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Land Market Paper

Stafford Borough Land Value Paper



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1 Introduction

1.1 The (benchmark) land value assumption(s) are fundamental in terms of Local Plan and Community Infrastructure Levy (CIL) Viability. We set out below our approach to land values for the Viability Assessment, before reviewing agricultural, commercial and residential land values across the Borough in order to inform our assumptions for the Benchmark Land Values (BLV) used in the appraisals.

1.2 The purpose of the study is to review the viability of the Council's draft Local Plan. This has regard to the cumulative impact of policy costs and other development value and cost assumptions, including land value.

1.3 This paper includes the following sections:

2) Land Value Approach This section summarises our approach to the BLV. It should be read in conjunction with the more detailed discussion and analysis in the main Viability report.

3) Existing Evidence Base Review In this section we review the existing evidence base with regard to land values from previous viability studies.

4) UK Land Context This section provides some background context to land values at a national and regional level. This includes development land, as well as agricultural land as we are aware that some sites likely to come forward for development are greenfield.

5) Agricultural Land Values This section sets out the market information for agricultural land values across the Borough.

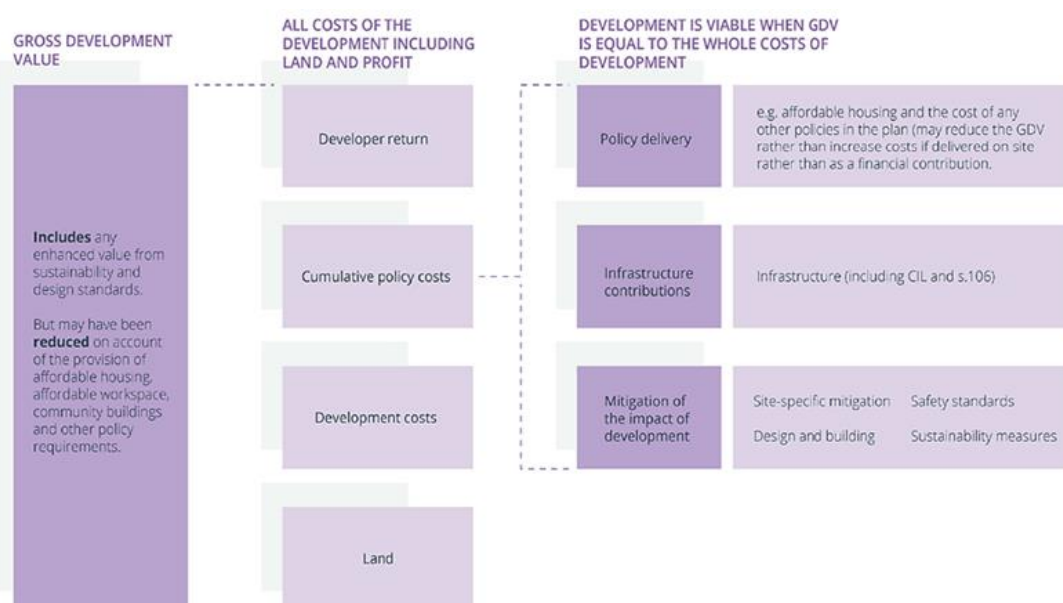
6) Residential Development Land Value This section set out residential development land value evidence (i.e., from land that has either obtained planning permission or has outline planning consent for residential use and/or is allocated for residential development). This includes commentary in respect of greenfield and brownfield development land.

7) Benchmark Land Value Assumptions Finally, we set out our BLV assumptions. These are derived from the above research and interrogation of our confidential land value database.

2 Land Values Approach

- 2.1 In a development context, the land value is calculated using a residual approach – the Residual Land Value (RLV).
- 2.2 The RLV is calculated by the summation of the total value of the development, less the development costs, planning obligations, developers return/profit to give the land value. This is illustrated on the following diagram (see Figure 2-1).

Figure 2-1 - Development Viability



Source: Royal Institution of Chartered Surveyors (RICS) Assessing viability in planning under the National Planning Policy Framework 2019 for England -1st edition, March 2021.

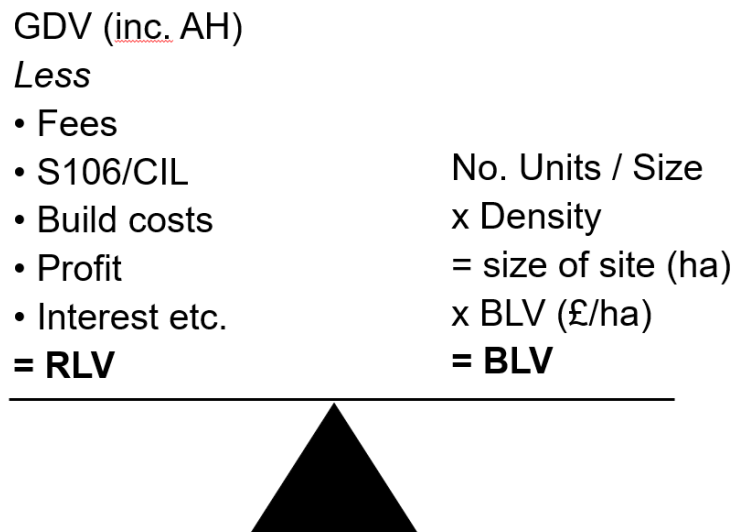
- 2.3 As above, development is only viable if the cumulative policy costs have sufficient room. If the Gross Development Value (GDV) equals the costs of development on a policy-compliant basis, then the development is viable as the necessary element of policy compliance has been included.
- 2.4 In order to determine whether development is viable in the context of area-wide studies, the NPPF (February 2019) is silent on the requirements of landowners and developers¹. It now simply states that 'all viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available'.²

¹ Previously paragraph 173 of the NPPF (2012) stated that 'to ensure viability, the policy costs should provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable'.

