



Team:



**AR Urbanism** are a specialist masterplanning and urban design consultancy specialising in high quality place-making. ARU work with both public and private sector clients in the development, property and environment industries, enabling the planning process through sound urban design expertise. ARU undertook a townscape analysis for each site and incorporated the expertise of other consultants to make optional development proposals for the future development of each of Market Hall and Dolphin Centre sites. ARU are responsible for project management and coordinating the production of this report.



**Steer** are a leading technical and transport consultancy with particular specialism around movement, way-finding and public realm, including issues around highways and parking. Steer advised on the rationalisation and potential relocation of public parking in Bromsgrove.



**Waterman Group** is a multidisciplinary engineering consultancy. The firm has extensive experience, with award winning teams providing professional engineering services for a range of complex projects in sensitive settings. Waterman provided feasibility and constraint analysis of ground conditions, archaeology, arboriculture, ecology and flood risk for each of the development sites.



**PRD** provides specialist expertise on delivery, market analysis and viability. PRD established an in-depth contextual market baseline of local and regional property market economics developed through analysis of comparable and transactional data as well as consultations with agents, and stakeholders. PRD provided viability appraisal of the proposed development options, including consideration of how the Council can use its assets to deliver the proposals and stimulate wider investment in the area.



REDSHELL  
CONSULTING

**Redshell Consulting** provides high-level, strategic cost, procurement and project management services. Redshell prepared feasibility cost estimates and cost plans for each of the proposed development options.

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# 1 Introduction

## 1.1 Overview

1.1.1 This feasibility study explores development options for the Market Hall and the Dolphin Centre opportunity sites in Bromsgrove Town Centre Area.

1.1.2 Each option aims to maximise a development potential of the plots, pursuant to the identified site opportunities while carefully considering the constraints and respecting the sensitive local context.

## 1.2 Building Uses

1.2.1 The Market Analysis identified **workspace & office use with a small-scale food & beverage** offer as the preferred use for the **Market Hall Site**.

1.2.2 Apart from the commercial uses, the design options for Market Hall explore an opportunity to include residential units on the site, as part of a mixed-use approach introducing new residential accommodation in town centres as a way of supporting regeneration.

1.2.3 **Dolphin Centre Site** has been identified primarily as a residential plot with an opportunity for small workspace & office and F&B provision.

1.2.4 The suggested tenures for each option are broken down into three key uses as follows:

- **Workspace/Office** - traditional floor plates and/or co-working spaces, ‘traditional’ office spaces meeting needs of small businesses, allowing for flexible layouts amid uncertain future of work environment caused by the Covid-19,
- **F&B** - cafés and restaurants, cafés as part of co-working environment, bars supporting evening economy,
- **Residential** - PRS units typically 1 and 2 bedroom flats and townhouses on Dolphin Centre Site,
- **Other identified uses include:** ‘a makers space’ encouraging entrepreneurship and start-ups, flexible spaces for artists young businesses and start-ups, leisure and community use spaces, a local gallery and creative space supporting community.

## 1.3 A vision for the future

1.3.1 The new developments in the Town Centre provide a major opportunity to **address challenges facing Bromsgrove** and contribute to the Council’s vision for the town that is vibrant and people-oriented as well as the economic hub of Bromsgrove District.

1.3.2 The **ageing population, weaknesses in the local housing market, lack of a significant economic ‘motor’, high levels of out commuting and the declining footfall** in the town centre present some of the main challenges for the town. The crisis caused by the Covid-19

adds pressure to rebuild and refocus on the local economy while climate change challenges require a pro-active approach to future-proof our towns and cities and invest in a high-quality public realm.

1.3.3 A vision for Bromsgrove should address the future challenges and ensure that the town grows as a **healthy, safe, sustainable** place, that answers the needs of its community while its **strong local economy** supports the wider District.

1.3.4 The new developments are aimed to bring a range of benefits to the local community and deliver on the **three pillars of sustainable development; economic, social and environmental;**

### Economic:

- encouragement of new **business and entrepreneurship** in the Town Centre,
- creation of a **hub of local business and activity** on Market Hall as a way to support local economy,
- provision of high-quality spaces for business, commercial and community activities, as a way to **extend the Town Centre offer**, and attract new demographics,
- provision of **high-quality residential offer** in the Town Centre,
- **provision of a high-quality public realm** to increase the attractiveness of the centre and rise its profile as the hub of Bromsgrove District,
- **the new public realm** to encourage business and entrepreneurial initiatives **e.g., the ‘BirdBox’**,
- **support for the growth of knowledge-intensive and creative sectors,**
- **encouragement of stronger communal and business links** through provision of workspaces such as a wide range of spaces for flexible work, start-ups and community use,
- **encouragement of new demographics** in the Town Centre and creation of more attractive offer for various age groups.

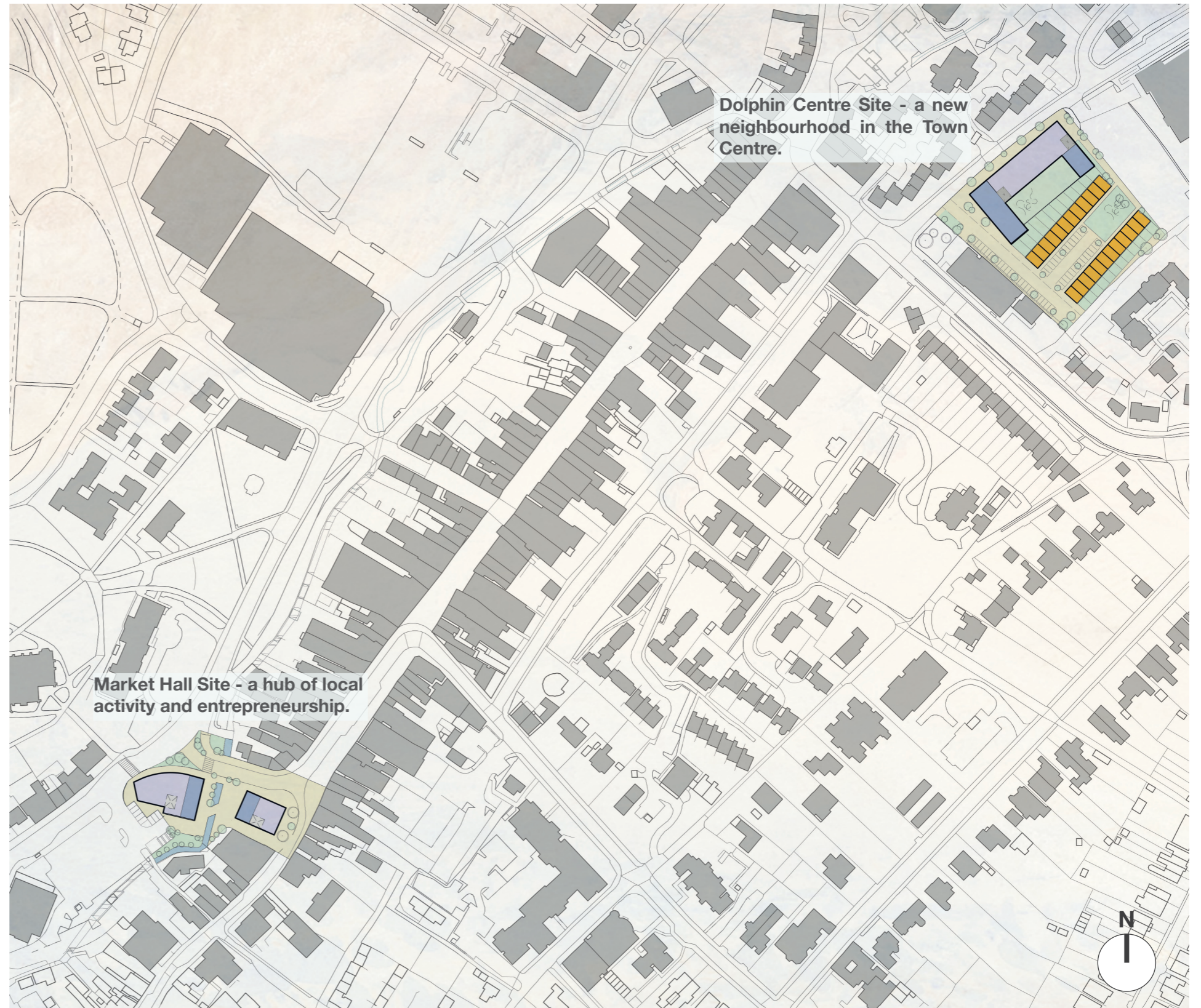
### Social:

- delivery of an **exemplary development on Market Hall Site that positively influences the conservation area and becomes a beacon of local regeneration**, that Bromsgrove can be proud of,
- creation of an opportunity for **community-led activities** through the provision of community use spaces and high-quality public realm supporting local initiatives,
- **enhancement of visual appeal** and improvement of the pedestrian environment to encourage footfall,

- **creation of a ‘Square for Bromsgrove’** where outdoor events can be held and residents can socialise and promote their businesses,
- provision of **high-quality housing**, increase population density and new demographics in the Town Centre.

#### Environmental:

- **enhancement of greenery and appearance** of the Town Centre,
- **the naturalisation of Spadesbourne Brook** – a local environmental asset, and creation of an attractive and a high-quality public realm,
- enhancement of greenery, and **creation of a sustainable, green public realm** that positively impacts the well-being of the community,
- **encouragement of outdoor opportunities** including; play, F&B and business (markets, pop-up stores, events) and community initiatives following the ‘Bird Box’ project introduced by the Council and local business group,
- delivery of high-quality and **sustainable buildings**,
- **encouragement of walking and cycling**, and improvement of walking routes and cycle parking,
- **creation of a ‘shared space’** at the junction of the High -Street, Worcester Rd and St John Street, slowing down the traffic and promoting pedestrian priority.



Bromsgrove Town Centre Regeneration

## 2 Market Hall Site

### 2.1 Development potential

**2.1.1 The Market Hall site** has been identified as the location for workspace and office uses as well as small F&B and community provision.

**2.1.2** This historic site in the prime, town centre location has an opportunity to become a primary hub of local activity and employment in Bromsgrove.

**2.1.3 A new public space is the vital element of any development on this site,** generating significant community benefits, supporting new tenures and enhancing the attractiveness of the Town Centre. This new public realm should aim to improve permeability, pedestrian environment and movement around the area.

**2.1.4 The residential sub-options** address the opportunity to rejuvenate the High Street by a provision of residential units in its heart.

**2.1.5** For the purpose of this study, each design option measures typical office use floor-to-floor height at 4 metres, with 3 metres for residential uses.

**2.1.6 Three development options** have been considered for the Market Hall site.

As identified in the Analysis Report, the major opportunities and constraints of the site are:

#### KEY OPPORTUNITIES

##### Development:

- **a council-owned, major opportunity site** in key Town Centre, historic location, gives potential to create an exemplary development, - a beacon of local regeneration, and the new focal point of commercial and social activity for Bromsgrove,
- potential for a **mixed-use, sustainable development**, with commercial ground floor and potential residential uses above, bringing new residents and uses to the Town Centre zone and strengthening its economy,
- the site is highly **visible from various points** along the High Street,
- opportunity to create a development that complements the nearby built form works with the fine urban grain within **the Conservation Area** and provides a focal point for the High Street can be created,
- reinstatement of **continuous active frontage** along the northern edge of Site on St John Street and on the strategic corner at the junction of High Street and St John Street.

##### Access and Public Realm:

- **a well designed urban form** would help create a better-defined streets’ enhancing wayfinding, public realm quality, land use efficiency and townscape quality,
- opportunity to **reinstate the historic Market Place** and create a new key public square for Bromsgrove,
- opportunity to **lessen the dominance of the highway** and reduce the size of the junction of Market Street and St John Street and improve the pedestrian experience,
- enhancement of **the environment of Spadesbourne Brook**, and reinstatement of this natural to create a high-quality public realm and bring green infrastructure into the Town Centre,
- the Site can be accessed from various directions. There is an opportunity to create **a flexible development that improves the permeability** of the Town Centre and links currently disconnected destinations,
- new development can provide a positive contribution to ongoing series of **improvements to walking/cycling routes** in the area currently being developed by the Council,
- **promotion of sustainable transport modes**,
- the adjacent **council-owned car park** currently underused could be **rationalised to complement** the new development,
- the site creates an opportunity for **enhancement of the protected views and setting of the local landmarks** and heritage buildings,
- there is an opportunity to **improve the experience of a historic streetscape** and improvement of the general urban environment.

#### KEY CONSTRAINTS

- **noise and pollution** from the busy St John Street (A488) and Market Street can have a negative impact on the development,
- a **busy intersection of St John Street** and the southern end of High Street that provides the main link with New Road, adjacent to the site,
- the site lies between the **Bromsgrove Town and St John’s Conservation Areas**, with the northeast corner sitting within the Bromsgrove Town Conservation Area,
- scale and massing of the proposal need to preserve **or enhance the surrounding Conservation Area** and notable views including the view to St John’s Church,
- proposal for the north-eastern section of the **site needs to reflect both its prominence as the termination** of the High Street,
- **poor connection with Bromsgrove Station** and reduced cycle parking in the town centre, constraint access to the site,
- northeast portion of the site is in **Flood Risk Zone 3**,
- **flood risk from Spadesbourne Brook** requires further assessments,

## 2.2 OPTION 1 'Co-working and Community'

### Form and Massing;

2.2.1 Option 1 proposes a **single 3 & 4 storeys office building** with an adjacent high-quality public square. It provides an approximate **GEA of 900 sqm** on the ground floor for flexible workspace/office and F&B uses. The approximate **total GIA is 2655 sqm**.

2.2.2 The **proposed development is not visible from the High Street**; it is set back from the north-east corner of the site at the junction of High Street, Worcester Road and St John Street, and situated outside of the Town Centre Conservation Area boundary. This proposal takes up the western part of the site, **creating a generous public space in its north-east corner**. The building form follows the curve of the site in its north-west portion.

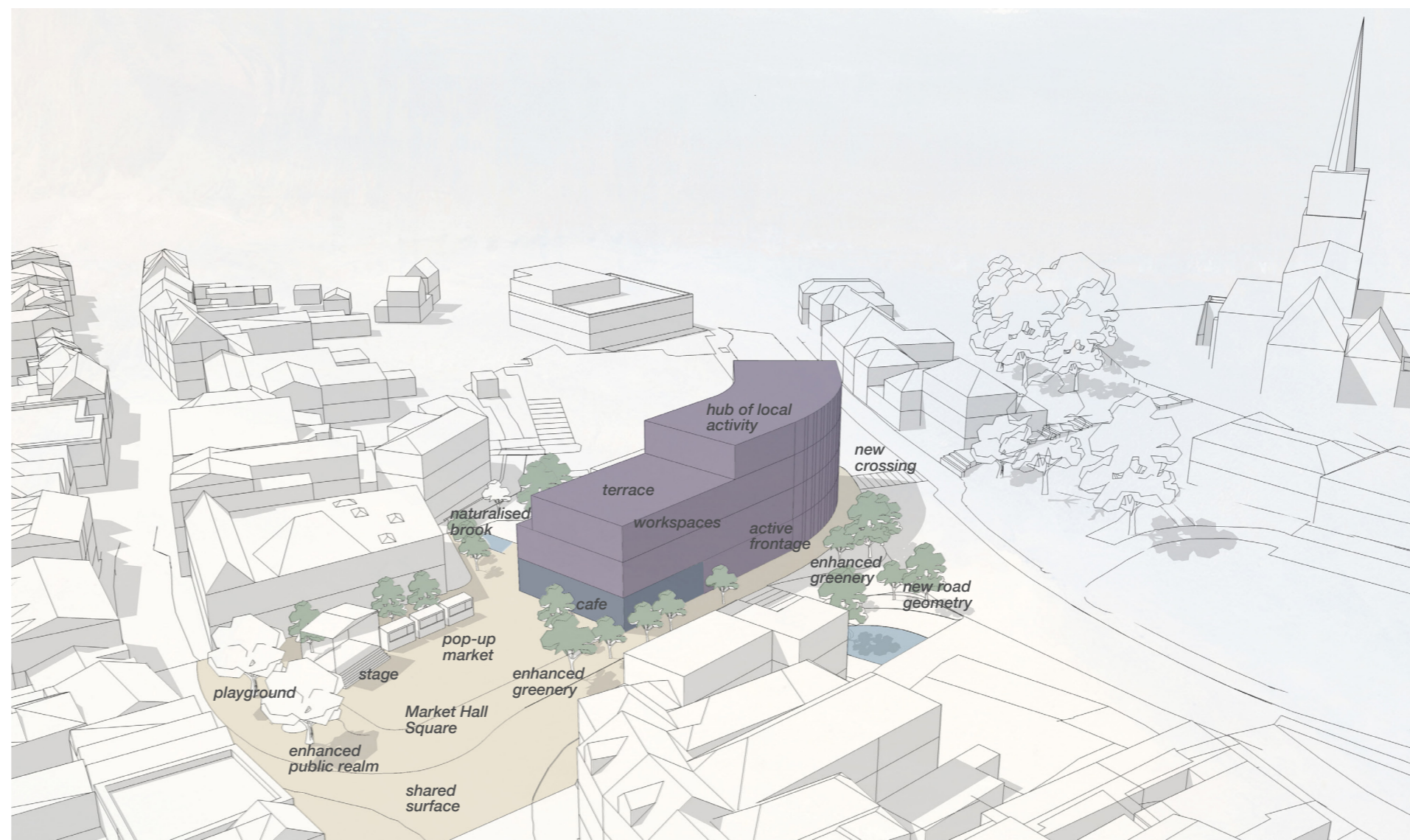
2.2.3 The scheme **steps back at the rear on the second and third floor**. This setback and the reduced volume on the top level mitigate the overall massing of development in order to lessen the visual impact when viewed from the south and south-east. This is to reduce the impact of the scheme on the Conservation Area and views towards the church. It **creates a strong edge fronting St John Street**; completes the street and frames the views of the church, however, the **protected view looking from George Street is lost**.

2.2.4 It is proposed that the F&B units address and activate the newly created public space. A café, bar or restaurant facing the square would support tenants of the building, contribute and extend the existing offer and support local evening economy **and activation of the public realm throughout the day**. There is a potential for a usable **terrace amenity on the third floor** overlooking the 'Market Hall' square. The new square creates an opportunity for an attractive entrance into the new development off the street, as well as continuous active frontage along St John Street.

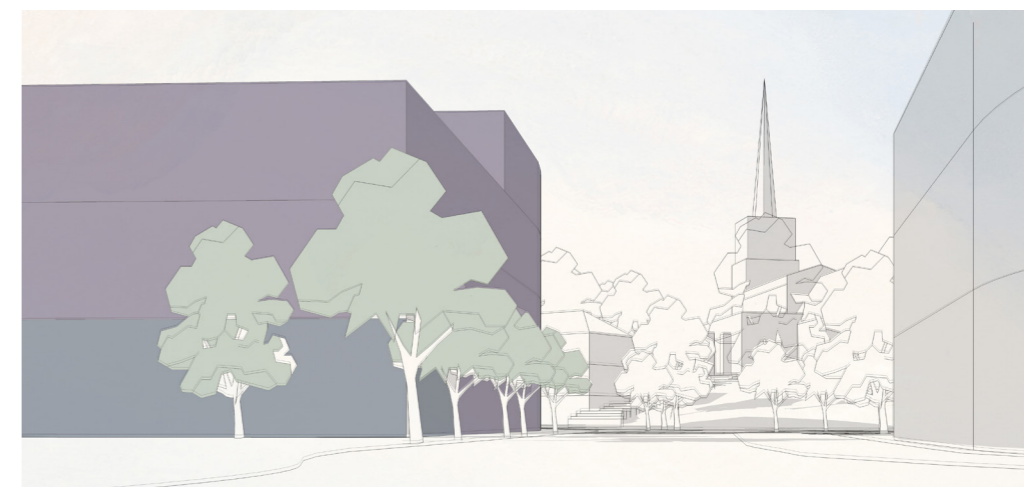
2.2.5 This option stipulates a provision of **blue badge car parking** spaces at the Waitrose Car Park.

### Public Realm;

2.1.6 The **'Market Hall Square'** at the junction of the High Street, St John Street and Worcester Road, adjacent to the development provides a community benefit; a high-quality public realm for community use and support of local businesses. The square is to provide vital space for the **continuation of the 'Bird Box' project**; a space for pop-up initiatives, attracting and supporting entrepreneurial independent businesses, and local activities and festivals; food markets and seasonal markets.



OPTION 1 'Co-working and Community' - aerial view



OPTION 1 - view from the junction of St John Street and High Street

**Key:**

- office / workspace
- cafe / F&B
- improved public realm
- soft landscaping
- naturalised Spadesbourne Brook

Market Hall Site - Concept Design OPTION 1

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2.1.7 This historic location has been a **centre of entrepreneurship and commerce in Bromsgrove** for the centuries and could be celebrated with a sculpture or a creative public realm project highlighting the importance of the site for the people of Bromsgrove.

2.1.8 The square and improved public realm strengthen and optimise pedestrian links between Town Centre and Waitrose, and food and beverage offer on St John Street.

2.1.9 This option stipulates only **partial opening up of Spadesbourne Brook** from its enclosed culvert as indicated on the proposed plan.

2.1.10 The rationalisation and realignment of the junction of St John Street and Market Road reclaims the highway for the pedestrian traffic and create an opportunity for further public realm improvements.

**2.1.11 The proposed high-quality flexible public realm at the culmination of the High Street aims to slow down the traffic**, giving priority to the pedestrians; this would positively impact commercial activates and attractiveness of the Town Centre. The enhanced public realm, improved pedestrian links and the new square, give opportunities to introduce greenery in the Town Centre and create a green and sustainable environment.

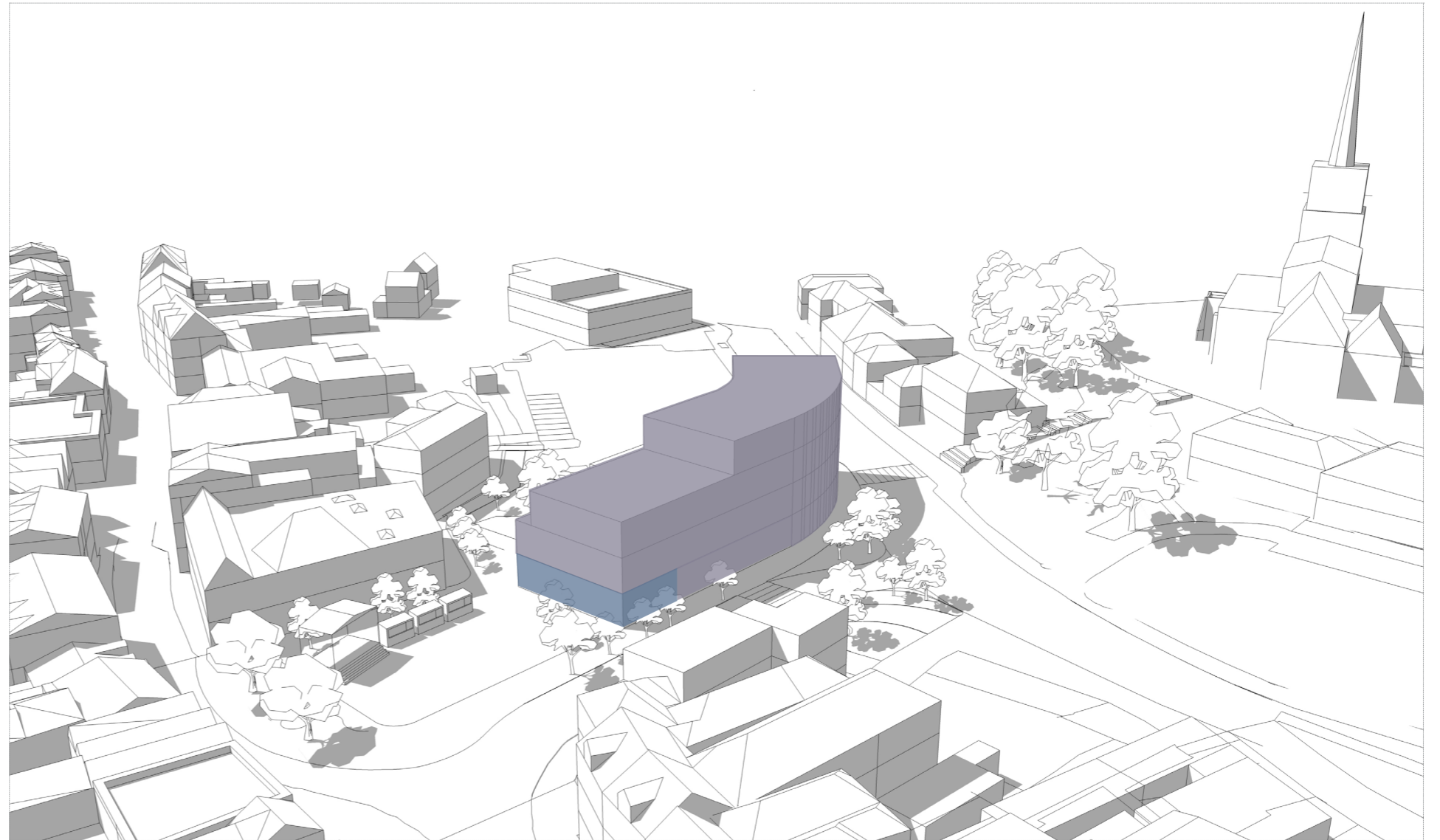
**BENEFITS**

- a **single volume 3 & 4 storeys high-quality landmark development**; a beacon of local regeneration on the prominent historic site, and the new public square for the people of Bromsgrove,
- approximate total **GIA of 2655 sqm**,
- potential for approx. **17 residential** units,
- potential for a **terrace** overlooking the new square on the 3rd level,
- a **blue badge car -parking** spaces on the Waitrose car park,
- respecting the visual impact on the church, surrounding heritage assets and the conservation area,
- realises the opportunity of the prominent location to propose a development of a larger footprint, that's higher than the surrounding buildings - a landmark building,
- located outside of the Town Centre Conservation Area boundary,
- potential for **continuous active frontage** facing the new square and along the street edges,
- strong building line along St John Street framing the views of the church,
- a **generous public space the 'Market Hall Square'** adjacent to the building for pop-up events, enhancement of business opportunities, and community use - a continuation of the Bird Box scheme,
- creation of an **attractive pedestrian link** between Waitrose, the parade of shops and businesses on St John Street and the High Street, linking currently disjointed pedestrian environment at the southern end of the High Street.

- provides the focal point and a hub of local activity, at the culmination of the High Street,
- high quality flexible public realm unifies commercial environment of the High Street, Worcester Road, and the new square, slowing down the traffic and prioritising pedestrians,
- a flexible public realm would give an opportunity for larger district-wide events, strengthening **the position of the town as the hub of Bromsgrove District**,
- rationalisation and realignment of the junction of St John Street and Market Road and improvements to the public realm,
- located **outside of the Flood Risk Zone 3** and the Conservation Area boundary.
- located a short walking distance from the bus stops.

