7.1 LTH2 North Aviemore, PH22 1TY

7.1.1 Date of Inspection

The property was inspected on 2nd July 2024.

7.1.2 Location

The subject is located to the north of the town of Aviemore; set within the Cairngorms National Park in the Highlands. It is situated off the B9152/Grampian Road and lies to the north of the Speyside Way.

Aviemore town is approximately 30 miles south of Inverness City. It is known to have a draw for tourism and a host of outdoor leisure activities. Short-term letting accommodation, resorts, holiday parks, caravan parks, etc are prevalent and support these activities. There are good amenities and facilities available locally.

Site LTH2 is assumed to extend from the B9152 eastwards until its eastern boundary with the national railway line. The immediate area to the south would appear to be residential with the subject sitting on the periphery of a housing development built circa 2007. However, other nearby uses include industrial space with nearby properties including a race kart arena, a waste/recycling centre, and a quarry site.

7.1.3 Description

The subject is an undeveloped site mostly covered in grass. There are small hillocks and small wooded areas across the site. The ground is mostly uneven and is bound by timber posts and wire fence with a metal gate. Digital mapping and satellite images indicate there are drains crossing the site, which appear to flow towards the River Spey, some 500m or so to the east.

At the time of inspection, the land appeared to be agricultural in nature and may be suitable for grazing or pastureland.

It is easily accessible from B9152/Grampian Road.

7.1.4 Site Area

The area detailed on the Proposed Local Development Plan for site H5 is **17.7 hectares (43.74 acres)**. Boundaries have not been checked on site however the site area appears accurate according to the VOAs Valuation Mapping System (VMS).

7.1.5 Environmental Factors Observed or Identified

Digital mapping and satellite images indicate there are drains crossing the site, which appear to flow towards the River Spey, some 500m or so to the east. SEPA flood maps indicate there is some risk from surface water flooding across the site but despite the River Spey being close by the site does not appear to be at risk from River flooding.

7.1.6 Planning

I have made informal enquiries of the Planning Authority as to the planning status and potential of the stie. These have revealed that the site has been zoned for residential development with an indicative two hundred (200) dwellings.

Site LTH2 is immediately adjacent site LTH1, both of which are allocated for Long Term Housing. The total area of LTH1 and LTH2 is 35.4 ha (87.5 acres) for an indicative 400 residential units. You have instructed me to assume that LTH2 would relate to half this total area and accommodate and indicative 200 units. The status of these sites will be reviewed through the next LDP and will only be considered when the requirements of Policy 1.11 (Long Term Designations) are satisfied. Policy 1.11 states that the sites are not relied upon to meet the housing land requirement up to 2-030 and will only be released early if there is strong evidence that An Camas Mòr development will not be delivered in the Plan period and results in a shortfall in the 5 year effective land supply.

Under Policy 1.5 (Affordable Housing Developments) of the current CNPA Local Development Plan (LDP) adopted March 2021, new housing developments in Aviemore, consisting of four or more dwellings, should include provision for affordable housing amounting to 45% of the total number of dwellings.

Developer contributions will be sought from any housing developments towards increasing Primary School capacity in Aviemore, an extension to Kingussie High School and increasing capacity at strategic community leisure facilities serving Aviemore. Other infrastructure considerations include Waste Water Treatment Works and local road infrastructure.

7.1.7 Development Assumptions

To assess the impact an increase in the amount of affordable housing will have on viability I have carried out a valuation of the site on the basis of 45% Affordable Housing contribution and further valuations adopting a higher percentage of Affordable Housing, up to a contribution of 75%.

There is currently no planning application for the site however I have assumed the number of units would be in line with the indicative capacity detailed in the current LDP. I have also adopted a housing mix which would be considered typical of new build developments in this type of location.

The hypothetical development scenarios and assumptions, for 45% affordable housing and 75% affordable housing are detailed below.

7.1.7.1 Residual Land Value: 45% Affordable housing

Private Housing (55%)

GDV

On the basis of 110 units, the GDV for LTH2, North Aviemore is assumed at **£27,150,000**; the breakdown of which is summarised in the table below.

