

Stag Brewery First Homes

Capital value generated by existing Shared Ownership provision

20/80	One bed	Two bed	Three bed	Four bed	Total units	Capital value	Per sq ft
Rent (20%)			27	6	33	£7,016,483	£216
SO (80%)	27	70	37		134	£49,805,902	£465
Totals	27	70	64	6	167	£56,822,385	

Impact of introducing First Homes requirement

We have assumed that 25% FH requirement is met from Shared Ownership units, so the mix is as follows:

20/80	One bed	Two bed	Three bed	Four bed	Total units	Capital value	Per sq ft
Rent (20%)			27	6	33	£7,016,483	£216
FH (25%)	27	15			42	£15,920,100	£500
SO (55%)	0	55	37		92	£29,992,965	£373
Totals	27	70	64	6	167	£52,929,548	

Difference £3,892,837
 Plus (1) and (2) £5,246,046

Value of First Homes	
Minimum discount to MV:	30%
Maximum property value:	£420,000
Maximum income:	£92,000
Blended market value for one beds:	£509,000
Discounted by 30%	£356,300
Average floor area one bed units	548.964
Value per sq ft	£649.04
Blended market value for two beds:	£780,000
Discount required	54%
Discounted value (maximum allowable):	£420,000
Average floor area two bed units	839.592
Value per sq ft	£500.24
Total First Homes GDV	£15,920,100

Although incorporating First Homes results in a marginally higher total capital value, the scheme will incur additional costs, as follows:

1) Marketing costs for First Homes 2.50% of GDV £398,003

2) Additional profit

Profit on traditional affordable housing is typically 6% of GDV, but early indications are that profit levels on First Homes will be at least 12%.
 An additional 6% profit on the First Homes equates to £955,206

3) Shared ownership mix

First Homes can only really be delivered as one bed units, as the subsidy required for larger units exceeds the maximum 50% discount.
 The impact of this is that all the one bed SO units have to be reallocated as FHs, and the £47,000 income cap has to be applied to larger (2 bed) SO units.
 This reduces the capital value of these units.