² Paragraph 57, February 2019, Ministry of Housing, Communities and Local Government, National Planning Policy Framework

- 2.5 The NPPG Viability provides guidance on the land values and particularly benchmark land values for the purposes of viability assessment:
- How should land value be defined for the purpose of viability assessment? – ‘a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner’. Paragraph: 013 Reference ID: 10-013-20190509 Revision date: 09 05 2019
 - What factors should be considered to establish benchmark land value? – *‘In plan-making, the landowner premium should be tested and balanced against emerging policies.’* Paragraph: 014 Reference ID: ID: 10-014-20190509, Revision date: 09 05 2019 [our emphasis]
 - What is meant by existing use value in viability assessment? – ‘EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development)’. Paragraph: 015 Reference ID: 10-015-20190509, Revision date: 09 05 2019
 - How should the premium to the landowner be defined for viability assessment? – ‘The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements.’ Paragraph: 016 Reference ID: 10-016-20190509, Revision date: 09 05 2019
- 2.6 The above PPG guidance is described in detail in the main report (section 2 – National Policy Context). The PPG does not provide any guidance on the quantum of premiums. One therefore has to ‘triangulate’ the BLV based on market evidence.
- 2.7 In this respect we have created a land value database of Staffordshire land value evidence. This has circa 30 data points and we are able to interrogate this by evidence source, value basis and zone etc.
- 2.8 Hence for plans and schemes to be viable, the RLV has to be tested against the benchmark which would enable sites to come forward – the Benchmark Land Value (BLV). This is illustrated in the following diagram Figure 2-2.

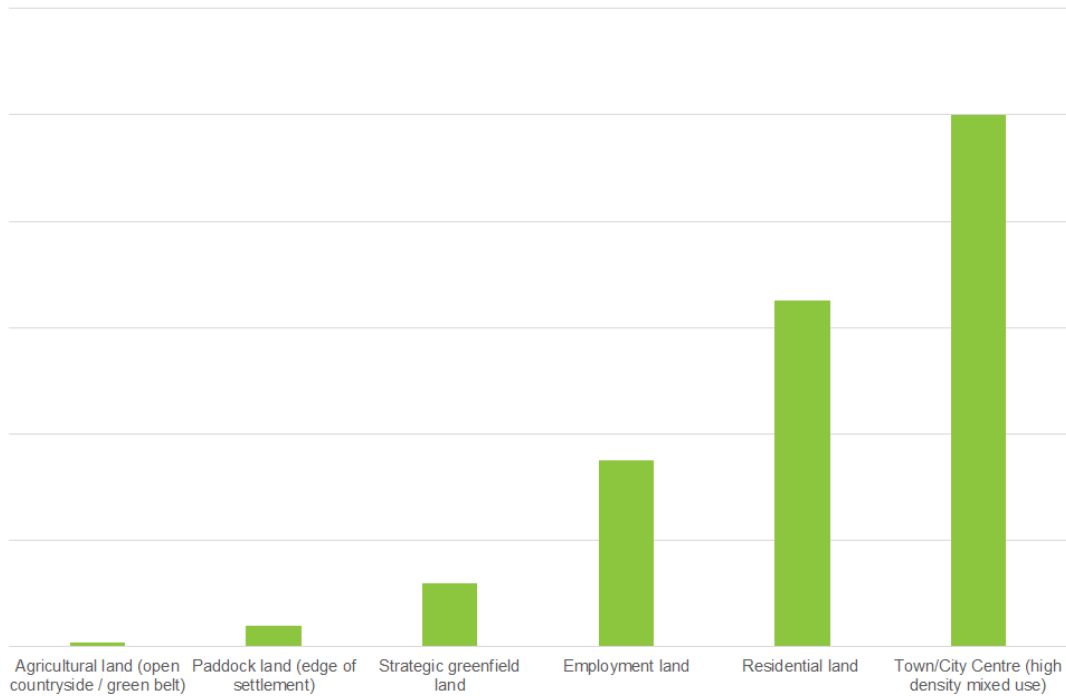
Figure 2-2 - Balance between RLV and BLV



Source: AspinallVerdi (© Copyright)

2.9 The fundamental question is, 'what is the appropriate BLV?' The land market is not perfect but there is a generally accepted hierarchy of values based on the supply and demand for different uses. This is illustrated on an indicative basis in the following chart (Figure 2-3).

Figure 2-3 - Indicative Land Value Hierarchy

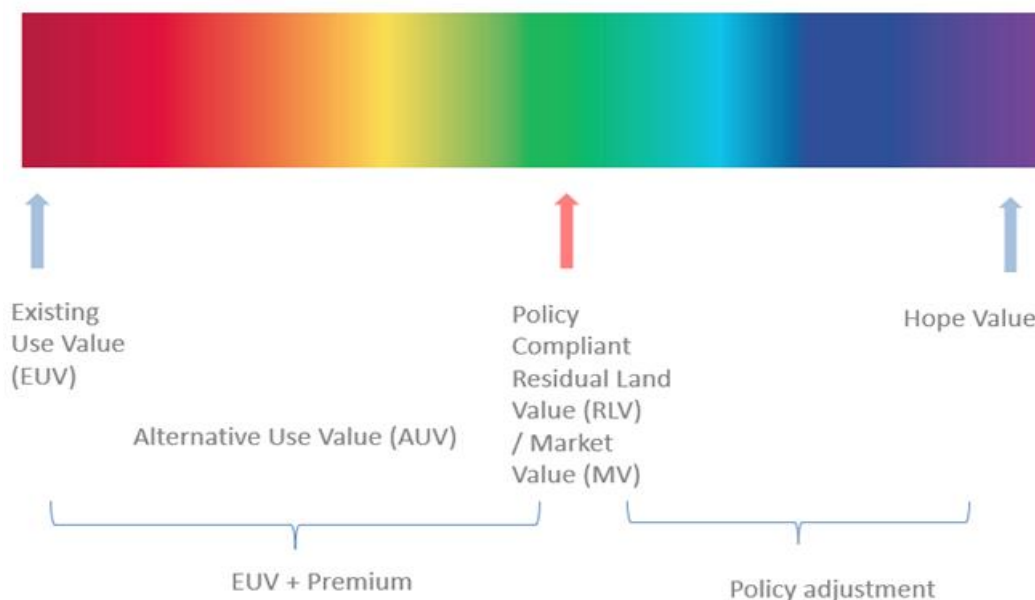


Source: AspinallVerdi (© Copyright)