Physical Details							GDV			
Housing Mix (Private)	Beds	No of units	GIA m2	GIA sf	Total GIA m2	Total GIA sf	Average Sale Price £/unit	Total Sales £	Sales price £/m2	Sales price £/sf
Flat	1	10	45.0	484.4	450	4,844	£ 145,000	£ 1,450,000	£ 3,222	£ 299
Flat	2	10	65.0	699.7	650	6,997	£ 205,000	£ 2,050,000	£ 3,154	£ 293
Terraced	2	10	68.0	732.0	680	7,320	£ 225,000	£ 2,250,000	£ 3,309	£ 307
Terraced	3	10	80.0	861.1	800	8,611	£ 230,000	£ 2,300,000	£ 2,875	£ 267
Semi-detached	2	20	75.0	807.3	1,500	16,146	£ 235,000	£ 4,700,000	£ 3,133	£ 291
Semi-detached	3	20	87.0	936.5	1,740	18,730	£ 265,000	£ 5,300,000	£ 3,046	£ 283
Detached	3	20	96.0	1,033.4	1,920	20,667	£ 280,000	£ 5,600,000	£ 2,917	£ 271
Detached	4	10	120.0	1,291.7	1,200	12,917	£ 350,000	£ 3,500,000	£ 2,917	£ 271
		110			**8,940**	**96,233**	**GDV**	**£ 27,150,000**	**£ 3,037**	**£ 282.13**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,324/m^2 (£123/sf). The total build cost is **£11,837,460**.

Housing Mix (Private)	Beds	No of units	GIA m2	Build Cost £/m2	Build Cost £/sf	Total Build Cost/unit	total
Flat	1	10	45.0	£ 1,432	£ 133	£ 64,424	£ 644,241
Flat	2	10	65.0	£ 1,432	£ 133	£ 93,057	£ 930,571
Terraced	2	10	68.0	£ 1,227	£ 114	£ 83,445	£ 834,446
Terraced	3	10	80.0	£ 1,227	£ 114	£ 98,170	£ 981,701
Semi-deta	2	20	75.0	£ 1,259	£ 117	£ 94,456	£ 1,889,128
Semi-deta	3	20	87.0	£ 1,259	£ 117	£109,569	£ 2,191,389
Detached	3	20	96.0	£ 1,399	£ 130	£134,338	£ 2,686,760
Detached	4	10	120.0	£ 1,399	£ 130	£167,922	£ 1,679,225
		110		**£ 1,324**	**£ 123.01**		**£11,837,460**

- Externals are assumed at 20% of build cost.
- Contingencies assumed at 5% of build cost and external cost.
- Professional fees are 6% of build cost and externals.
- Finance costs are assumed at 8.5% debit rate and 1.5% credit rate over a development period of 45 months, calculated to: £822,331.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £168,057.
- Agent and Legal fees each at 0.75% of acquisition costs.
- Town Planning: £5,000.
- Building warrant £400/unit.
- Survey: £2,500.
- Marketing fees for the finished houses is assumed at £2,500/unit and £750/unit for NHBC.
- Sales Agent and Legal fees are 0.75% of GDV.

Total development costs (excluding land value) are: **£23,065,406**, which when subtracted from the GDV results in a residual land value of: £4,084,594, say **£4,000,000**.

Affordable Housing (45%)

GDV

The money available for the affordable housing, based on 90 units, derived from the amount of available grant is £9,634,490, calculated as follows:

	Physical Details							Available Grant		
Housing Mix	No of units	GIA m2	GIA sf	Total GIA m2	Total GIA sf	No of persons	Total No of persons	Grant Coversion factor	Grant/unit	Total Grant
Flat	9	45.0	484	405	4,360	2	18	89%	86,645	£ 779,806
Flat	9	65.0	700	585	6,297	4	36	109%	105,759	£ 951,835
Terraced	18	68.0	732	1,224	13,175	4	72	109%	105,759	£ 1,903,670
Terraced	18	80.0	861	1,440	15,501	5	90	109%	105,759	£ 1,903,670
Semi-detached	22	75.0	807	1,650	17,761	4	88	116%	112,066	£ 2,465,456
Semi-detached	10	87.0	936	870	9,365	6	60	120%	116,432	£ 1,164,324
Detached	4	96.0	1,033	384	4,133	6	24	120%	116,432	£ 465,730
	90			**6,558**	**70,592**		**388**			**£ 9,634,490**

Total rental income is £499,548 p.a, calculated as follows:

Housing Mix	Beds	Rent/unit	No of units	Total Rent p.a.
Flat	1	£ 4,504	9	£ 40,536
Flat	2	£ 5,498	9	£ 49,482
Terraced	2	£ 5,498	18	£ 98,964
Terraced	3	£ 5,826	18	£104,868
Semi-detached	2	£ 5,498	22	£120,956
Semi-detached	3	£ 6,053	10	£ 60,530
Detached	3	£ 6,053	4	£ 24,212
			90	**£499,548**

The rental income has been adjusted for voids at 1%, and then capitalised using a multiplier of 17.5689. It is then adjusted for management, maintenance and major repairs. The capitalised adjusted rent £7,249,657, which when added to the grant available provides the amount of finance available for the development, which in this case is **£16,884,147**.

