

St Martin Close independent valuations and next steps

Note to Slaugham Parish Council - February 2021

In considering the proposals from Slaugham Parish Community Land Trust Limited (SPCLT) and Aster Housing Association to develop land at St Martin Close East for local needs affordable housing, independent valuations are required by the landowner, Slaugham Parish Council (SPC), in order to satisfy the obligation to achieve the best consideration reasonably obtainable.

The Parish Council is allowed to dispose of its interest in the land at a lower price than the Unrestricted Open Market Value if the reduction in price achieves the promotion of economic well-being, social well-being and or environmental well-being. Furthermore, the specific approval of the Secretary of State is not required for such a sale as any reduction is most unlikely to exceed £2m.

In seeking a valuation SPC wishes to have an independent point of reference on which to benchmark the value of a scheme on this site. It is assumed that this valuation will be based on a standard – policy compliant – mix of market and affordable homes. This should equate to Option 1 as set out in the SPCLT indicative offers document of December 2020. It is also assumed that SPC will not be seeking valuations on any other options with a different mix of market and affordable homes (of various tenures) nor with the added component of a CLT being involved.

It is however possible to undertake a valuation on this basis, which models different scenarios and on costs (including CLT associated costs) should SPC want this level of detail. This would require the valuer to fully understand these on-costs in order to accurately factor them in to the appraisal.

Next steps

Once this standard valuation has been obtained (assuming policy compliance only), SPC will have a point of reference upon which to base further decision making about the site. To help inform this decision making SPCLT would like to re-affirm the following key points;

There is considerable added value across all of the options presented by SPCLT / Aster in terms of;

- competitive capital receipt for SPC (including various options as presented);
- ability to guarantee affordable housing is made available to local people in perpetuity;
- genuine affordability via social rents;
- Long term re-investment into the community via ground rents to SPCLT

The other key point is that all of the options presented by SPCLT / Aster are discounted by 8%-10% from a standard market offer because of the associated costs of the CLT route. This relates primarily to the ground rents paid over many years, which are nonetheless available for re-investment into the community by SPCLT (CLTs are obligated to re-invest into other community benefit projects)

In view of this, it is requested that if any further market testing - should this be required - is undertaken then this be taken into account. The question will be: does SPC feel that the loss of 8% - 10% in monetary value is sufficiently off set by the other additional long term community benefits?

Assuming SPC recognises the added value that the CLT / Housing Association partnership route brings, then any invitations to tender for the scheme (should this transpire) should be based on their being a CLT involved and a commitment to this and the associated costs (8% - 10%) made clear.

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