- 2.10 Note that the value of individual sites depends on the specific location and site characteristics. In order for development to take place (particularly in the brownfield land context) the value of the alternative land use has to be significantly above the existing use value to cover the costs of site acquisition and all the cost of redevelopment (including demolition and construction costs) and developers profit / return for risk. In an area-wide context we can only be broad-brush in terms of the BLV as we can only appraise a representative sample of hypothetical development typologies.
- 2.11 Note also that some vendors have different motivations for selling sites and releasing land. Some investors take a very long-term view of returns, whereas other vendors could be forced sellers (e.g., when a bank forecloses).
- 2.12 Finally, 'hope value' has a big influence over land prices. Hope value is the element of value in excess of the existing use value, reflecting the prospect of some more valuable future use or development. The PPG specifically states that hope value (and the price paid) should be disregarded from the EUV. However, hope value is a fundamental part of the market mechanism and therefore is relevant in the context of the *premium*.
- 2.13 The diagram below (Figure 2-4) illustrates these concepts. It is acknowledged that there has to be a premium over EUV in order to incentivise the landowner to sell. This 'works' in the context of greenfield agricultural land, where the values are well established, however, it works less well

in urban areas where there is competition for land among a range of alternative uses. It begs the question EUV “for what use?” It is impossible to appraise every single possible permutation of the existing use (having regard to any associated legacy costs³) and development potential.

Figure 2-4 - Benchmark Land Value Approaches



Source: AspinallVerdi © (Copyright)

2.14 In this context, the Harman report ‘allows realistic scope to provide for policy requirements and is capable of adjusting to local circumstances by altering the percentage of premium used in the model. The precise figure that should be used as an appropriate premium above current use value should be determined locally. But it is important that there is [Market Value] evidence that it represents a sufficient premium to persuade landowners to sell’.⁴

2.15 The HCA Area Wide Viability Model (Annex 1 Transparent Viability Assumptions) is the only source of specific guidance on the size of the premium. The guidance states:

*There is some practitioner convention on the required premium above EUV, but this is some way short of consensus and the views of Planning Inspectors at Examination of Core Strategy have varied. Benchmarks and evidence from planning appeals tend to be in a range of **10% to 30% above EUV in urban areas. For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value.***⁵

³ E.g. Existing buildings to be demolished and/or contamination requiring remediation.

⁴ Viability Testing Local Plans Advice for planning practitioners - Local Housing Delivery Group - Chaired by Sir John Harman (June 2012), page 29

⁵ HCA Area Wide Viability Model (Annex 1 Transparent Viability Assumptions), August 2010, Transparent Assumptions v3.2 06/08/10

- 2.16 The RICS provides a more market facing approach based on Market Value less an adjustment for emerging policy. This approach has also been endorsed in the Mayor of London CIL Inspectors Report (Jan 2012); Greater Norwich CIL Inspectors Report (Dec 2012); and the Sandwell CIL Inspectors Report (Dec 2014).
- 2.17 Greater emphasis is now being placed on the existing use value (EUV) + premium approach to planning viability to break the circularity of ever-increasing land values. Due to increasing land values (partly driven by developers negotiating a reduction in policy obligations on grounds of 'viability'), we are finding that the range between existing use value (EUV) and 'Market Values' and especially asking prices is getting larger. Therefore (say) 20 x EUV and (say) 25% reduction from 'Market Value' may not 'meet in the middle' and it is therefore a matter of professional judgement what the BLV should be (based on the evidence). Our BLVs are set out in Table 7-1 - Benchmark Land Value Table of Assumptions – at the end of this paper.
- 2.18 In order to provide comprehensive analysis, we also set out a variety of sensitivities in terms of changes to the BLV (and other) assumptions – these are shown for each of the typologies on the appraisals appended (with an explanation of how to interpret the sensitivities in the main Viability Assessment report).

3 Existing Evidence Base Review

- 3.1 We have undertaken a review of the existing evidence base in regard to land values. This includes studies for the Council and surrounding authorities, as follows:

CIL Viability Study, HDH Planning & Development Ltd (2015)

- 3.2 This study was produced in 2015 in order to assess the impact of a CIL charge on development viability. The Council ultimately did not adopt a CIL charge, however the report includes an analysis on land prices which we have therefore examined.
- 3.3 The existing use value focused initially on residential development land. The report adopts a value of £650,000 per acre (£1,600,000 per hectare). Industrial land is then assumed to be £140,000 per acre (£350,000 per hectare).
- 3.4 The report subsequently analyses agricultural and paddock land. The benchmarks adopted for agricultural land and paddock land were £10,000 per acre (£25,000 per hectare) and £20,000 per acre (50,000 per hectare) respectively.

Surrounding Local Authority Evidence Base

- 3.5 Stafford Brough is in the centre of Staffordshire. Surrounding local authorities include: Staffordshire Moorlands, East Staffordshire, Cannock Chase, South Staffordshire, Telford and Wrekin, Shropshire, Newcastle-under-Lyme, Lichfield and Stoke-on-Trent.
- 3.6 We set out below land market evidence from Local Plan and CIL viability studies from these Authorities.

