - £2,400 psm. We have also been provided with evidence of an agreed price in a submitted viability appraisal at c. £2,300 psm. We feel that £2,400 psm is justifiable given that there are two new-build developments with asking prices equating to £3,373 psm, a 32% increase on our achieved value assumption of £2,300 psm.
- 6.6 In addition, going back to the existing base as reference, these value assumptions are consistent, based on the values adopted by HDH (see Table 6.2) and the value growth across all properties in Cumbria and South Lakeland since the Land Registry rebased its House Price Index to 100 in January 2015 (see below Figure 6.1).

**Table 6.2 - Comparison between Value Assumptions in HDH Studies**

	Kendal	Rural Kendal	Milnthorpe	Grange & Cartmel	Ulverston & Furness
Land Allocations DPD Viability 2013	£2,310	£2,630	£2,350	£2,350	£2,113
CIL Viability Update 2014	£2,426	£2,848	£2,258	£2,362	£2,251

Source: AspinallVerdi using HDH 2013 and 2014 Studies

**Figure 6.1 - House Price Index**



Source: Land Registry (2017), 170418 HPI data v1

6.7 In terms of unit prices for 2-5 bedroom properties, we have assumed the values below based on the preceding evidence. Note they are rounded to the nearest five-hundred pounds.

**Table 6.3 – AspinallVerdi Value Assumptions, by Unit Price**

	Kendal	Kendal Rural	Cartmel Peninsula	Ulverston & Furness
1 Bed Houses	£156,000	£174,000	£156,000	£144,000
2 Bed Houses	£205,400	£229,100	£205,400	£189,600
3 Bed Houses	£252,200	£281,300	£252,200	£232,800
4 Bed Houses	£351,000	£391,500	£351,000	£324,000
5 Bed Houses	£429,000	£478,500	£429,000	£396,000
1 Bed Flats	£130,000	£145,000	£130,000	£120,000
2 Bed Flats	£182,000	£203,000	£182,000	£168,000

Source: AspinallVerdi – 170926 AspinallVerdi Value Assumptions\_v5

## 7 Supported Living

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7.1 In this section we set out our property market research for Supported Living typologies.

### Supported Living Defined

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

- Age Restricted-Exclusive / Sheltered / 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.
- Assisted Living / Extra Care / Very Sheltered Housing - 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.

7.3 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. 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

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

### South Lakeland CIL Viability Study (January 2014)

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- 7.5 The table below shows the value assumptions adopted by HDH in the first 2014 CIL study, note the basis for the assumptions is the value of a 3-bed semi-detached in Kendal.

**Table 7.1 - HDH Supported Living Value Assumptions**

	Area m <sup>2</sup>	£	£/m <sup>2</sup>
3 bed semi-detached		210,000	
1 bed sheltered	50	157,500	3,150
2 bed sheltered	75	210,000	2,800
1 bed extracare	65	196,250	3,019
2 bed extracare	80	262,500	3,281

Source: South Lakeland CIL Viability Study 2014, table 4.1, page 26

- 7.6 It is noted that older people's housing was modelled without affordable housing.

### South Lakeland CIL Viability Study Update (July 2014)

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- 7.7 Following consultation, within the update of the CIL study HDH reduced the value assumption for extra-care housing to £2,500 psm. This was not based on any evidence forthcoming from the industry but own judgement based on experience of other schemes in the wider area.
- 7.8 We have too noted that there is a lack of available evidence, however, it is unusual for extra-care values to be below values for sheltered housing.
- 7.9 The approach to appraising 'older people's housing' without affordable housing was revisited within this updated HDH study. This resulted in the CIL charging schedule which assumes a district wide £50 psm for sheltered housing and a zero rate for extra-care. This is discussed in the main report.

## Demand

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- 7.10 Much of the market analysis and commentary on the private residential market is equally as applicable to supported living. Consistent with national trends, South Lakeland District has an ageing population.
- 7.11 The 2014 Strategic Housing Market Assessment noted a demand for ‘affordable’ two-bed retirement bungalows and apartments, and one and two-bed homes for older people<sup>23</sup>. It is noted within this study that addressing the accommodation requirements of older people is going to be a *‘major strategic challenge for South Lakeland District over the next few decades, with the number of residents aged 65 and over expected to increase’*<sup>24</sup>. The figure is expected to rise by 23.7% from 2011 to 2021, with a total population over 65 of 31,311<sup>25</sup>.
- 7.12 The research indicated:
- 73.5% of older people wanted to continue living in their current home with support when needed;
  - 21.7% are considering buying on the open market;
  - 17.8% would consider buying/renting sheltered accommodation;
  - And 12.5% would consider renting/buying extra-care housing.
- 7.13 It is important that councils continue to diversify the range of older persons’ housing provision. Additionally, providing a wider range of older persons’ accommodation has the potential to free-up larger family accommodation.
- 7.14 There has been no further update on this within the draft 2017 SHMA publications.