#### ISSUES:

- the protected view of the church across the site from George Street is lost,
- the building footprint is larger than the neighbouring buildings,
- the higher-risk associated with the scheme, as this option would **not provide an opportunity for incremental phasing** and testing of the market,
- potential for naturalisation of the brook unrealised,
- potential negative impact on the conservation area if the quality of the development is poor,
- a large area of the site left undeveloped can be seen as miss opportunity,
- the additional cost of public realm improvements and the high-quality public square,
- the additional cost of the realignment and rationalisation of the junction of St John Street and Market St,
- a single volume development might appear more 'bulky' than more than one building on the site,
- poor connection with Bromsgrove train station,
- blue badge car parking provision only,
- no building at the termination of the High Street - new development not visible from the High Street.



OPTION 1 'Co-working and Community'

#### Key:

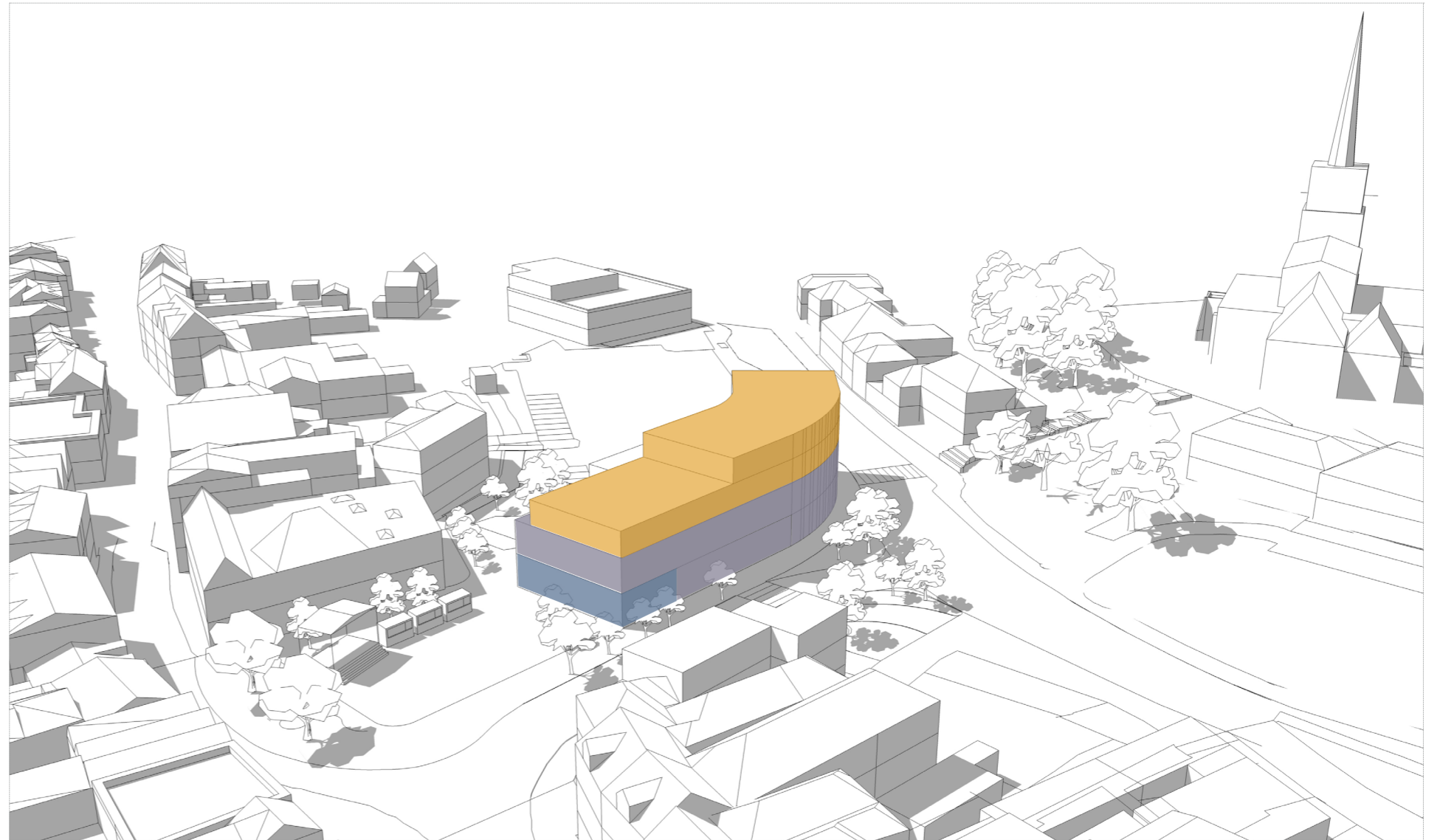
- office / workspace
- cafe / F&B
- residential

OPTION 1 co-working and community					
Building A (office / 1 core)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	office/workspace	750	675	
		café/F&B	150	135	
	1st Floor	office/workspace	900	810	
	2nd Floor	office/workspace	700	630	
	3rd Floor	office/workspace	450	405	
TOTAL			2950	2655	
Public realm improvements and road realignment	use	approx.area (sqm)			
	hard landscaping	2950			
	soft landscaping	450			
	naturalisation of Spadesbourne brook	40			
No of car parking spaces	blue badge spaces at Waitrose car park				

OPTION 1 Accommodation Schedule

Element		Option 1	
		Total Cost of Element £	Cost/m² of GIFA £
1	1 Demolitions & Alterations		
1	1 Site Clearance	46,800	18
Group element total		46,800	
2	2 Build		
2	1 Office Space	5,040,000	2,000
2	2 Café/F&B Space (Excl Fit Out)	189,000	1,400
2	3 Residential Space	-	1,750
Group element total		5,229,000	
3	3 Abnormals		
3	1 E/O Piling Foundations	76,950	95
3	2 Ground Consolidation	312,000	120
3	3 Ground Contamination	119,700	45
Group element total		508,650	
4	4 Public Realm		
4	1 Hard Landscaping	737,500	250
4	2 Soft Landscaping	11,250	25
4	3 Naturalisation of Culvert	67,000	1,340
Group element total		815,750	
BUILD COST TOTAL		£	6,600,200
7	1 Preliminaries & Site Supervision	825,025	12.5%
8	1 Contractors OH&P	660,020	10%
9	1 Construction Contingency	990,030	15%
9	2 Design Contingency	330,010	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		£	9,405,285

OPTION 1 Feasibility Cost Plan, Redshell Consulting



OPTION 1A 'Co-working, Community and Residential'

**Key:**

- office / workspace
- cafe / F&B
- residential

OPTION 1A co-working and residential					
Building A (office + resi / 1 core)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	office/workspace	750	675	
		café/F&B	150	135	
	1st Floor	office/workspace	900	810	
	2nd Floor	residential	700	630	10
	3rd Floor	residential	450	405	7
TOTAL			2950	2655	17
Public realm improvements and road realignment	use	approx.area (sqm)			
	hard landscaping	2950			
	soft landscaping	450			
	naturalisation of Spadesbourne brook	40			
No of car parking spaces	blue badge spaces at Waitrose car park				

OPTION 1A - Accommodation Schedule

Element		Option 1A	
		Total Cost of Element £	Cost/m² of GIFA £
1	1 Demolitions & Alterations		
1	1 Site Clearance	46,800	18
Group element total		46,800	
2	2 Build		
2	1 Office Space	2,970,000	2,000
2	2 Café/F&B Space (Excl Fit Out)	189,000	1,400
2	3 Residential Space	1,811,250	1,750
Group element total		4,970,250	
3	3 Abnormals		
3	1 E/O Piling Foundations	76,950	95
3	2 Ground Consolidation	312,000	120
3	3 Ground Contamination	119,700	45
Group element total		508,650	
4	4 Public Realm		
4	1 Hard Landscaping	737,500	250
4	2 Soft Landscaping	11,250	25
4	3 Naturalisation of Culvert	67,000	1,340
Group element total		815,750	
BUILD COST TOTAL		£	6,341,450
7	1 Preliminaries & Site Supervision	792,681	12.5%
8	1 Contractors OH&P	634,145	10%
9	1 Construction Contingency	951,218	15%
9	2 Design Contingency	317,072.50	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		£	9,036,566

OPTION 1A - residential, Feasibility Cost Plan, Redshell

## 2.3 OPTION 2 'Pavilion and Central Square'

### Form and Massing

2.3.1 Option 2 proposes a 3 and 4 storeys development and a 2 storey 'pavilion-like' building, with a **'Market Hall Square'** and the naturalised Spadesbourne Brook between the two proposed buildings.

2.3.2 The main building provides spaces **for offices and flexible working** with F&B uses on the ground floor, while the pavilion accommodates **spaces for start-ups, smaller businesses**, a cafe and rooms for **community initiatives** e.g. a local gallery.

2.3.3 This option provides approximately **GIA of 540 sqm** area on the ground floor for workspace/office and F&B uses in the main building, and additional **GIA of 190 sqm** in the pavilion. The approximate total **GIA in the main building is 1832 sqm and 378 sqm in the pavilion**.

2.3.4 The pavilion building terminates the High Street and it's visible from various points along its length. It's located in the heart of the historic Market Place.

2.3.5 The form of the main building follows the curve of St John Street. A set back on the second and third floor **reduces the overall massing** of the development and lessens the visual impact when viewed from the south and south-east, hence reduces the impact on the conservation area and views towards the church. Building creates **a strong edge fronting St John Street**; it completes the street and frames the views of the church, however, the protected view from George Street is lost. This option gives the potential to **create a usable terrace amenity** on the third floor overlooking the new public space.

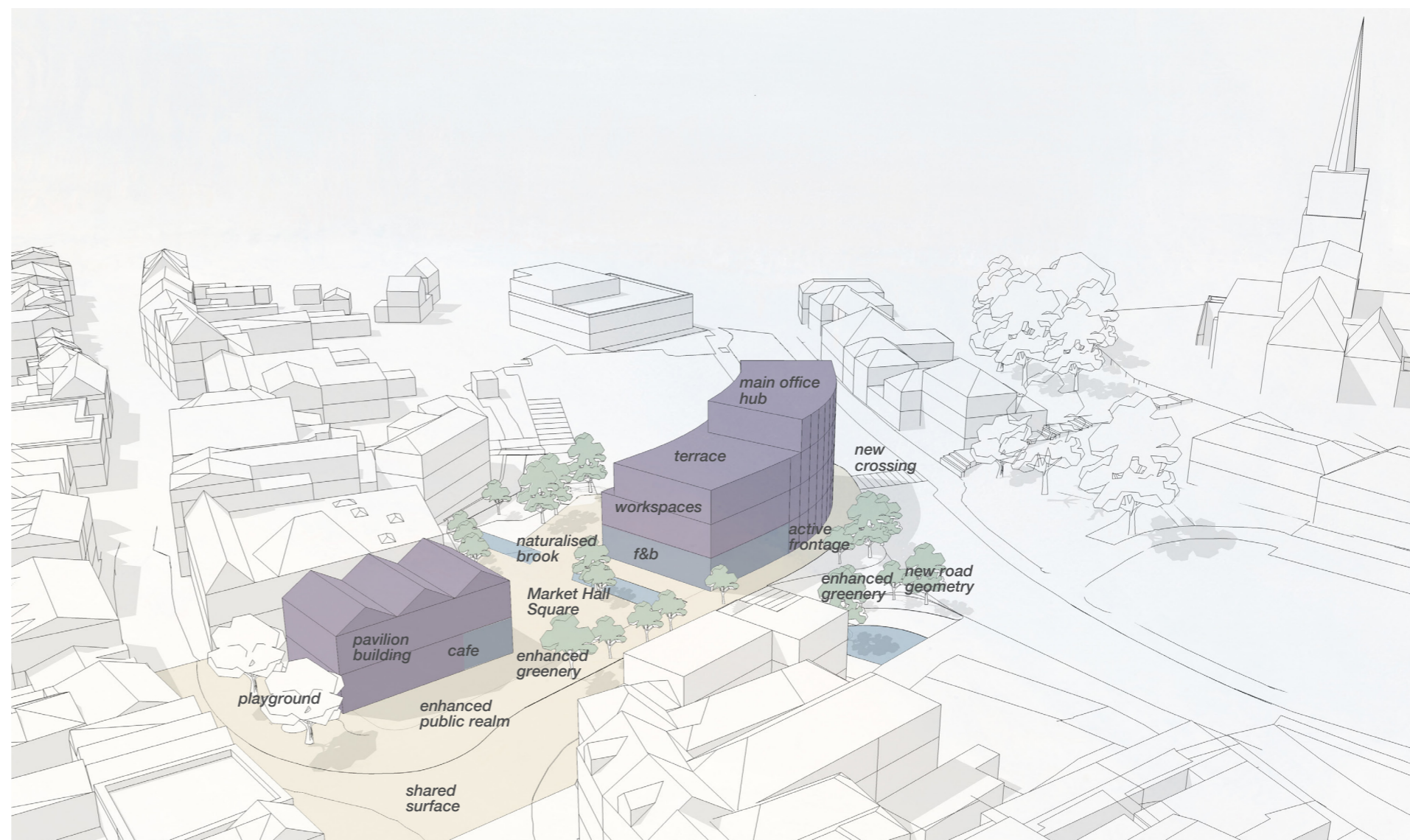
2.3.6 It is proposed that F&B tenures face the 'Market Hall Square' - a **high- quality public space in the middle of the site**. A café, bar or a restaurant in this location would support the new tenants and the local economy, **activating the square** throughout the day and in the evenings.

2.3.7 The new square creates an opportunity for an attractive entrance into the new developments off the street, as well as continuous active frontage along St John Street.

2.3.8 This option stipulates a **provision of blue badge car parking** spaces at the Waitrose Car Park.

### Public Realm

2.3.9 The 'Market Hall Square' between the buildings gives an opportunity to create a high-quality public realm for community use and support of local businesses - **a continuation of the 'Bird Box' project**.



OPTION 2 'Pavilion and Central Square' - aerial view



OPTION 2 - view from the junction of St John Street and High Street



Market Hall Site - Concept Design OPTION 2

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- 2.3.10 Opening up of Spadesbourne Brook** from its enclosed culvert creates an **attractive and sustainable public realm** on the historic site.
- 2.3.11 The naturalisation of the brook**, introduction of new trees and greenery would increase the attractiveness of Bromsgrove Town Centre.
- 2.3.12 The opening between the two buildings, **create pedestrian links** between the Town Centre and Waitrose and High Street and food and beverage use buildings on St John Street.
- 2.3.13 There is an **opportunity to celebrate the history of the site** and its meaning for the people of Bromsgrove by a public realm sculpture or an attractive landscaping outside of the pavilion building that tells the story of the site.
- 2.3.14 A shared space** at the junction of St John Street, High Street and Worcester Road would slow down the traffic giving priority to pedestrians. This would benefit F&B businesses in this part of the High-Street and further enhance attractiveness of the Town Centre.
- 2.3.15 Rationalisation and realignment of the junction** of St John Street and Market Road reclaims parts of the highway for pedestrian traffic and creates an opportunity for further public realm improvements.

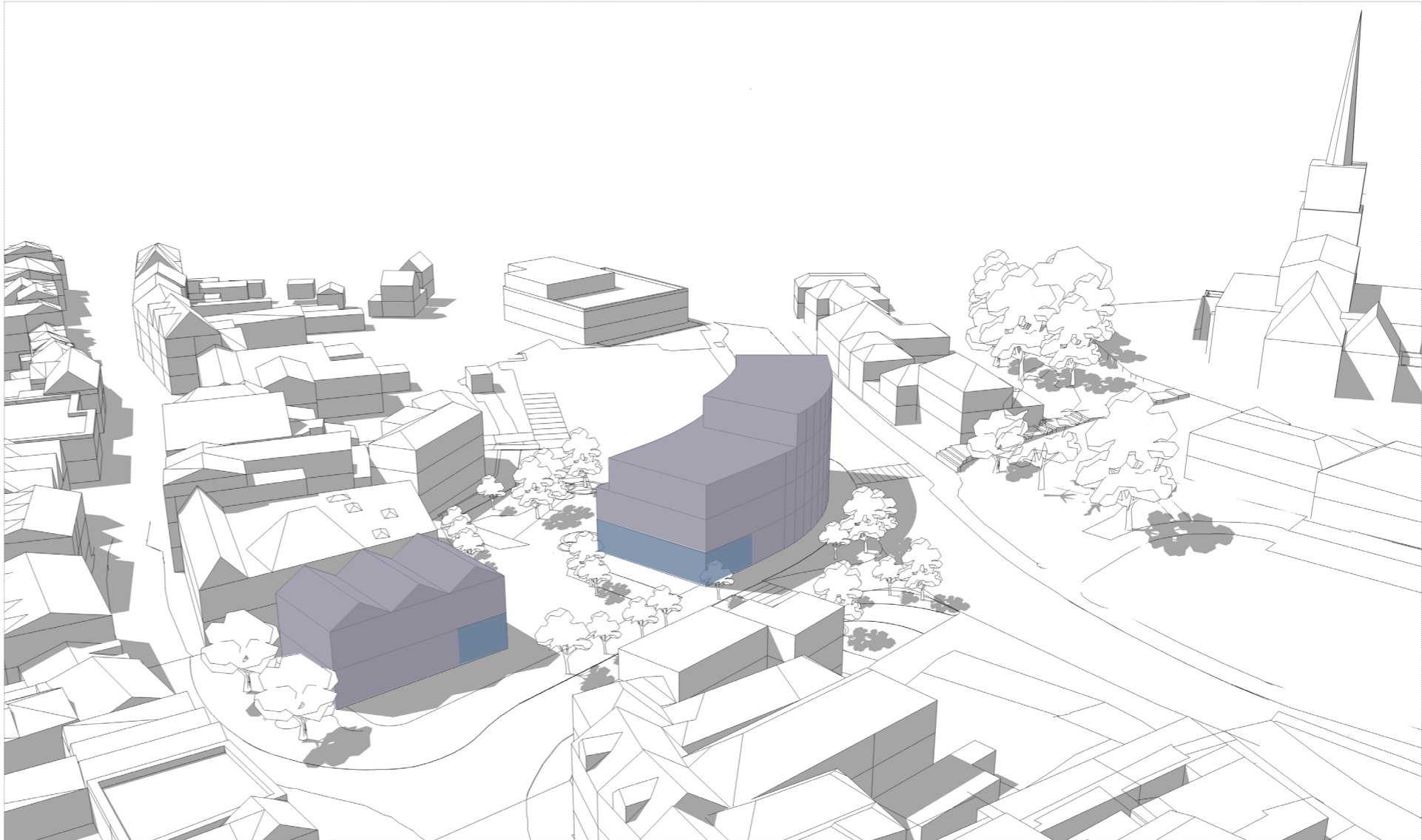
**BENEFITS**

- development of the historic Market Hall site and provision of **two high quality 2 and 3 & 4 storeys buildings** - beacons of local regeneration and an attractive public space in the centre,
- provision of approximately **1832 sqm of total GIA in the main building and additional total GIA of 378 sqm** in the pavilion building,
- potential to provide **approx. 13 residential units** in town centre location,
- development **respecting the visual impact on the church**, surrounding heritage assets and the conservation area,
- realisation of the opportunity of the prominent location to propose a development of a **larger footprint, higher than the surrounding buildings - a local marker**,
- potential for **an amenity terrace overlooking the new public space** on the top floor of the main building,
- blue badge car-parking spaces on the Waitrose Car Park,
- **a lower risk associated with the scheme** as this option gives an opportunity for **phased delivery** and testing of the market, i.e pavilion could provide ‘a testing ground’ for market demand,
- **the pavilion building - a focal point and a hub of local activity** with the ground floor uses potentially controlled by the Council,
- pavilion building and a high-quality public space at the culmination of the High-Street, **celebrating the prominence of the historic location**,

- potential for **continuous active frontage** facing the new 'Market Hall Square' and along the street edges,
- a **strong building line along St John Street framing the views of the church,**
- a generous public space - '**Market Hall Square**' with the naturalised brook, for pop-up events, enhancement of business opportunities, community use and **continuation the Bird Box project,**
- creation of an attractive pedestrian link between Waitrose, the parade of shops and businesses on St John Street and the High Street and **unification of currently disjointed pedestrian environment** at the southern end of the High Street,
- **provision of an attractive public realm unifying commercial environment of the High Street, Worcester Road, and the new square,** slowing down the traffic giving pedestrians priority,
- a flexible public realm would give an opportunity for larger district-wide events, strengthening **the position of the town as the hub of Bromsgrove District,**
- **rationalisation and realignment** of the junction of St John Street and Market Road and improvements to the public realm,
- located a short walking distance from the bus stops.

#### ISSUES

- **protected view of the church across the site from George Street and the junction of Worcester Road and George Street is lost,**
- the naturalisation of the brook and extended public realm improvements incline **additional cost,**
- potential negative impact on the conservation area **if the quality of the development is poor,**
- large footprint buildings are not common to the urban pattern of the Town Centre,
- **additional cost associated with the realignment and rationalisation of the junction** of St John Street and Market St,
- a relatively small scale pavilion building can be seen as a missed opportunity - **unrealised development potential on the site,**
- pavilion located in **Flood Risk Zone 3 and within the boundary of the Town Centre Conservation Area**
- **poor connectivity with Bromsgrove train station,**
- **blue badge car parking provision only.**



OPTION 2 'Pavilion and Central Square'

#### Key:

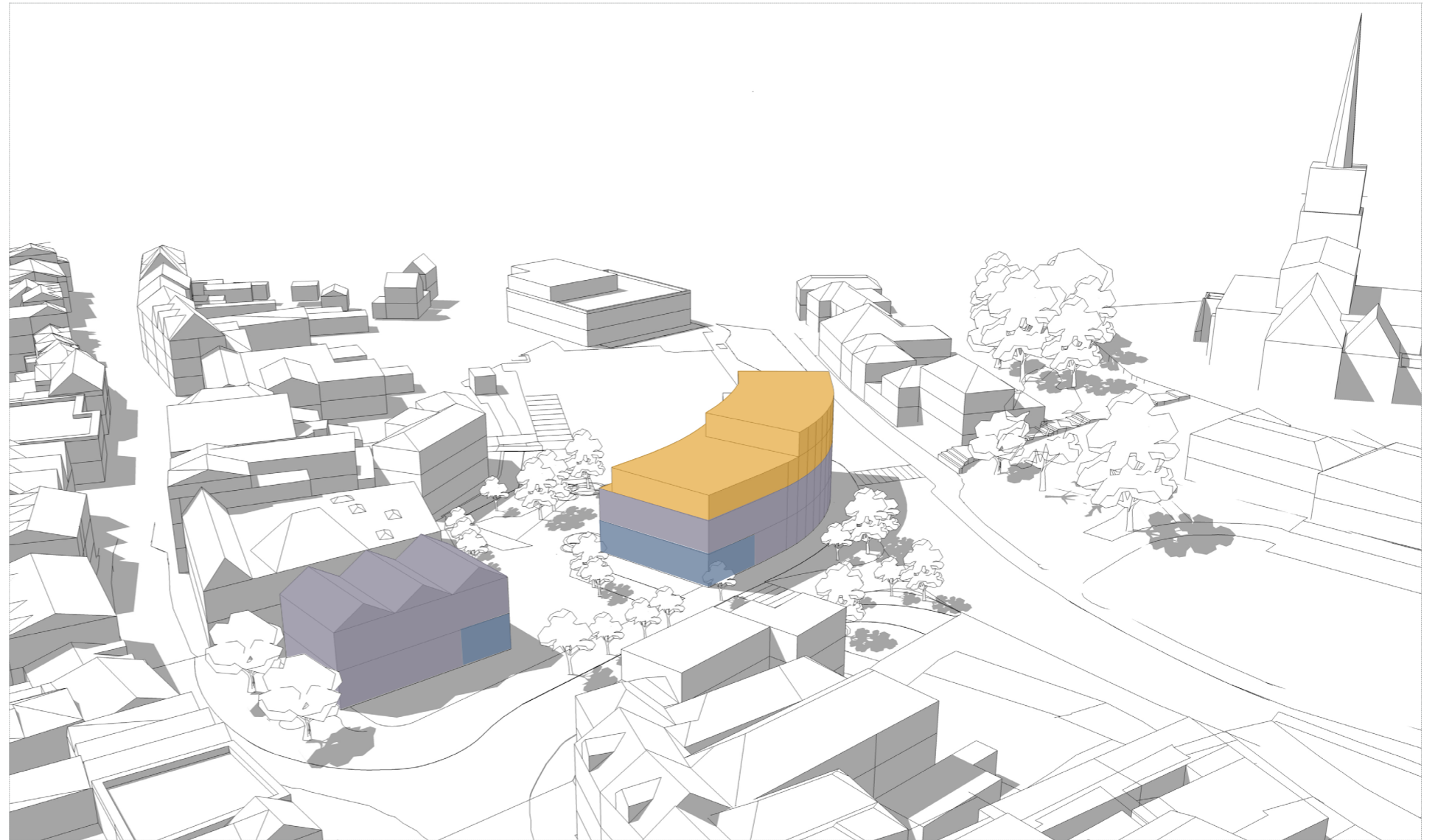
- office / workspace
- cafe / F&B
- residential

OPTION 2 pavilion & central square					
Pavilion (office/ lightweight structure/ 1 core)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	office/workspace / café	210	189	
	1st Floor	office/workspace	210	189	
TOTAL			420	378	
Building A (office / 1 core)	Ground Floor	office/workspace	450	405	
		café/F&B	150	135	
	1st Floor	office/workspace	600	540	
	2nd Floor	office/workspace	550	495	
	3rd Floor	office/workspace	285	257	
TOTAL			2035	1832	
Public realm improvements and road realignment	use	approx.area (sqm)			
	hard landscaping	3070			
	soft landscaping	450			
	naturalisation of Spadesbourne brook	115			
No of car parking spaces	blue badge spaces at Waitrose car park				

OPTION 2 - Accommodation Schedule

Element		Option 2	
		Total Cost of Element £	Cost/m² of GIFA £
1	1 Demolitions & Alterations		
1	1 Site Clearance	46,800	18
Group element total		46,800	
2	2 Build		
2	1 Office Space	4,150,000	2,000
2	2 Café/F&B Space (Excl Fit Out)	189,000	1,400
2	3 Residential Space	-	1,750
Group element total		4,339,000	
3	3 Abnormals		
3	1 E/O Piling Foundations	51,300	95
3	2 Ground Consolidation	312,000	120
3	3 Ground Contamination	119,700	45
Group element total		483,000	
4	4 Public Realm		
4	1 Hard Landscaping	767,500	250
4	2 Soft Landscaping	11,250	25
4	3 Naturalisation of Culvert	154,100	1,340
Group element total		932,850	
BUILD COST TOTAL		£	5,801,650
7	1 Preliminaries & Site Supervision	725,206	12.5%
8	1 Contractors OH&P	580,165	10%
9	1 Construction Contingency	870,248	15%
9	2 Design Contingency	290,083	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		£	8,267,351

OPTION 2 Feasibility Cost Plan, Redshell Consulting



OPTION 2A 'Pavilion, Central Square and Residential'

**Key:**

- office / workspace
- cafe / F&B
- residential

OPTION 2A pavilion & central square + residential					
Pavilion (office/ lightweight structure/ 1 core)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	office/workspace / café	210	189	
	1st Floor	office/workspace	210	189	
TOTAL			420	378	
Building A (office + resi / 1 core)	Ground Floor	office/workspace	450	405	
		café/F&B	150	135	
	1st Floor	office/workspace	600	540	
	2nd Floor	residential	550	495	9
	3rd Floor	residential	285	257	4
TOTAL			2035	1832	13
Public realm improvements and road realignment	use	approx.area (sqm)			
	hard landscaping	3070			
	soft landscaping	450			
	naturalisation of Spadesbourne brook	115			
No of car parking spaces	blue badge spaces at Waitrose car park				

OPTION 2A - Accommodation Schedule

Element		Option 2A	
		Total Cost of Element £	Cost/m² of GIFA £
1	1 Demolitions & Alterations		
1	1 Site Clearance	46,800	18
Group element total		46,800	
2	2 Build		
2	1 Office Space	2,646,000	2,000
2	2 Café/F&B Space (Excl Fit Out)	189,000	1,400
2	3 Residential Space	1,316,000	1,750
Group element total		4,151,000	
3	3 Abnormals		
3	1 E/O Piling Foundations	51,300	95
3	2 Ground Consolidation	24,000	120
3	3 Ground Contamination	119,700	45
Group element total		195,000	
4	4 Public Realm		
4	1 Hard Landscaping	767,500	250
4	2 Soft Landscaping	11,250	25
4	3 Naturalisation of Culvert	154,100	1,340
Group element total		932,850	
BUILD COST TOTAL		£	5,325,650
7	1 Preliminaries & Site Supervision	665,706	12.5%
8	1 Contractors OH&P	532,565	10%
9	1 Construction Contingency	798,848	15%
9	2 Design Contingency	266,283	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		£	7,589,051

OPTION 2A Feasibility Cost Plan, Redshell Consulting

## 2.4 OPTION 3 'Two Volumes and Central Square'

### Form and Massing

2.4.1 Option 3 proposes two **3 & 4 storeys office buildings** with a high-quality public space and naturalised Spadesbourne in the middle,

2.4.2 This option provides approximately **612 sqm of GIA** on the ground floor for workspace/office and F&B uses in the main building (A) and additional **333 sqm** of space in the smaller building (B). The approximate total GIA of the larger building (**building A**) is **2268 sqm** and **909 sqm** of the smaller building (**B**).