Cannock Chase Local Plan Viability Assessment 2020

- 3.7 Following a review of Cannock Chase DC's Local Plan Viability Assessment 2020, we have identified transactions and listings from the land value database and have included them in our analysis. We note that the transactional evidence in this assessment also includes evidence from other authorities.
- 3.8 A summary of this evidence is provided in Table 3-1.

Table 3-1 - Cannock Chase Comparable Evidence

Land Address/Site Name	Information Type	Site Area (acres)	Site Area (ha)	Value £	Value (£/acres)	Value (£/ha)	Date
Land Adjacent to 385 Norton Road, Cannock, WS12 3HU	Transaction	0.46	0.19	£345,000	£750,000	£1,853,250	01 July 2019
Development Site, Former Playing Fields, GIrton Road, Cannock, WS11 0ED	Transaction	0.98	0.40	£650,000	£663,625	£1,638,929	01 March 2019
Land off Meadow Road, Burton on Trent, Staffordshire	Market Listing	62.41	25.26	£200,000	£3,205	£7,919	10 November 2020
Former Burrows Site, Stafford	Market Listing	1.60	0.65	£775,000	£484,375	£1,196,891	04 June 2021
Former Grove Colliery, 137 Lime Lane, Cannock	Market Listing	0.42	0.17	£125,000	£297,619	£735,417	04 June 2021

Source: AspinallVerdi, 2021.

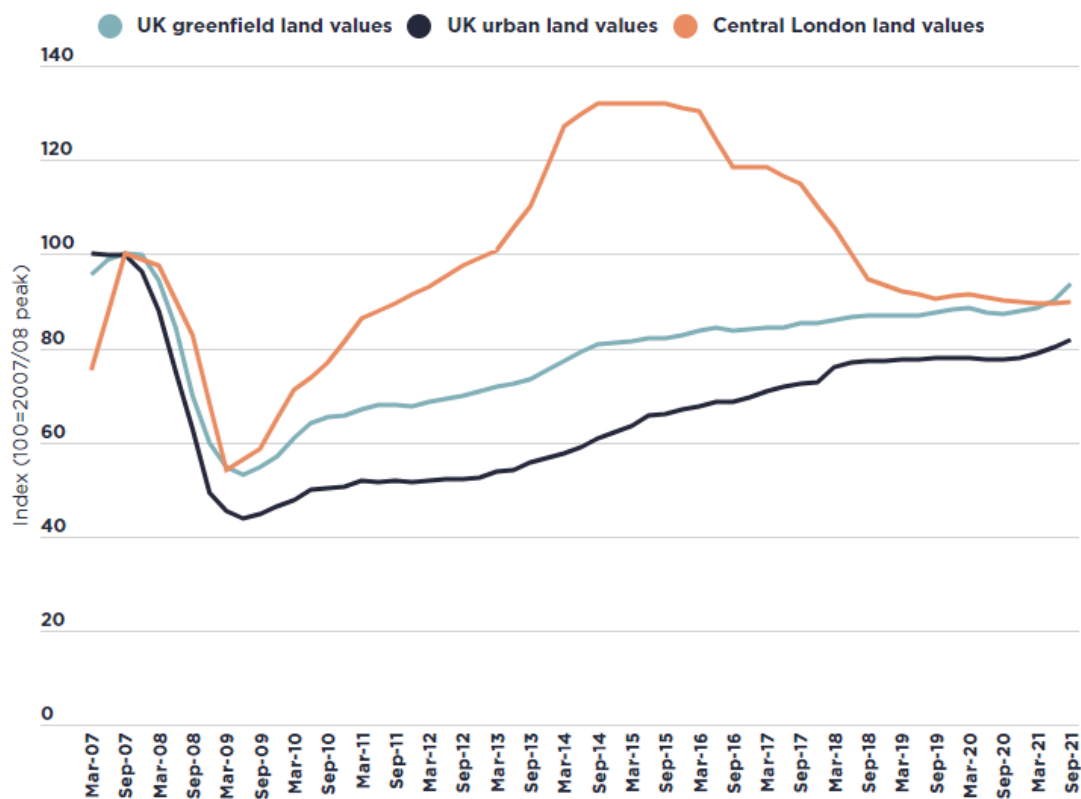
4 UK Land Context

4.1 This section provides some background context to residential development land values at a national and regional level. This includes development land, as well as agricultural land as we are aware that some sites likely to come forward for development are greenfield.

Development Land

4.2 Figure 4-1 is taken from Savills Research on the residential land market in its Q3 2021 update. The headline is that land values have grown significantly, with greenfield land values increasing by 3.9% and urban (brownfield) land values increasing by 2.2% over the quarter. This brings annual growth to 7.1% for greenfield and 5.7% brownfield and also marks the largest quarterly growth for greenfield sites since 2010.

Figure 4-1 - UK Greenfield and Urban Residential Land Value Index



Source: Savills, 2021.

4.3 Savills attribute the rising value of both green and brownfield land to a number of factors. The most significant is the strong housing market outpacing increasing build costs, leading to a larger residual surplus to be used for land purchase. Nationwide state that house prices grew by 10% in the year to September 2021 compared to the 2.7% rise in build costs according to BCIS.

