7.5 H1, Perth Road / Station Road, Newtonmore, PH20 1AR

7.5.1 Date of Inspection

The property was inspected on 2nd July 2024.

7.5.2 Location

The subject is in a prominent location close to the centre of the village of Newtonmore. It is bordered by Station Road and The Coffin Road to the north and south respectively, with Perth Road and the Railway line also lying respectively to the west and east of the subject.

Newtonmore village is approximately 15 miles south of Aviemore. The area is a mixture of domestic dwellings, self-catering/B&B type of accommodation and surrounded by countryside views. There are limited amenities and facilities available locally, however, the A9 allows travel to nearby Aviemore and beyond where further amenities and facilities will be available. The village is home to the Highland Folk Museum which attracts many visitors each year.

The restaurant Newtonmore Grill is situated directly opposite the subject, across Perth Road. There is a small industrial estate and Newtonmore train station are also less than half a mile away from the subject, on Station Road.

7.5.3 Description

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

At the time of inspection, the land appeared to be formerly agricultural in nature, suitable for grazing/pastureland however site servicing and roads construction work has begun on the northwestern section (Phase 3) by Tulloch Homes.

The site is easily accessible from both Station Rd and The Coffin Rd, off Perth Rd (B9150). I note that both roads are narrow single lane roads with passing areas.

7.5.4 Site Area

The area detailed on the Proposed Local Development Plan for site H2 is **11.9 hectares (29.4 acres)**. Boundaries have not been checked on site however the site area appears accurate according to the VOAs Valuation Mapping System (VMS).

The area pertaining to the existing planning application for 81 houses is the northwest portion, bounding Perth Road, and extends to an estimated 4.16 ha (10.3 acres).

7.5.5 Environmental Factors Observed or Identified

There is a medium to high probability of flood risk in the southern part of the site and a Flood Risk Assessment will be required to identify the developable area for future development proposals and a Drainage Impact Assessment may be required to address surface water flooding. According to the LDP a sewer mains runs through the site.

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.

7.5.6 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 one hundred and twenty (120) dwellings. It is a prominent site and new development should promote the highest standards of access, layout, building design and the public realm.

There is currently an existing planning consent on part of the site for 81 dwellings. 07/230/CP|Erection of 81 houses and construction of access roads. The plans attached to the application indicate there will be 38 detached houses, 16 semi-detached houses, 3 terraced houses and 24 flats. 12 units (8 flats and 4 semi-detached units) will be rental properties and 8 flats are proposed for homestake: a total of 20 affordable houses which is approximately 25% of the total number of units. (Source- Highland Planning Portal)

Related applications include:

- 23/05141/RCC – Phase 3 Housing Development
- 2024/0149/DET: Erection of houses (amended house types and driveway locations on Plots 20 and 21)
- 2018/0242/DET: Erection of 20 houses (amendment to 07/00153/FULBS plots 49 - 68)
- 2022/0358/DET: Land Between Perth Road And Station Road Newtonmore Highland

Under Policy 1.5 (Affordable Housing Developments) of the current CNPA Local Development Plan (LDP) adopted March 2021, new housing developments in Newtonmore, 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 an extension to Kingussie High School and increasing capacity at strategic community leisure facilities serving Newtonmore.

7.5.7 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 and is similar to the housing mix proposed under application 07/230/CP- erection of 81 houses and construction of access roads.

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.

7.5.7.1 Residual Land Value: 25% Affordable housing

Private Housing (75%)

GDV

On the basis of 90 units, the GDV for H1 Newtonmore is assumed at **£22,950,000** 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	1	8	45.0	484.4	360	3,875	£140,000	£ 1,120,000	£3,111	£289
flat	2	8	65.0	699.7	520	5,597	£200,000	£ 1,600,000	£3,077	£286
Terraced	2	8	68.0	732.0	544	5,856	£220,000	£ 1,760,000	£3,235	£301
Terraced	3	8	80.0	861.1	640	6,889	£225,000	£ 1,800,000	£2,813	£261
Semi-detached	2	8	75.0	807.3	600	6,458	£230,000	£ 1,840,000	£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	20	96.0	1,033.3	1,920	20,667	£275,000	£ 5,500,000	£2,865	£266
Detached	4	18	120.0	1,291.7	2,160	23,250	£345,000	£ 6,210,000	£2,875	£267
		90			**7,788**	**83,830**	**GDV**	**£22,950,000**	**£2,947**	**£274**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,347/m^2 (£125/sf). The total build cost is **£10,492,616**.