2.4.3 This option **maximises the development potential of site**, and it is considered to be **least risky** as it provides opportunity for phased and incremental development of two larger scale buildings.

2.4.4 The smaller building (B) terminates the High Street and it's visible from various points along its length. **It's located in the heart of the historic Market Place** and it addresses the High Street and the proposed 'Market Hall Square'.

2.4.5 The form of the larger building follows the curve of St John Street. A **reduced volume on the top level** reduces the overall massing of the development and lessens the visual impact when viewed from the south and south-east. This lessens the impact of the proposal on the conservation area and views towards the church.

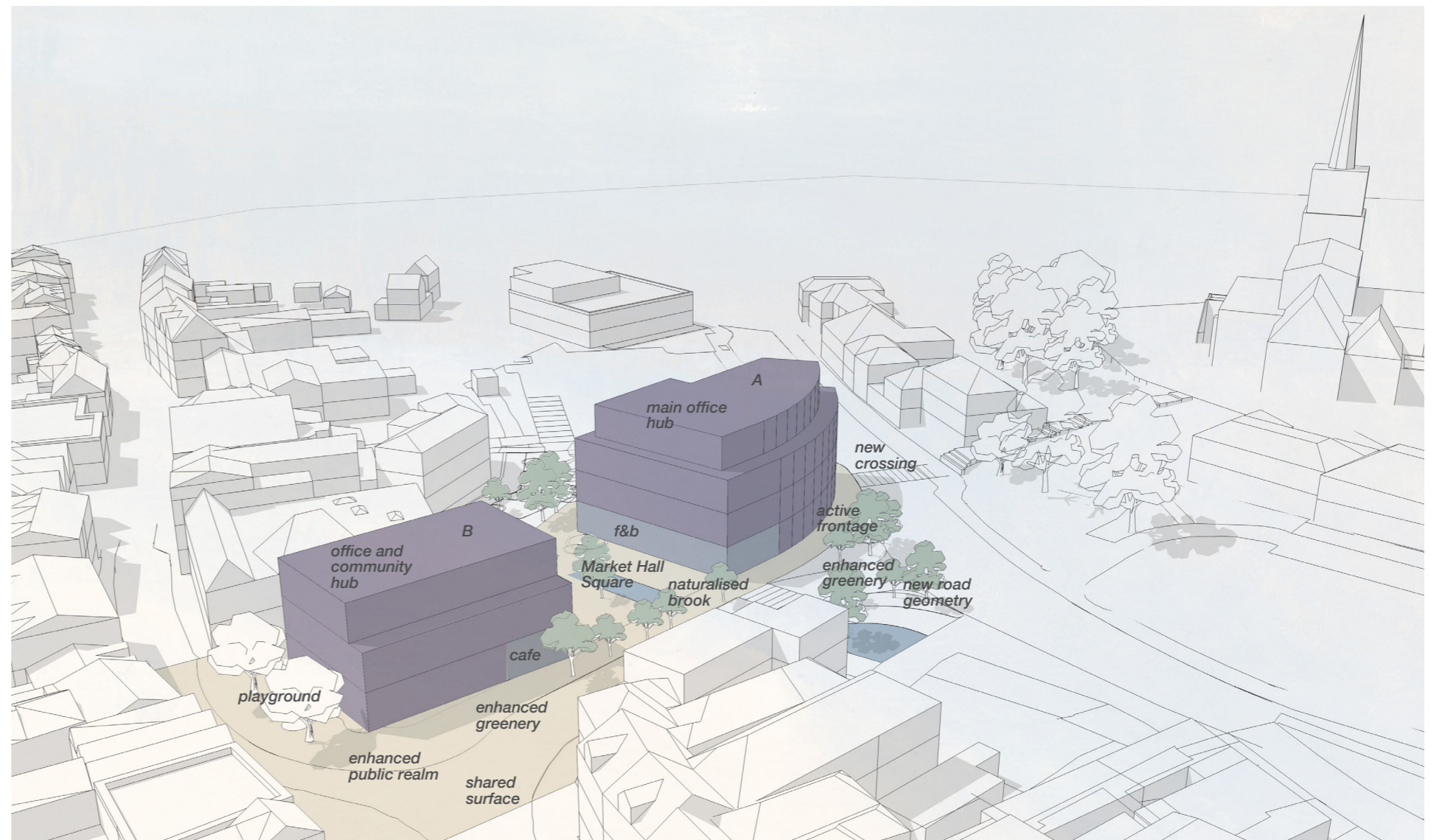
2.4.6 Both buildings create a strong edge fronting St John Street; they complete the street and frame the views of the church, however, the protected view from George Street is lost.

2.4.7 It is proposed that F&B tenures face the 'Market Hall Square' - a new public space in-between of the two buildings. A café, bar or a restaurant in this location would **activate the square** during the day and in the evenings.

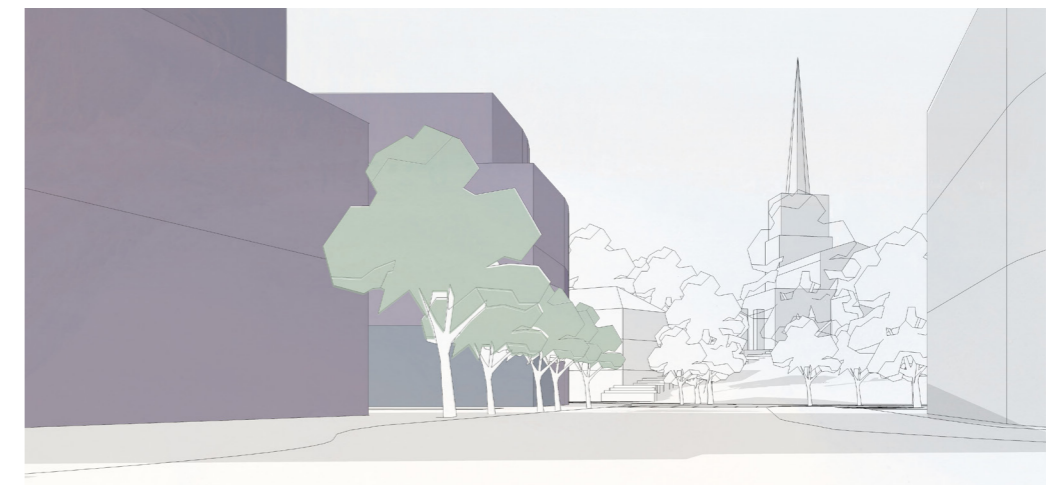
2.4.8 The smaller building gives an opportunity to create **a hub of local activity with the ground floor uses potentially controlled by the Council**.

2.4.9 The new square creates an opportunity **for an attractive entrance into the new developments** off the street, as well as continuous active frontage along St John Street.

2.4.10 This option stipulates a **provision of blue badge car parking spaces** at the Waitrose Car Park.



OPTION 3 'Two Volumes and Central Square' - aerial view



OPTION 3 - view from the junction of St John Street and High Street

**Key:**

- office / workspace
- cafe / F&B
- improved public realm
- soft landscaping
- naturalised Spadesbourne Brook

Market Hall Site - Concept Design OPTION 3

1:500@A3

**Public Realm**

2.4.11 The 'Market Hall Square' between the buildings gives an opportunity to create **a high-quality public realm for community use and support of local businesses - a continuation of the 'Bird Box' project.**

2.4.12 Opening up of Spadesbourne Brook from its enclosed culvert gives the potential to create **a sustainable and attractive public realm** on the historic site.

2.4.13 The **naturalisation of the brook** and introduction of new trees and greenery in the town centre would enhance attractiveness of the town and provide invaluable community benefit.

2.4.14 An 'opening between the two buildings apart form a public space **enables creation of stronger pedestrian links** between the Town Centre and Waitrose and the parade of shops on St John Street.

2.4.15 There is an **opportunity to celebrate the history of the site** and its meaning for the people of Bromsgrove by a public realm sculpture or attractive landscaping on the site.

2.4.16 Creation of an enhanced flexible **public space at the junction of St John Street, High Street and Worcester Road** and slowing down the traffic to give priority to pedestrians would benefit commercial activates in this location and enhance attractiveness of the Town Centre.

**2.4.17 Rationalisation and realignment of the junction of St John Street and Market Road** reclaims the highway for pedestrian traffic and creates an opportunity for further public realm improvements.

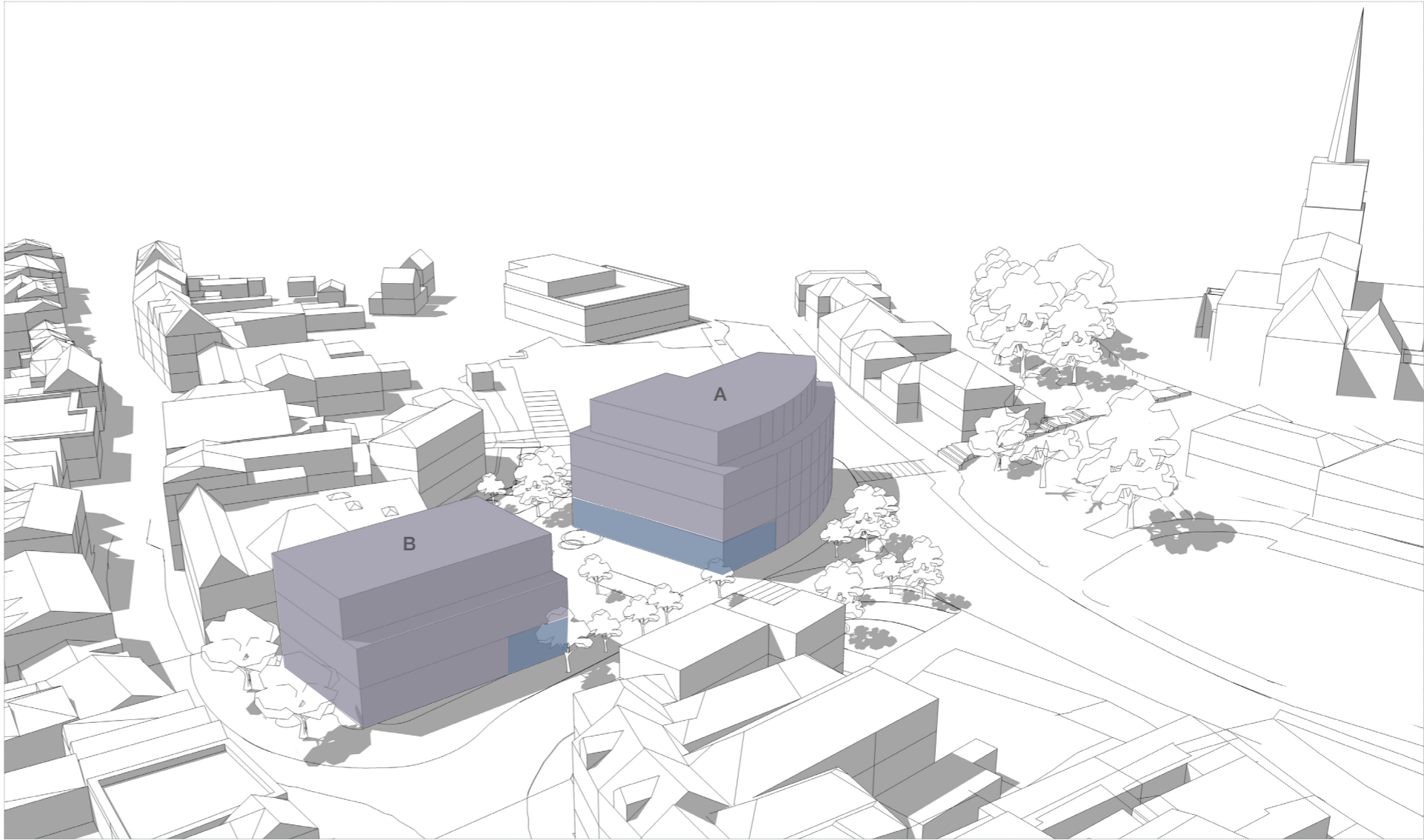
**BENEFITS**

- development of the historic Market Hall site and provision of two high quality 3 and 3 & 4 storeys buildings - **beacons of local regeneration and attractive public space in the centre,**
- provision of approximately 2268 sqm of total GIA in the building A and additional total GIA of 909 sqm in the building B,
- potential to provide **approx. 16 residential units** in the Town Centre location,
- **this option maximises development potential of the site,**
- **the least risky option providing an opportunity for phased delivery and testing of the market,**
- minimising visual impact on the **church, surrounding heritage assets and the conservation area,**
- realisation of the opportunity of the prominent location to propose a development of a larger footprint that's higher than the surrounding buildings - **a local marker,**
- blue badge car-parking provision on the Waitrose Car Park,

- building B is to be seen as **a hub of local activity and entrepreneurship with the ground floor uses potentially controlled by the Council,**
- potential for **continuous active frontage** facing the new 'Market Hall Square' and along the street edges,
- strong building line along St John Street **framing the views** of the church,
- **a generous public space** - 'Market Hall Square' with the naturalised brook, for pop-up events, enhancement of business opportunities, community use and continuation the Bird Box project,
- **creation of an attractive pedestrian link between** Waitrose, the parade of shops and businesses on St John Street and the High Street and linking currently disjointed pedestrian environment at the southern end of the High Street.
- **a flexible and attractive public realm unifying the environment** of High Street, Worcester Road, and the new square, would slow down the traffic and prioritise pedestrians,
- a flexible public realm could give an opportunity for larger district-wide events, strengthening the position of **the town as the hub of Bromsgrove District,**
- rationalisation and realignment of the junction of St John Street and Market Road and **improvements to public realm.**

### ISSUES

- **protected view of the church across the site from George Street and the junction of Worcester Road and George Street is lost,**
- the naturalisation of the brook and extended public realm improvements incline **additional cost,**
- potential negative impact on the conservation area **if the quality of the development is poor,**
- large footprint building are not common to the urban pattern of the town,
- **additional cost** of the realignment and rationalisation of the junction of St John Street and Market St,
- **reduced opportunity** for an amenity terrace on the top floor of building A and B,
- building B in Flood Risk Zone 3 and within the boundary of the Town Centre Conservation Area,
- **poor connection with the transport links,** especially Bromsgrove train station,
- blue badge car parking provision only.



OPTION 3 'Two Volumes and Central Square'

### Key:

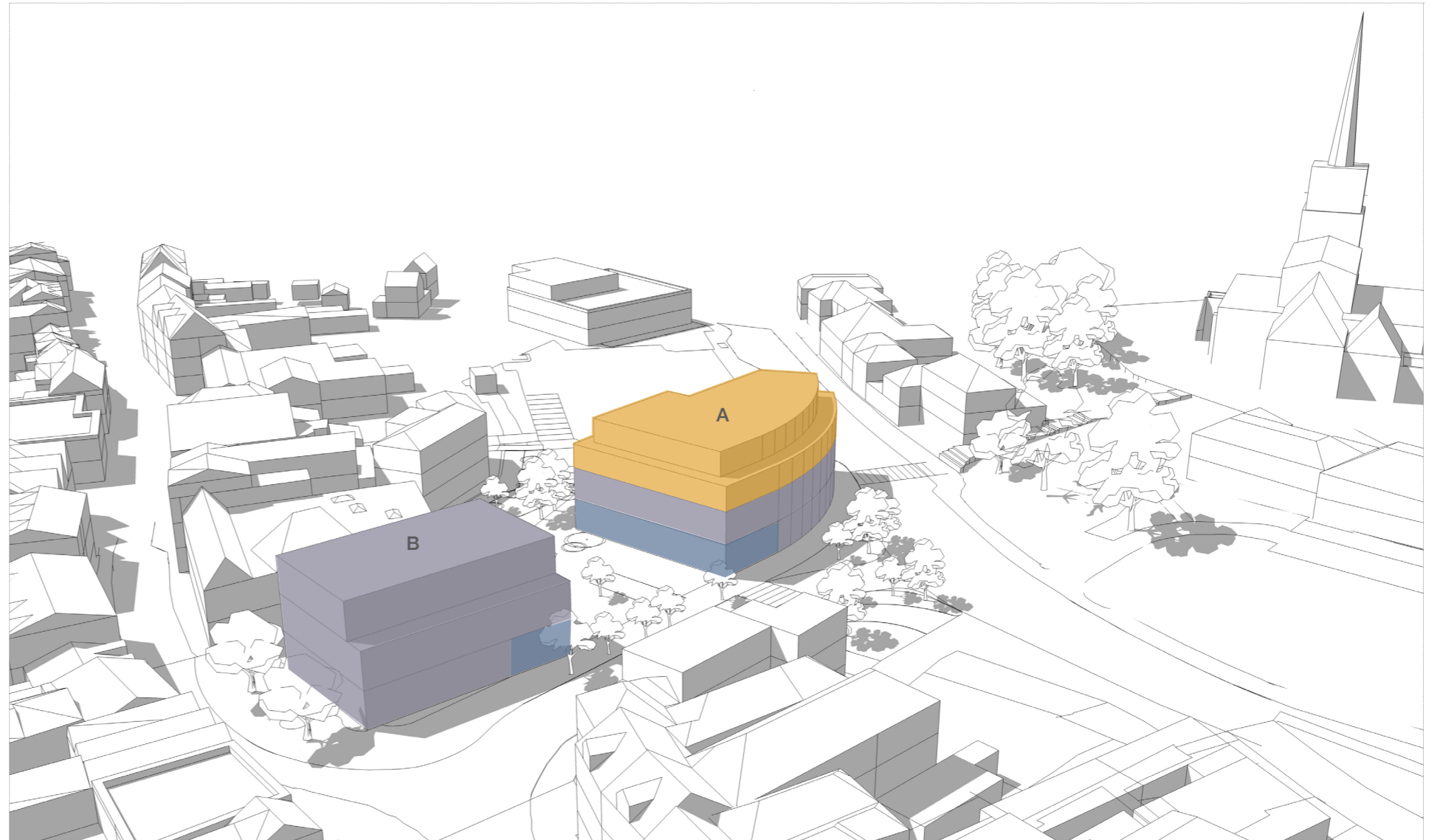
- office / workspace
- cafe / F&B
- residential

OPTION 3 two volumes					
Building A (office / 1 core)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	office/workspace	500	450	
		café/F&B	180	162	
	1st Floor	office/workspace	680	612	
	2nd Floor	office/workspace	680	612	
	3rd Floor	office/workspace	480	432	
TOTAL			2520	2268	
Building B (office / 1 core)	Ground Floor	office/workspace / café	370	333	
	1st Floor	office/workspace	370	333	
	2nd Floor	office/workspace	270	243	
TOTAL			1010	909	
Public realm improvements and road realignment	use	approx.area (sqm)			
	hard landscaping	2840			
	soft landscaping	450			
	naturalisation of Spadesbourne brook	115			
No of car parking spaces	blue badge spaces at Waitrose car park				

OPTION 3 - Accommodation Schedule

Element		Option 3	
		Total Cost of Element £	Cost/m² of GIFA £
1	1 Demolitions & Alterations		
1	1 Site Clearance	46,800	18
Group element total		46,800	
2	2 Build		
2	1 Office Space	6,030,000	2,000
2	2 Café/F&B Space (Excl Fit Out)	226,800	1,400
2	3 Residential Space	-	1,750
Group element total		6,256,800	
3	3 Abnormals		
3	1 E/O Piling Foundations	58,140	95
3	2 Ground Consolidation	312,000	120
3	3 Ground Contamination	119,700	45
Group element total		489,840	
4	4 Public Realm		
4	1 Hard Landscaping	710,000	250
4	2 Soft Landscaping	11,250	25
4	3 Naturalisation of Culvert	154,100	1,340
Group element total		875,350	
BUILD COST TOTAL		£	7,668,790
7	1 Preliminaries & Site Supervision	958,599	12.5%
8	1 Contractors OH&P	766,879	10%
9	1 Construction Contingency	1,150,319	15%
9	2 Design Contingency	383,440	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		£	10,928,026

OPTION 2A Feasibility Cost Plan, Redshell Consulting



OPTION 3A 'Two Volumes, Central Square and Residential'

**Key:**

- office / workspace
- cafe / F&B
- residential

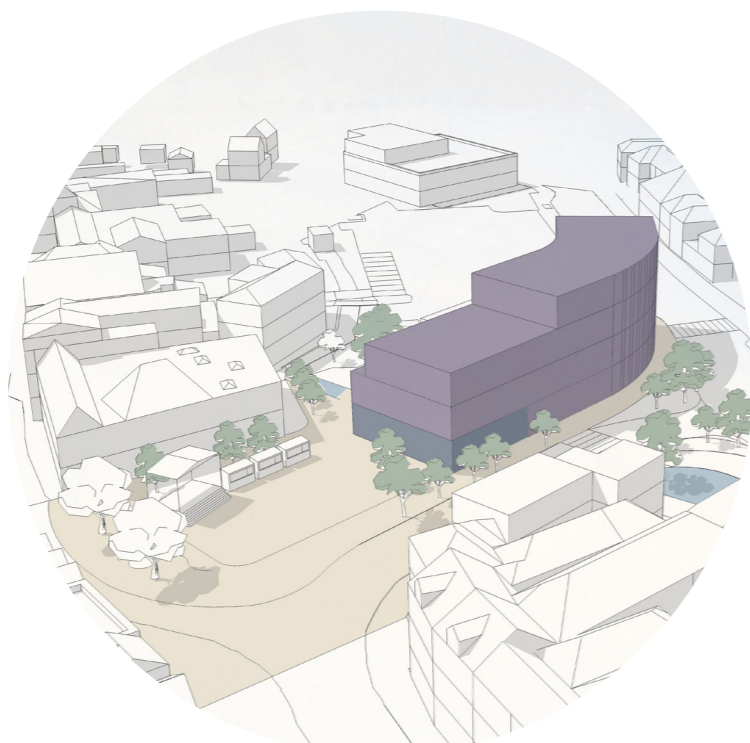
OPTION 3A two volumes + residential					
Building A (office / 1 core)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	office/workspace	500	450	
		café/F&B	180	162	
	1st Floor	office/workspace	680	612	
	2nd Floor	residential	680	612	9
	3rd Floor	residential	480	432	7
TOTAL			2520	2268	16
Building B (office / 1 core)	Ground Floor	office/workspace / café	380	342	
	1st Floor	office/workspace	380	342	
	2nd Floor	office/workspace	310	279	
TOTAL			1070	963	
Public realm improvements and road realignment	use	approx.area (sqm)			
	hard landscaping	2840			
	soft landscaping	450			
	naturalisation of Spadesbourne brook	115			
No of car parking spaces	blue badge spaces at Waitrose car park				

OPTION 3A - Accommodation Schedule

Element		Option 3A	
		Total Cost of Element £	Cost/m² of GIFA £
1	1 Demolitions & Alterations		
1	1 Site Clearance	46,800	18
Group element total		46,800	
2	2 Build		
2	1 Office Space	4,050,000	2,000
2	2 Café/F&B Space (Excl Fit Out)	226,800	1,400
2	3 Residential Space	1,827,000	1,750
Group element total		6,103,800	
3	3 Abnormals		
3	1 E/O Piling Foundations	58,140	95
3	2 Ground Consolidation	312,000	120
3	3 Ground Contamination	119,700	45
Group element total		489,840	
4	4 Public Realm		
4	1 Hard Landscaping	710,000	250
4	2 Soft Landscaping	11,250	25
4	3 Naturalisation of Culvert	154,100	1,340
Group element total		875,350	
BUILD COST TOTAL		£	7,515,790
7	1 Preliminaries & Site Supervision	939,474	12.5%
8	1 Contractors OH&P	751,579	10%
9	1 Construction Contingency	1,127,369	15%
9	2 Design Contingency	375,790	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		£	10,710,001

OPTION 3A Feasibility Cost Plan, Redshell Consulting

2.5 Summary and Precedents



Option 1 ‘Co-working and Community’

- GEA of the ground floor 900 sqm
- No of buildings: 1
- No of storeys: 3 to 4
- Total GIA: 2655 sqm
- potential for approx. 17 no of residential units
- Estimated Total Cost: 9.4M

Key Benefits and Risks

- most risky - doesn't allow phased development,
- large portion of the site used as public square - development potential compromised
- large public square at the culmination of the High Street,
- protected view from Gorge Street of the church lost
- located outside of the Flood Risk Zone 3 and the Conservation Area boundary

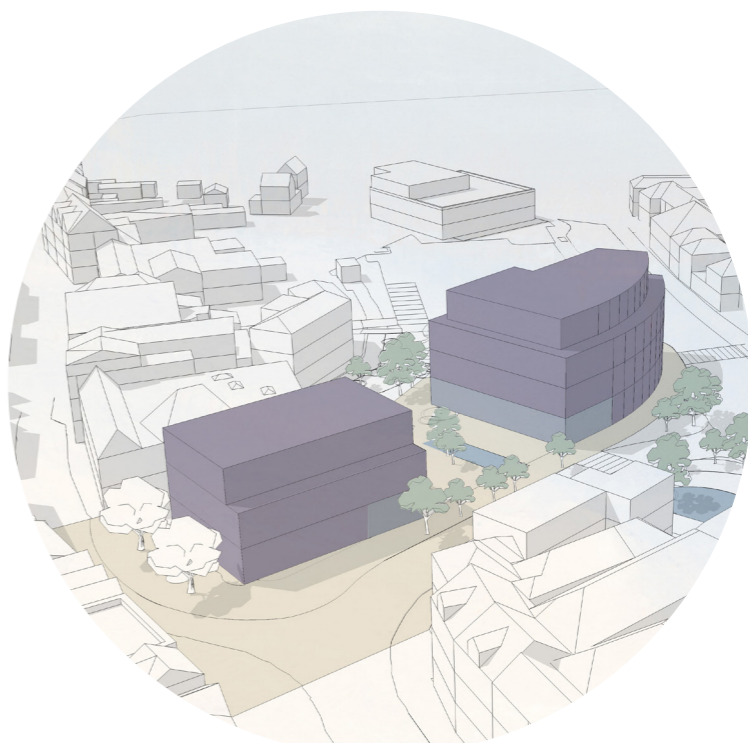


Option 2 ‘Pavilion and Central Square’

- GEA of the ground floor 600 sqm and 420 sqm
- No of buildings: 2
- No of storeys: 2 to 4
- Total GIA: 2210 sqm
- potential for approx. 13 no of residential units
- Estimated Total Cost: 8.2M

Key Benefits and Risks

- less risky - possible phased development,
- development potential compromised,
- attractive public square and naturalised brook,
- protected view from Gorge Street of the church lost,
- pavilion in Flood Risk Zone 3 and within the boundary of the Town Centre Conservation Area.