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<sup>23</sup> South Lakeland SHMA Update, 2014, page 12

<sup>24</sup> South Lakeland SHMA Update, 2014, page 12

<sup>25</sup> South Lakeland SHMA Update, 2014, para 4.97, page 93

## Supported Living Achieved Values

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- 7.15 We have carried out a market review of new build sales values for supported living within the South Lakeland District. This has been based on a detailed analysis of the Land Registry new build achieved values (since the beginning of 2014) cross-referenced, on an address-by-address basis, to the floor areas published on the EPC (Energy Performance Certificate) database in order to derive the achieved values (£ per square metre). This enables comparison across different supported living schemes.
- 7.16 As with the full residential market review, we have focused our research in four key 'housing sub-market areas'<sup>26</sup> within South Lakeland District, excluding data that falls within the YDNP and the LDNP. We have only found evidence of two new-build sheltered housing / retirement living schemes in the District, these are:
- Wainwright Court, Kendal – 1 and 2-bedroom apartment development
  - Queen Elizabeth Court, Kirkby Lonsdale – 1 and 2-bedroom apartment development

### Wainwright Court, Kendal

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- 7.17 There are 20 transactions registered on Land Registry for sheltered housing / retirement living units at Wainwright Court, Kendal. These all took place within 2015, with achieved values ranging between £200,000 and £334,999, producing an average of £260,924.
- 7.18 The properties had floor areas ranging from 56 sqm to 105 sqm and an average of 75 sqm. This equates to between £3,114 psm (£290 psf) and £3,898 psm (£363 psf), averaging out to £3,497 psm (£325 psf).
- 7.19 We have come to an opinion of value for 1 and 2-bedroom retirement flats at Wainwright Court assuming 1-bed flats range between 56-65 sqm and 2-bed flats range from 84-105 sqm. This produces an average value of:
- 1-Beds - £217,900
  - 2-Beds - £314,499

### Queen Elizabeth Court, Kirkby Lonsdale

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- 7.20 We note 10 new-build sheltered housing / retirement living sales at Queen Elizabeth Court which all took place 2014. The maximum sales value being £320,000 and the minimum being £195,000, producing an average of £262,335. This is just c.£2,000 more than the average unit price achieved at the Wainwright Court scheme in Kendal discussed above.

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<sup>26</sup> Draft SHMA (July 2017), section 2 from page 18.

- 7.21 The floor areas (sqm) for our sales evidence at this scheme were either 51 sqm or 77 sqm. This result in a sales value equating to between £3,246 sqm (£302 psf) and £4,401 sqm (£409 psf) and averaging £3,820 psm (£355 psf).
- 7.22 We have come to an opinion of value for 1 and 2-bedroom retirement flats at Queen Elizabeth Court assuming 1-bed flats were 51 sqm and 2-bed flats were 77 sqm. This produces an average value of:
- 1-Beds - £207,817
  - 2-Beds - £285,700

## Supported Living Asking Prices

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- 7.23 We have reviewed new build developments for sheltered accommodation/assisted living currently 'on-site' within South Lakeland District.
- 7.24 We only note one new-build market listing for sheltered housing within the study area, which is at the Wainwright Court development discussed above. The 87 sqm (934 sqft) unit is currently marketed for £310,000 equating to £3,573 psm (£332 psf).
- 7.25 A quoting price of £310,000 is at the top end of the achieved values for both the schemes discussed above, however on a psm basis is in line with the averages achieved.
- 7.26 However, we do note that asking prices can have some aspirational value attached, and thus place more weight on achieved values.

