

APPENDIX 1: Extract from Smith and Roper’s assessment relating to the viability of a single dwelling scheme

COSTS

An estimate of the project development costs was commissioned from Patrick Meeds and Associates of Hathersage and a copy of their Budget Estimate – Issue No. 2 is appended to this report. A valuation report was commissioned from Wright Marshall Estate Agents of Buxton, on the basis of conversion to a single dwelling. A copy of the report prepared by Roger Lee FRICS is also appended to this report.

In summary, Patrick Meeds has calculated the total development cost for conversion to a single dwelling to be in the order of £1,331,994.49. The potential sale value of the completed property as estimated by Wright Marshall is in the order of £800,000 - £900,000. This demonstrates a shortfall of £430,000 - £530,000 between the development cost and potential sale value as a single dwelling. When considering conversion to a single dwelling with ancillary commercial use, assuming a similar development cost, and with a potential sale value of between £1,000,000 and £1,100,000 there is still a shortfall in the order of £230,000 - £330,000 between the development cost and potential sale value.

There are a number of items included within the approved drawings which are not necessarily essential conservation benefits. These are listed below with their costs as included within the Budget Estimate:

Clean south elevation masonry using JOSS/DOFF system	570
Replacement of felt lining to valley gutter with lead	15,000
Replacement of existing solid concrete floors	5,840
Telephone and data wiring, intruder alarm	5,900
Window surrounds to Tithe Barn south elevation	10,760
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	38,070
Associated Prelims, contingences and VAT (22.6%)	8,604
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	46,674
Adjustment to Fees, VAT, finances charges (18.8%)	8,775
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Total Potential Saving	55,449
£	<hr/>

Although not insubstantial, these omissions would however have only a minor impact in reducing the shortfall between the development costs and valuation.

In his valuation report, Roger Lee identifies that the large size of Castleton Hall will have a downward pressure on the demand for the property and consequently upon its value. The impact of this is that beyond a certain point, the costs of conversion do not have the consequential effect of increasing the value of the property.

Roger Lee also confirms that the overall value of the property would be greater by approximately £200,000 were it to consist of a single dwelling with an ancillary commercial use, and suggests that the house be located within the main hall, with the northern section including the former Tithe barn having a mixed commercial use.

As requested, we have also explored the possibility of a phased project.

A minimum scheme could comprise Phases 1 and 2 as outlined within Patrick Meeds and Associates’ Phasing of Works document. This would encompass the works of essential conservation benefit and the conversion of the main southern section of the building into a single dwelling. The estimated costs (rounded to the nearest pound) are as follows:

Site Acquisition Costs		£272,500
Construction Costs: Phase 1	305,988	
Phase 2	246,014	
	<u>552,002</u>	
Preliminaries (77%)	47,749	
	<u>599,751</u>	
Contingencies (7.5%)	44,981	
	<u>644,732</u>	
VAT @ 5%	32,237	
	<u>676,969</u>	
Total Construction Cost		676,969
Fees 10%		67,697
VAT on Fees 20%		13,539
Finance (adjusted pro rata)		46,200
Sales Fees (adjusted pro rata)		<u>11,550</u>
Development Cost (phases 1 and 2 only)		£ <u>1,088,455</u>

The result of a partial project would be single dwelling of approximately 50% of the floor area of the approved scheme. Even when omitting the non-essential conservation benefits outlined above the development cost is only reduced to £1,033,006 which is still greater than the value of Castleton Hall if fully converted to a single dwelling.

CONCLUSION

Whilst conversion to a single dwelling with ancillary commercial use may offer the optimum viable use, retaining the building in single ownership, there remains a significant shortfall between the development cost and potential sale value. Neither conversion to a single dwelling nor to a single dwelling with ancillary commercial use offers an immediate return on the development cost. Consequently the retention of the building in single ownership would be dependent upon any owner committing to a long term investment or being a philanthropist committed to the conversion and restoration of the Hall whatever the cost. Although such owners do exist, it would be unreasonable to insist upon or expect such a person to take on the responsibility of Castleton Hall. My overall conclusion therefore has to be that the conversion of Castleton Hall to either a single dwelling or single dwelling with ancillary commercial use in single ownership is regrettably not financially viable.