7.3 H5 North Braemar, AB35 5YQ

7.3.1 Date of Inspection

The property was inspected on 27 June 2024.

7.3.2 Location

The subject is located within the village of Braemar in the Cairngorms National Park.

It is situated close to the centre of the village, to the north on the Old Military Road (A93); approximately 60 miles west of Aberdeen City.

The land is adjacent to the Invercauld Arms hotel, which, at the time of inspection, was temporarily closed. Nearby properties are Braemar Castle to the north and a Caravan Park to the south. Access is taken from the Old Military Road (A93).

The area is predominated by holiday homes, holiday parks, residential homes and surrounded a wide-open countryside of outstanding natural beauty. There are limited amenities and facilities locally available. However, a wider range of amenities, services and facilities can be procured in Ballater, Aboyne, Banchory and Aberdeen.

7.3.3 Description

The subject is an undeveloped site mostly covered in grass. The ground is mostly level but slopes down from east to west, with the gradient getting steeper towards Creag Choinnich to the east.

The site is bounded 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 or pastureland. There are overhead electrical cables surmounted on wooden poles running close to the centre of the site.

There appears to be a small burn running along the southern edge of the land, which is assumed to empty into River Clunie, a tributary of the River Dee which flows in close proximity, to the east of the A93.

7.3.4 Site Area

The area detailed on the Proposed Local Development Plan for site H5 is **2.6 hectares (6.42 acres)**. Boundaries have not been checked on site however the site area appears accurate according to the VOAs Valuation Mapping System (VMS).

7.3.5 Environmental Factors Observed or Identified

The land is close to a river and may be prone to flooding risks. The Proposed Local Development Plan details the site as 'Medium to high probability flood risk exists adjacent to the site. A Flood Risk Assessment will therefore be required to identify the developable area' and 'A Drainage Impact Assessment will be required and should assess potential surface water flooding issues.

The site slopes down from west to east although the majority of the developable area is reasonably level.

7.3.6 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 Housing with an indicative Residential Capacity of 30 (thirty) units.

Site H5 'forms the first phase of a wider area which has future development capacity. It is primarily expected to deliver housing but may provide some scope for complementary uses. A masterplan showing how the first phase of development will integrate with potential future phases will be required. The masterplan should also show how the development will integrate appropriately and sensitively with the sider landscape at the entrance to the village. The masterplans should be developed in consultation with the community.'

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

7.3.7 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, 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.

7.3.7.1 Residual Land Value: 45% Affordable housing

Private Housing (55%)

GDV

On the basis of 17 units, the GDV for H5, North Braemar is assumed at **£4,757,500,** 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		Sale Price £/unit	Total Sales £	Sales price £/m2	Sales price £/sf
Semi-detached	3	10	87.0	936.5	870	9,365		£245,000	£2,450,000	£ 2,816	£ 262
Detached	3	5	96.0	1,033.4	480	5,167		£285,000	£1,425,000	£ 2,969	£ 276
Detached	4	2	120.0	1,291.7	240	2,583		£350,000	£ 700,000	£ 2,917	£ 271
		17			**1,590**	**17,115**		**GDV**	**£4,575,000**	**£ 2,877**	**£ 267**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,295/m^2 (£120/sf). The total build cost is **£2,058,420**.

- 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 20 months, calculated to: £83,503.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £14,487.
- 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: **£3,903,060**, which when subtracted from the GDV results in a residual land value of: £671,940, say **£675,000**.

Affordable Housing (45%)

GDV

The money available for the affordable housing, based on 13 units, derived from the amount of available grant and capitalised adjusted rent, is **£2,364,383**, 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 conversion factor	Grant/unit	Total Grant
Flat	1	2	48.0	516.7	96	1,033	2	4	£ 4,504	£ 9,008	89%	86,645	£ 173,290
Flat	2	4	65.0	699.7	260	2,799	4	16	£ 5,498	£ 21,992	109%	105,759	£ 423,038
Terraced	2	3	68.0	732.0	204	2,196	4	12	£ 5,498	£ 16,494	109%	105,759	£ 317,278
Terraced	3	3	80.0	861.1	240	2,583	5	15	£ 5,826	£ 17,478	116%	112,066	£ 336,199
Semi-detached	3	1	87.0	936.5	87	936	6	6	£ 6,053	£ 6,053	120%	116,432	£ 116,432
		13			**887**	**9,548**		**53**		**£ 71,025**			**£ 1,366,237**

The total grant available is assumed at £1,366,237. The rental income of £71,025 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 £985,044, 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 £1,571/m^2 (£146/sf). The total build cost is **£1,393,653**.

- 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: **£2,142,267** (£2,415/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 £222,116 say **£220,000.**

7.3.7.2 Residual Land Value: 75% Affordable housing

Private Housing (25%)

GDV

On the basis of 8 units, the GDV for LTH2, North Braemar is assumed at **£2,250,000**; 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	Sale Price £/unit	Total Sales £	Sales price £/m2	Sales price £/sf
Semi-detached	3	4	87.0	936.5	348	3,746	£245,000	£ 980,000	£ 2,816	£ 262
Detached	3	2	96.0	1,033.4	192	2,067	£285,000	£ 570,000	£ 2,969	£ 276
Detached	4	2	120.0	1,291.7	240	2,583	£350,000	£ 700,000	£ 2,917	£ 271
		8		Average	**780**	**8,396**	**GDV**	**£2,250,000**	**£ 2,885**	**£ 268**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,333/m^2 (£124/sf). The total build cost is **£1,040,088**.

- 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 16 months is calculated to: £39,952.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £4,362
- 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: **£1,954,592**, which when subtracted from the GDV results in a residual land value of: £295,408 say **£295,000**.

Affordable Housing (75%)

GDV

The money available for the affordable housing, based on 22 units, derived from the amount of available grant and capitalised adjusted rent, is **£4,154,660** 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 conversion factor	Grant/unit	Total Grant
Flat	1	2	45.0	484.4	90	969	2	4	£ 4,504	£ 9,008	89%	86,645	£ 173,290
Flat	2	4	65.0	699.7	260	2,799	4	16	£ 5,498	£ 21,992	109%	105,759	£ 423,038
Terraced	2	4	68.0	732.0	272	2,928	4	16	£ 5,498	£ 21,992	109%	105,759	£ 423,038
Terraced	3	4	80.0	861.1	320	3,445	5	20	£ 5,826	£ 23,304	116%	112,066	£ 448,265
Semi-detached	3	6	87.0	936.5	522	5,619	6	36	£ 6,053	£ 36,318	120%	116,432	£ 698,594
Detached	3	2	114.0	1,227.1	228	2,454	6	12	£ 6,053	£ 12,106	120%	116,432	£ 232,865
		22			**1,692**	**18,213**		**104**		**£124,720**	120%		**£ 2,399,090**

The total grant available is assumed at £2,399,090. The rental income of £71,025 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 £1,755,560, 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 £1,617/m^2 (£150/sf). The total build cost is **£2,735,502.**

- 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: **£4,235,531** (£2,503/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: **-£80,871** (negative value).