## Supported Living Value Assumptions

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- 7.27 The Retirement Housing Group<sup>27</sup> acknowledges that sheltered housing values carry a premium on typical private residential apartments. However, we have no evidence of new-build private flatted developments in South Lakeland.
- 7.28 Where there is a lack of evidence, the Retirement Housing Group applies a rule of thumb approach which is outlined in the table below. Taking the average price of a 3-Bed semi-detached property in South Lakeland (£184,900), the guidelines presented in Table 7.2 would indicate a value for sheltered housing in South Lakeland as follows:
- 1-Beds at 75% of 3-bed semi-detached market value = £138,675
  - 2-Beds at 10% of 3-bed semi-detached market value = £184,900

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<sup>27</sup> 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

**Table 7.2 - Sheltered Housing and ECH Sales Values**

Typology	Assumption
<b>Sheltered housing unit prices</b>	In high value areas - <ul style="list-style-type: none"> <li>• 10-15% premium to private market 1/2 bed flats</li> </ul> Or, in low value areas (where no apartment scheme comparables) - <ul style="list-style-type: none"> <li>• 75% value of 3-bed semi-detached house for a 1 bed sheltered housing unit, and</li> <li>• 100% value of 3-bed semi-detached house for a 2 bed sheltered housing unit</li> </ul>
<b>Extra-care housing unit prices</b>	<ul style="list-style-type: none"> <li>• 25% premium to sheltered housing</li> </ul>

Source: Retirement Housing Group 2013<sup>27</sup>

7.29 However, we have evidence of achieved values for sheltered housing / retirement living as presented above. The values achieved across the two McCarthy and Stone schemes are comparable with one another, and provide more robust evidence than the 'rules of thumb' in Table 7.2 given the limited number of recent new-build 3-bed semi-detached sales.

## Supported Living Summary

7.30 Taking the average achieved value across Wainwright Court and Queen Elizabeth Court, we have assumed the following values for sheltered housing / retirement living properties:

**Table 7.3 - Retirement Living / Sheltered Housing Value Assumptions**

No. of Beds	Unit Price	Price psm
<b>1-Bed</b>	£213,000	£4,260
<b>2-Bed</b>	£300,000	£4,000

Source: AspinallVerdi

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

**Table 7.4 - Extra-Care Housing Value Assumptions**

No. of Beds	Unit Price	Price psm
<b>1-Bed</b>	£266,000	£4,433
<b>2-Bed</b>	£375,000	£4,687

Source: AspinallVerdi

## 8 Arnside & Silverdale AONB

- 8.1 This section reviews the existing evidence base and outlines our residential value assumptions for the AONB. Note that the study area incorporates both the South Lakeland and Lancaster City Council’s respective jurisdictions. The map below shows the AONB in the wider context of South – South Lakeland, in close proximity to Milnthorpe in the north and Carnforth in the South, but also just a short distance from the Cartmel Peninsula across the bay.

**Figure 8.1 - Map of AONB**



Source: Google (2017)

### Arnside and Silverdale AONB DPD Viability Study (October 2016)

- 8.2 The Arnside and Silverdale AONB DPD Viability Study (October 2016) was produced by HDH Planning and Development for SLDC and Lancaster City Council (LCC). The purpose of this study is to consider the deliverability of the AONB DPD in the context of the National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG)<sup>28</sup> to determine the deliverability of the AONB DPD and whether the DPD would impact on the viability of development.

<sup>28</sup> Arnside and Silverdale AONB DPD Viability Study (October 2016)

8.3 HDH noted a lack of new build sales transactions and thus evidenced all residential sales in formulating an opinion of value. The table below shows the findings from the study between January 2014 – June 2016.

**Table 8.1 - All Residential Sales Values (January 2014 - June 2016)**

	Detached	Semi- Detached	Terraced	Flat	All
<b>Count</b>	175	91	53	38	357
<b>Max</b>	£1,150,000	£525,000	£475,000	£530,000	£1,150,000
<b>Min</b>	£140,000	£80,000	£85,000	£105,000	£80,000
<b>Mean</b>	£334,726	£233,729	£210,497	£223,958	£278,748
<b>Median</b>	£300,000	£215,000	£186,500	£188,125	£250,000

Source: HDH Arnside and Silverdale AONB DPD Viability Study, 2010, Table 4.2 page 40

8.4 On a per square metre basis, all residential sales evidence indicated that values in the AONB are around £2,400 psm. However, note that second-hand sales form a large part of this data and thus will have a downwards impact on the values presented in both the table above and below.

**Table 8.2 - All Residential Sales Values (£ psm) (January 2014 - June 2016)**

	Detached	Semi- Detached	Terraced	Flat	All
<b>Mean</b>	£2,586	£2,214	£2,132	£2,695	£2,437
<b>Median</b>	£2,500	£2,142	£2,051	£2,693	£2,357

Source: HDH Arnside and Silverdale AONB DPD Viability Study, 2010, Table 4.3, page 41

8.5 The viability study also highlights the values used in the LCC CIL Economic Viability Assessment (GVA 2012). This assumed differences between the north and the south of the AONB applying the following values set out in Table 8.3 below.