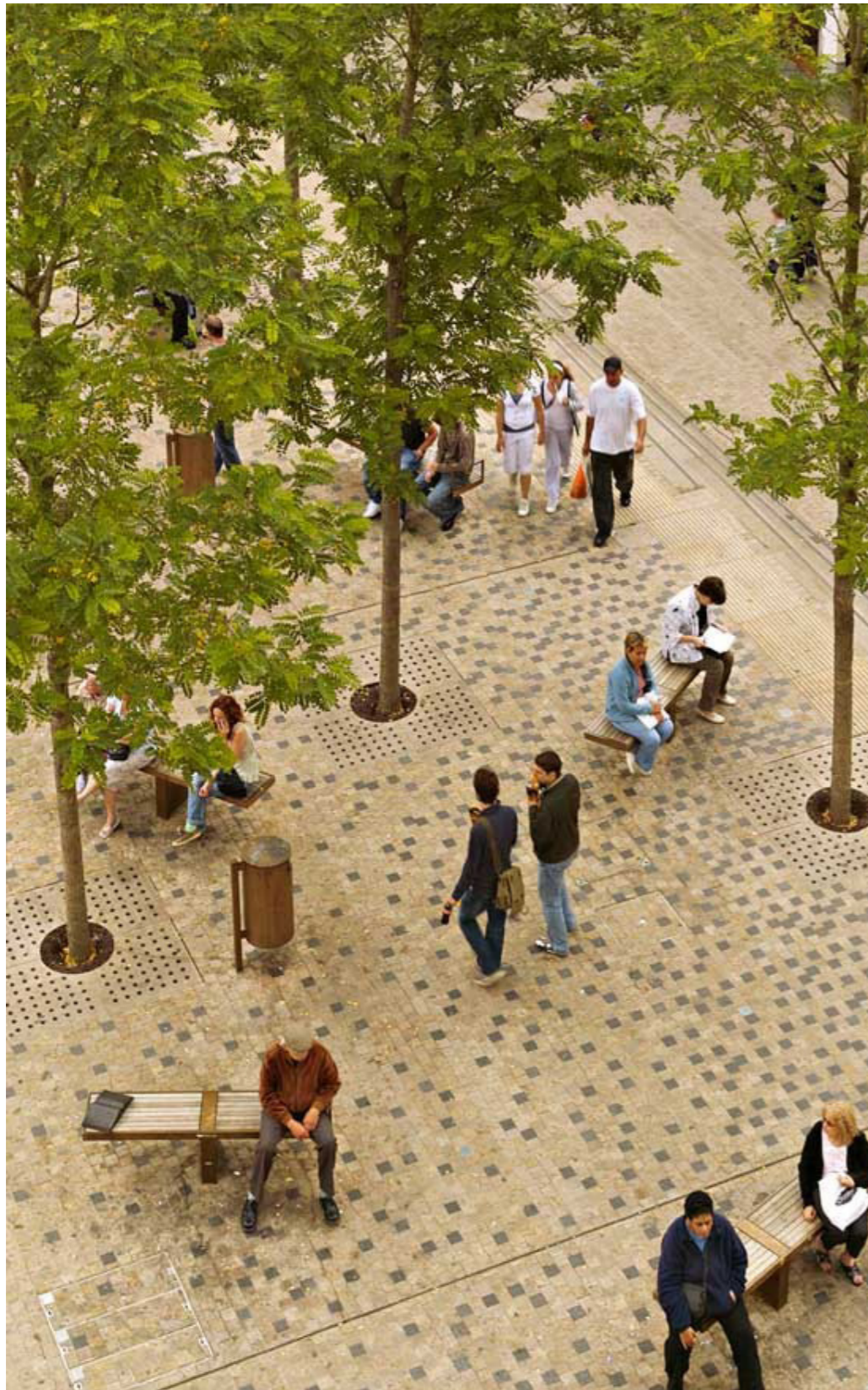


Option 3 ‘Two Volumes and Central Square’

- GEA of the ground floor; 680 sqm and 370 sqm
- No of buildings: 2
- No of storeys: 3 to 4
- Total GIA: 3177 sqm
- potential for approx. 16 no of residential units
- Estimated Total Cost: 10.9M

Key Benefits and Risks

- less risky - possibility of phased development,
- maximises development potential of the site and the returns,
- attractive public square and naturalised brook,
- protected view from Gorge Street of the church lost,
- Building B in Flood Risk Zone 3 and within the boundary of the Town Centre Conservation Area.



1.



2.



3.



1. Bonn Square  
Graeme Massie Architects  
Oxford

2. Rivington Place  
Adjaye Associates  
London, 2007

3. Brickfields  
Wetherford Watson Mann  
London, 2019



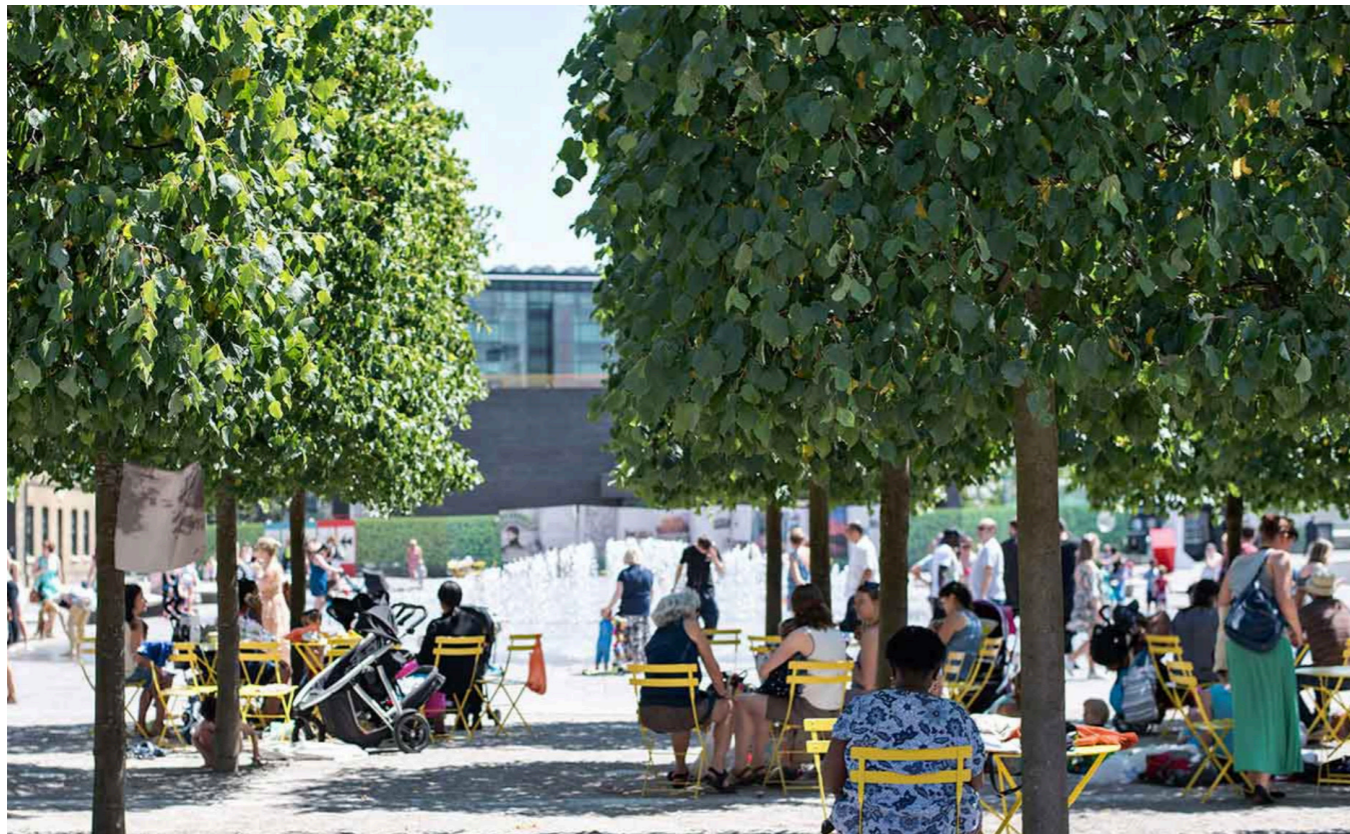
4. Leonard Circus  
Shoreditch, London

5. Colchester's  
way-finding elephants



5.





6.



7.

**6. Granary Square  
King's Cross, London**

**7. Bernard Works,  
South Tottenham,  
Morris & Company**

**8. Garden Square,  
Rushden Lake,  
Macgregor Smith**



8.





9.



9. Thames Walk Pavilion,  
Studio Weave

10. Mare Street Market,  
London,

11. New Ludgate  
Fletcher Priest Architects



10.



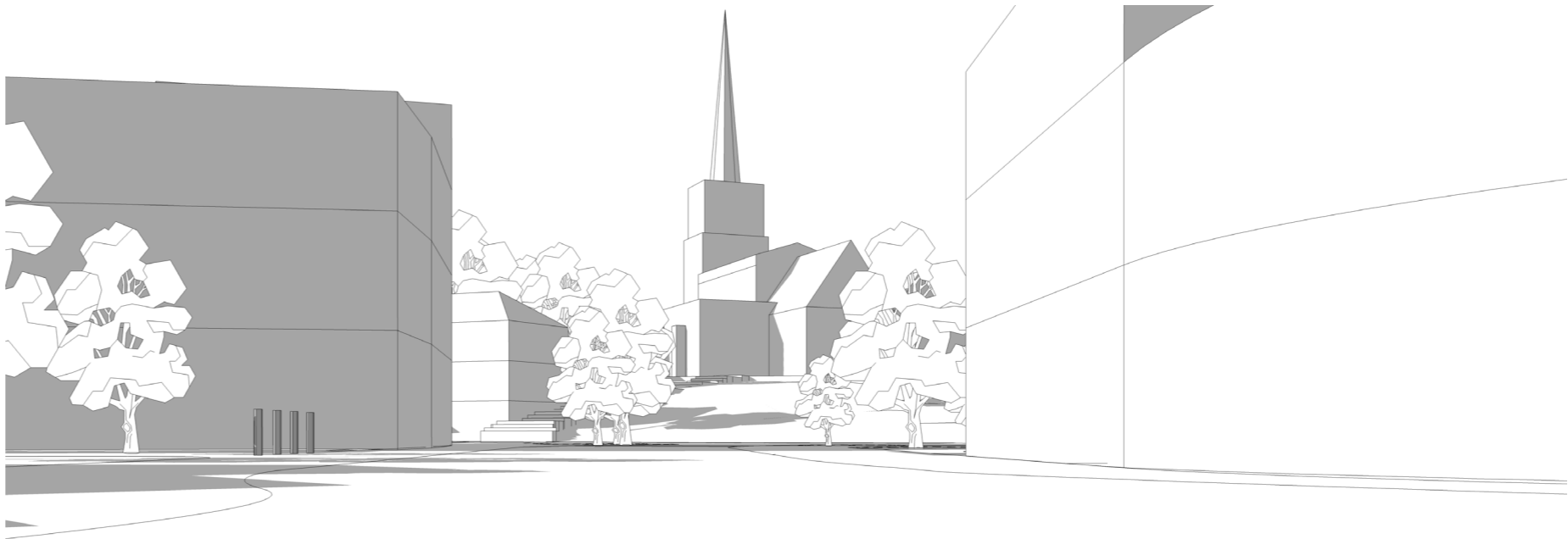
11.

**A view from the junction of Worcester Road and High Street looking across the flexible public realm towards St John Church.**

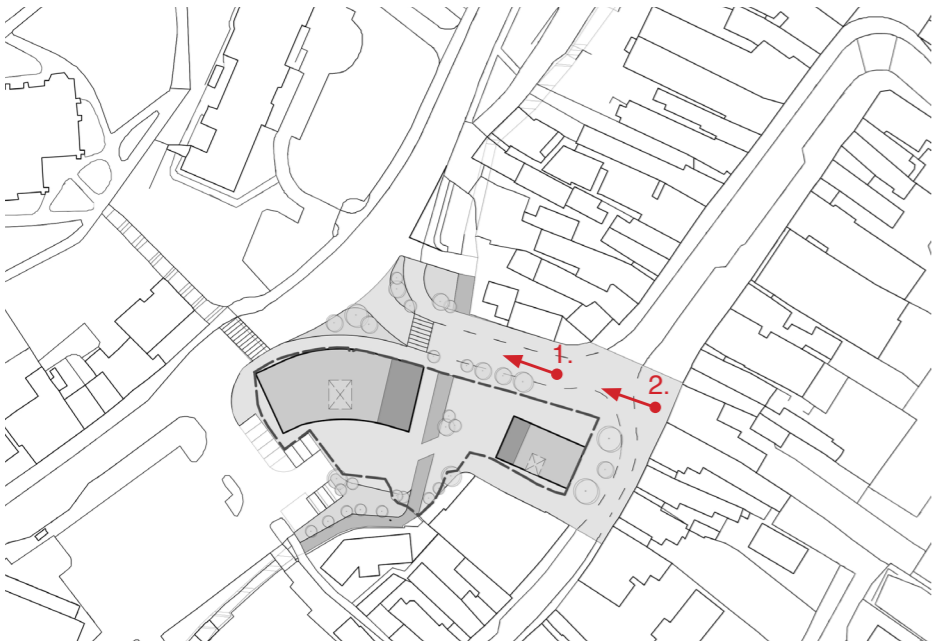


2.6 Further Massing Analysis

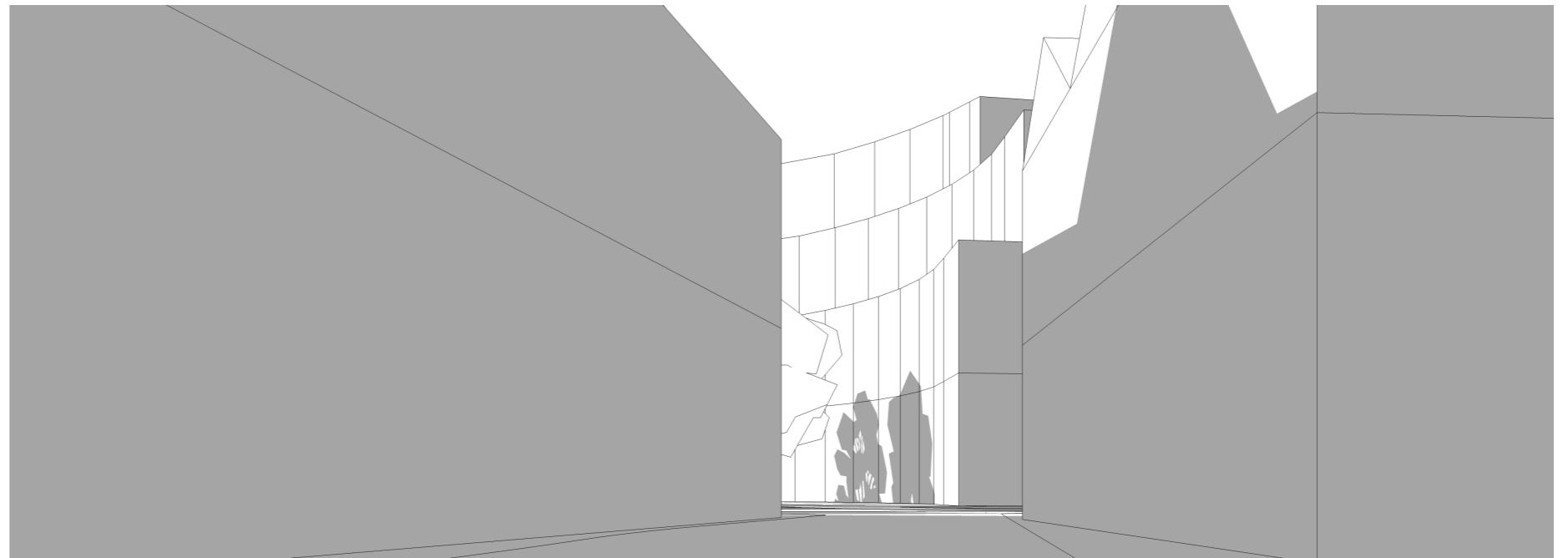
2.6.1 The following views further analyse impact of the proposed Market Hall Site development options on the Conservation Areas and the surrounding listed buildings. This study explores the impact of the proposed **Option 2; Pavilion and Central Square**'.



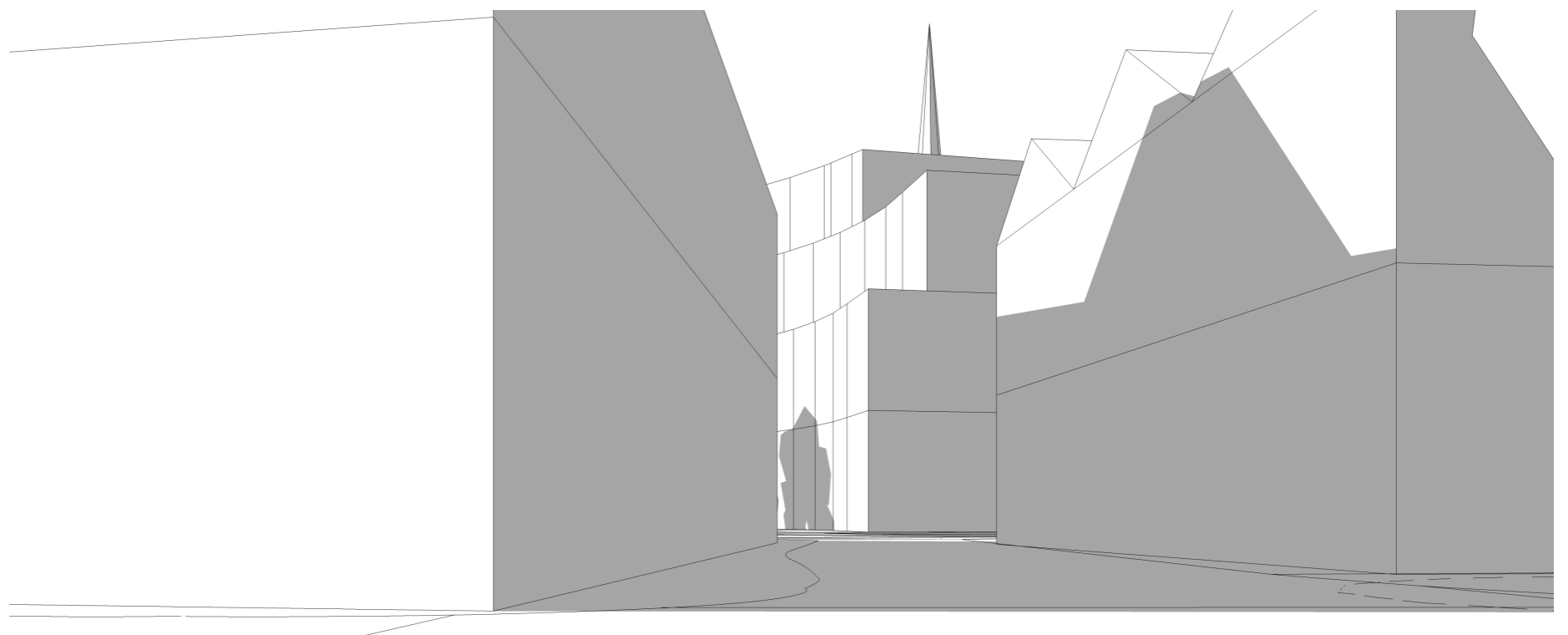
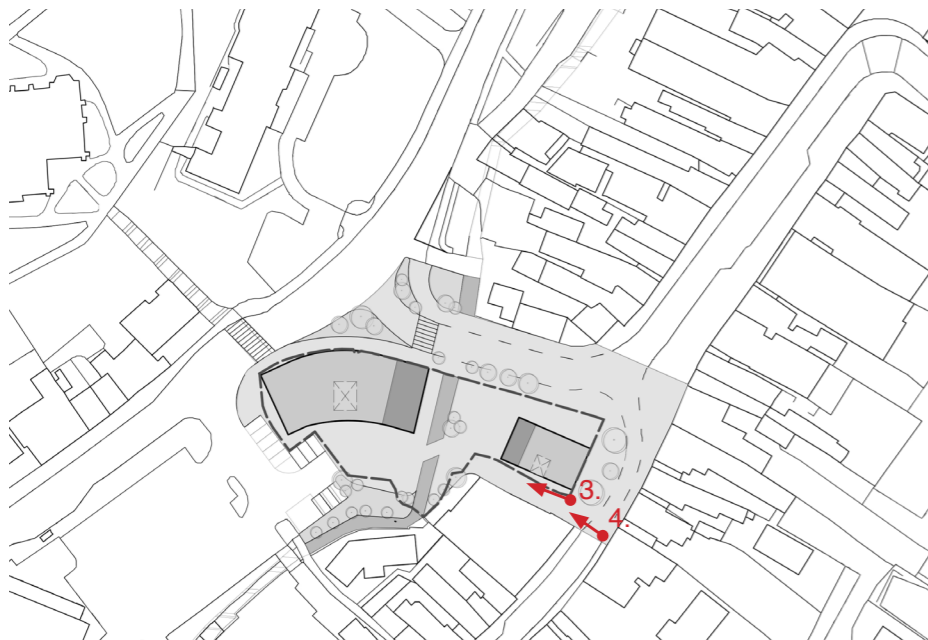
View 1\_Looking towards St John Church from the junction of St John Street and High Street



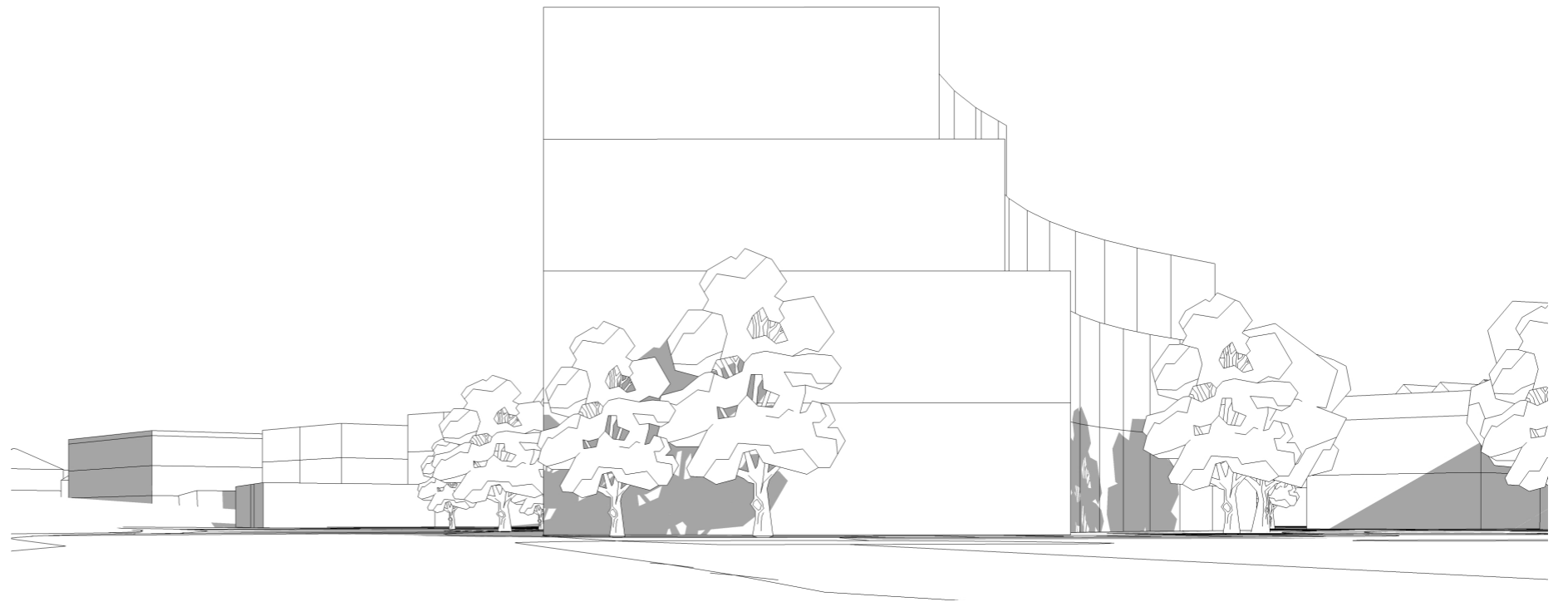
View 2\_Looking towards St John Church from the junction of St John Street and High Street