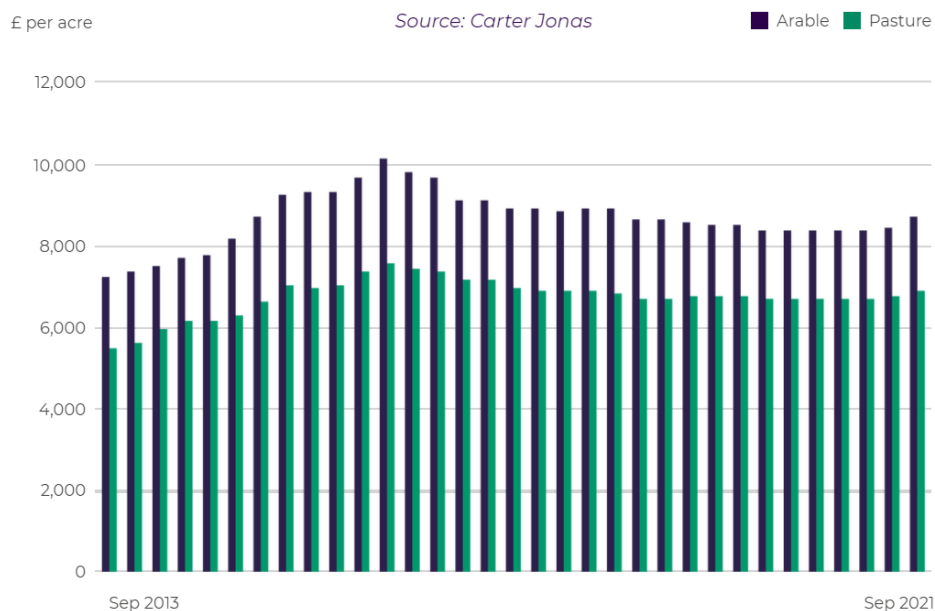
4.4 There is also increased competition for development land. Savills report that 89% of their development agents reported increased bidding levels in Q3 2021 compared to normal whilst also reporting that bid values have regularly exceeded guideline prices by significant amounts. This has been compounded by an acute shortage of suitable sites available. Savills quote fewer approved applications, slow planning decision-making, local plan reviews and stalled sites due to nutrient neutrality as contributing factors to a -13% decrease in the number of consents granted in the year to Q2 2021.

Agricultural Land

4.5 Whilst understanding the development land market is important, with the changes to the PPG on viability, exploring agricultural land values is equally as important to understand where there are new greenfield sites (e.g. through Green Belt release). This informs the Benchmark Land Value of greenfield allocations.

4.6 Figure 4-2 below shows the long-term trend in average agricultural land values by type. It shows a 2.5% and 2.0% quarter-on-quarter increase for arable and pasture land respectively, marking a 3.5% annual increase for both types of agricultural land. Carter Jonas' Farmland Market Update (Q3 2021)⁶ state that the average value for arable land in Q3 was £8,733 per acre whilst the average value for pasture land was £6,961 per acre.

Figure 4-2 - Average Agricultural Land Values Per Acre (by land type)



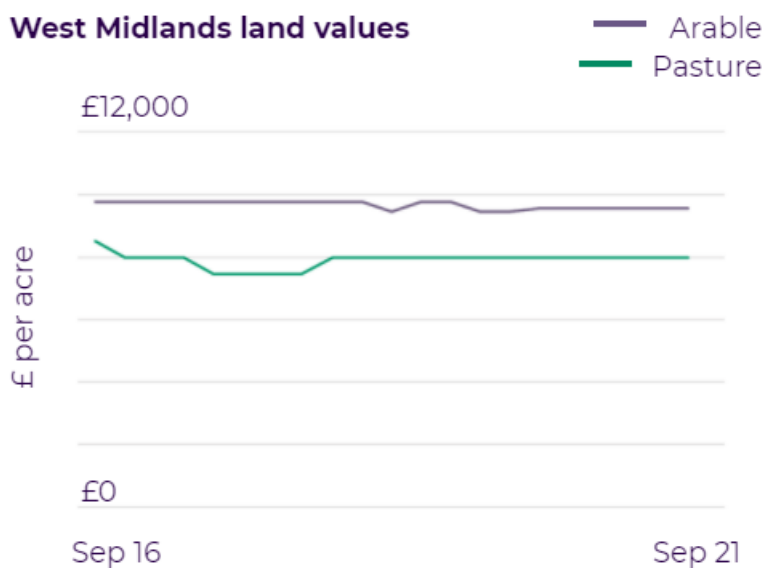
Source: Carter Jonas, 2021.

⁶ Carter Jonas, Farmland Market Update, Q3 2021.

4.7 This growth marks the largest annual increase in values for both land types since H2 (Q1 & Q2) 2016. Whilst actual values are currently significantly less than in 2016, the growth levels show positive signs for the agricultural land market.

4.8 On a regional level, agricultural land values have remained stable in recent years. Figure 4-3 displays the land values in the West Midlands since September 2016 by land type.

Figure 4-3 - Average Agricultural Land Values Per Acre (West Midlands)



Source: Carter Jonas, 2021.

4.9 Table 4-1 displays land values by type in the West Midlands as of Q3 2021.

Table 4-1 - West Midlands Agricultural Land Values (by type)

Land Type	Low £ / acre	Prime £ / acre	Average £ / acre
Arable	£7,500	£12,250	£9,600
Pasture	£6,250	£9,250	£8,000

Source: Carter Jonas, 2021.

4.10 Table 4-1 shows that arable land is typically valued higher than pasture land and that this has been the case in recent years. There is also a larger difference in the achievable value between low and prime arable land compared to pasture land.

Impact of Covid-19 on Agricultural Land

- 4.11 As with development land, the graphics above do not yet provide proper indication as to how the market will respond to Covid-19. Both Savills⁷ and Knight Frank⁸ cite a shortage in supply of land as an issue in terms of market constraint that means limited deals are taking place. Knight Frank indicate that Covid-19 may result in farmland being seen as attractive, safe investment which could stimulate demand and result in price growth akin to that post Global Financial Crisis. However, their optimism is curtailed by the uncertainty which remains around Brexit which forced the current downward trends shown.
- 4.12 As with development land, the market will have to be closely monitored moving forward but we consider it unlikely that prices for agricultural land are going to increase significantly in the short to medium term. In the following chapter, we consider more regional and local evidence to inform our Benchmark Land Value assumptions for both greenfield and brownfield scenarios.