**Table 8.3 - LCC Value Assumptions 2012 (£ psm)**

	1 Bed Flat	2 Bed Flat	2 Bed Terrace/Mews	3 Bed Semi-Detached	4 Bed Detached
<b>High Value</b>					
<b>Area – Silverdale</b>	£2,100	£1,791	£2,133	£2,706	£3,705
<b>Medium</b>					
<b>Value Area – Warton</b>	£1,700	£1,567	£1,733	£1,882	£2,300

Source: Arnside & Silverdale AONB DPD Viability Study (October 2016), Table 4.4. page 44.

- 8.6 We also note that the study highlights that the HDH Land Allocations DPD Viability Study (April 2013) assumes a market value of £2,000 psm for Arnside, and a value of £2,300 psm for Storth.<sup>29</sup>
- 8.7 Based on the information above, HDH adopted the following values for their financial viability appraisals:
- Warton Village - £2,050 psm;
  - Yealand Conyers and Yealand Redmayne - £2,350 psm;
  - All other areas - £2,600 psm.<sup>30</sup>

## AspinallVerdi Market Value Assumptions

- 8.8 We have reviewed the Land Registry to see if there have been any more new-build sales since June 2016. We have found no evidence. The only new-build sale we note is:
- A 5 bedroom detached property at 7 St. Johns Avenue, Silverdale, Lancaster (LA5 0SU) was sold in February 2015 for £495,000 with a floor area of 194 sqm, producing a per square meter value of £2,552 psm.
- 8.9 In addition, we have also reviewed Rightmove and local agent websites and have identified the following new-build properties for sale:
- A five bedroom detached property in Carr Bank, Arnside, South Lakeland is listed at £650,000 with a floor area of 211 sqm, on a per square metre producing a value of £3,075 psm;

<sup>29</sup> Arnside & Silverdale AONB DPD Viability Study (October 2016), para 4.32, page 44

<sup>30</sup> Arnside & Silverdale AONB DPD Viability Study (October 2016), Table 4.5, page 45



- A five bedroom detached property in Warton, Lancaster is listed at £475,000 with a floor area of 176 sqm, on a per square metre producing a value of £2,701 psm
- 8.10 Given the character of the AONB and the planning policy framework, there is only a very limited amount of new build development within the AONB. We have identified three data-points for new-build units which indicates that values range between £2,550-£3,000 psm (albeit 2 of these were asking prices). This is predominately higher than the rates used in the HDH study.
- 8.11 Furthermore, given the bespoke nature of property and development in the AONB and the unique character of each settlement, we do not consider there is enough market data to differentiate new build values across the AONB for a 'high-level' Plan viability study.
- 8.12 Having regard to the previous HDH research (from 2016), together with our research in the AONB and the wider Kendal Rural market area, we consider that values equivalent to Kendal Rural are also appropriate in the AONB. We have therefore applied a rate of £2,900 psm in the AONB.
- 8.13 The table below shows our assumptions by unit price.

**Table 8.4 – AspinallVerdi AONB Value Assumptions, by Unit Price**

	2 Bed Houses	3 Bed Houses	4 Bed Houses	5 Bed Houses
AONB	£229,100	£281,300	£391,500	£478,500

Source: AspinallVerdi (as above)

## 9 Affordable Housing Transfer Values

- 9.1 In order to inform our assumptions of affordable housing transfer values we have had regard to the existing evidence base, including the Council’s Affordable Housing webpage<sup>31</sup> and HDH Planning and Development reports. In addition, we have been provided with contact details of local Registered Providers.

### Existing Evidence Base

#### South Lakeland Land Allocations DPD Viability Study (April 2013)

- 9.2 Within the Land Allocations DPD Viability Study, HDH calculated affordable rental values assuming that the price of affordable rent will be at ‘80% of the median private rent across the District (see Table 9.1). The mid-point of the 2 and 3-bed rents is £1,050 psm, which HDH assumed was reasonable for a high-level study.

