



Valuation Office  
Agency

**DVS** Property Specialists  
for the Public Sector

# Valuation Report for Angus Council Affordable Housing Land Valuations and Commutated Sum Payments

Report for:

████████████████████  
Angus Council

Prepared by:

██  
Senior Surveyor  
RICS Registered Valuer  
DVS

Tel: ████████████████████

██  
Case Number: 1845570

Date: 21 August 2024

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## 1. Introduction

I refer to your instructions dated 15 May 2024 and my Terms of Engagement dated 3 July 2024.

I have valued the notional properties, and I am pleased to report to you as follows.

## 2. Valuation Parameters

### 2.1 Identification of Client

Angus Council.

### 2.2 Purpose of Valuation

It is understood that you require the valuations to reflect land for affordable housing, in order to assess commuted sum payments. These are as required by the Angus Council Local Development Plan Adopted 2016, and Supplementary Guidance Developer Contributions and Affordable Housing December 2023.

### 2.3 Subject of the Valuation

The valuations are on the same basis as previous advice provided to Angus Council by DVS; the valuations will assume notional house plots for the erection of a three apartment/three-person semi-detached house within a development of around ten houses. It is my understanding the notional plot will be ready for development with services close by.

Valuations will be provided on the following tenures:

- (1) Unrestricted plots for private sale
- (2) Social rent affordable housing plot

Valuations are requested for the 4 Housing Market Areas (HMA) within Angus i.e., North, South, East, and West.

### 2.4 Date of Valuation

The date of valuation is 30 June 2024.

Please note that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date.

### 2.5 Confirmation of Standards

The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.

Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

Measurements will be in accordance with the 'RICS Professional Statement **'RICS Property Measurement' (2<sup>nd</sup> Edition)** which is effective from 1 May 2018 and, where relevant, the **RICS Code of Measuring Practice (6<sup>th</sup> Edition)**.

## 2.6 Agreed Departures from the RICS Professional Standards

There are no departures beyond those restrictions on the extent of investigations and survey, and the assumptions, stated below.

## 2.7 Basis of Value

The basis of value adopted is Market Value which is defined at VPS 4, para 4 as:

*'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

## 2.8 Special Assumptions

The valuations are for notional house plots and the following assumptions have been applied:

- House plots for the erection of a three apartment/three-person semi-detached house of approximately 75 sqm.
- Plots located within a development of around ten houses in each of the 4 HMA's.
- The plot will be ready for development with services located close by.

## 2.9 Nature and Source of Information Relied Upon

I will make use of VOA held records and information. Information provided to the VOA by you, comprises the following material, which will be relied upon by the valuer without further verification.

- Annual Rents and voids.
- Management, maintenance, and repair costs.
- Stock numbers.
- Details of all sites where commuted sums have been paid over last 12 months.
- Funding arrangements and grant subsidy benchmarks.
- Details of build costs for Affordable Housing Developments within Angus over the past 12 months, including Angus Council and Housing Association developments.

My advice is dependent upon the accuracy of this information and should it prove to be incorrect or inadequate, the accuracy of my valuation may be affected.

## 2.10 Date of Inspection

The valuation reflects notional house plots, and no inspections were undertaken. The valuer is familiar with the various Housing Market Areas.

## 2.11 Extent of Investigations, Survey Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries undertaken by the valuer. The following agreed assumptions have been applied in respect of your instruction, reflecting restrictions to the extent of our investigations.

- The valuation reflects notional house plots, and no inspections were undertaken. The valuer is familiar with the various Housing Market Areas. The advice and valuation have been prepared on a 'desk-top basis'; i.e. it is provided on the basis of 'restricted information'.
- No detailed site survey, building survey or inspection of covered, unexposed, or inaccessible parts of the property was undertaken. The Valuer has had regard to the apparent state of repair and condition and assumed that inspection of those parts not inspected would neither reveal defects nor cause material alteration to the valuation, unless aware of indication to the contrary. The building services have not been tested and it is assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing or inspection.
- It has been assumed that good title can be shown, and that the property is not subject to any unusual or onerous restrictions, encumbrances, or outgoings.
- It has been assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.
- Valuations include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations) but exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.
- It has been assumed that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated. However, where an inspection was made and obvious signs of such materials or techniques were observed, this will be drawn to your attention and captured in this report.
- With regard to Reinforced Autoclaved Aerated Concrete (RAAC), you have not advised us that you are aware of the presence of RAAC, and we have assumed that none is present.