Development Costs

The average build cost is assumed at £1,627/m^2 (£151/sf). The total build cost is **£10,666,980**.

Housing Mix	No of units	GIA m2	Build Cost £/m2	Build Cost £/sf	Total Build Cost/unit	total
Flat	9	45.0	£ 1,722	£ 160	£ 77,490	£ 697,410
Flat	9	65.0	£ 1,722	£ 160	£ 111,930	£ 1,007,370
Terraced	18	68.0	£ 1,507	£ 140	£ 102,476	£ 1,844,568
Terraced	18	80.0	£ 1,507	£ 140	£ 120,560	£ 2,170,080
Semi-detached	22	75.0	£ 1,668	£ 155	£ 125,100	£ 2,752,200
Semi-detached	10	87.0	£ 1,668	£ 155	£ 145,116	£ 1,451,160
Detached	4	96.0	£ 1,938	£ 180	£ 186,048	£ 744,192
	90		**£ 1,627**	**£ 151**		**£10,666,980**

- Externals are assumed at 20%.
- Contingency at 5%.
- Professional fees are assumed at 6%.
- Other costs, such as agent and, monitoring surveyor, finance costs etc that are likely to be incurred by the RSL have been factored in
- Developer's profit: 6%.
- Other costs such as planning and building warrant, site investigation, survey and valuation fees and the cost of finance have been included.

Total development costs are: **£16,859,963** (£2,571/m^2) is high but is in line with the type of development costs provided in information by RSLs. When subtracted from the finance available results in a residual land value of £24,184 say **£25,000.**

7.1.7.2 Residual Land Value: 75% Affordable housing

Private Housing (25%)

GDV

On the basis of 50 units, the GDV for LTH2, North Aviemore is assumed at **£12,350,000**; the breakdown of which is summarised in the table below.

	Physical Details						GDV			
Housing Mix (Private)	Beds	No of units	GIA m2	GIA sf	Total GIA m2	Total GIA sf	Average Sale Price £/unit	Total Sales £	Sales price £/m2	Sales price £/sf
Flat	1	5	45.0	484.4	225	2,422	£ 145,000	£ 725,000	£ 3,222	£ 299
Flat	2	5	65.0	699.7	325	3,498	£ 205,000	£ 1,025,000	£ 3,154	£ 293
Terraced	2	4	68.0	732.0	272	2,928	£ 225,000	£ 900,000	£ 3,309	£ 307
Terraced	3	5	80.0	861.1	400	4,306	£ 230,000	£ 1,150,000	£ 2,875	£ 267
Semi-detached	2	8	75.0	807.3	600	6,459	£ 235,000	£ 1,880,000	£ 3,133	£ 291
Semi-detached	3	8	87.0	936.5	696	7,492	£ 265,000	£ 2,120,000	£ 3,046	£ 283
Detached	3	10	96.0	1,033.4	960	10,334	£ 280,000	£ 2,800,000	£ 2,917	£ 271
Detached	4	5	120.0	1,291.7	600	6,459	£ 350,000	£ 1,750,000	£ 2,917	£ 271
		50			**4,078**	**43,897**	**GDV**	**£ 12,350,000**	**£ 3,028**	**£ 281.34**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,331/m^2 (£124/sf). The total build cost is **£5,427,234**.

Housing Mix (Private)	Beds	No of units	GIA m2	Assumed Build Cost £/m2	Assumed Build Cost £/sf	Total Build Cost/unit	total
Flat	1	5	45.0	£ 1,432	£ 133	£ 64,424	£ 322,121
Flat	2	5	65.0	£ 1,432	£ 133	£ 93,057	£ 465,285
Terraced	2	4	68.0	£ 1,227	£ 114	£ 83,445	£ 333,778
Terraced	3	5	80.0	£ 1,227	£ 114	£ 98,170	£ 490,850
Semi-deta	2	8	75.0	£ 1,259	£ 117	£ 94,456	£ 755,651
Semi-deta	3	8	87.0	£ 1,259	£ 117	£109,569	£ 876,555
Detached	3	10	96.0	£ 1,399	£ 130	£134,338	£ 1,343,380
Detached	4	5	120.0	£ 1,399	£ 130	£167,922	£ 839,612
		50		**£ 1,331**	**£ 123.64**		**£ 5,427,234**