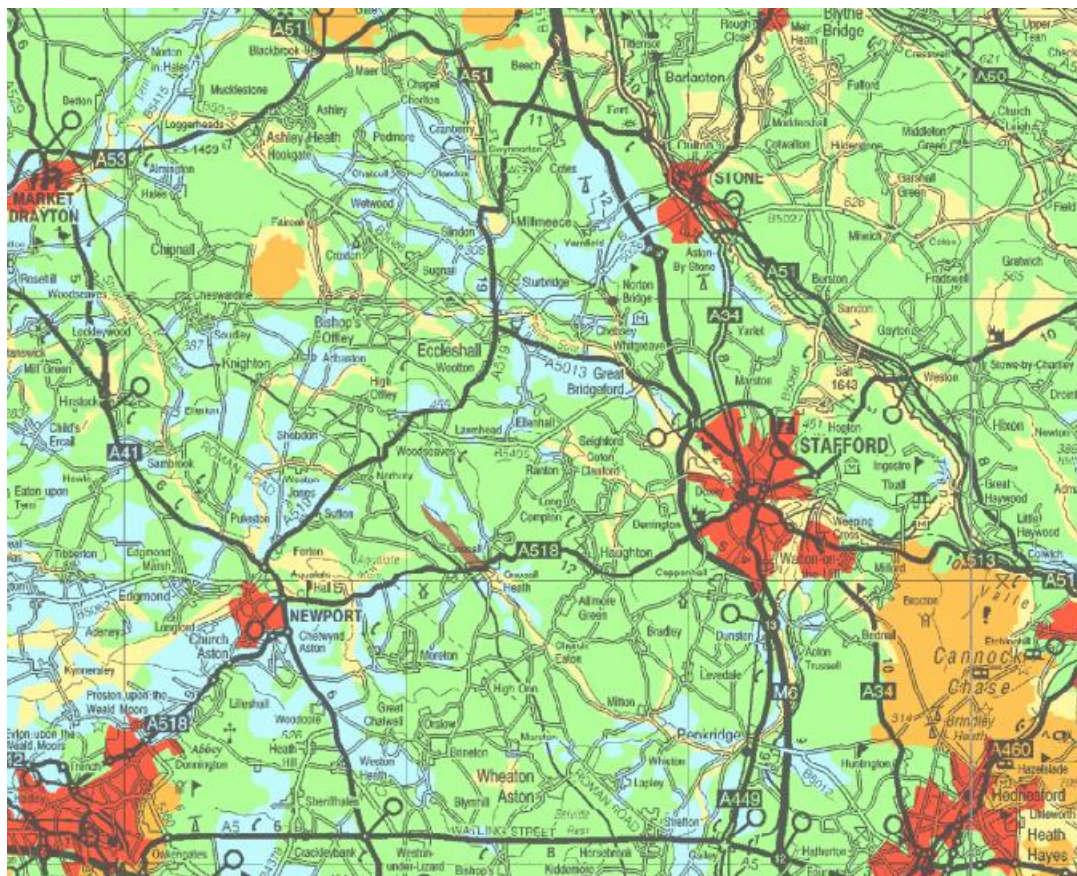
⁷ <https://www.savills.co.uk/property-values/rural-land-values.aspx>

⁸ <https://www.knightfrank.co.uk/research/article/2020-03-24-covid-rural-update>

5 Agricultural Land Values

- 5.1 In determining a value per acre / hectare (ha) for agricultural land, we have searched Estates Gazette Interactive (EGi), current quoting prices on Rightmove, CoStar and local agent websites. We have supplemented this with stakeholder evidence i.e., evidence of transactions and general anecdotal evidence from agents.
- 5.2 An extract from our land value database for agricultural land is set out on the following pages.

Figure 5-1 - Agricultural Land Classification Map for Stafford



Source: Natural England, 2021.

- 5.3 Figure 5-1 displays the Agricultural Land Classification Map for Stafford as produced by Natural England. Blue is used to symbolise excellent quality agricultural land; green is used for good to moderate quality and brown is used to display very poor-quality land. Red and orange are used to indicate land not in agricultural use.
- 5.4 The land in Stafford Borough is primarily grade 3 (Good to Moderate), with substantial bands of grade 2 (Very Good) and a single band of grade 4 (Poor) land extending through north east Gnosall.

Table 5-1 - Agricultural Land Evidence Summary

Land Address/Site Name	Information Type	Site Area (acres)	Site Area (ha)	Value £	Value (£/acres)	Value (£/ha)	Date
Yarnfield Lane, Stone, Staffordshire	Market Listing	101.6	41.2	£975,000	£9,596	£23,713	04 November 2021
Land at Childs Ercall, Market Drayton, TF9	Market Listing	55.73	22.55	£600,000	£10,766	£26,603	08 November 2021
Lot 1, Land off Bardy Lane, Longdon, WS15 4AW	Transaction Sale (STC)	38.03	15.39	£140,000	£8,240	£20,361	04 November 2021
Lot 2, Land off Bardy Lane, Longdon, WS15 4AW	Transaction Sale (STC)	21.04	8.51	£180,000	£8,555	£21,140	08 November 2021
Land off A51, Longdon Rugeley, WS15 4QD	Market Listing	36.84	14.91	£380,000	£10,315	£25,488	08 November 2021
Land at Pipe Gate, Shropshire	Market Listing	2.6	1.1	£35,000	£13,359	£33,010	04 November 2021
Lot 1, Ivetsey Bank, Wheaton, Ashford, Stafford, ST19 9QU	Market Listing	25.13	10.17	£350,000	£13,928	£34,415	08 November 2021
Woodcock Heath, Kingstone, Uttoxeter ST14 8QS	Market Listing	1.95	0.79	£30,000	£15,385	£38,015	08 November 2021

Source: AspinallVerdi, 2021

- 5.5 The above table is a selection of the comparable evidence in the database, for brevity. There is variance according to site circumstances and land quality. The data ranges from £8,240 per acre (£20,361 per ha) to a maximum value of £15,385 per acre (£38,015 per ha) in Kingstone, Uttoxeter, Staffordshire.
- 5.6 It is important to note that the transactional evidence (Lots 1 and 2 Land off Bardy Lane, Longdon, WS15 4AW) are at values of £8,240 and £8,555 per acre. The higher evidence is for market listing and we would anticipate that offers would be below these levels.