- No access audit has been undertaken to ascertain compliance with the Equality Act 2010 and it has been assumed that the premises are compliant unless stated otherwise in this report.
- No environmental assessment of the property (including its site) and neighbouring properties has been provided to or by the VOA, nor is the VOA instructed to arrange consultants to investigate any matters with regard to flooding, contamination or the presence of radon gas or other hazardous substances. No search of contaminated land registers has been made.

However, where an inspection was made and obvious signs of contamination or other adverse environmental impact were visible this will have been advised to you, further instructions requested, and the observations captured in the report. Where such signs were not evident during any inspection made, it has been assumed that the property (including its site) and neighbouring properties are not contaminated and are free of radon gas, hazardous substances, and other adverse environmental impacts.

Where a risk of flooding is identified during any inspection made, or from knowledge of the locality, this will be reported to you. The absence of any such indication should not be taken as implying a guarantee that flooding can never occur.

### **3. Property Information**

#### **3.1 Location**

The commuted payment policy is to apply to the Angus Council Local Authority area. The Angus Council area has been designated as four Housing Market Areas (HMA's) which cover the following areas as shown on the plan in Appendix 2:

North Housing Market Area:

Edzell  
Brechin  
Montrose

East Housing Market Area:

Arbroath  
Friockheim

South Housing Market Area:

Sidlaw East and West  
Monifieth  
Carnoustie

West Housing Market Area:

Angus Glens  
Kirriemuir  
Forfar and Letham

An analysis of house sales evidence was undertaken in order to establish a general pattern of the level of values across the region. The approach by necessity is broad brush and it is recognised that HMA's would inevitably contain a wide range of values.

### 3.2 Description

The valuation methodology is outlined below in section 4 with reference to the Scottish Government PAN2/2010 and More Homes Division Guidance Notes (MHDGN) 2023/01 published in June 2023 which details current benchmark rates for both Registered Social Landlords (RSL's) and Local Authorities.

I have also had regard to the guidance notes issued by the RICS and in particular 'Valuation of Land for Affordable Housing Scotland' GN100/2013 and GN Valuation of Development Property October 2019.

In line with this guidance and in order to assess the value of the notional plots the following has been assumed, regarding the notional plots within the 4 Housing Market Areas in Angus:

- The notional plot would be within a development of ten houses.
- A notional house type is a 2-storey, 3-apartment (2-bedroom), semi-detached house with central heating and double-glazing but no garage or en-suite facilities. The property is assumed to have a GIA of 75 sq m and the accommodation is assumed to comprise:

Ground Floor: Living room, kitchen, cloak room.

First Floor: 2-bedrooms and bathroom.

- It is assumed that the units will be built to a good quality finish meeting all required Building Standards. It is further assumed that the units will adhere to the required RSL standards, these tend to be higher than mainstream requirements which can in our experience lead to higher construction costs.
- Parking provision is assumed to be available and in line with the local authority's current policy on parking.
- It is also assumed that the plots will be serviced up to the site boundary with the necessary infrastructure in place.

### 3.3 Tenure

Owner's heritable interest with vacant possession.

### 3.4 Title Restrictions

In terms of the valuation for private sale, there are no title restrictions assumed. In terms of the valuations for the Social Rented accommodation it is assumed the land will be restricted to the provision of Affordable Housing in perpetuity.

### 3.5 Services

PAN 2/2010 states that the commuted payment should be of a “value equivalent to the cost of providing a percentage of serviced land required by the policy” and would therefore assume that the mains services of gas, water, drainage, and electricity will be provided up to the site boundary.

### 3.6 Access and Highways

It is understood that the land is serviced with the necessary infrastructure, including roads up to the site boundary. It is further assumed that the maintenance of roads and footpaths ex adverso the property is the responsibility of the local authority.

### 3.7 Energy Performance Certificate

As the valuation is for notional plots, EPC ratings are not known. However, it is assumed that the units will be constructed to meet building standards in force at the time of construction and will have a relatively good energy reading.

