7.4 H2, Castle Road, Grantown-on-Spey, PH26 3HR

7.4.1 Date of Inspection

The property was inspected on 2nd July 2024.

7.4.2 Location

The subject is located close off Castle Rd E/Old Military Rd, immediately opposite the intersection of Castle Rd E/Old Military Rd and B9102, heading north out of Granton-on Spey, although still reasonably close to the centre of the village.

Grantown-on-Spey village is approximately 35 miles south-east of Inverness and 13 miles northeast of Aviemore. Like Aviemore, Grantown-on-Spey is popular with tourists and outdoor leisure activities.

The subject lies between the Grantown-on-Spey medical centre/ Ian Charles Community Hospital and Grant House assisted living residence, extending to the rear of the private residential dwelling next to the medical centre.

7.4.3 Description

The subject is an undeveloped site mostly covered in grass. The ground is mostly level and is bound by timber posts and wire fence with a metal gate.

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

It is easily accessible from Castle Rd E/Old Military Rd.

There is an overhead electrical wires and cables surmounted on wooden poles running close to the middle of the land. According to the LDP, the small watercourses running through the site have been historically straightened .

7.4.4 Site Area

The area detailed on the Proposed Local Development Plan for site H2 is **3.6 hectares (8.9 acres)**. Boundaries have not been checked on site however the site area appears accurate according to the VOAs Valuation Mapping System (VMS).

7.4.5 Environmental Factors Observed or Identified

SEPA flood maps indicate there is some risk from surface water flooding affecting a small areas of the site. The site does not appear to be at risk from River flooding.

7.4.6 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 fifty (50) dwellings. A masterplan for the whole site will be required as part of any planning application.

There are small watercourses on the boundary of the site and a Flood Risk Assessment will be required and a Drainage Impact Assessment will also be required. Landscaping and structure planning will be required to ensure integration of the development with the surrounding landscape and ancient woodland to the north of the site.

Under Policy 1.5 (Affordable Housing Developments) of the current CNPA Local Development Plan (LDP) adopted March 2021, new housing developments in Grantown-on-Spey, consisting of four or more dwellings, should include provision for affordable housing amounting to 25% of the total number of dwellings.

Developer contributions will be sought from any housing developments towards increasing capacity at strategic community leisure facilities serving Grantown-on-Spey. Other infrastructure considerations include Wate Water Treatment Works capacity.

7.4.7 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 25% 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 25% 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.

7.4.7.1 Residual Land Value: 25% Affordable housing

Private Housing (75%)

GDV

On the basis of 38 units, the GDV for H2 Grantown on Spey is assumed at **£9,220,000,** 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
flat	2	6	65.0	699.7	390	4,198		£200,000	£1,200,000	£3,077	£286
terraced	2	6	68.0	732.0	408	4,392		£220,000	£1,320,000	£3,235	£301
Semi-detached	2	6	75.0	807.3	450	4,844		£230,000	£1,380,000	£3,067	£285
Semi-detached	3	12	87.0	936.5	1,044	11,238		£260,000	£3,120,000	£2,989	£278
Detached	3	8	96.0	1,033.3	768	8,267		£275,000	£2,200,000	£2,865	£266
		38			**3,060**	**32,938**		**GDV**	**£9,220,000**	**£3,013**	**£280**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,312/m^2 (£122/sf). The total build cost is **£4,015,187**.

- 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 32 months, calculated to: £246,050.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £48,480.
- 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: **£7,792,669**, which when subtracted from the GDV results in a residual land value of: £1,427,331 say **£1,425,000**.

Affordable Housing (25%)

GDV

The money available for the affordable housing, based on 12 units, derived from the amount of available grant and capitalised adjusted rent, is **£2,309,545**, calculated as follows:

	Physical Details												
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	Grant/unit	Total Grant
Flat	2	4	65.0	699.7	260	2,799	4	16	£ 5,498	£ 21,992	109%	105,759	£ 423,038
Semi-detached	2	4	75.0	807.3	300	3,229	4	16	£ 5,498	£ 21,992	109%	105,759	£ 423,038
Semi-detached	3	4	87.0	936.5	348	3,746	6	24	£ 6,053	£ 24,212	120%	116,432	£ 465,730
		12			**908**	**9,774**		**56**		**£ 68,196**			£ 1,311,805

The total grant available is assumed at £1,311,805. 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 £997,740, 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 £1,704/m^2 (£158/sf). The total build cost is **£1,549,839**.

- 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: **£2,379,425** (£2,620/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 **-£69,880** negative value.

7.4.7.2 Residual Land Value: 75% Affordable housing

Private Housing (25%)

GDV

On the basis of 12 units, the GDV for Grantown on Spey is assumed at **£3,060,000**; 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
Semi-detached	2	4	75.0	807.3	300	3,229		£230,000	£ 920,000	£3,067	£285
Semi-detached	3	4	87.0	936.5	348	3,746		£260,000	£1,040,000	£2,989	£278
Detached	3	4	96.0	1,033.3	384	4,133		£275,000	£1,100,000	£2,865	£266
		12			**1,032**	**11,108**		**GDV**	**£3,060,000**	**£2,965**	**£275**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,311/m^2 (£122/sf). The total build cost is **£1,353,422**.

- 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 18 months is calculated to: £82,689.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £4,674
- 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.

Total development costs (excluding land value) are: **£2,606,129**, which when subtracted from the GDV results in a residual land value of: £453,871 say **£450,000**.

Affordable Housing (75%)

GDV

The money available for the affordable housing, based on 38 units, derived from the amount of available grant and capitalised adjusted rent, is **£7,344,798**, calculated as follows:

Physical Details													
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	Grant/unit	Total Grant
Flat	1 bed	4	45.0	484.4	180	1,938	2	8	£ 4,504	£ 18,016	89%	86,645	£ 346,580
Flat	2 bed	4	65.0	699.7	260	2,799	4	16	£ 5,498	£ 21,992	109%	105,759	£ 423,038
terraced	2 Bed	4	68.0	732.0	272	2,928	4	16	£ 5,498	£ 21,992	109%	105,759	£ 423,038
terraced	3 Bed	4	80.0	861.1	320	3,444	5	20	£ 5,498	£ 21,992	116%	112,551	£ 450,205
semi-detached	2 bed	8	75.0	807.3	600	6,458	4	32	£ 5,826	£ 46,608	109%	105,759	£ 846,075
semi-detached	3 bed	8	87.0	936.5	696	7,492	6	48	£ 6,053	£ 48,424	120%	116,432	£ 931,459
semi-detached	4 bed	4	96.0	1,033.3	384	4,133	7	28	£ 6,557	£ 26,228	130%	126,135	£ 504,540
detached	3 bed	2	96.0	1,033.3	192	2,067	6	12	£ 6,053	£ 12,106	120%	116,432	£ 232,865
		38			**2,904**	**31,259**		180		**£217,358**			£ 4,157,801

The total grant available is assumed at £4,157,801. The rental income of £217,358 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 £3,186,997, 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 £1,684/m^2 (£156/sf). The total build cost is **£4,891,120.**

- 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: **£7,748,907** (£2,668/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: **-£404,109** (negative value).