Paddock Land Values

- 5.7 We classify paddock land as agricultural / 'pony paddock' land which is on the edge of an existing settlement which may have 'hope value' attached, perhaps due to an extant planning permission or because the site (or a neighbouring site) has been identified as one with development potential. This is more for completeness, as in accordance with the PPG, hope values does not form part of the EUV.
- 5.8 We have not identified any transactions for paddock land in Stafford Borough; however, we have had regard to market listings, agent consultations and previous viability studies.
- 5.9 We were unable to identify any sales or listings of paddock land in Stafford or the neighbouring boroughs.

6 Residential Development Land Values

- 6.1 For the purpose of this research, residential development land is land which has either obtained planning permission or has outline planning consent for residential use and/or is allocated for residential development within the Council's adopted policy documents.
- 6.2 As with agricultural land, we have utilised EGi and CoStar for transaction-based evidence and supplemented this where possible with stakeholder evidence of agreed prices paid for land. We have also noted sites currently listed on Rightmove and local agent websites to determine a value per acre / hectare and a value on a per unit basis. Dependent upon the availability of information and stakeholder engagement, this process tries to gauge an understanding of what typical market values are for residential land (greenfield and/or brownfield).
- 6.3 It should be noted that within our database of evidence we have carried out background research wherever possible into the planning consent the site has, and whether it is policy compliant or not. However, it is difficult to be certain that developers have not offered values (and landowners have not asked for values) which are not sustainable in planning policy terms and therefore challenge viability at the detailed planning stage. This practice is contrary to the NPPF (February 2019).
- 6.4 We also recognise that it is difficult to generalise what a typical greenfield or brownfield residential development site is worth across the Borough given that all sites are unique. It is therefore important to reiterate that this is a plan-wide study and thus the purpose of our research is to establish a suitable Benchmark Land Value for the respective typologies of development to be appraised, utilising both existing use and market values for greenfield and brownfield land.

Greenfield Residential Development Land

- 6.5 The most relevant comparable evidence for greenfield development land is set out below.
- 6.6 We were unable to identify any compelled transactions for greenfield residential land in Stafford Borough or in wider Staffordshire.
- 6.7 We were able to identify 2 market listings (asking price) in neighbouring authorities:
- Land at Greenfields, Market Drayton, Shropshire, TF9 3SL. This 23.91 acre (9.67 hectares) site is sold STC. The agent was unable to disclose the final purchase price due to the timing of our request within the transaction process, however this did disclose that the asking price quoted was £440,000 per acre. They further confirmed that they were unable to disclose whether the winning bid was above or below this asking price. We have therefore assumed an asking price of £440,000 per acre (1,087,240 per hectare). This asking rate equates to a total asking price of

£10,520,400. This site benefits from outline planning permission for up to 250 dwellings. The outline planning permission is subject to a S106 agreement; however, the Applicant has submitted a draft S106 agreement that states that they have agreed the timing of the provision of 20 affordable units. Based on the outline permission of 250 homes, this would equate to an affordable housing provision of 8%. The affordable housing policy for Shropshire is 10%, therefore this site is not policy compliant.

- Land at Lamphouse Way, Newcastle Under Lyme, Staffordshire is 3.4 acres (1.38 ha) of greenfield land. As at November 2021, the site is listed as Sold STC. Consultation with agents party to the deal identified that the site was listed for £1,000,000 (The price reported equates to a value of £294,118 per acre (£726,765 per hectare)) and initial offers were around this figure. The site benefits from outline planning permission (reference no: 19/00301/OUT) for 64 open market dwellings. There is a 'Grampian Style' S106 agreement in place which requires the developer to pay c.£195,000 in Residential Framework Travel Plan monitoring fees. However, no affordable housing contributions are required through the existing S106 agreement.

Brownfield Residential Development Land

- 6.8 For plan-viability studies, assuming a brownfield land value is challenging given the numerous variables which influence the value of brownfield development land. As with greenfield land, we are reliant upon market evidence and agreed prices for brownfield sites outside of Stafford Borough as well as within.
- 6.9 We were unable to identify any accessible completed transactions recorded within the Borough for brownfield residential development land. We are aware of a planning application for development of up to 365 homes on the site known as Land off Lichfield Road, Stafford (ref – 20/32041/OUT) which is within the Borough. This application has been recommended for outline approval by special planning committee subject to s106 agreement. This s106 agreement is still yet to be signed. The site is listed as 'pending registration' on Land Registry and due to the commercially sensitive nature of the price paid information we have been unable to identify a purchase price.
- 6.10 We have been able to identify 2 current market listings for brownfield residential development land found in the Borough.
- Truview. 12 Sandon Road, Stafford, ST16. This 0.3-acre (0.12 hectare) brownfield site is available for sale for £250,000. The asking rate for this property is £833,333 per acre (£2,059,167 per hectare). This site was previously in use as a retail unit with parking,

however that has been demolished and site is currently vacant. The site previously benefitted from outline planning approval (ref: 17/25523/OUT) for 11 apartments. This permission expired as of 22/08/2020. A new application (20/33158FUL) for full planning permission was granted on 19/08/2021, with the new application providing for 10 self-contained apartments (use class C2) and 2 staff units (use class C3). The s106 agreement does not make any affordable housing contribution.