### 3.8 Planning

Angus Council has a policy for Affordable Housing set out in the Angus Local Plan adopted by Angus Council in September 2016 – policy TC3: Affordable Housing states:

“Angus Council will seek to secure the delivery of affordable housing equivalent to 25% of the total number of residential units proposed on all residential sites of 10 or more units, or where a site is equal to or exceeds 0.5ha. Where a qualifying site is being developed in phases of less than 10 units or less than 0.5 hectares the affordable housing requirement will be applied based on the overall capacity of the site. Angus Council will work in partnership with developers and consider innovative and flexible approaches to secure delivery of an appropriate affordable housing contribution. Where appropriate, Section 75 or other legal agreements may be used”.

In addition to the above Local Plan, Angus Council published Developer Contributions and Affordable Housing Supplementary Guidance in December 2023. This outlines the process for delivering the required Affordable Housing and the circumstances where a commuted sum can be made in lieu of on-site provision.

Relevant national guidance is contained in Planning Advice Note (PAN) 2/2010 and More Homes Division Guidance Notes 2023/01 published in June 2023.

### 3.9 Equality Act 2010

Whilst I have had regard to the provisions of the Equality Act 2010 in making this report, I have not undertaken an access audit nor been provided with such a report. It is recommended that you commission an access audit to be undertaken by an appropriate specialist in order to determine the likely extent and cost of any alterations that might be required to be made to the premises or to your working practices in relation to the premises in order to comply with the Act.



### 3.10 Mineral Stability

The notional plots are assumed to be located outside of any underground mining area and a Mining Subsidence Report has not been obtained.

### 3.11 Environmental Factors Observed or Identified

For the purposes of this report, it is assumed there are no environmental factors or abnormal development costs that would have an impact on the value of the land.

## 4. **Valuation**

### 4.1 Background

The preference is for affordable housing to be provided on site or alternatively on a suitable site in the same HMA. However, it is accepted that this may not always be possible and that on occasions, a commuted payment might be acceptable in lieu of affordable housing. Most councils view commuted payments as a last resort, and I understand that Angus Council similarly considers this method of contribution only in exceptional circumstances.

My understanding of Planning Advice Note (PAN) 2/2010 is that the commuted payment would be in lieu of, and equivalent to, the value of providing the percentage of serviced land otherwise required by the policy. Guidance as to how commuted payments should be calculated is limited. However, best practice is outlined in PAN 2/2010 paragraph 22 as follows:

“22. Where it is agreed that an alternative to a contribution of land within the proposed development site is acceptable, the developer will provide either land or homes or a commuted sum of a value equivalent to the cost of providing the percentage of serviced land required by the policy. Best practice is that the value should be independently determined by the District Valuer, or a chartered valuation surveyor suitably experienced in the type of property and the locality. Wherever possible the relevant parties should agree to appoint and instruct a valuer, failing agreement on which the valuer should be appointed by the Chairman of the RICS in Scotland. The commuted sum is a matter for negotiation between the developer and the local authority, having regard to development costs, other contributions that are being sought, and other relevant factors, for example layout and design. Planning authorities may wish to consider a policy for calculating a commuted sum, but this should be the subject of consultation with stakeholders before being applied.”

The guidance in PAN 2/2010 is relatively vague and to a large extent it has been left to the individual local authorities to establish the methodology used to calculate the commuted payments.

### 4.2 Benchmark Approach

DVS has provided commuted payments advice to Angus Council and a number of local authorities dating back some years. Angus Council and several other authorities have adopted a benchmark approach which is recognised as providing a degree of certainty for both authorities and developers and is considered to be in line with PAN

2/2010 and the More Homes Division Guidance Notes (MHDGN) 2023/01 published in June 2023 which details current benchmark rates for both Registered Social Landlords (RSL's) and Local Authorities. The benchmarks were increased by approximately 16% in 2023 since they had been previously published in 2021.

The Benchmark Approach is based on plot values for notional residential plots for unrestricted market sale and for a value of an identical site but assuming the use is restricted for perpetuity to the provision of affordable housing. The commuted payment is the difference between the affordable land plot value and the value of the plot for private development multiplied by the number of affordable housing units required, that is: -

Number of affordable housing units required x (benchmark Market Value MV of unrestricted housing plot less benchmark value of an affordable housing plot).

The difference between the unrestricted MV and the affordable housing value is considered to reflect the amount the housing association or council will have to pay over and above the affordable land value to obtain the alternative plot. Using this methodology, the developer contribution is directly related to land costs and reflects the difference in land values between Housing Market Areas (HMA's). Usually, social rent is a starting point for the assessment of affordable housing need and therefore of commuted sum.

