7.2 H2, Main Road, Blair Atholl, PH18 5SU

7.2.1 Date of Inspection

The property was inspected on 27 June 2024.

7.2.2 Location

The subject is located within the historic village of Blair Atholl, approximately 35 miles from the City of Perth, via the A9. It is situated close to the centre of the village, to the north on the Main Road (B8079); opposite the Tilt Hotel, Tilt cottages, the Roundhouse Inn and the River Tilt Holiday Park. The Roundhouse Inn and Tilt Hotel are currently being redeveloped and there are holiday lodges currently for sale. The land is adjacent to the West Lodge, a short distance from River Tilt and Atholl Country Life Museum. Access to the site is taken from the Main Road (B8079).

Blair Atholl is home to Blair Castle and gardens, is popular with tourism and recreation and popular for holiday homes, holiday parks, surrounded by wide-open countryside There are limited amenities and facilities locally available. However, a wider range of amenities, services and facilities can be procured in nearby Perth.

7.2.3 Description

The subject is an undeveloped site mostly covered in grass. It is relatively level ground bound by timber posts and wire fence with a timber gate. At the time of inspection, the land appeared to be agricultural in nature and may be suitable for grazing/pastureland. There are overhead electrical wires and cables surmounted on wooden poles running northwest from the southeast corner of the site.

7.2.4 Site Area

The area detailed on the Proposed Local Development Plan for site H2 is **0.4 hectares (0.99 acres)**. Boundaries have not been checked on site however the site area appears accurate according to the VOAs Valuation Mapping System (VMS).

7.2.5 Environmental Factors Observed or Identified

There is a small watercourse and a Flood Risk Assessment will be required to identify the developable area. A Drainage Impact Assessment would be planning a consideration and should assess surface water flooding. Water Impact Assessment and Flow and Pressure tests might also be required.

Whilst close to the River Tilt SEPA flood maps indicate that the site is outwith the area designated as at risk from River Flooding.

7.2.6 Planning

I have made informal enquiries of the Planning Authority as to the planning status and potential of the site. These have revealed that the site has been zoned for residential development with an indicative capacity of 10 units.

Under Policy 1.5 (Affordable Housing Developments) of the current CNPA Local Development Plan (LDP) adopted March 2021, new housing developments in Blair Atholl, consisting of four or more

dwellings, should include provision for affordable housing amounting to 45% of the total number of dwellings.

7.2.7 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.

The hypothetical development scenarios, for 45% affordable housing and 75% affordable housing are detailed in the tables below. . The development assumptions are consistent for each of the sites considered and are detailed in Section 4.1 of the report.

7.2.7.1 Residual Land Value: 45% Affordable housing

Private Housing (55%)

GDV

On the basis of 6 units, the GDV for H2 Blair Atholl is assumed at **£1,455,000**, the breakdown of which is summarised in the table below.

Physical Details								GDV			
Housing Mix (Private)	Beds	No of units	Ave. GIA m2	Ave GIA sf	Total GIA m2	Total GIA sf		Average Sale Price £/unit	Total Sales £	Sales price £/m2	Sales price £/sf
Terraced	2	3	68.0	732.0	204	2,196		£230,000	£ 690,000	£ 3,382	£ 314
Terraced	3	3	80.0	861.1	240	2,583		£255,000	£ 765,000	£ 3,188	£ 296
		6			**444**	**4,779**		**GDV**	**£1,455,000**	**£ 3,277**	**£ 304**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,399 /m^2 (£130/sf). The total build cost is **£621,313**.

- 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 12 months, calculated to: £27,833.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £3,108.
- 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: **£1,204,423**, which when subtracted from the GDV results in a residual land value of: £1,250,577 say **£250,000**.

Affordable Housing (45%)

GDV

The money available for the affordable housing, based on 4 units, derived from the amount of available grant and capitalised adjusted rent, is **£784,208**, calculated as follows:

Physical Details								GDV					
Housing Mix	Beds	No of units	GIA m2	GIA sf	Total GIA m2	Total GIA sf	No of persons	Total No of persons	Rent/unit	Total Rent p.a.	Grant Coversion factor	Grant/unit	Total Grant
Semi-detached	2	2	75.0	807.3	150	1,615	4	8	£ 5,498	£ 10,996	109%	105,759	£ 211,519
Semi-detached	3	2	87.0	936.5	174	1,873	6	12	£ 6,053	£ 12,106	120%	116,432	£ 232,865
		4			**324**	**3,488**	**10**	**20**		**£ 23,102**			£ 444,384

The total grant available is assumed at £444,384. The rental income of £68,196 has been adjusted for 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 calculated to £339,824, which when added to the grant available provides the amount of finance available for the development.

Development Costs

The average build cost is assumed at £1,744/m^2 (£162/sf). The total build cost is £564,995.

- 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: **£873,142** (£2,695/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 **-£88,934** negative value.

7.2.7.2 Residual Land Value: 75% Affordable housing

Private Housing (25%)

GDV

On the basis of 3 units, the GDV for H2 Blair Atholl is assumed at **£765,000**; the breakdown of which is summarised in the table below.

Physical Details							GDV			
Housing Mix (Private)	Beds	No of units	Ave. GIA m2	Ave GIA sf	Total GIA m2	Total GIA sf	Average Sale Price £/unit	Total Sales £	Sales price £/m2	Sales price £/sf
Terraced	3	3	80.0	861.1	240	2,583	£255,000	£ 765,000	£ 3,188	£ 296
		3			**240**	**2,583**	**GDV**	**£ 765,000**	**£ 3,188**	**£ 296**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,421/m^2 (£132/sf). The total build cost is **£341,012**.

- 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 8 months is calculated to: £11,684.
- Profit 20% of GDV.

Other development costs include:

- 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: **£650,553**, which when subtracted from the GDV results in a residual land value of: £114,447 say **£115,000**.

Affordable Housing (75%)

GDV

The money available for the affordable housing, based on 7 units, derived from the amount of available grant and capitalised adjusted rent, is **£1,340,055** calculated as follows:

Physical Details								GDV					
Housing Mix	Beds	No of units	GIA m2	GIA sf	Total GIA m2	Total GIA sf	No of persons	Total No of persons	Rent/unit	Total Rent p.a.	Grant Coversion factor	Grant/unit	Total Grant
Terraced	2	3	68.0	732.0	204	2,196	4	12	£ 5,498	£ 16,494	109%	105,759	£ 317,278
Semi-detached	2	2	75.0	807.3	150	1,615	4	8	£ 5,498	£ 10,996	109%	105,759	£ 211,519
Semi-detached	3	2	87.0	936.5	174	1,873	6	12	£ 6,053	£ 12,106	120%	116,432	£ 232,865
		7			**528**	**5,684**	**14**	**32**		**£ 39,596**			**£ 761,662**

The total grant available is assumed at £761,662. The rental income of £39,596 has been adjusted for 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 calculated to £578,393, which when added to the grant available provides the amount of finance available for the development.

Development Costs

The average build cost is assumed at £1,729/m^2 (£/161sf). The total build cost is **£911,948.**

- 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: **£1,398,465** (£2,649 /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: **-£58,410** (negative value).