- Land at rear of 40 & 42 St Mary's Street, Newport, Shropshire, Staffordshire, TF10. This 0.39-acre (0.16 hectares) site is currently in use as a church with car park and is available for sale for £550,000. This equates to an asking price of £1,410,256 per acre (£3,484,744 per hectare). The site benefits from full planning approval for demolition of the existing buildings and erection of 6 dwelling houses and a block of 3 apartments (ref-TWC/2016/0589). This permission was granted in August 2018. This development does not currently include any provisions of affordable housing and therefore is not policy compliant.

Strategic Sites

6.11 TBC after strategic site owner consultation

7 Benchmark Land Value Assumptions

Residential sites – greenfield land value assessment

- 7.1 In a greenfield context, we consider the existing use to be agricultural land for any potential proposed development in the draft Local Plan. This report sets out our evidence and research into land values. Our evidence suggests that an EUV of £10,000 per acre (£24,710 per hectare) would be a robust starting point.
- 7.2 We have used agricultural land values because this is the closest use that reflects the existing use of the greenfield development sites coming forward. We do recognise that some of the greenfield sites differ in their uses, for example, former playing pitches and bare land. But there is no evidence readily available to base a value for these existing uses. Therefore, in taking a pragmatic approach we have used agricultural land values for all greenfield sites because there are few alternatives uses other than agricultural.
- 7.3 We have then applied a floating multiplier to act as a premium, to then establish a benchmark land value for our viability testing purposes. A 'floating' premium is used because it is not accurate to apply a fixed premium for all development proposed across the Borough. In reality, we accept landowners will require different levels of premium (i.e., incentives), to sell their land for policy compliant development. In our previous work, we have seen premiums correlate with housing value zones. In higher value zone area, landowners might require a higher incentive to sell their land, given that a developer could achieve higher returns compared to developing a similar site in a lower value zone. We also account for the size of the site, it is likely purchasers of larger sites can benefit from economies of scale, thus slightly reducing the premium above the EUV. To reflect this in our assumptions, the smallest multiplier we have adopted is 12x EUV for typologies in lower value zones, rising to 22x EUV for typologies in higher value zones.

Residential sites – brownfield land value assessment

- 7.4 Our evidence for brownfield land indicates an EUV in the region of £200,000 to £500,000 per acre. In light of this evidence, we believe that an EUV of £400,000 per acre would be a robust starting point. We have then applied a floating % premium uplift on EUV to establish a benchmark land value for our Local Plan testing. As mentioned above and for the same reasons we have applied a 'floating' premium. The smallest % uplift on EUV we have adopted is 10% in lower value zones, rising to 18% in the mid value zone. There are no brownfield sites tested in the high value zone.

Residential sites – conclusion land value assessment

- 7.5 We have not varied the land values by our value zones as there is no evidence to suggest this is required.
- 7.6 The benchmark land values, do in our opinion, strike that balance between the competing interests (developers, landowners and the aims of the planning system) whilst still securing the maximum benefits in the public interest through the granting of planning permission – therefore meeting the aims of the PPG.
- 7.7 Should the residual land value exceed the benchmark land value once all abnormal and policies costs are taken into account in the appraisal, then there is scope for the landowner to secure a higher premium. Should any site-specific assessments incur any additional costs that have not been allowed for in our benchmark land value assessments then these costs need to be reflected in a reduced land value. In this respect these brownfield BLVs are considered to be conservative and provide an inherent ‘buffer’ as sites which are the most obsolete are likely to come forward more quickly and at conceivably lower values.
- 7.8 We set out our Benchmark Land Value assumptions in the table below.

Table 7-1 - Benchmark Land Value Table of Assumptions

Typology	Ref.	Greenfield /Brownfield	EUV -					Uplift Multiplier x [X] x [Y]%	BLV -	
			(per acre) (gross)	(per ha) (gross)	Net: Gross (%)	(per acre) (net)	(per ha) (net)		(per acre) (net developable)	(per ha) (net developable) (rounded)
A	BF LV 15	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	13%	£500,000	£1,235,500
B	BF LV 250	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	10%	£490,000	£1,210,800
C	GF LV 250	Greenfield	£10,000	£24,710	75%	£13,333	£32,947	12.1	£175,000	£432,400
D	BF MV 10	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	18%	£525,000	£1,297,300
E	BF MV 18	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	18%	£525,000	£1,297,300
F	BF MV 110	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	13%	£500,000	£1,235,500
G	GF MV 20	Greenfield	£10,000	£24,710	90%	£11,111	£27,456	18.8	£220,000	£543,600
H	GF MV 115	Greenfield	£10,000	£24,710	75%	£13,333	£32,947	14.8	£210,000	£518,900
H	GF HV 10	Greenfield	£10,000	£24,710	90%	£11,111	£27,456	22.5	£250,000	£617,800
J	GF HV 50	Greenfield	£10,000	£24,710	80%	£12,500	£30,888	19.2	£240,000	£593,000

Source: AspinallVerdi, 2021.

Benchmark Land Value Caveats

- 7.9 It is important to note that the BLVs contained herein are for 'high-level' plan / CIL viability purposes and the appraisals should be read in the context of the BLV sensitivity table (contained within the appraisals). It is important to emphasise that the adoption of a particular BLV in the base-case appraisal typologies in no way implies that this figure can be used by applicants to negotiate site specific planning applications. Where sites have obvious abnormal costs, these costs should be deducted from the value of the land. The land value for site specific viability appraisals should be thoroughly evidenced having regard to the existing use value of the site (as is best practice in the PPG). This report is for plan-making purposes and is 'without prejudice' to future site-specific planning applications.
- 7.10 Furthermore, we are not saying that land can *only* be acquired in the Borough for these BLVs. As the appraisals show there is often a surplus between the RLV and BLV which could be put to a stronger land bid or retained as profit. Furthermore, the sensitivity scenarios show the impact on the surplus (i.e., difference between RLV and BLV) for various levels of BLV and profit %.

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