#### 4.3 Valuation Methodology / Approach and Reasoning

##### 4.3.1 **Value for Social Rented Accommodation**

The valuation is on the basis of a permanent restriction to Affordable Housing based on a residual valuation where the costs of the development are deducted from the calculated income and housing grants as per the More Homes Division Guidance Note - Affordable Housing Supply Programme: Process and Procedures; MHDGN 2023/01. I have also had regard to the guidance notes issued by the RICS and in particular 'Valuation of Land for Affordable Housing Scotland' GN100/2013 and GN Valuation of Development Property October 2019

I have provided previous valuations to Angus Council on an annual basis, the most recent report dated 7 August 2023 with DVS Ref 1820852. As in previous cases I have continued to base my valuations on the two accepted approaches:

- (i) Comparison with the sale price of land for comparable development and
- (ii) Assessment of the value of the completed scheme and deduction of the costs of development to arrive at the underlying land value (the residual method).

Over the past few years, we have been aware that there are a number of instances in Angus where Housing Associations have paid a flat rate of £10,000 a plot for affordable house plots. This £10,000 is in our opinion an apportionment of an overall price paid for a completed unit within a Design and Build Agreement rather than a true site value. In these sites where £10,000 has been paid, a Section S75 is in place which dictates the Affordable Housing Provision (AHP) that is required on the overall development, the RSL has entered into a Design and Build Agreement with the developer and owner of the overall site. Whilst £10,000 may be quoted as a land

price this is an apportionment of the overall price paid for the completed unit and is not in our opinion an open market transaction.

There is an established history of payment of Commuted Sums within Angus Council Area since the legislation was introduced in PAN 2/2010. I have been provided with a list of instances where numerous developers/landowners have accepted the terms of the Section 75 Agreements and have paid Commuted Sums over the past number of years. I have been provided with details of the 3 commuted sum payments made to Angus Council between April 2023 and March 2024.

Whilst the above information provides a backdrop, given the lack of open market sales of land for affordable housing, my valuation has been carried out on a residual basis. As a sense check when considering the residual valuation, I have considered the valuations of land for Affordable Housing for both Registered Social Landlords (RSL) and Local Authorities (LA) which DVS has been involved with.

The two main components required to value land for affordable housing are an assessment of the monies available for the scheme and an understanding of the costs associated with constructing the scheme. The total amount available (generally grant funding and borrowings based on rental income) will effectively be the Gross Development Value (GDV) of the scheme and will include the finance available and public subsidies.

Two separate residual valuations have been undertaken as RSL's and Local Authorities are awarded different levels of grants subsidies and have differing rental levels. Within the residual calculations I have assumed that RSL's can attract the greener grant subsidy benchmark of £97,027 for social rent, whereas Local Authority greener grant is lower at £88,260, both rates are calculated on a 3 person equivalent basis. The benchmarks remain at the same levels as in the 2023.

You have provided me with the current social rent for the notional property in Angus Council and the Scottish Government publishes the equivalent RSL benchmark rent.

This office has had an involvement in various Affordable Housing developments in Perth and Kinross and Fife over the past 12 months for which we hold details of the costs. We have also had regard to Scotland's Housing Network's (SHN) Development Value for Money Report; this provides details of Quality and Cost in Scottish Affordable Social Housing Projects throughout 2022/23. The report considered 38 projects who submitted data to SHN during 2022/23.

Reports of increases in construction costs have continued, while material costs are reported to have stabilised, the recent increase in the national minimum wage is reported to have affected the rates paid to apprentices. Global issues still present a risk to the supply chain, particularly in regard to electrical products, which, in contrast with other building materials, are predominantly imported and therefore more susceptible to problems when international supply chains are disrupted.

The Scottish Social Housing Tender Price Index (SSHTPI) measures the movement in construction costs of social housing it is prepared for and published by the Scottish Government's - More Homes Division. The SSHTPI latest publication in December 2023, states that

“Having risen the previous two quarters, tender prices for social housing in Scotland in 2Q2023/24, as measured by the SSHTPI, decreased by 2.0% compared with the previous quarter and rose 3.6% compared with the same quarter in 2022-2023.”