- Externals are assumed at 20%.
- Contingencies assumed at 5% of build cost and external cost.
- Professional fees are 6% of build cost and externals.
- Finance costs are assumed at 8.5% debit rate and 1.5% credit rate over a development period of 36 months is calculated to: £318,203.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £67,986
- Agent and Legal fees each at 0.75% of acquisition costs: £27,912 in total.
- Town Planning: £5,000.
- Building warrant £400/unit.
- Survey: £2,500.
- Marketing fees for the finished houses is assumed at £2,500/unit and £750/unit for NHBC.
- Sales Agent and Legal fees are 0.75% of GDV: (£185,250 in total).

Total development costs (excluding land value) are: **£10,489,204**, which when subtracted from the GDV results in a residual land value of: £1,860,796 say **£1,850,000**.

Affordable Housing (75%)

GDV

The money available for the affordable housing, based on 150 units, derived from the amount of available grant is £16,100,394, calculated as follows:

Physical Details						Available Grant		
GIA m2	GIA sf	Total GIA m2	Total GIA sf	No of persons	Total No of persons	Grant Coversion factor	Grant/unit	Total Grant
45.0	484.4	630	6,781	2	28	89%	86,645	£ 1,213,032
65.0	699.7	910	9,795	4	56	109%	105,756	£ 1,480,586
68.0	732.0	2,040	21,959	4	120	109%	105,756	£ 3,172,685
80.0	861.1	2,400	25,834	5	150	109%	105,756	£ 3,172,685
75.0	807.3	2,700	29,064	4	144	116%	112,063	£ 4,034,258
87.0	936.5	1,740	18,730	6	120	120%	116,429	£ 2,328,576
96.0	1,033.4	576	6,200	6	36	120%	116,429	£ 698,573
		10,996	**118,364**		**654**			**£ 16,100,394**

Total rental income is £835,054 p.a, calculated as follows:

Housing Mix	Beds	Rent/unit	No of units	Total Rent p.a.
Flat	1	£ 4,504	14	£ 63,056
Flat	2	£ 5,498	14	£ 76,972
Terraced	2	£ 5,498	30	£164,940
Terraced	3	£ 5,826	30	£174,780
Semi-detached	2	£ 5,498	36	£197,928
Semi-detached	3	£ 6,053	20	£121,060
Detached	3	£ 6,053	6	£ 36,318
			150	**£835,054**

The rental income has been adjusted for voids at 1%, and then capitalised using a multiplier of 17.5689. It is then adjusted for management, maintenance and major repairs. The capitalised adjusted rent is £12,131,194, which when added to the grant available provides the amount of finance available for the development, which in this case is **£28,231,588**.

Development Costs

The average build cost is assumed at £1,676/m^2 (£156/sf). The total build cost is **£17,865,168.**

Housing Mix	No of units	GIA m2	Build Cost £/m2	Build Cost £/sf	Total Build Cost/unit	total
Flat	14	45	£ 1,722	£ 160	£ 77,490	£ 1,084,860
Flat	14	65	£ 1,722	£ 160	£ 111,930	£ 1,567,020
Terraced	30	68	£ 1,507	£ 140	£ 102,476	£ 3,074,280
Terraced	30	80	£ 1,507	£ 140	£ 120,560	£ 3,616,800
Semi-detached	36	75	£ 1,668	£ 155	£ 125,100	£ 4,503,600
Semi-detached	20	87	£ 1,668	£ 155	£ 145,116	£ 2,902,320
Detached	6	96	£ 1,938	£ 180	£ 186,048	£ 1,116,288
	150		**£ 1,676**	**£ 156**		**£ 17,865,168**

- Externals are assumed at 20%.
- Contingency at 5%.
- Professional fees are assumed at 10%.
- Other costs, such as agent and, monitoring surveyor, finance costs etc that are likely to be incurred by the RSL have been factored in
- Developer's profit: 6%.
- Other costs such as planning and building warrant, site investigation, survey and valuation fees and the cost of finance have been included.

  Total development costs are: **£29,169,649** (£2,653/m^2) is high, but is in line with the type of development costs provided in information by RSLs. When subtracted from the finance available results in a residual land value of: **-£938,061** (negative value), but assumed at nil value for acquisition purposes.