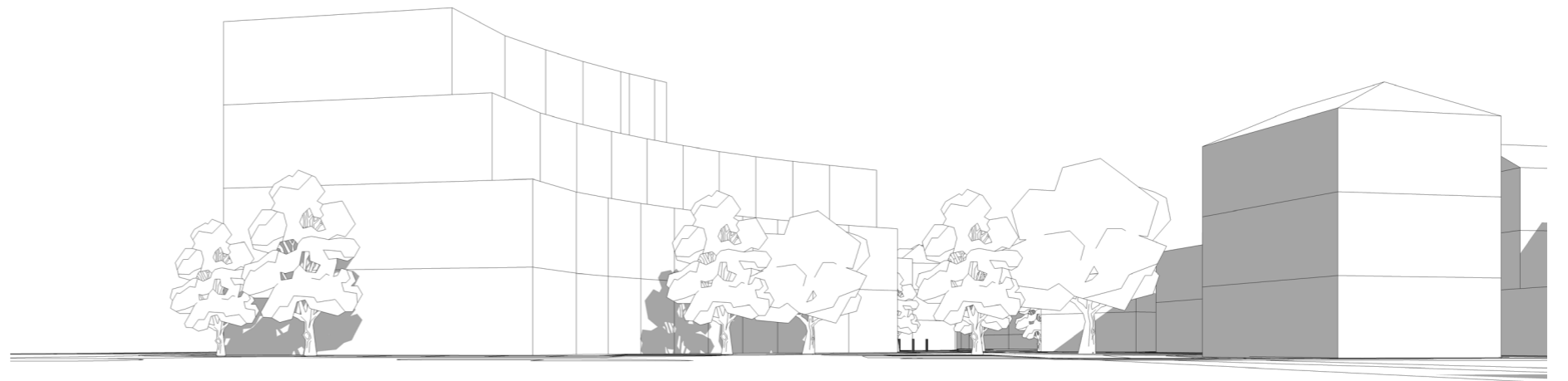
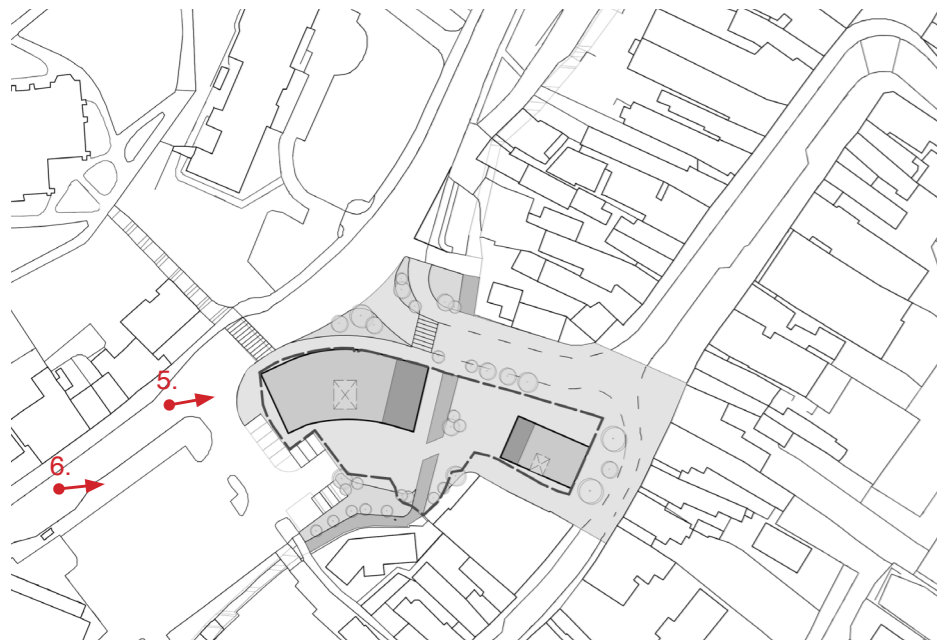
**View 3**\_Looking down George Street as seen from Worcester Rd standing close to the pavilion building



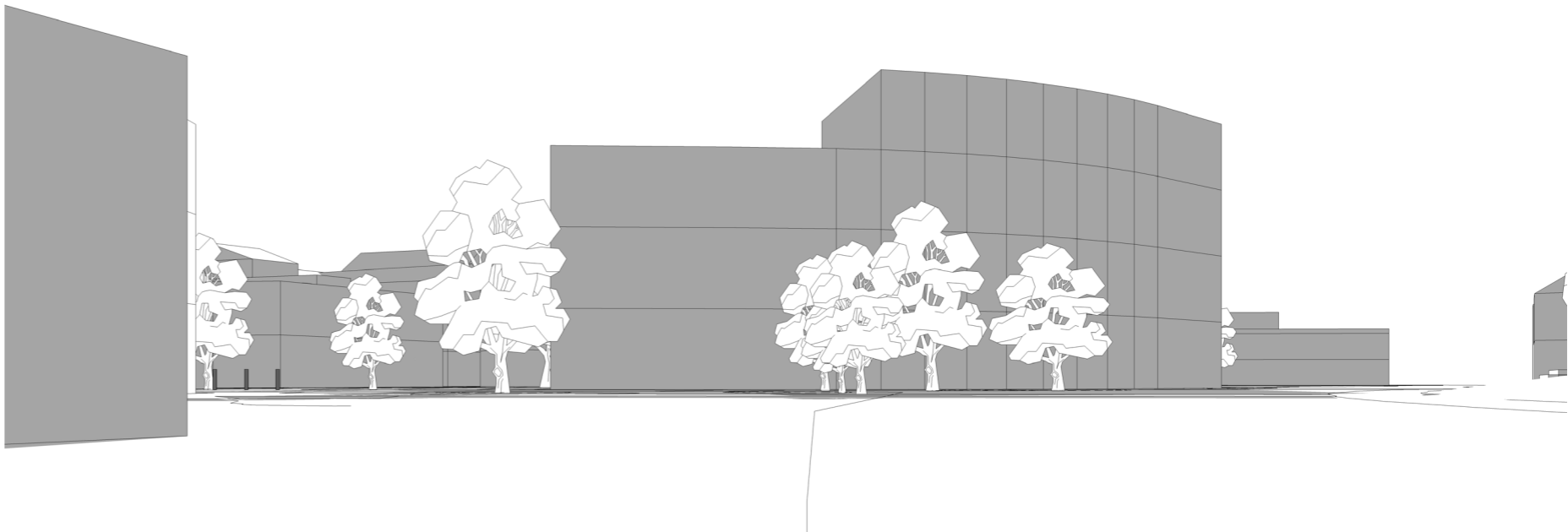
**View 4**\_Looking down George Street from Worcester Rd standing further away from the pavilion



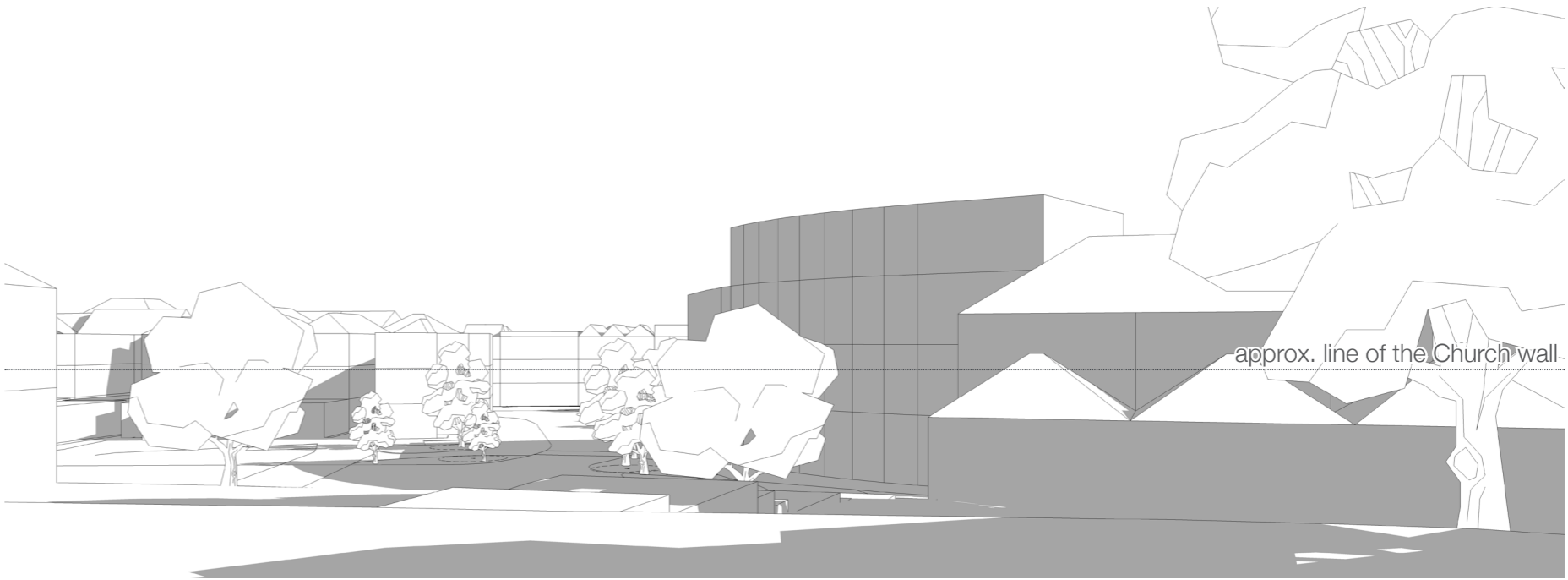
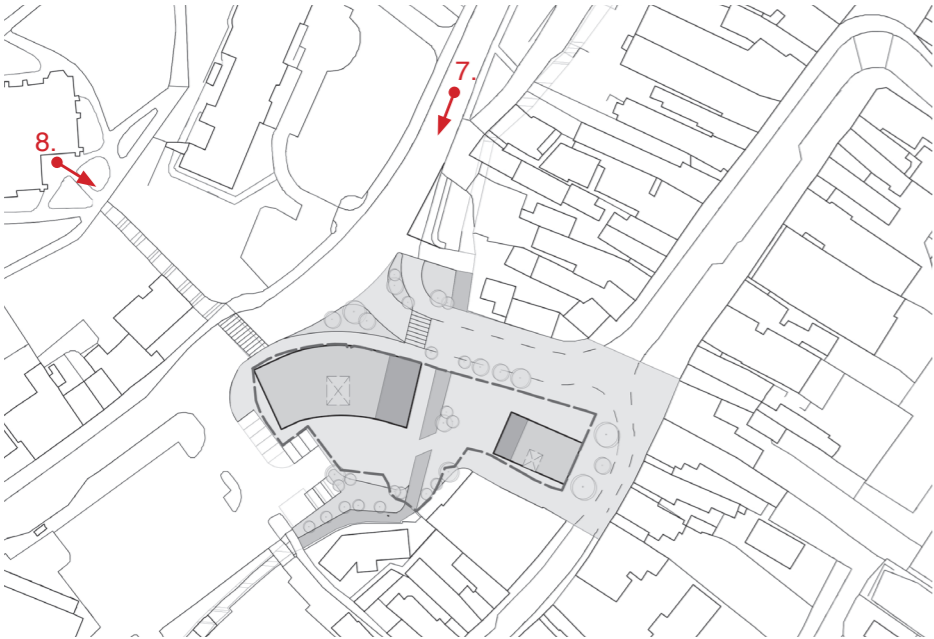
**View 5\_** from St John Street



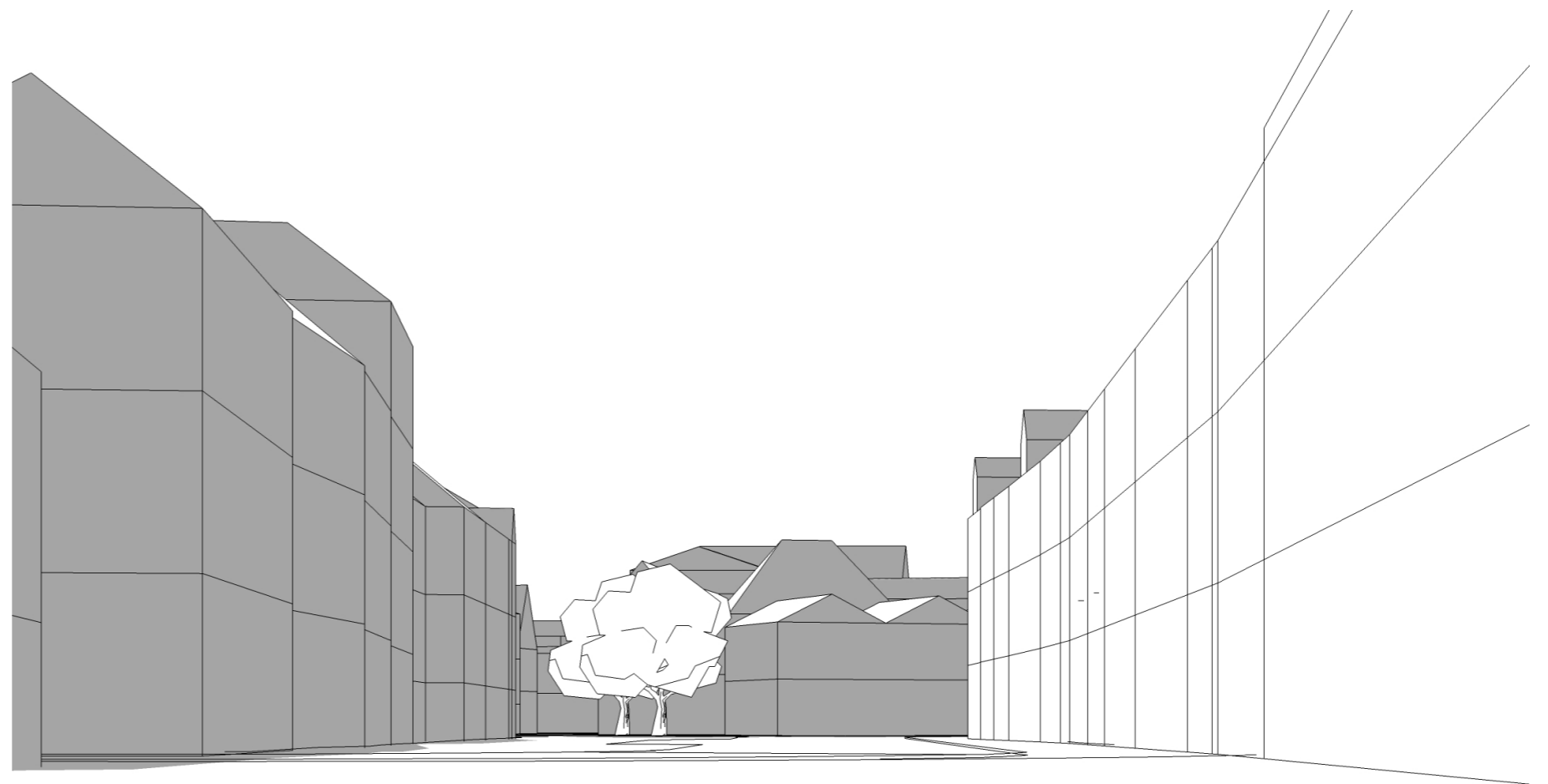
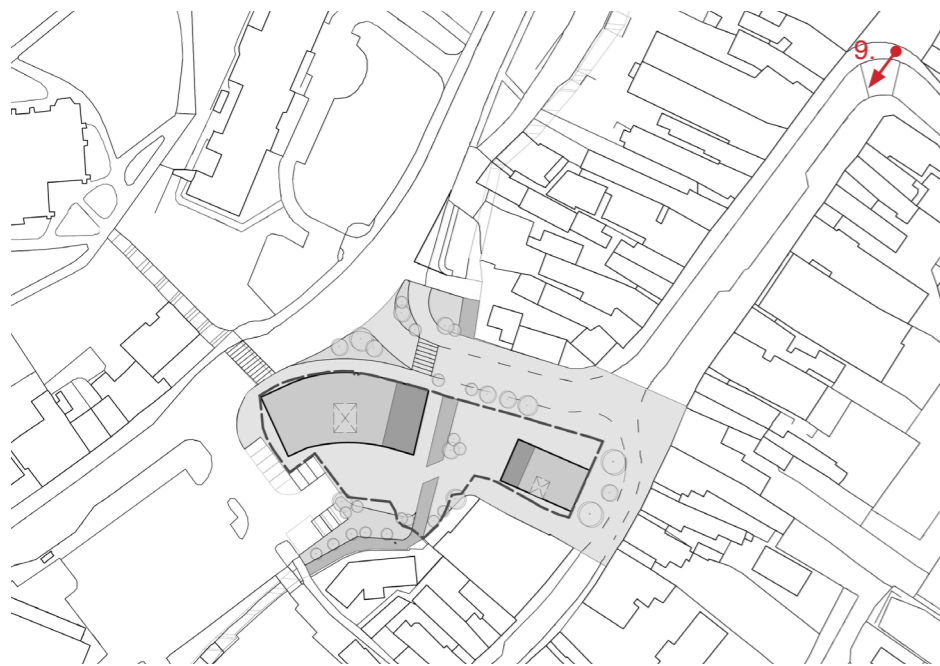
**View 6\_** from St John Street



View 7\_ from Market Street



View 8\_ from St John Church



**View 9**\_Looking down the High Street

# 3 Dolphin Centre Site

## 3.1 Development Potential

3.1.1 Dolphin Centre site has been identified as the prime location for **residential development**, with potential office, workspace and a small-scale F&B provision.

3.1.2 The Dolphin Centre Site development options propose a **high-quality, green, sustainable and pedestrian-friendly** residential neighbourhood on School Drive and improved public realm addressing the needs of the future residents and users. **There are four development options** that have been proposed for the site. They respond to the local market demand and the opportunities and constraints of the site.

3.1.3 As specified in the Analysis Report, the major opportunities and constraints of the site are:

### KEY OPPORTUNITIES

- a council-owned, major opportunity site, within the Town Centre area
- opportunity to create **clear functional links between the Town Centre and the existing uses along School Drive** i.e. the leisure centre, the Artrix, Bromsgrove North High School, NEW College, Fire and Police station,
- there is an opportunity to **better connect Dolphin Site with the Town Centre** by e.g. provision of a marker visible from the junction of The Strand and Stratford Road and improved pedestrian environment,
- potential for **larger-scale, sustainable residential development** in the Town Centre zone and active frontage along School Drive,
- potential to provide complementary uses, strengthen and diversify the Town Centre offer and complement the Market Hall development,
- potential **to enhance pedestrian links with the High Street and the Town Centre** and implement public realm improvements, enhance greenery and deliver a high-quality and sustainable public realm,
- opportunity to **bring energy to the northeast quarter** of the town and strengthen the Town Centre,
- contribution to the ongoing series of improvements proposed by the Council (**improvement of walking and cycling routes** and especially routes to the station),
- **Promotion of sustainable transport.**

### KEY CONSTRAINTS

- **Sensitive residential context**, alongside the northern side of School Drive,
- Bromsgrove Methodist **church and hall adjacent** to the site on Stratford Rd with windows overlooking the site,
- **right of way** allowing access to the neighbouring church car parks through the Dolphin Centre site,
- **poor pedestrian connection** (poor quality of public realm) of Dolphin Centre with the High-Street,
- **poor connection with the transport links**, especially Bromsgrove train station,
- **non residential context** (large leisure centre) adjacent to the site,
- site on the edge of flood risk zone 3.

3.2 OPTION 1 ‘Live-work Community’

Form and Massing

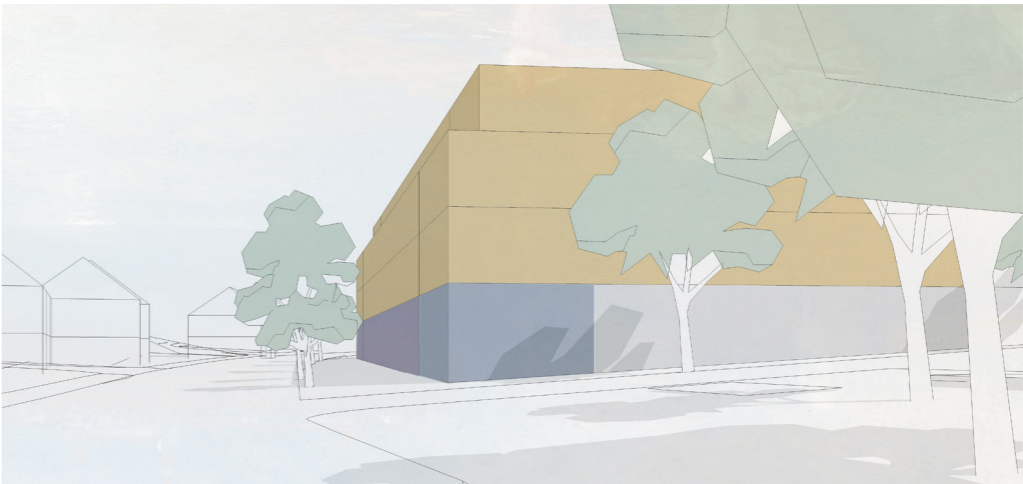
- 3.2.1 This option provides a **4 storeys residential development** with workspace and F&B ground floor uses and **two rows of townhouses**, creating two residential streets in the centre of the site.
- 3.2.2 Building A located alongside the north-east site boundary fronting School Drive provides an approximate GEA of 545 sqm on the ground floor for **flexible workspace/office and F&B uses**. The approximate total GIA is 4496 sqm and this development delivers approximately **45 1b/2p and 2b/3p & 4p PRS flats**.
- 3.2.3 A car park providing 30 car parking spaces at the rear of the block A, gives an opportunity for a **generous communal amenity ‘podium garden’** above.
- 3.2.4 This option provides **13 ‘flexible layout houses’ and 12 townhouses** with private gardens at the rear of the site. There are 4 and 3 storeys high respectively. The approximate total GIA of ‘flexible layout houses’ is 1842 sqm and 1458 sqm of the townhouses.
- 3.2.5 The proposed flexible layout units respond to changing trends in workspace environment caused by changing lifestyle trends and the Covid-19 crisis.** It is envisaged for the ground floor spaces to provide flexibility of internal layouts for various uses.
- 3.2.6 The total number of **car parking spaces on site is 72**. The widened pavement along School Drive provides an opportunity for additional on-street parking for short stay and delivery.
- 3.2.7 This mixed-use development is set back from the edge of School Drive to **create a generous public realm and attractive continuous active frontage**. A set back on the top floor mitigates scale and massing of the development.
- 3.2.8 The south-west corner of the building is visible from the approach and provides **an opportunity for a café / F&B unit** activating the public space in front.
- 3.2.9 The Ground floor units give an opportunity to provide workspace or other uses **supporting the Town Centre** and bringing more energy to the northeast quarter of the town.

Public Realm

- 3.2.10 The widened pavement and active frontage along School Drive creates an opportunity for an attractive public realm** bringing energy into the area and connecting commercial offer of the High Street with the public uses on School Drive; leisure centre, arts centre and the college.



OPTION 1 ‘Live-work Community’ - aerial view



OPTION 1 - view along School Drive looking north



3.2.11 A generous communal podium garden provides an attractive amenity space with a playground and enhances greenery. The residential streets with soft landscaping, new trees, playgrounds and shared surfaces, create a **pedestrian-friendly, green and quiet residential context**.

3.2.12 The enhanced public realm in the south-west gives an opportunity to create a small, public square linked with the pocket of greenery on the corner of Stratford Road and School Drive **and providing an attractive entrance to the site**.

**BENEFITS**

- a **high-quality residential development responding to the housing need of the District**; providing approximately **45 PRS flats**, **13 flexible layout houses**, **12 townhouses** and **72 car parking spaces**,
- a sustainable residential neighbourhood in the Town Centre with a generous **communal garden, playgrounds** and soft landscaping along the new residential streets created by the two rows of townhouses,
- **provides flexible units for work or live,**
- **provides a mix of flats and houses to help viability** by giving flexibility to the Council to e.g. retain the flats for PRS and sell the townhouses,
- **allows phased development,**
- **continuing active frontage** and attractive public realm along School Drive extends the offer of the Town Centre and supports the leisure centre and the Artrix by **bringing more energy into the area,**
- provides access to the car-parking spaces on the neighbouring church site and respects the sensitive context,
- **shared surface** unifies pedestrian environment promotes pedestrian priority,
- **gives a clearer identity** to School Drive and the surrounding area,
- creation of a **permeable environment** and promotion of walking and cycling routes (a large number bicycle racks on site).

**ISSUES**

- the footprint of the development is larger than the neighbouring buildings,
- **demand for workspace /office provision** on the ‘off-pitch’ location not tested,
- **poor connection with transport links**, especially Bromsgrove train station,
- the additional cost of extended public realm improvements,
- smaller provision of car parking spaces than required by the guidelines.

Dolphin Centre Site - Concept Design OPTION 1 / Ground Floor Plan

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OPTION 1 'Live-work Community'

**Key:**

- office / workspace
- cafe / F&B
- residential

OPTION 1 live-work community					
Building A (block of flats / 2 cores)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	office/workspace	475	428	
		café	130	117	
		car park	695	625.5	
		other (circulation,utility)	315	284	
	1st Floor	residential	1170	1053	15
	2nd Floor	residential	1170	1053	15
	3rd Floor	residential	1040	936	15
TOTAL			4995	4496	45
Building B (flexible layout houses)	Ground Floor	office/workspace	585	527	
	1st Floor	residential	585	527	
	2nd Floor	residential	585	527	
	3rd Floor	residential	292	263	
	TOTAL		2047	1842	
Building C (townhouses)	Ground Floor	residential	540	486	
	1st Floor	residential	540	486	
	2nd Floor	residential	540	486	
	TOTAL		1620	1458	
Public realm and amenity	use	approx.area (sqm)			
	hard landscaping	3340			
	soft landscaping inc private gardens	1665			
	communal garden (above car park)	440			
No of car parking spaces			72		

OPTION 1 Accommodation Schedule

Element		Option 1	
		Total Cost of Element	Cost/m² of GIFA
		£	£
1	1	Demolitions & Alterations	
1	1	Site Clearance	18
Group element total		118,800	
2	2	Build	
2	1	Office Space	2,000
2	2	Café/F&B Space (Excl Fit Out)	1,400
2	3	Car Park	1,400
2	4	Other, Circulation/Utility Space	1,500
2	5	Residential	1,750
2	6	Community/Leisure	2,000
Group element total		13,555,250	
3	3	Abnormals	
3	1	E/O Piling Foundations	Excl
3	2	Localised Ground Contaimation Remediation	45
Group element total		148,500	
4	4	Public Realm	
4	1	Hard Landscaping	250
4	2	Soft Landscaping	25
4	3	Communal Garden	670
4	4	Private Gardens	35
Group element total		1,171,425	
BUILD COST TOTAL		14,993,975	
7	1	Preliminaries & Site Supervision	12.5%
8	1	Contractors OH&P	10%
9	1	Construction Contingency	15%
9	2	Design Contingency	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		21,366,414	

OPTION 1 Feasibility Cost Plan, Redshell Consulting

3.3 OPTION 2 ‘ Office - Residential balance’

Form and Massing

3.3.1 This option gives a **4 storeys office / workspace building** with F&B ground floor uses situated along School Drive and a **4 storeys residential block providing approx. 64 PRS units at the rear of the site.**

3.3.2 The approximate total GIA of **building A is 4253 sqm**, and **4613 sqm of the building B.**

3.3.3 The total number of **car parking spaces on site is 66**. The widened pavement on School Drive provides an opportunity for additional on-street parking for short stay and delivery.