I have analysed the cost information available and also had regard to the costs within recent Affordable Housing Projects for both Registered Social Landlords (RSL) and Local Authorities (LA) which DVS has been involved with. Upon conclusion of my analysis, I have adopted the build rate of £2,000 per sqm.

Adopting the above costs and the current rents provided produces a positive value for the RSL valuation and a negative figure for the Local Authority valuation. It should be remembered that residual valuations are sensitive to inputs and lower or higher values can be achieved depending on the variables adopted. Given this is a notional valuation, I am of the opinion that £5,000 per unit would be reasonable for this type of tenure in each of the four housing areas.

Over the past 12 months, this office has advised Local Authorities and various RSL's on numerous affordable housing sites throughout Fife, Tayside, and Central Scotland. Within the cases in the past year, values per plot have varied from Nil to £5,000, although there have also been higher plot values up to £10,000 which have been valued under the Exceptions Policy in Fife.

The plot rates are dependent on the tenure and size of the units and the corresponding rents and available grant subsidies. The valuations are also affected by the nature of the site, any remediation work that is required and also the level of any developer's contributions within a Section 75.

#### **4.3.1 Value for Private Sale**

In arriving at the valuations for the unrestricted plots I have undertaken a residual valuation for each of the 4 HMA's having regard to the guidance notes issued by the RICS and in particular VIP 12 Valuation of Development Land.

I have researched sales of new build properties throughout Angus and my evidence includes amongst others, the sales at Wester Restenneth, Forfar, built by Guild Homes, Monarch Rise, Arbroath, a Stewart Milne development, Friockheim Green by Guild Homes, Muirlands development in Arbroath by Persimmon, Scotia Homes; Glenview Forfar and Ogilvie Home's development in Newtyle.

In addition, I have also looked at developments currently being marketed, these include the following:

- Persimmon; Greenlaw Park Carnoustie.
- Sunnyside at Montrose.
- Guild Homes; Strathmore Fields Forfar
- Logie View Kirriemuir.
- Miller Homes Strathmartine Park.
- Scotia Homes; Brechin West.
- Scotia Homes Aberfell Arbroath

Currently there are two Shared Equity Schemes being marketed by Angus Housing Association; Dalhousie Park Edzell and at Crudie Farm Arbroath.

The GDV of the private development is arrived at by having regard to the anticipated sale price of the completed units of the notional house being a 2 bed semi-detached.

Private sector housing may include en-suite facilities, garages, driveways etc and might be larger in size, or in some cases smaller, than the notional unit. In analysing the sales evidence, adjustments have been made as appropriate.

Estimated costs associated with constructing the notional scheme are based on information from actual projects and industry norms. I have had sight of cost information for several projects carried out by a range of developers over the past 12 months, I have also had regard to advice provided by the BCIS.

Developer Contributions (DC) have been considered along with the latest publication available on Angus Council's website being published Developer Contributions and Affordable Housing Supplementary Guidance in December 2023. Whilst there are a range of potential Developers Contributions including transport, education, and public art, these depend on the location and density of the development and cannot be analysed into the individual housing market areas. Within this report we cannot make allowance for developer contributions, as they are specific to each application and can vary within wards depending on a number of factors including catchment areas.

As well as using the residual method of valuation, I have also had regard to recent transactional evidence of residential development land as a check. It should, however, be noted that the analysis of transactions is problematical and the purpose for which this report is required does not lend itself easily to valuation by comparison as there is limited evidence available and the evidence that there is, is difficult to analyse as key information relevant to the site, such as demolition or remediation costs are often not available. In many cases, full details are not made available or cannot be disclosed in order to preserve confidentiality.

Caution has to be exercised in the analysis of evidence as it will be site specific and particular regard should be had to the types of units that are proposed to be constructed as they are often different from the notional unit adopted for the purposes of this exercise. The developments will include units which individually may have a much higher GDV than the adopted notional unit. Other issues that might be relevant are site specific infrastructure and servicing requirements or planning obligations.

As the hypothetical site could be located anywhere within the radius of the HMA as shown, values can vary, and the final figures are given as a range with an average provided.

The calculations have shown that the residual valuations for 2024 have over the past year fallen by between 4% and 6% for the north, east and west areas and have remained at the same level as 2023 in the south area. There are a number of contributing factors to this decrease in value, they include the fact that private house values have remained static apart from the south and west HMA's which has seen a marginal increase, development costs continue to increase although at a lesser rate than seen last year. Further commentary on the market is included in section 4.7 below.