- 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 38 months, calculated to: £523,234.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £119,934.
- 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: **£19,934,810**, which when subtracted from the GDV results in a residual land value of: £3,015,190 say **£3,000,000**.

Affordable Housing (25%)

GDV

The money available for the affordable housing, based on 30 units, derived from the amount of available grant and capitalised adjusted rent, is **£5,634,849**, 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 conversion factor	Total Grant
Flat	2	12	65.0	699.7	780	8,396	4	48	£ 5,498	£ 65,976	109%	105,759	£1,269,113
Terraced	2	6	68.0	732.0	408	4,392	4	24	£ 5,498	£ 32,988	109%	105,759	£ 634,557
Terraced	3	6	80.0	861.1	480	5,167	5	30	£ 5,826	£ 34,956	116%	112,066	£ 672,397
Semi-detached	2	6	75.0	807.3	450	4,844	4	24	£ 5,498	£ 32,988	109%	105,759	£ 634,557
		30			**2,118**	**22,799**		**126**		**£166,908**			**£3,210,623**

The total grant available is assumed at £3,210,623. The rental income of £166,908 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 £2,424,226, 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 £1,620/m^2 (£151/sf). The total build cost is **£3,431,976**.

- 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: **£5,339,442** (£2,521/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 £295,407 say **£295,000**.

7.5.7.2 Residual Land Value: 75% Affordable housing

Private Housing (25%)

GDV

On the basis of 30 units, the GDV for H1 Newtonmore is assumed at **£6,945,000**; 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	1	3	45.0	484.4	135	1,453		£140,000	£ 420,000	£3,111	£289
flat	2	3	65.0	699.7	195	2,099		£200,000	£ 600,000	£3,077	£286
Terraced	2	3	68.0	732.0	204	2,196		£220,000	£ 660,000	£3,235	£301
Terraced	3	3	80.0	861.1	240	2,583		£225,000	£ 675,000	£2,813	£261
Semi-detached	2	6	87.0	936.5	522	5,619		£230,000	£ 1,380,000	£2,644	£246
Semi-detached	3	6	96.0	1,033.3	576	6,200		£260,000	£ 1,560,000	£2,708	£252
Detached	3	6	120.0	1,291.7	720	7,750		£275,000	£ 1,650,000	£2,292	£213
		30		Average	**2,592**	**27,900**		**GDV**	**£ 6,945,000**	**£2,679**	**£249**

Development Costs

The assumed build cost, based on BCIS average price indices is assumed at £1,315/m^2 (£122/sf). The total build cost is **£3,407,644**.

- 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 28 months is calculated to: £183,565.
- Profit 20% of GDV.

Other development costs include:

- LBTT at £31,275
- 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: **£5,900,010**, which when subtracted from the GDV results in a residual land value of: £1,044,990 say **£1,000,000**.

Affordable Housing (75%)

GDV

The money available for the affordable housing, based on units, derived from the amount of available grant and capitalised adjusted rent, is **£17,242,844**, 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 conversion factor	Total Grant
Flat	1	6	45.0	484.4	270	2,906	2	12	£ 4,504	£ 27,024	89%	86,645	£ 519,871
Flat	2	12	65.0	699.7	780	8,396	4	48	£ 5,498	£ 65,976	109%	105,759	£1,269,113
Terraced	2	16	68.0	732.0	1,088	11,712	4	64	£ 5,498	£ 87,968	109%	105,759	£1,692,151
Terraced	3	16	80.0	861.1	1,280	13,778	5	80	£ 5,826	£ 93,216	116%	112,066	£1,793,059
Semi-detached	2	16	75.0	807.3	1,200	12,917	4	64	£ 5,498	£ 87,968	109%	105,759	£1,692,151
Semi-detached	3	16	87.0	936.5	1,392	14,984	6	96	£ 6,053	£ 96,848	120%	116,432	£1,862,918
Detached	3	4	96.0	1,033.4	384	4,133	6	24	£ 6,053	£ 24,212	120%	116,432	£ 465,730
Semi Detached	4	4	96.0	1,033.4	384	4,133	7	28	£ 6,557	£ 26,228	130%	126,135	£ 504,540
		90			**6,778**	**72,960**		**416**		**£509,440**			**£9,799,533**

The total grant available is assumed at £9,799,533. The rental income of £509,440 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 £7,443,311, 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 £1,635/m^2 (£152/sf). The total build cost is **£11,084,836.**

- 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: **£17,577,160** (£2,593/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: **-£334,316** (negative value).