3.3.4 The office building is **set back from the edge of School Drive** to create a generous public realm and attractive continuous active frontage. A set back on the top floor **mitigates scale and massing** of the development.

3.3.5 The south-west corner of the building is visible from the approach and provides an opportunity for a café / F&B unit activating the public space in front.

3.3.6 Ground floor uses and office uses above are to support the Town Centre offer and **bring energy to the northeast quarter of the town.**

3.3.7 The residential block B provides **64 1b/2p and 2b/3p and 4p flats**, with a generous **communal garden at the rear**. A set back on the top floor mitigates scale and massing of the development and give potential for an attractive amenity space on the top level.

Public Realm

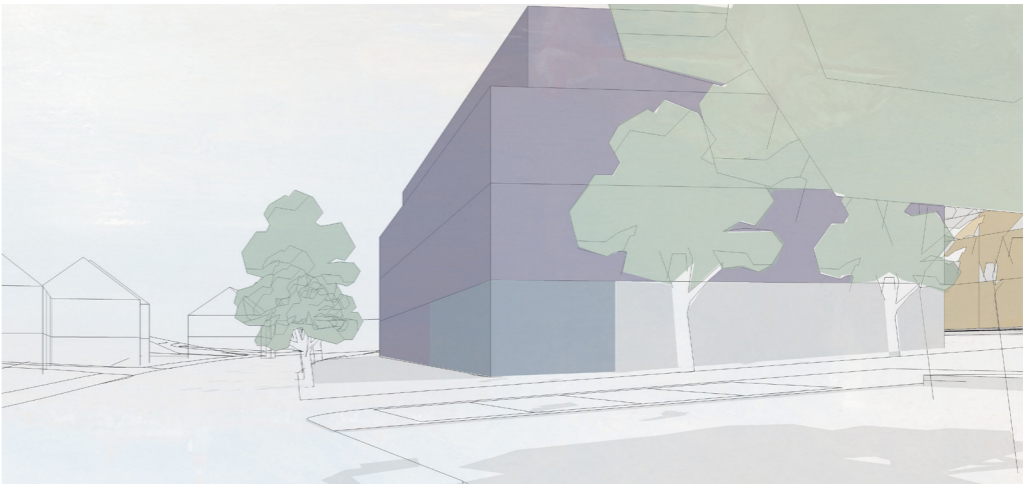
3.3.8 **The widened pavement and active frontage along School Drive creates an opportunity for an attractive public realm** bringing energy into the area and connecting commercial offer of the High Street with the public uses on School Drive; leisure centre, arts centre and the college.

3.3.9 A generous space between the two buildings separates office / workspace environment from the residential context. It provides car-parking spaces, and a amenity garden with playground.

3.3.10 **Enhanced public realm on the south-west corner of the site** gives an opportunity to create a small, public square linked with the pocket of greenery on the corner of Stratford Road and School Drive and providing an attractive entrance to the site.



OPTION 2 ‘Live-work Community’ - aerial view



OPTION 2 - view along School Drive looking north

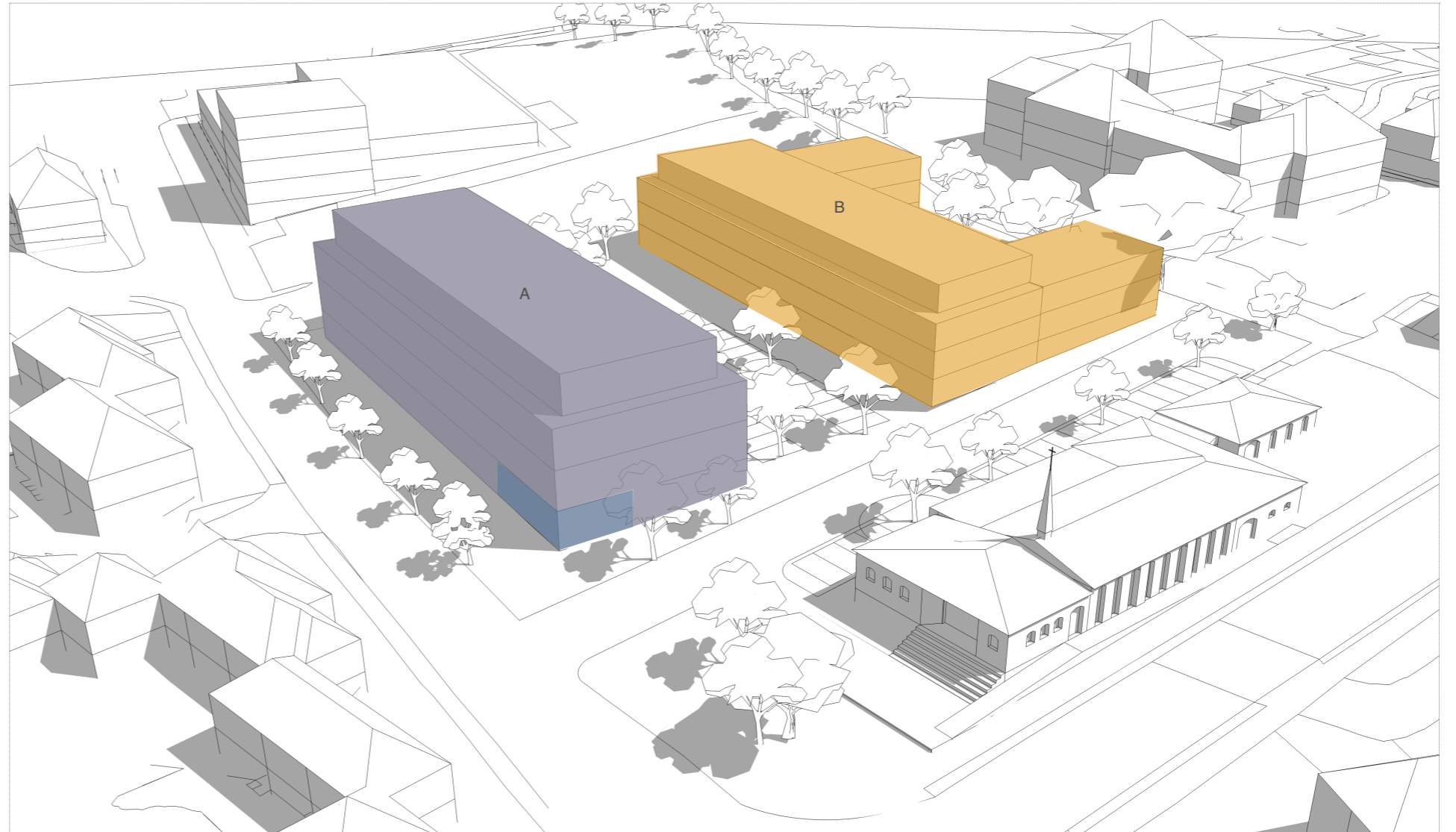


### BENEFITS

- a mixed use option **providing a 4 storeys office / workspace** building with F&B uses on the ground floor and a 4 storeys residential **development delivering 66 PRS units**,
- addresses needs for **office and residential accommodation** in Bromsgrove and the District,
- **creates a high quality and sustainable mixed-use neighbourhood** in the Town Centre with a generous community garden, playground and high-quality public realm,
- **allows phased development**,
- continuing **active frontage and attractive public realm** along School Drive extends the offer of the Town Centre and supports the leisure centre and the Artrix by bringing more energy into the area,
- provides access to the car-parking spaces on the church site and respects the sensitive context,
- shared surface unifies pedestrian environment promotes sustainability and pedestrian priority,
- creates a **clearer identity to School Drive and the surrounding area**,
- creates a permeable environment and enhances walking and cycling routes in the area, assumes a high provision of bicycle racks and shelters.

### ISSUES

- the footprint of the development is **larger** than the neighbouring buildings,
- **demand for workspace / office provision on the 'off-pitch' location is not tested**,
- **more risky as it doesn't provide a mix of flats and houses and gives less flexibility to the Council to allocate some of the units for private sell**,
- **poor connection** with transport links, especially Bromsgrove train station,
- the additional cost of public realm improvements,
- a compromised quality of public realm – a large number of car-parking spaces on site,
- smaller provision of car parking spaces than required by the guidelines,
- **less greenery and soft landscaping than in Option 1**,



OPTION 2 'Live-work Community'

**Key:**

- office / workspace
- cafe / F&B
- residential

OPTION 2 residential-office balance					
Building A (office/workspace / 2 cores)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	office/workspace	800	720	
		café/commercial	460	414	
	1st Floor	office/workspace	1260	1134	
	2nd Floor	office/workspace	1260	1134	
	3rd Floor	office/workspace	945	851	
TOTAL			4725	4253	
Building B (block of flats / 2 cores)	Ground Floor	residential	1380	1242	16
	1st Floor	residential	1380	1242	18
	2nd Floor	residential	1380	1242	18
	3rd Floor	residential	985	887	12
TOTAL			5125	4613	64
Public realm and amenity	use	approx.area (sqm)			
	hard landscaping	3200			
	soft landscaping	1800			
No of car parking spaces	66				

OPTION 2 Accommodation Schedule

Element		Option 2	
		Total Cost of Element	Cost/m² of GIFA
		£	£
1	1 Demolitions & Alterations		
1	1 Site Clearance	76,554	18
Group element total		76,554	
2	2 Build		
2	1 Office Space	7,678,000	2,000
2	2 Café/F&B Space (Excl Fit Out)	579,600	1,400
2	3 Car Park	-	1,400
2	4 Other, Circulation/Utility Space	-	1,500
2	5 Residential	2,176,871	1,750
2	6 Community/Leisure	-	2,000
Group element total		10,434,471	
3	3 Abnormals		
3	1 E/O Piling Foundations	-	Excl
3	2 Localised Ground Contaimation Remediation	148,500	45
Group element total		148,500	
4	4 Public Realm		
4	1 Hard Landscaping	800,000	250
4	2 Soft Landscaping	45,000	25
4	3 Communal Garden	-	670
4	4 Private Gardens	-	35
Group element total		845,000	
BUILD COST TOTAL		11,504,525	
7	1 Preliminaries & Site Supervision	1,438,066	12.5%
8	1 Contractors OH&P	1,150,453	10%
9	1 Construction Contingency	1,725,679	15%
9	2 Design Contingency	575,226	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		16,393,948	

OPTION 2 Feasibility Cost Plan, Redshell Consulting

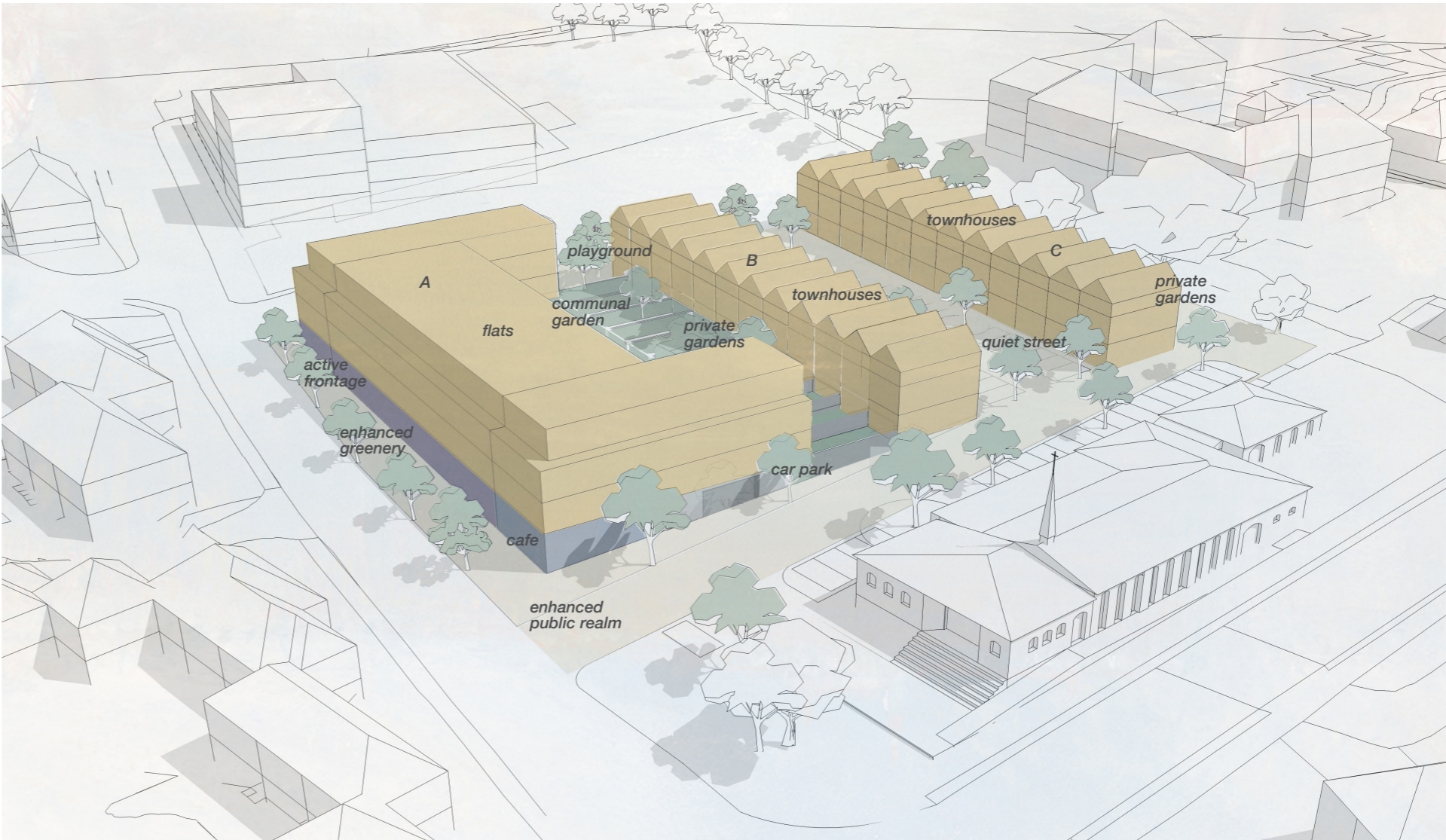
3.4 OPTION 3 ‘ Residential’

Form and Massing

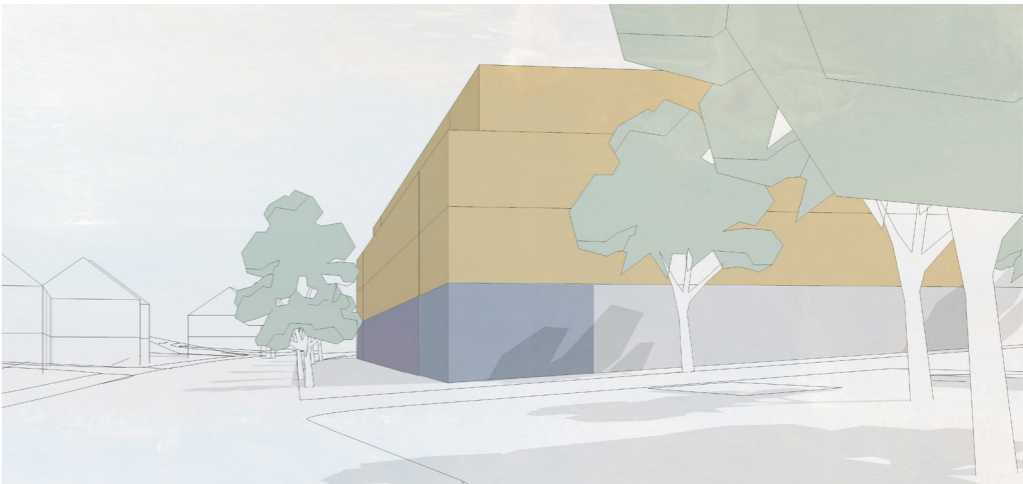
- 3.4.1 This option provides **a 4 storeys residential development** with workspace and F&B uses on the ground floor, and **two rows of townhouses** with a generous residential street in the centre of the site.
- 3.4.2 Building A fronting School Drive, provides an approximate GEA of 865 sqm on the ground floor for flexible workspace/office and F&B uses. The approximate total GIA is 5396 sqm and this development delivers approximately **52 no. of 1b/2p and 2b/3p & 4p PRS flats**.
- 3.4.3 A podium car park providing 30 car parking spaces at the rear, gives an opportunity for a generous **communal amenity garden above**.
- 3.4.4 This option also delivers **24 townhouses with private gardens**. One row of the townhouses backs onto the communal podium garden while the second row runs along the south-east boundary of the site creating a generous area in the middle for a playground, communal garden and car parking provision.
- 3.4.5 **The total number of car parking spaces on site is 76** - one space per residential unit. The widened pavement along School Drive provides an opportunity for additional on-street parking for short stay and delivery.
- 3.4.6 The mixed-use development provides residential units and spaces for community, workplace and F&B uses on the ground floor. It is set back from the edge of School Drive to create a generous public realm and attractive continuous active frontage. **A set back on the top floor mitigates scale and massing** of the development.
- 3.4.7 The south-west corner of the building is visible from the approach and provides an opportunity for a café / F&B unit activating the public space in front.
- 3.4.8 Ground floor uses are envisaged to support the Town Centre offer and bring energy to the northeast quarter of the town.

Public Realm

- 3.4.9 **The widened pavement and active frontage** along School Drive creates an opportunity for an attractive public realm bringing energy into the area and connecting commercial offer of the High Street with the public uses on School Drive; leisure centre, arts centre and the college.
- 3.4.10 **A generous communal ‘podium’ garden** provides an attractive amenity space with a playground and enhances greenery on the site promoting sustainable development.



OPTION 3 ‘Residential’ - aerial view



OPTION 3 - view along School Drive looking north



Market Hall Site - Concept Design OPTION 3 / Ground Floor Plan

1:500@A3

3.4.11 A large area of public realm in the middle of the site provides opportunity for a **playground and a communal garden**.

3.4.12 Enhanced public realm on the south-west corner of the site gives an opportunity to **create a small, public square linked with the pocket of greenery on the corner of Stratford Road and School Drive** and providing an attractive entrance to the site.

#### BENEFITS

- a high-quality **residential development addressing housing needs of the Town and the District** and providing approximately **52 PRS flats and 24 townhouses and 76 car parking spaces**,
- a new neighbourhood in the Town Centre with a generous communal podium garden, playgrounds and green spaces on the new residential street in the centre of the site,
- **provides potential for community, leisure, employment and F&B units** fronting School Drive,
- **provides a mix of flats and houses to help viability** by giving flexibility to the Council to e.g retain the flats for PRS and sell the townhouses,
- allows phased development ,
- **continuing active frontage and attractive public realm** along School Drive extends the offer of the Town Centre and supports the leisure centre and the Artrix by bringing more energy into the area,
- **provides access to the car-parking** spaces on the church site and it respects the sensitive context,
- **shared surface unifies pedestrian environment promotes sustainability and pedestrian priority**,
- creates a clearer identity to School Drive and the surrounding area,
- creation of a permeable environment and promotion of walking and cycling routes (a large number bicycle racks on site)

#### ISSUES

- the footprint of the development is larger than the neighbouring buildings,
- **poor connection with the transport links**, especially Bromsgrove train station,
- the **additional cost of public realm** improvements,
- smaller provision of car parking spaces than required by the guidelines.



Market Hall Site - Concept Design OPTION 3 / Typical Upper Floor Plan

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OPTION 3 'Residential'

**Key:**

- office / workspace
- cafe / F&B
- residential

OPTION 3 residential					
Building A (block of flats / 2 cores)	level	use	approx. GEA (sqm)	approx. GIA (sqm)	units
	Ground Floor	community/leisure	475	428	
		café	130	117	
		car park	695	626	
		other (circulation,utility)	315	284	
	1st Floor	residential	1170	1053	15
	2nd Floor	residential	1170	1053	15
	3rd Floor	residential	1040	936	15
TOTAL			4995	4496	45
Building B (town houses)	Ground Floor	residential	585	527	
	1st Floor	residential	585	527	
	2nd Floor	residential	585	527	
TOTAL			1755	1580	13
Building C (town houses)	Ground Floor	residential	540	486	
	1st Floor	residential	540	486	
	2nd Floor	residential	540	486	
TOTAL			1620	1458	12
Public realm and amenity	use	approx.area (sqm)			
	hard landscaping	2330			
	soft landscaping incl. private gardens	2575			
	communal garden (above car park)	440			
No of car parking spaces	75				

OPTION 3 Accommodation Schedule

Element		Option 3	
		Total Cost of Element	Cost/m² of GIFA
		£	£
1	1 Demolitions & Alterations		
1	1 Site Clearance	109,404	18
Group element total		109,404	
2	2 Build		
2	1 Office Space	-	2,000
2	2 Café/F&B Space (Excl Fit Out)	163,800	1,400
2	3 Car Park	876,400	1,400
2	4 Other, Circulation/Utility Space	426,000	1,500
2	5 Residential	10,641,750	1,750
2	6 Community/Leisure	856,000	2,000
Group element total		12,963,950	
3	3 Abnormals		
3	1 E/O Piling Foundations	-	Excl
3	2 Localised Ground Contaimation Remediation	148,500	45
Group element total		148,500	
4	4 Public Realm		
4	1 Hard Landscaping	582,500	250
4	2 Soft Landscaping	64,375	25
4	3 Communal Garden	294,800	670
4	4 Private Gardens	-	35
Group element total		941,675	
BUILD COST TOTAL		14,163,529	
7	1 Preliminaries & Site Supervision	1,770,441	12.5%
8	1 Contractors OH&P	1,416,353	10%
9	1 Construction Contingency	2,124,529	15%
9	2 Design Contingency	708,176	5%
TOTAL PROJECT COST 1Q21 (Excl VAT)		20,183,029	

OPTION 3 Feasibility Cost Plan, Redshell Consulting

3.5 OPTION 4 ‘Townhouses’

Form and Massing

- 3.5.1 This development option provides **39 townhouses in four 3-storey rows** carefully arranged to create a green and private neighbourhood with a generous residential street in the centre of the site and generous private gardens.
- 3.5.2 A row of 14 townhouses facing School Drive is set back from the site boundary to assure more privacy and create a generous and attractive public realm along the full width of the site.
- 3.5.3 There are 41 residents car parking spaces and three blue badge spaces on the site. The widened pavement along School Drive provides an opportunity for additional on-street parking for short stay and delivery.
- 3.5.4 Enhanced greenery on School Drive, generous private gardens, quiet residential street at the rear of the site, playgrounds and pedestrian priority give a strong basis for creation of a sustainable and attractive new neighbourhood just minutes away from the High Street.
- 3.5.5 Scale and massing of the development relate to Housman Court on the opposite site of School Drive and is respectful towards the residential context.
- 3.5.6 The proposed townhouses maintain 19 to 24 meters distances from the existing residential buildings.

Public Realm

- 3.5.7 **The widened pavement and active frontage** along School Drive creates an opportunity for an attractive public realm could connect the High Street with public uses on School Drive; leisure centre, arts centre and the college.
- 3.5.8 **There is an opportunity** to further activate the new public realm to make it better visible when approached from Stratford Road with high quality street lighting and benches.
- 3.5.9 A large area of public realm in the middle of the site provides opportunity for a **playground and a communal garden**.
- 3.5.10 Enhanced public realm on the south-west corner of the site gives an opportunity to **create a small, public square linked with the pocket of greenery on the corner of Stratford Road and School Drive** and providing an attractive entrance to the site.



OPTION 4 ‘Townhouses’ - aerial view



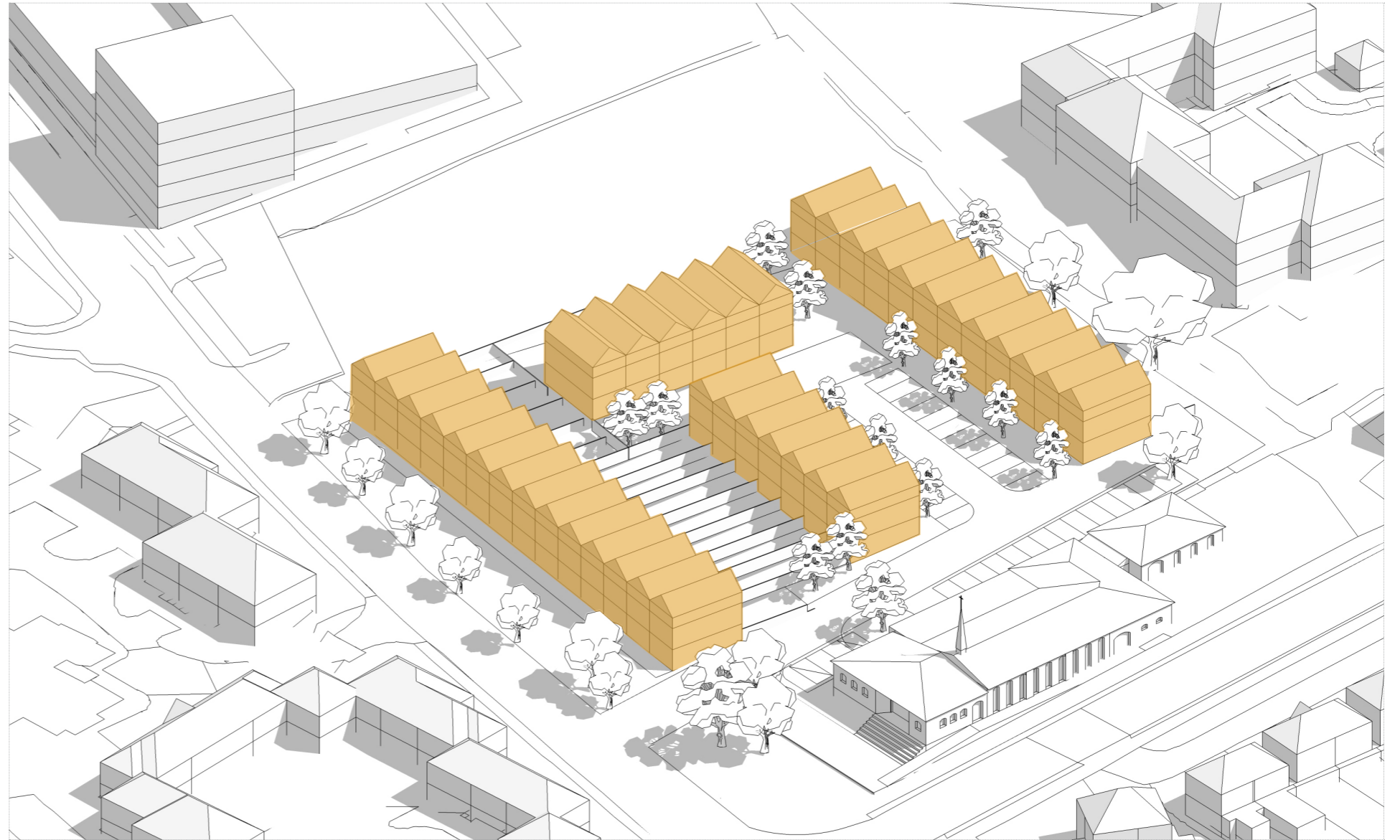
**BENEFITS**

- a high-quality 100% residential development addressing housing needs of the Town and the District and providing 39 townhouses and 44 car parking spaces.
- a new neighbourhood in the Town Centre with generous private gardens, playgrounds and green spaces on the new residential street in the centre of the site,
- allows phased development ,
- provides access to the car-parking spaces on the church site and it respects the sensitive context,
- pedestrian priority environment promotes sustainability and pedestrian priority,
- creates a clearer identity to School Drive and the surrounding area,
- creation of a permeable environment and promotion of walking and cycling routes (a large number bicycle racks on site)

**ISSUES**

- this option provides only one type of accommodation - townhouses (approx. GIA of 120sqm)
- poor connection with transport links, especially Bromsgrove train station,
- additional cost of public realm improvements,
- smaller provision of car parking spaces than required by the guidelines.