**Table 9.1 - Affordable Rent Values (2013)**

Housing Market Area	2 Bed – Approximate £ psm	3 Bed – Approximate £ psm
Kirkby Lonsdale	£1,222	£1,266
Milnthorpe	£1,210	£1,137
Arnside	£931	£1,096
Burton in Kendal	£931	£1,268
Rural Kendal	£1,071	£1,055
Grange Over Sands	£1,117	£1,055
Cartmel & Clark etc.	£1,136	£1,128
Ulverston	£905	£934
Levens etc.	£1,164	£1,268
Kendal	£1,117	£1,156

Source: South Lakeland – Land Allocations DPD Viability Study (April 2013), table 4.8, page 42.

- 9.3 In terms of LCHO products, HDH assumed £1,465psm based on the following evidence from South Lakeland District Council (see Table 9.2):

<sup>31</sup> <https://www.southlakeland.gov.uk/housing/affordable-housing/affordable-housing-building/>

**Table 9.2 - Maximum Low Cost Home Ownership Values (2013)**

Property Type (Max sizes in brackets)	Affordable Housing Prices (initial sale prices)	Approximate £ psm
<b>1-Bed Flats (40 sqm)</b>	£70,000	£1,750
<b>2-Bed Flats (50 sqm)</b>	£80,000	£1,600
<b>2-Bed Houses/Bungalows (65 sqm)</b>	£95,000	£1,461
<b>3-Bed Houses (75 sqm)</b>	£110,000	£1,466
<b>4 Bed Houses (85 sqm)</b>	£125,000	£1,470

Source: South Lakeland – Land Allocations DPD Viability Study (April 2013), table 4.9, page 44

### South Lakeland CIL Viability Study (January 2014)

- 9.4 This study was produced by HDH Planning and Development. The study was based on the assumptions set out in the Land Allocations DPD Viability Study discussed above.

### South Lakeland CIL Viability Study Update (July 2014)

- 9.5 This report by HDH Planning and Development was to update the earlier study and address points raised by consultees, stakeholders or the Council. There were no changes made in regards to transfer values for Affordable Housing.

### Arnsdale & Silverdale AONB DPD Viability Study (October 2016)

- 9.6 We note that the AONB DPD Viability Study (October 2016) the affordable rent transfer value was set at a rate £1,050 psm. This is the same value that was assumed in Land Allocations DPD Viability Study (April 2013)
- 9.7 In addition, HDH note that intermediate housing is set at 70% of open market value in the 2013 Land Allocations viability study, and in the 2016 AONB viability study intermediate housing was assumed to have a value of 65% of open market value. This is reflected in the viability appraisals adopting a value of £1,690 psm (65% of the £2,600 psm) and 1,333 psm (65% of the £2,050 psm).

### AspinallVerdi Transfer Value Assumptions

- 9.8 The Council's affordable housing transfer prices were updated in January 2017 and are reviewed annually. The Low Cost Home Ownership (LCHO) prices are presented below and indicate an increase in the guidance presented in Table 9.2 above.

**Table 9.3 - SLDC Low Cost Home Ownership Transfer Values**

Property type (Minimum sizes in brackets)	Affordable Housing Prices (initial fixed sale prices)
<b>1 bed flats (50 sq. m)</b>	£74,382
<b>2 bed flats (61 sq. m)</b>	£85,008
<b>1 bed houses/bungalows (58 sq. m)</b>	£92,669
<b>2 bed houses/bungalows (70 sq. m)</b>	£103,572
<b>3 bed houses (84 sq. m)</b>	£119,925
<b>4 bed houses (97 sq. m)</b>	£136,278

Source: SLDC

- 9.9 We have received comments from four local Registered Providers (RPs) regarding transfer values for Affordable Rent products. This feedback indicates that offers would vary across the District, with values lower in Ulverston. The table below shows the Affordable Rent transfer values assumed within the appraisals, this is based on the average offer from local RPs rounded to the nearest £1,000.

**Table 9.4 - Affordable Rent Transfer Values, based on Local RPs**

Property type (Minimum sizes in brackets)	RP Typical Offer Kendal	RP Typical Offer Ulverston
<b>1 bed flats (50 sq. m)</b>	£62,000	£49,000
<b>2 bed flats (61 sq. m)</b>	£79,000	£61,000
<b>1 bed houses/bungalows (58 sq. m)</b>	£72,000	£49,000
<b>2 bed houses/bungalows (70 sq. m)</b>	£90,000	£63,000
<b>3 bed houses (84 sq. m)</b>	£104,000	£78,000
<b>4 bed houses (97 sq. m)</b>	£123,000	£96,000

Source: Email dated 04/09/2017 'South Lakeland Viability Study - Affordable Rent transfer price assumptions'