4.3 Opinion of Value

I am of the opinion that the Market Value of the owner's heritable interest in the notional residential plots as at 30 June 2024 (exclusive of VAT) is:

Housing Market Area (HMA)	Value for Private Sale (£)			Value for Social Rent (£)	Commuted Payment (£)
	Range <	Range >	Typical		
West	£21,000	£24,000	£22,500	£5,000	£17,500
South	£25,000	£31,000	£28,000	£5,000	£23,000
East	£19,000	£23,000	£21,000	£5,000	£16,000
North	£21,000	£24,000	£22,500	£5,000	£17,500

4.4 Currency

All prices or values are stated in pounds sterling.

4.5 VAT

I understand that VAT does not apply to this transaction and my opinion of value reflects this. In the event that my understanding is found to be inaccurate, my valuation should be referred back for reconsideration.

4.6 Costs of Sale or Acquisition and Taxation

I have assumed that each party to any proposed transaction would bear their own proper legal costs and surveyor's fees.

4.7 Market Commentary

Throughout Angus, sale prices of the notional private houses have shown a marginal increase in 2 of the Housing Market Areas; south and west. Whilst within north and east, the sales prices have overall remained at 2023 levels, with marginal decreases in asking prices and incentives offered on some sites.

Springfield Homes reported in February 2024 that private housing demand throughout Scotland has continued to be affected by high interest rates, mortgage affordability and reduced buyer confidence. The company reported in November 2023 that private housing revenue collapsed 26% year on year, while affordable housing revenue fell 9%. Springfield has begun a programme of land sales to cut its debt.

Elsewhere it is reported that the current economic uncertainty, increased costs, and slow sale rates have led to land buyers pausing land buying throughout Scottish markets.

Within the wider market, whilst the Bank of England has adopted a policy of increasing the interbank lending rate in order to quell inflation, they decreased interest rates to 5% in June, this was the first reduction after 13th consecutive increases. The current official inflation rate is 2% (source: Bank of England).

The housing market will continue to be impacted directly by any subsequent interest rate rises and the ongoing well publicised cost of living crisis. The longer term effects remain to be seen, however at the valuation date, there is emerging evidence that house prices are experiencing a fall-off in growth and marginal decrease in value in some areas.

How the above will impact on residential development land values in Angus is still not clear. To date there is a lack of land sale evidence to show that values have fallen. Whilst residuals reflect the increased build costs, there are no comparable land sale evidence to back up the lower residual plot values. That being said, the current market trends cannot be ignored, the energy and cost-of-living crisis, ending of pandemic impact, and political uncertainty with on-going Middle East and Russian/Ukraine conflict are all affecting and will continue to affect the property and development land market.

## **5. General Information**

### **5.1 Status of Valuer**

It is confirmed that the valuation has been carried out by [REDACTED] MRICS, a RICS Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the valuation competently, and is in a position to provide an objective and unbiased valuation. The valuation and report have been reviewed by Principal Surveyor [REDACTED] MRICS, who is also a Registered Valuer.

### **5.2 Conflict of Interest**

DVS has provided previous valuation advice in respect of this subject to Angus Council over a number of years. The most recent advice was a Valuation Report of commuted sums dated 7 August 2023 DVS Ref 1820852. I am satisfied that no conflict of interest exists. Should any such difficulty subsequently be identified, you will be advised at once and your agreement sought as to how this should be managed.

### **5.3 Restrictions on Disclosure and Publication**

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

You may wish to consider whether this report contains Exempt Information within the terms of paragraph 9 of Schedule 7A to the Local Government (Scotland) Act 1973 (see section 2 and Part II of Schedule 1 to the Local Government (Access to Information Act 1985) and your Council can treat it accordingly.

#### 5.4 Limits or Exclusions of Liability

Our valuation is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our valuation may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our valuation report. If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

#### 5.5 Validity

This report remains valid for 3 (three) months from its date unless market circumstances change or further or better information comes to light, which would cause me to revise my opinion.