Dolphin Centre Site - Concept Design OPTION 4 / Ground Floor Plan



OPTION 4 'Townhouses'

**Key:**

residential

OPTION 4 - townhouses					
Townhouses (no. 39)	level	use	units	approx. GEA (sqm)	approx. GIA (sqm)
	Ground Floor	residential	39	1755	1580
	1st Floor	residential		1755	1580
	2nd Floor	residential		1755	1580
TOTAL				5265	4739
Public realm and amenity	use	approx.area (sqm)			
	hard landscaping incl. access road	2405			
	soft landscaping incl gardens	3480			
No of car parking spaces	41 + 3 accessible car parking spaces				

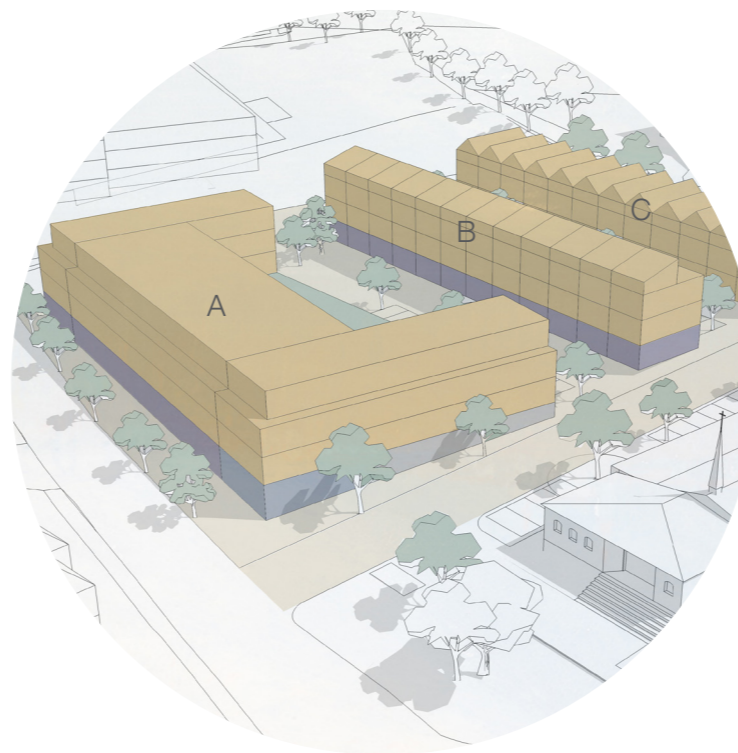
OPTION 4 Accommodation Schedule

Element		Option 4	
		Total Cost of Element	Cost/m² of GIFA
		£	£
1	1 Demolitions & Alterations		
1	1 Site Clearance	191,250	18
	Group element total	191,250	
2	2 Build		
2	1 Office Space	-	2,000
2	2 Café/F&B Space (Excl Fit Out)	-	1,400
2	3 Car Park	-	1,400
2	4 Other, Circulation/Utility Space	-	1,500
2	5 Residential	8,295,000	1,750
2	6 Community/Leisure	-	2,000
	Group element total	8,295,000	
3	3 Abnormals		
3	1 E/O Piling Foundations	-	Excl
3	2 Localised Ground Contaimation Remediation	148,500	45
	Group element total	148,500	
4	4 Public Realm		
4	1 Hard Landscaping	601,250	250
4	2 Soft Landscaping	87,000	25
4	3 Communal Garden	26,800	670
4	4 Private Gardens	68,250	35
	Group element total	783,300	
	BUILD COST TOTAL	9,418,050	
7	1 Preliminaries & Site Supervision	1,177,256	12.5%
8	1 Contractors OH&P	941,805	10%
9	1 Construction Contingency	1,412,708	15%
9	2 Design Contingency	470,903	5%
	TOTAL PROJECT COST 1Q21 (Excl VAT)	13,420,721	

OPTION 4 Feasibility Cost Plan, Redshell Consulting



### 3.6 Summary and Precedents

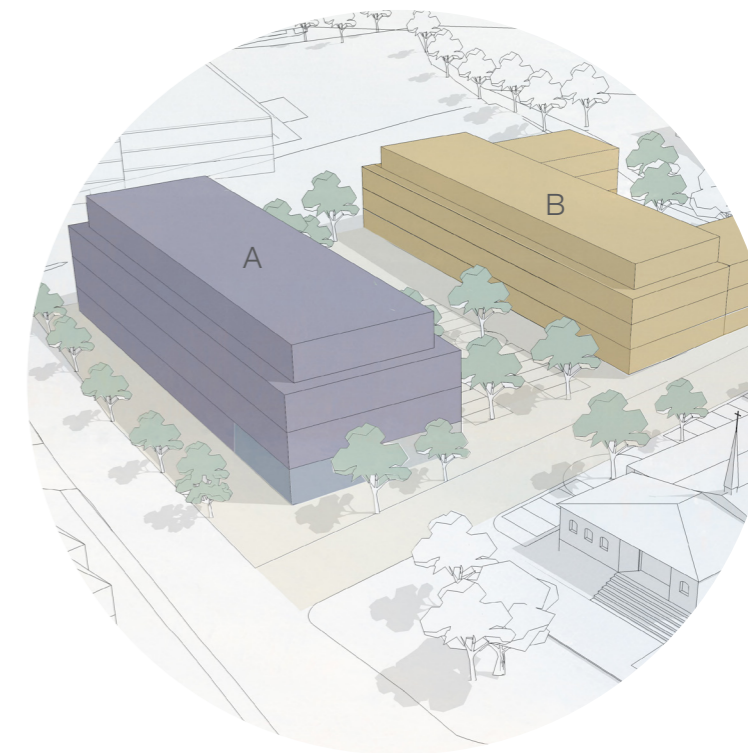


#### Option 1 'Live-work Community'

- GEA of the ground floor; **A**; 920 sqm, + approx 695 sqm car park, **B**;585 sqm & **C**;540 sqm
- No of buildings: 3
- No of storeys: 3 to 4
- Total GIA: 7795 sqm
- No of residential units: 45 flats, 13 flexible layout houses and 12 townhouses
- No of car parking spaces: 72
- Estimated Total Cost: 21.3M

##### Key Benefits and Issues

- phased development possible,
- a high-quality residential development maximising residential provision and creating a sustainable and attractive neighbourhood,
- provides a mix of flats and houses to help viability,
- provides flexible units for work or live

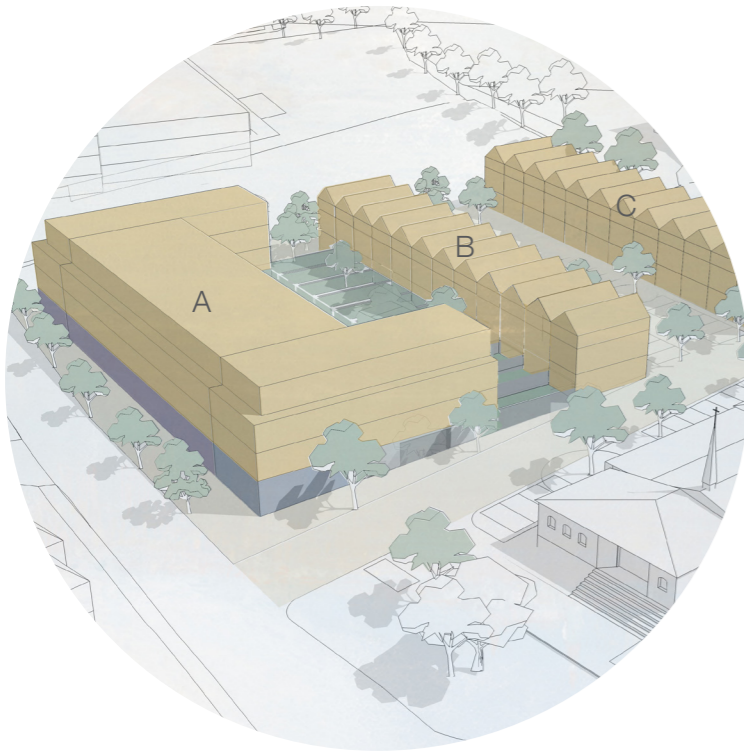


#### Option 2 'Residential - Office Balance'

- GEA of the ground floor; A-1260 sqm, B-1380 sqm
- No of buildings: 2
- No of storeys: 3 to 4
- Total GIA: 8866 sqm (A-4253 sqm & B-4613 sqm)
- No of residential units: 64
- No of car parking spaces: 66 + on street parking
- Estimated Total Cost: 16.3M

##### Key Benefits and Issues

- phased development possible,
- mixed-use development,
- maximising development potential of the site,
- demand for workspace / office provision on the site is not tested,
- a large footprint of the development doesn't relate to the residential context along the northern edge of School Drive,
- less flexibility for the Council to allocate some of the proposed units for private sell,

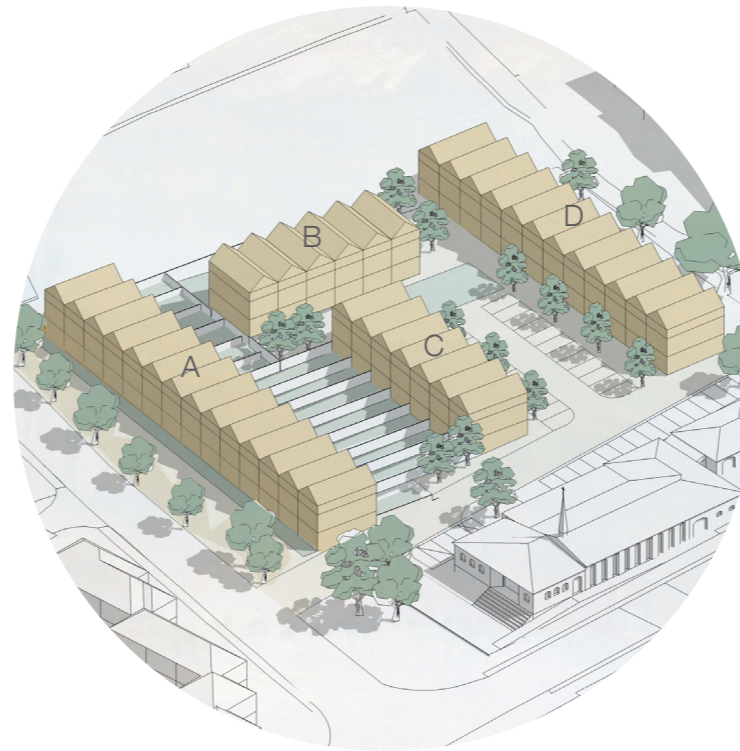


### Option 3 'Residential Neighbourhood'

- Building Footprint: : A-1390 sqm, B-585 sqm & C-540 sqm
- No of buildings: 3
- No of storeys: 3 & 4
- Total GIA: 7535 sqm
- No of residential units: 45 flats, and 25 townhouses
- No of car parking spaces: 75
- Estimated Total Cost: 20.18M

#### Key Benefits and Issues

- phased development possible,
- a high-quality residential development maximising residential provision and creating a sustainable and attractive neighbourhood,
- provides a mix of flats and townhouses to help viability,
- provides social and economic benefits for Bromsgrove.



### Option 4 'Townhouses'

- Building Footprint: : A-630 sqm, B-270 sqm & C-315 sqm D-540 sqm,
- No of buildings: 4
- No of storeys: 3
- Total GIA: 4739 sqm
- No of units: 39 townhouses
- No of car parking spaces: 44
- Estimated Total Cost:13.4M

#### Key Benefits and Issues

- phased development possible,
- a high-quality residential development and an attractive neighbourhood in town centre
- provides only one type of accommodation - townhouses (approx. GIA of 120sqm)



12.



13.

12. Accordia  
Cambridge,

13. Iliffe Yard,  
Elephant and Castle,  
London





14.



15.

**14. Marmalade Lane,  
Cambridge, Mole Architects**

**15. Goldsmith Street,  
Mikhail Riches with Cathy  
Hawley**

**16. Accordia  
Cambridge,**



16.



Dolphin Site Option 3 -  
a view from School Drive.



# 4 Preferred Options - Viability and Delivery

## 4.1 Executive Summary

4.1.1 The next pages of this report assesses the viability of the scheme designs for two key development opportunities within Bromsgrove Town Centre. Viability has been determined by running a phased development appraisal and assessing the residual land value (or surplus value) after offsetting revenues against costs, finance and developer's profit. A positive land value will indicate a viable scheme, albeit a marginally viable scheme in isolation may not provide sufficient returns for the landowner. Where applicable, we will benchmark returns against adjusted targets in order to provide a more appropriate outcome.

4.1.2 To measure the degree of viability, we have applied a viability score to each of the property use-types to demonstrate the degree of robustness and therefore the resilience of the scheme to changes in the inputs.

4.1.3 Where schemes are returning unviable, we have provided commentary on the main factors causing this outcome and recommended next steps to improve the financial position.

### Market Hall Site - Preferred Options

		RESIDUAL VALUE	VIABILITY SCORE
Option 2	Managed Office and Flexible Pavilion	-£4.95m	55%
Option 3	Managed Office	-£5.93m	61%

Both options currently produce a negative residual value, with Option 3 marginally more viable albeit its losses are more pronounced due to the larger scheme design.

We are early in the design and development process, and through scheme refinement and market testing we believe that the viability position could be markedly improved, namely through:

- Refining the cost schedule to identify greater efficiencies
- Market testing the concept with operators and developers
- Exploring the appetite for BDC to retain the office as an investment
- Cross-subsidising any losses with the profits generated from the Dolphin Site
- Defining the wider benefits to the local economy of undertaking this development

### Dolphin Centre Site - Preferred Options

		RESIDUAL VALUE	VIABILITY SCORE
Option 3	Flats and Houses	-£9.47m	66%
Option 4	Houses	-£2.18m	88%

Both options currently produce a negative residual value, with Option 4 (houses only) significantly more viable and close to producing a positive return.

The viability position could be markedly improved through:

- Market testing the opportunity with residential developers and Registered Providers to tailor the design and delivery process
- Removing any commercial uses and maximising the residential offer
- Exploring the opportunities for a Joint Venture whereby BDC take a share of the profit that is currently allocated to the developer within the appraisal

## 4.2 Next Steps

4.2.1 In the summary of this part of the report we have recommended a number of steps that should be enacted in order to progress the initial findings, namely:

1. Test and set the high-levels principles that will define BDC's strategy, such as the appetite for self-deliver, joint ventures and land receipts, with the aim of preparing for the engagement with developers, funders and occupiers.
2. Undertaking further investigation and soft market testing with developers, occupiers and Registered Providers to develop robust market intelligence that will further shape the approach to delivery and the role played by BDC.
3. Periodically review the scheme designs, costings and viability on the receipt of new intelligence and strategy direction.
4. Development of a formal business case or equivalent to secure support from key stakeholders and groups, such as the LEP, public funding bodies or the general public.
5. A more detailed examination of BDC's appetite and ability to deliver any development either directly or in partnership, in areas such internal resourcing, funding, tax, risk exposure and wider strategies.

## 4.3 Viability and Delivery - Introduction

4.3.1 This viability review forms part of the next stage in determining a recommended use for two key town centres sites owned by Bromsgrove District Council (BDC).

Previous stages undertaken by PRD have included:

- a review of commercial and investment aspirations
- the production of a socio-economic and property market baseline report (appended to this report)
- a high-level viability and delivery review that helped to narrow-down the options reviewed herein.

4.3.2 The commercial aspirations note established that viability was the primary objective, closely followed improving the vitality of the town centre, improving the workspace economy and attracting younger residents to the town centre.

4.3.3 The socio-economic and property market baseline report identified the following themes:

- an ageing population
- weaknesses in the local housing market
- the lack of a significant economic 'motor'
- relatively high levels of out-commuting
- declining footfall in the town centre

4.3.4 The viability and delivery review recommended that managed workspace across two buildings would best suit BDC's aspirations at the Market Hall site, and that housing would best suit the former Dolphin Centre site.

4.3.5 This review takes the analysis to the next stage and identifies strengths and weaknesses in the viability with reference to a narrow set of scheme designs and this sits alongside accompanying professional reports as described in the next section.

# 5 Preferred Options - Viability and Delivery

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## Market Hall Site

### 5.1 Preferred Options

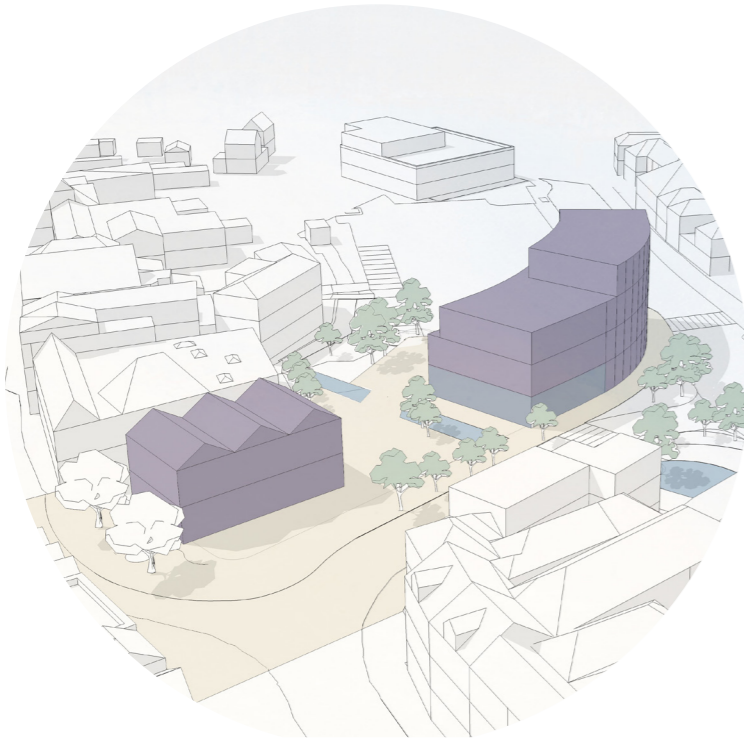
5.1.1 The main aspects taken into consideration when choosing preferred options for viability appraisal were;

- massing,
- cost,
- flexibility of delivery (potential for phased development)
- possibility to create attractive public realm (including naturalised brook),
- wider town centre and community benefits,

5.1.2 Option 1 - single volume was deemed as the least preferred. This option was dismissed due to the following concerns;

- scale and massing - development too bulky in relation to the sensitive site context and the Conservation Areas,
- opportunity to create an attractive public realm with naturalised brook unfulfilled
- no opportunity to provide phased development,
- no building at the termination of the high-street,
- unfulfilled development potential of the site,
- the scale of public square at the junction of Worcester Rd and the High Street too big for the everyday needs of the community.

**5.1.3 Option 2 ‘Pavilion and Central Square’ and Option 3 Two Volumes and Central Square** were chosen as the preferred options for Market Hall Site and selected to be analysed further in order to provide viability and delivery appraisals for the schemes.

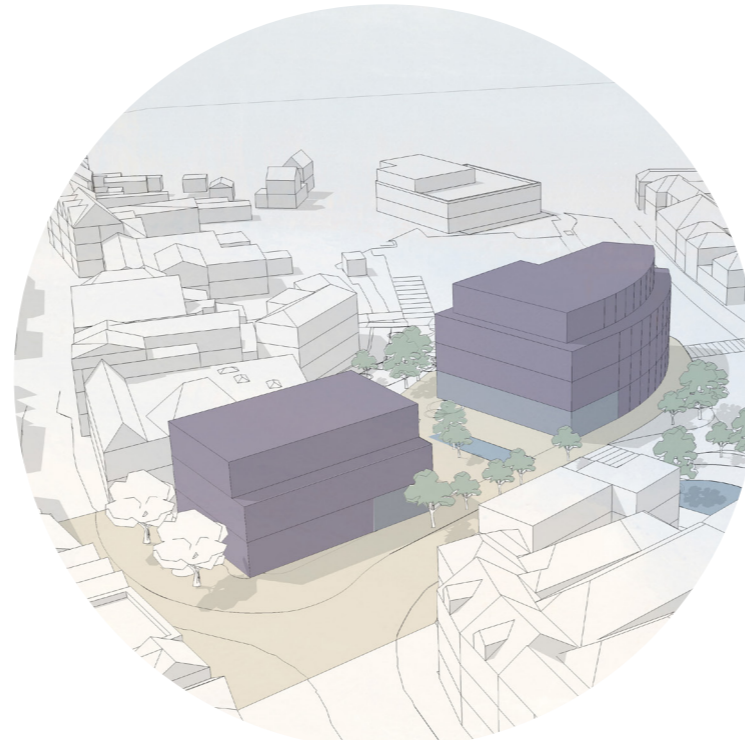


## Option 2 'Pavilion and Central Square'

- GEA of the ground floor 900 sqm
- No of buildings: 1
- No of storeys: 3 to 4
- Total GIA: 2655 sqm
- potential for approx. 17 no of residential units
- Estimated Total Cost: 9.4M

### Key Benefits and Risks

- most risky - doesn't allow phased development,
- large portion of the site used as public square - development potential compromised
- large public square at the culmination of the High Street,
- protected view from Gorge Street of the church lost
- located outside of the Flood Risk Zone 3 and the Conservation Area boundary



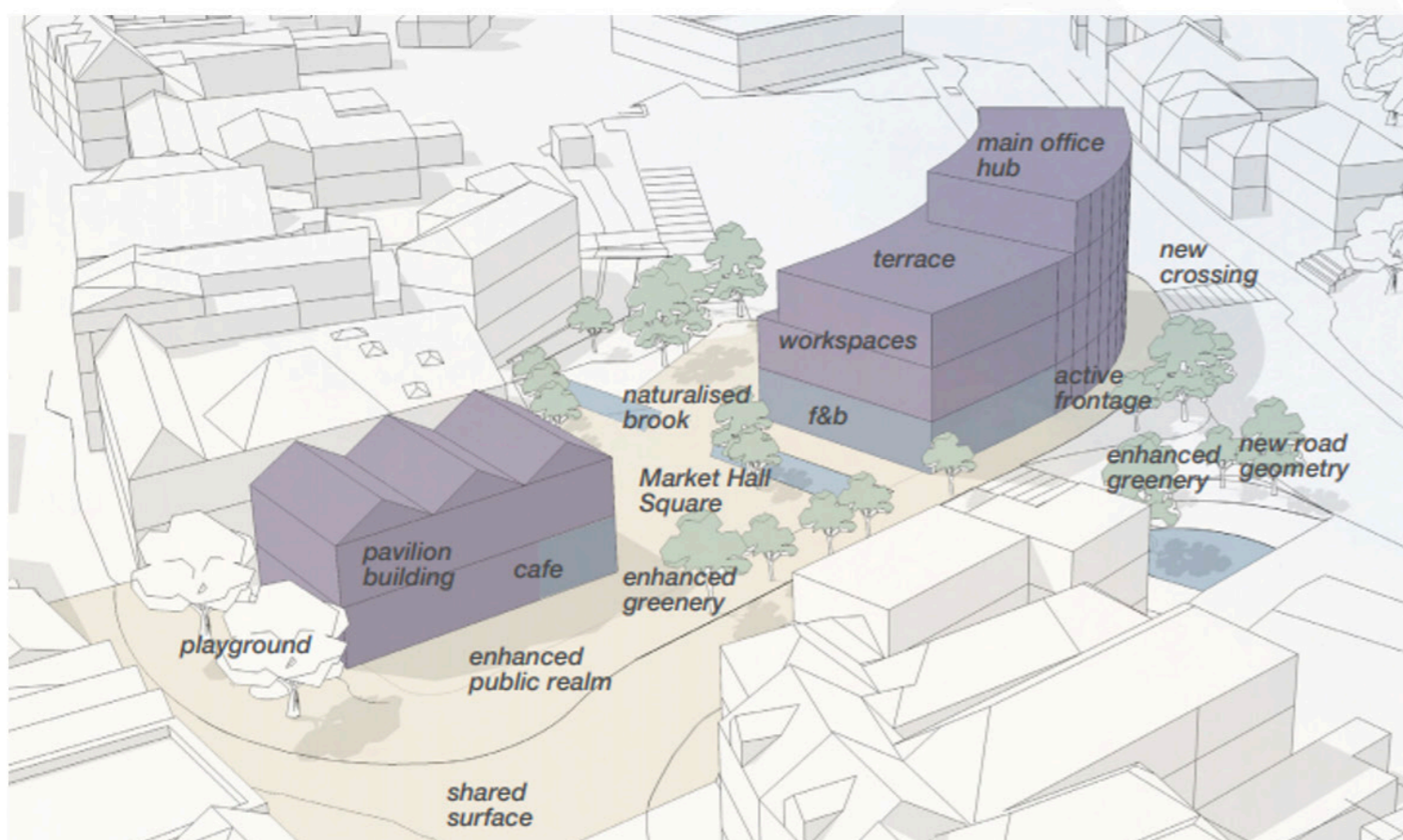
## Option 3 'Two Volumes and Central Square'

- GEA of the ground floor; 680 sqm and 370 sqm
- No of buildings: 2
- No of storeys: 3 to 4
- Total GIA: 3177 sqm
- potential for approx. 16 no of residential units
- Estimated Total Cost: 10.9M

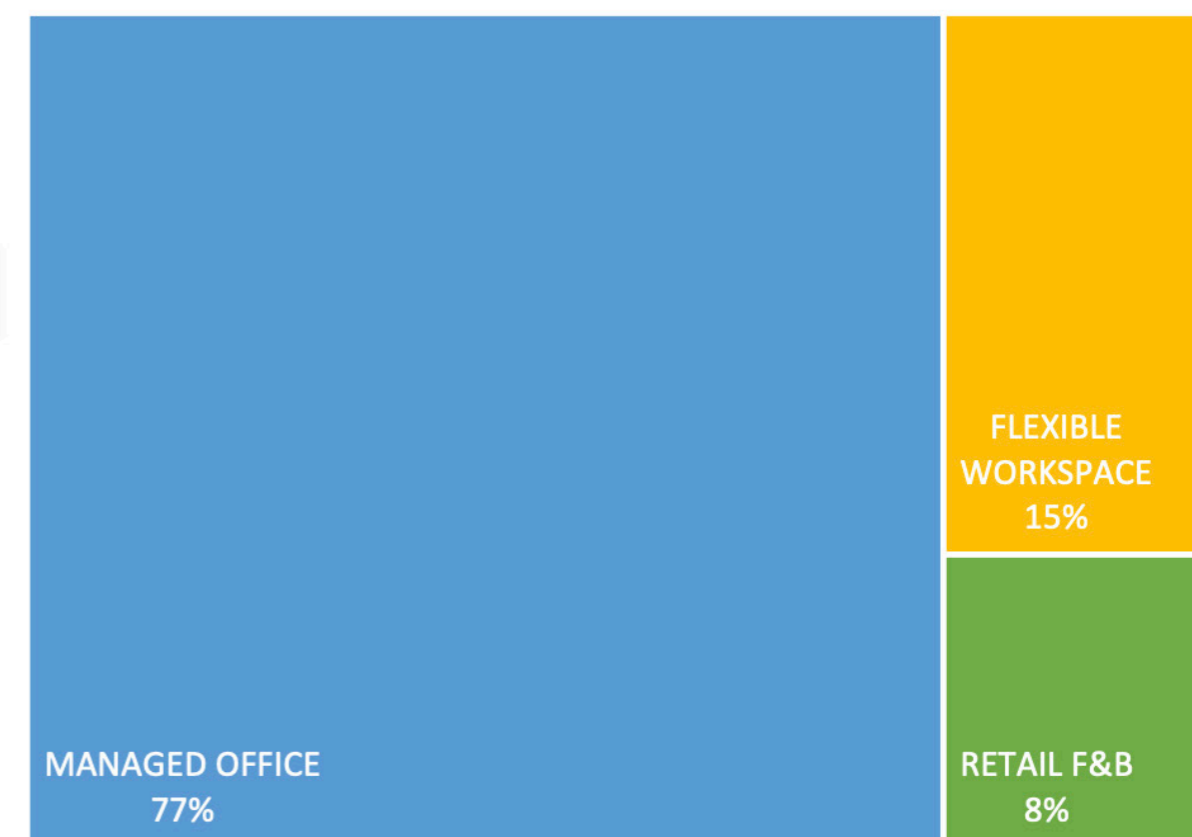
### Key Benefits and Risks

- less risky - possibility of phased development,
- maximises development potential of the site and the returns,
- attractive public square and naturalised brook,
- protected view from Gorge Street of the church lost,
- Building B in Flood Risk Zone 3 and within the boundary of the Town Centre Conservation Area.

