

APPENDIX B AFFORDABLE HOUSING - COMMUTED SUM CALCULATION

Affordable Housing Value Assumptions

Intermediate - Shared Ownership								
Registered Provider	Average Equity %	Rent	Management Charge	Management Charge	Maintenance	Maintenance	Voids	Yield
	Sold as 1st Tranche	% of Unsold Equity	% of Rent	per unit per Annum	% of Rent	per unit per Annum	% of Net Rent	% applied to Net Rent
1	35%	2.75%		425			1.00%	4.60%
2	40%	2.75%		325			1.00%	5.50%
3	30%	2.75%		325			1.00%	3.30%
4	40%	2.75%		225			1.00%	5.00%
Averages	36%	2.75%		325			1.00%	4.60%

Example Calculations

							Capital Value using Net Yield	Commuted Sum allowing for 17.5% Profit	Gross Yield on Rent
Average 2 Bed Flat	£ 260,000								
	£ 94,250.00	£ 4,558.13	7.13%	£ 325.00		£ 45.58	185,284	£ 29,216	5.01%
Average 2 Bed Terraced House	£ 290,000								
	£ 105,125.00	£ 5,084.06	6.39%	£ 325.00		£ 50.84	207,478	£ 31,772	4.97%
Average 3 Bed Terraced House	£ 360,000								
	£ 130,500.00	£ 6,311.25	5.15%	£ 325.00		£ 63.11	259,264	£ 37,736	4.90%
		Averages	6.22%	£ 325.00		1.00%	£ 53.18		4.96%