### **6. Recommendations**

#### 6.1 Summary of key issues

With regards land values for Social Rented accommodation, dependant on the specifics of the site, the cost of development can outweigh any return in the form of capitalised rents and grant available resulting in a negative or nil value. In the residual valuation of the notional house undertaken in this instance, a positive value of £5,000 has been adopted. This shows no change from the 2023 value.

As the level of government subsidy, development costs and rents charged by RSL's and the Council are broadly similar across the region, there is unlikely to be much variation across the different HMA's for this type of tenure.

However, it is important to acknowledge that the value for one type of affordable tenure can differ significantly from another type of tenure, for example higher Mid Market rent and other forms of affordable tenure may yield higher or indeed lower values.

Regarding the land values for the unrestricted plots, the property market remains quite flat, with incentivisation and discounting being seen on some sites. The residual valuations undertaken have resulted in plot values marginally less in the north, west and east HMA's with the south area remaining unchanged. Whilst there is a lack of land sale evidence to show that land values have fallen within Angus, the market trends are that land values will remain static at best. To date there is no clarity available within the market, we are experiencing a period of uncertainty with the ongoing cost of living crises, economic uncertainty and build cost



increases.

The result of the unchanged Social Rented plot value and the reduction of the value of 3 of the unrestricted plots, equates to the Commuted Sum's reported. The figures show a marginal reduction from those reported in 2023.

The hypothetical site could be located anywhere within the radius of the HMA, values can vary, with small pockets of both higher and lower values existing in numerous HMA's. The final figures are therefore a weighted average across each HMA.

I trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further.

██████████ BSc Hons MRICS  
Senior Surveyor  
RICS Registered Valuer  
DVS

Report and valuation checked on 21 August 2024 by:

██████████ MRICS  
Principal Surveyor & RICS Registered Valuer

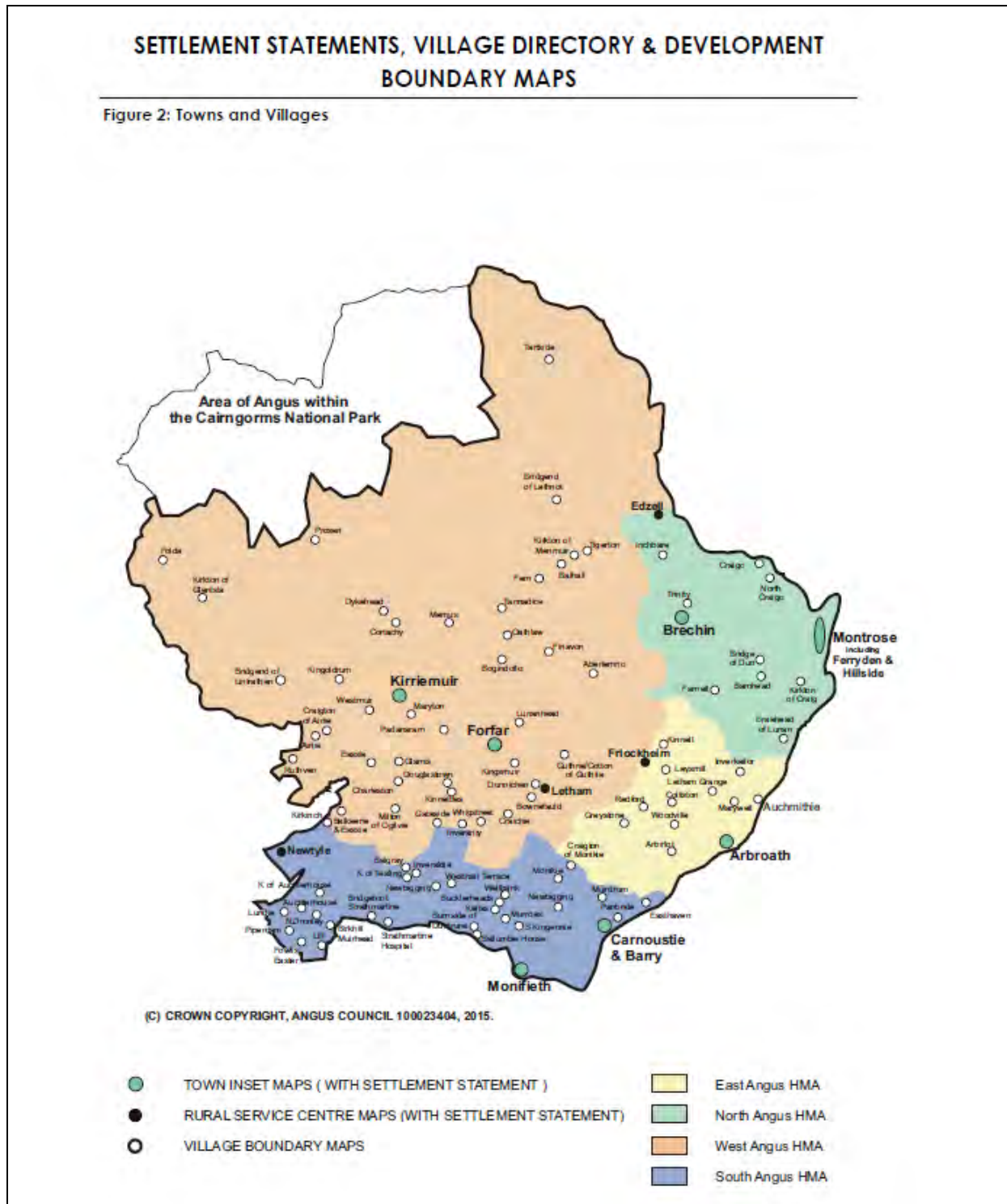
## Appendix 1 - Valuations

### Valuations as at 30 June 2024 (exclusive of VAT)

Housing Market Area (HMA)	Value for Private Sale (£)			Value for Social Rent (£)	Commutated Payment (£)
	Range <	Range >	Typical		
West	£21,000	£24,000	£22,500	£5,000	£17,500
South	£25,000	£31,000	£28,000	£5,000	£23,000
East	£19,000	£23,000	£21,000	£5,000	£16,000
North	£21,000	£24,000	£22,500	£5,000	£17,500

Appendix 2 - Map

Housing Market Area Boundary Map- Angus Local Development Plan 2016



### **Appendix 3 – Valuation Methodology Statement**

The valuations follow the guidance notes issues by the RICS within Planning Advice Note (PAN) 2/2010 and Valuation of Land for Affordable Housing Scotland GN1002013.

The understanding from PAN 2/2010 is that the commuted payment would be in lieu of, and equivalent to, the value of providing the percentage of serviced land otherwise required by the policy.

The commuted sum payment relates to the cost of providing serviced land for affordable housing for the same Housing Market Area (HMA). Assuming that the Housing Supply and Innovation Division of Scottish Government will make Housing Association Grant (HAG) available, then the value of the land is the difference between the affordable land plot which can be purchased using the subsidy and the value of the site for private development, that is, **the commuted sum is the additional amount the housing association or local authority would have to pay over and above the affordable housing land value to obtain an alternative site.**

The valuation for affordable housing is based on a residual valuation where the costs of the development are deducted from the calculated income and housing grants as per the More Homes Division Guidance Note - Affordable Housing Supply Programme: Process and Procedures. (MHDGN 2023/01).

The valuations follow the guidance notes issues by the RICS 'Valuation of Land for Affordable Housing Scotland' GN1002013 and GN Valuation of Development Property October 2019.

The valuations provided assume notional house plots for the erection of a three apartment/three person semi-detached house within a development of around ten houses in each of the 4 HMA's. It is assumed that the plot will be ready for development with services close by. The annual social 3 person equivalent rent set by the Scottish Government is used for the purpose of the social rent affordable housing plot valuation along with build costs provided by Angus Council.

The figures provided are on the basis of the following two tenures:

- (1) Unrestricted plots for private sale
- (2) Social rent affordable housing plot

The commuted payment is the difference between the affordable land plot value and the value of the plot for private development multiplied by the number of Affordable Housing units required.

It is calculated on the basis of the number of Affordable Housing units required x (benchmark MV of unrestricted housing plot less benchmark value of an Affordable Housing plot).

Example Calculation

Commuted sum calculation using the June 2024 figures for a development for 20 houses in Kirriemuir within the West Angus Housing Market Area.

The Affordable Housing requirement in Kirriemuir is 25% = 5 affordable housing units.

The calculation would be:

Number of Affordable Housing units required x (benchmark MV of unrestricted housing plot less benchmark value of an Affordable Housing plot).

5 affordable housing units x (£22,500 less £5,000) equates to  
5 x £17,500 = £87,500 Commuted Sum