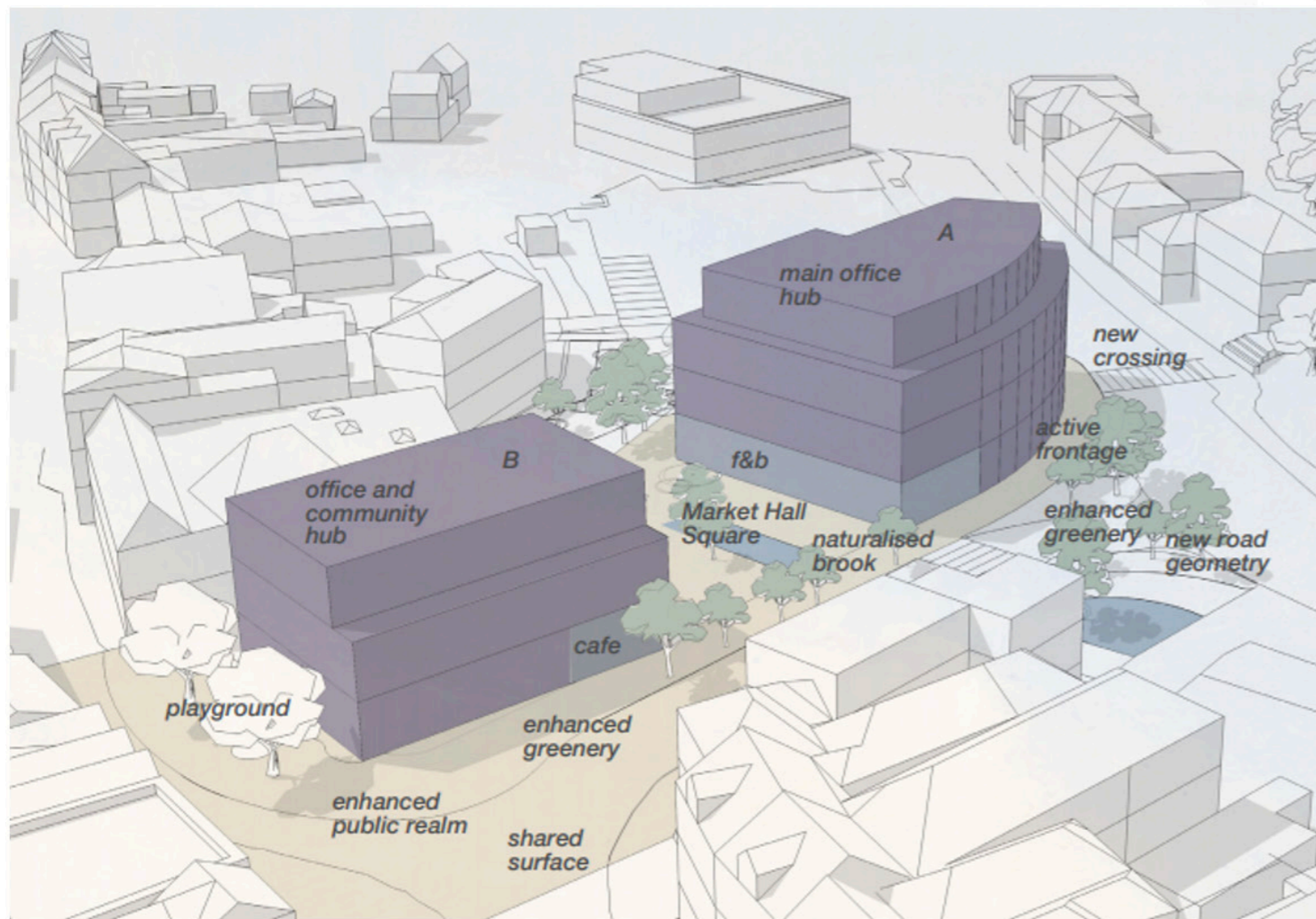
MARKET HALL – OPTION 2								
	PHASE 1		PHASE 2		TOTALS			
	GIA (sq ft)	AREA MIX	GIA (sq ft)	AREA MIX	GIA (sq ft)	AREA MIX	NIA (sq ft)	GROSS- TO-NET
RETAIL F&B	1,453	7%	484	12%	1,938	8%	1,744	90%
MANAGED OFFICE	18,266	93%	-	-	18,266	77%	14,613	80%
FLEXIBLE WORKSPACE	-	-	3,584	88%	3,584	15%	2,868	80%
<b>Total</b>	<b>19,719</b>	<b>83%</b>	<b>4,069</b>	<b>17%</b>	<b>23,788</b>	<b>100%</b>	<b>19,224</b>	<b>81%</b>



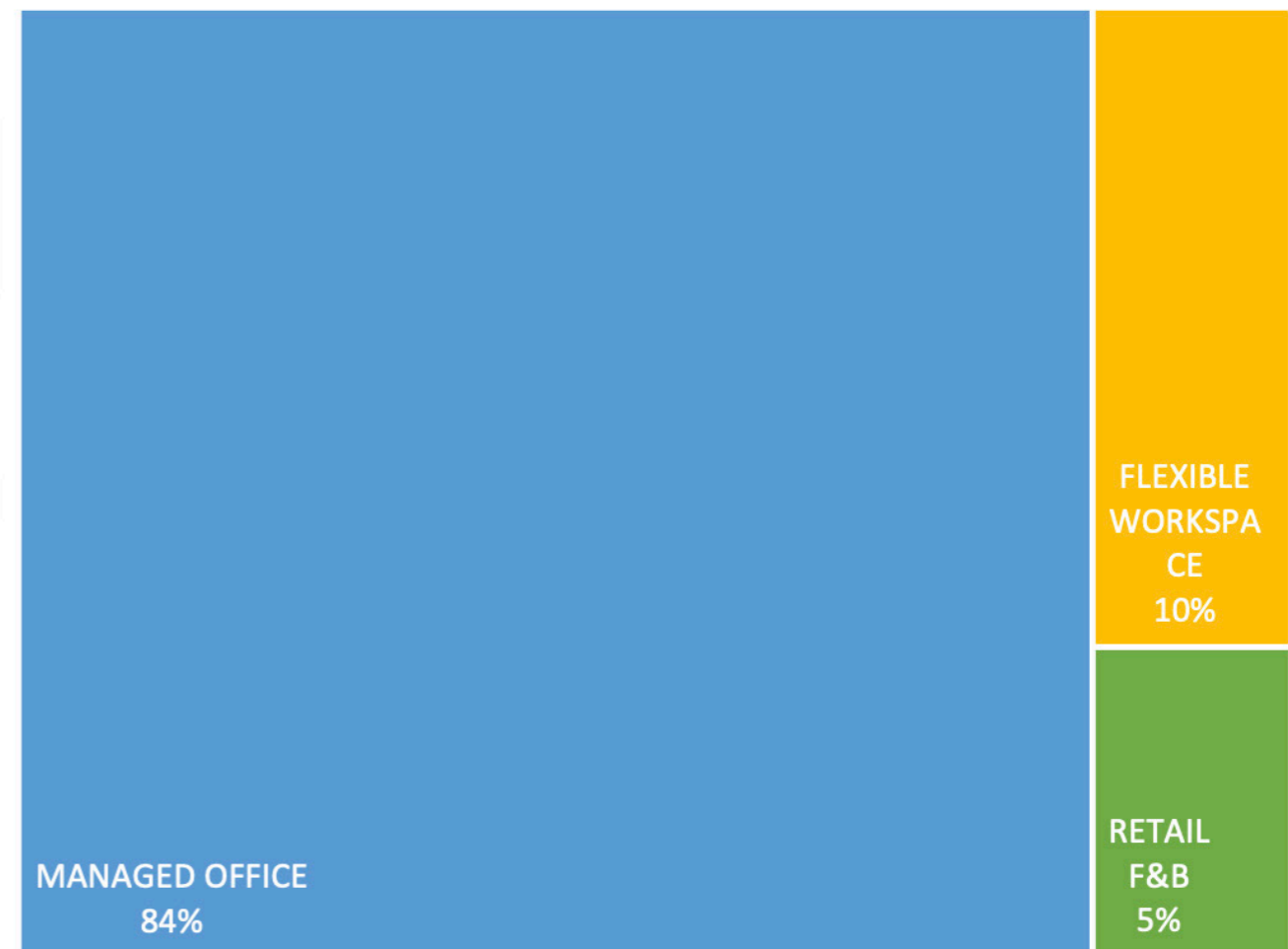
Area Mix (based on Net Internal Areas)



MARKET HALL – OPTION 3								
	PHASE 1		PHASE 2		TOTALS			
	GIA (sq ft)	AREA MIX	GIA (sq ft)	AREA MIX	GIA (sq ft)	AREA MIX	NIA (sq ft)	GROSS- TO-NET
RETAIL F&B	1,744	7%	-	-	1,744	5%	1,569	90%
MANAGED OFFICE	22,669	93%	6,200	63%	28,869	84%	23,095	80%
FLEXIBLE WORKSPACE	-	-	3,584	37%	3,584	10%	2,868	80%
<b>Total</b>	<b>24,413</b>	<b>71%</b>	<b>9,784</b>	<b>29%</b>	<b>34,197</b>	<b>100%</b>	<b>27,532</b>	<b>81%</b>



Area Mix (based on Net Internal Areas)

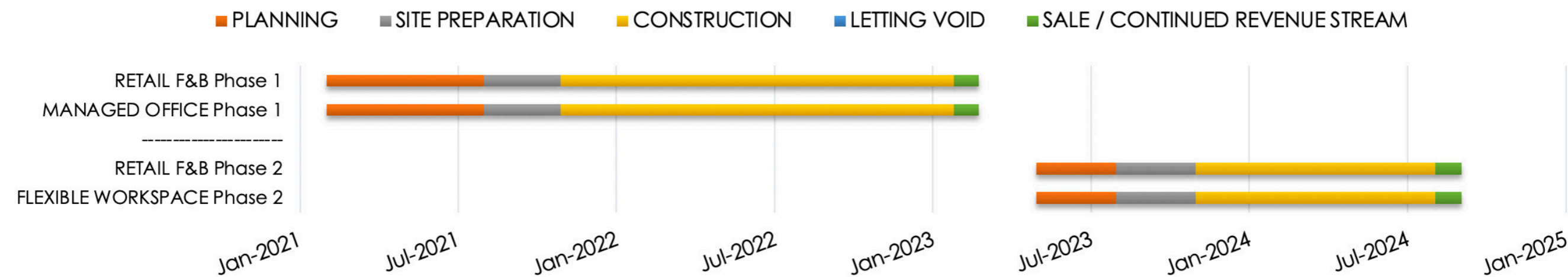


5.2 Preferred Options - Assumed Programme

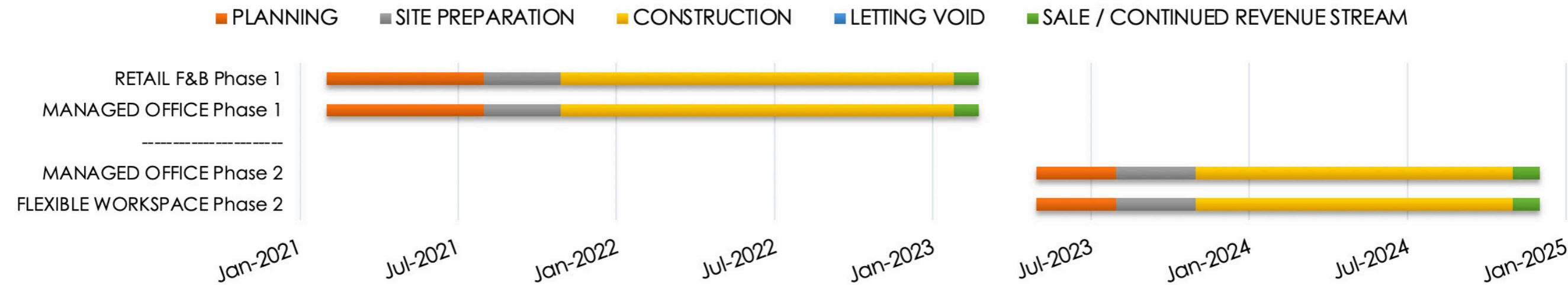
The following programme has been adopted within the analysis and is based on our views on the typical delivery programme for developments of this type. We have assumed that there would be no letting void as the building will have been pre-let to a managed office space operator.

Both Options have been phased to de-risk the delivery and market test demand on a staged basis. Option 3 has a marginally longer build programme in Phase 2 due to the higher quantity of accommodation when compared to Option 2.

MARKET HALL - OPTION 2



MARKET HALL - OPTION 3



\* The following programme has been adopted within the analysis and is based on the opinions of PRD.

## APPRAISAL INPUTS AND ASSUMPTIONS

INPUT DESCRIPTION	RETAIL F&B	MANAGED OFFICE	FLEXIBLE WORKSPACE
Build Costs	Build rate: £130 psf (£1,400 psm)	Build rate: £186 psf (£2,000 psm)	Build rate: £186 psf (£2,000 psm)
Other Works Costs	Prelims, overheads and profit: 22.50% of costs for all property types within each option Demolition, utilities, externals, landscaping, hardscaping, culvert etc: total Cost approximately £1,450,000 within each option		
Cost Contingency	15.0%	15.0%	15.0%
CIL	CIL: £0 psf	CIL: £0 psf	CIL: £0 psf
	SECTION 106: 0.5% of costs	SECTION 106: 0.5% of costs	SECTION 106: 0.5% of costs
Professional Fees	Pre-Construction: 6.0% Post-Construction: 4.0%	Pre-Construction: 6.0% Post-Construction: 4.0%	Pre-Construction: 6.0% Post-Construction: 4.0%
	Development Manager: 3.0%	Development Manager: 3.0%	Development Manager: 3.0%
Design Contingency	5.0%	5.0%	5.0%
Finance Costs	6.00% APR	6.00% APR	6.00% APR
Developer Profit Levels	Profit on cost: 15.00%	Profit on cost: 15.00%	Profit on cost: 15.00%
Commercial Rent	£30.00 psf	£20.00 psf	£12.50 psf
Commercial Yield	7.00%	5.50%	6.50%
Rent Free Period	3 months	6 months	6 months

### 5.3 Assumption for the Appraisal

- Gross External and Gross Internal Areas have been provided by AR Urbanism. In the absence of detailed designs, Net Internal Areas have been estimated based on experience and standard industry assumptions.
- Development costs have been provided by Redshell Consulting.
- Phasing for the delivery has been estimated by PRD. It is felt that Main Office A would be constructed in the first phase within both Options 2 and 3, with the aim of providing sufficient quantum of space to attract an operator and place-make the location as an office hub. Building B would follow in Phase 2 once demand had been established.
- CIL is not applicable to new developments within the Bromsgrove District. A nominal sum at 0.5% of core costs has been assumed for Section 106 contributions.
- Commercial rents and yields are based on analysis contained within the PRD Market Baseline and have been adjusted to allow for any changes in market conditions since that report was produced in April 2020. Account has been taken of the anticipated increased demand for flexible, serviced office space following the shift in working patterns following the Covid-19 pandemic.
- VAT can be applicable where a scheme is undertaken by a public sector body and we would advise BDC to take specialist advice should this be relevant. At present, no VAT has been accounted for within these appraisals.
- No allowance has been made for any potential statutory responsibilities such as party-wall, ground conditions, remediation etc; however, we are particularly aware of the residential building to the south-west of the site and would advise that specialist advice is taken on this issue with regard to rights-of-light and overlooking / loss of privacy.

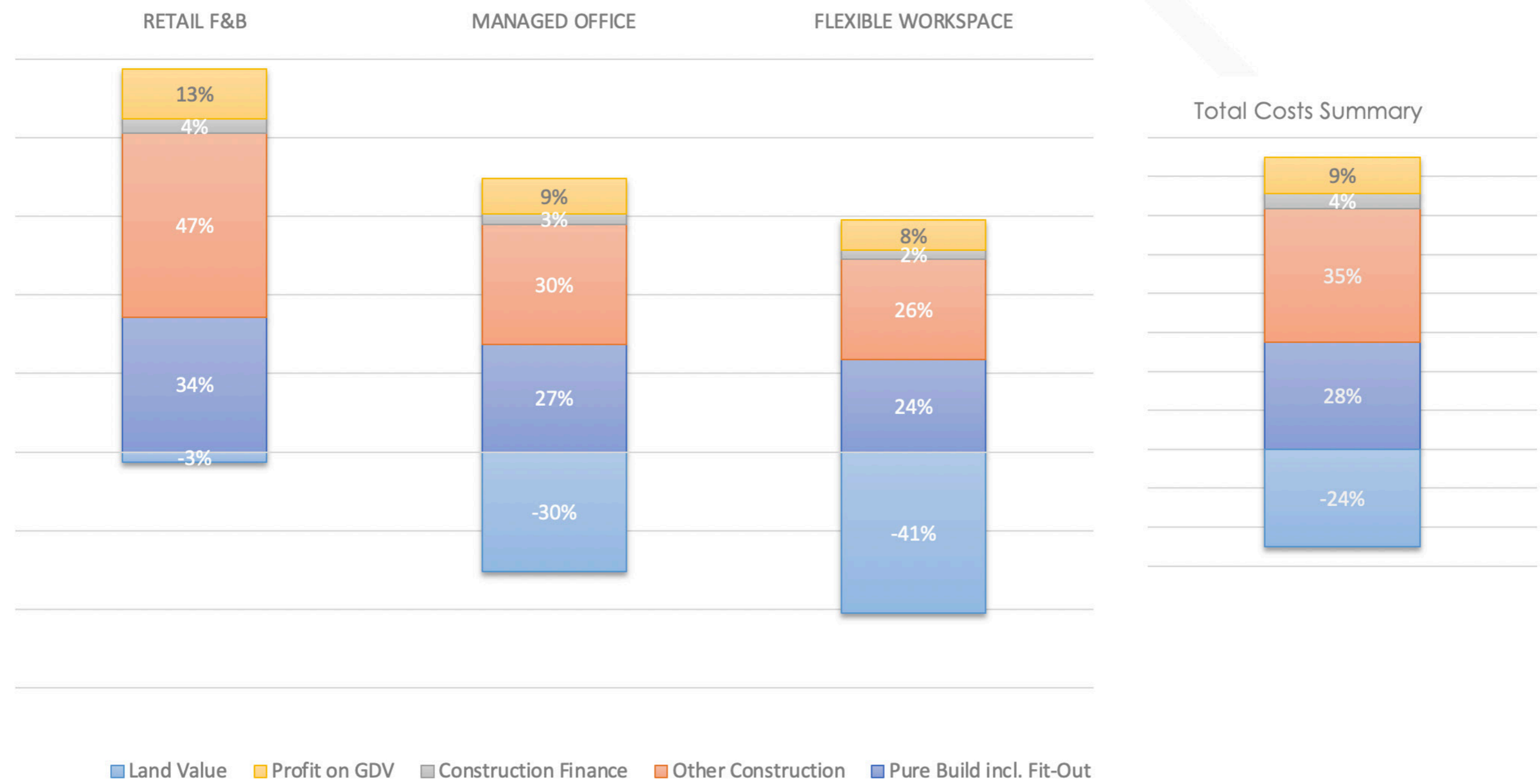
\* All other inputs are based on market knowledge and experience, and fall within the parameters considered to be industry standard for this type of scheme.

### 5.4 Assumption for the Cash Flow

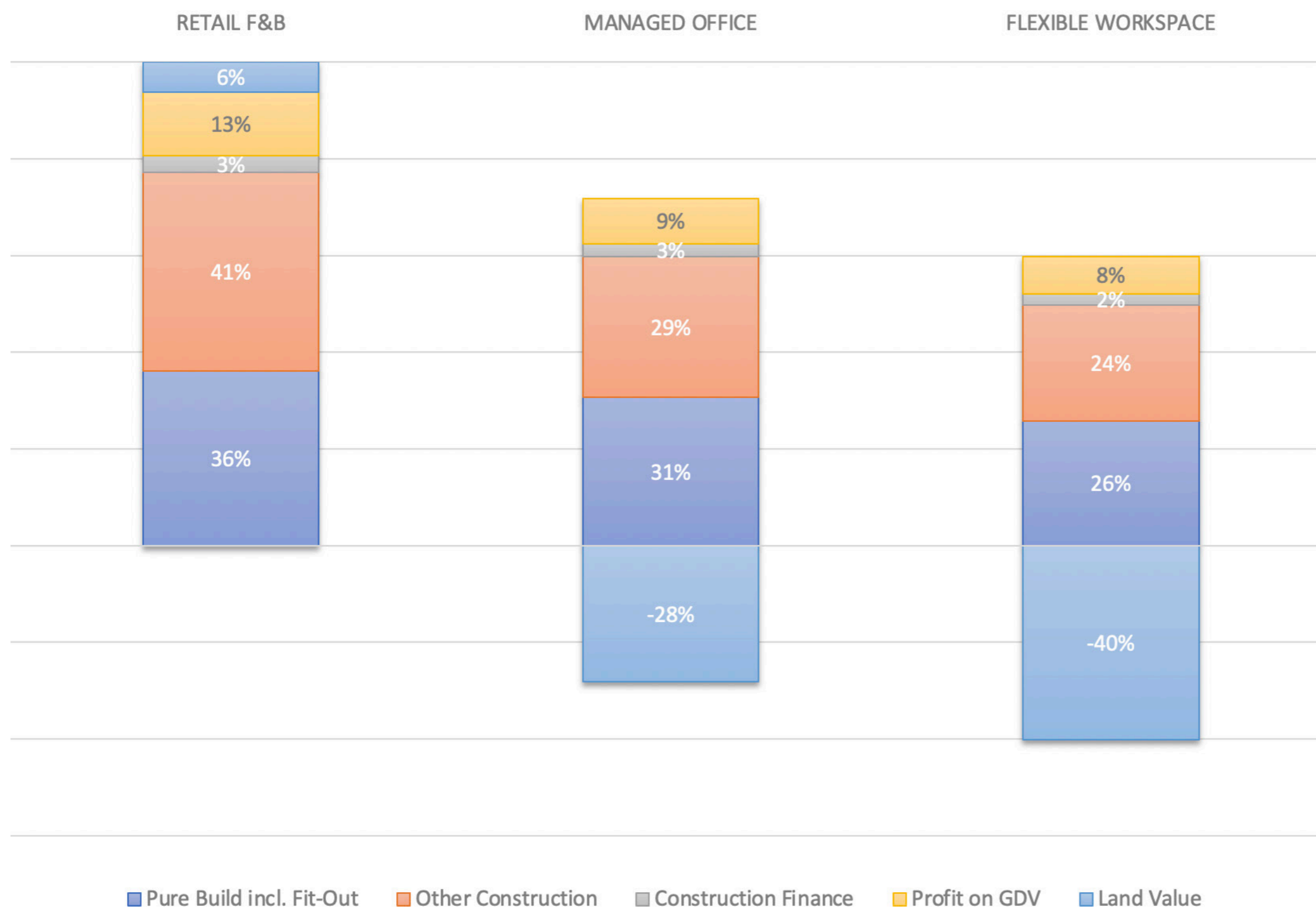
- It is assumed that the developer will have to inject a cash equity input equating to 20% of total costs, with the remaining costs covered by debt borrowing.
- Borrowings have been assumed to be proportionately repaid over the duration of the cash flow, thus maximising the Internal Rate of Return (IRR).
- The duration of the cash flow is assumed to be 40 years.
- A Target Rate of Return of 3.5% has been assumed for the purposes of calculating the Net Present Value (NPV), based on a typical risk-free-rate and the approximate cost of borrowing from PWLB. The figure is subject to change depending on the client's target returns.
- An exit value has not been included within the cash flow at the end of the 40-year term.
- A sinking fund has been assumed equating to 6% of rental income, which will allow for any major refurbishments that fall outside of any repairing lease taken by the head tenants.
- Rental income has been assumed to grow at 2.5% per annum at 5-yearly review intervals.

# COST SUMMARY

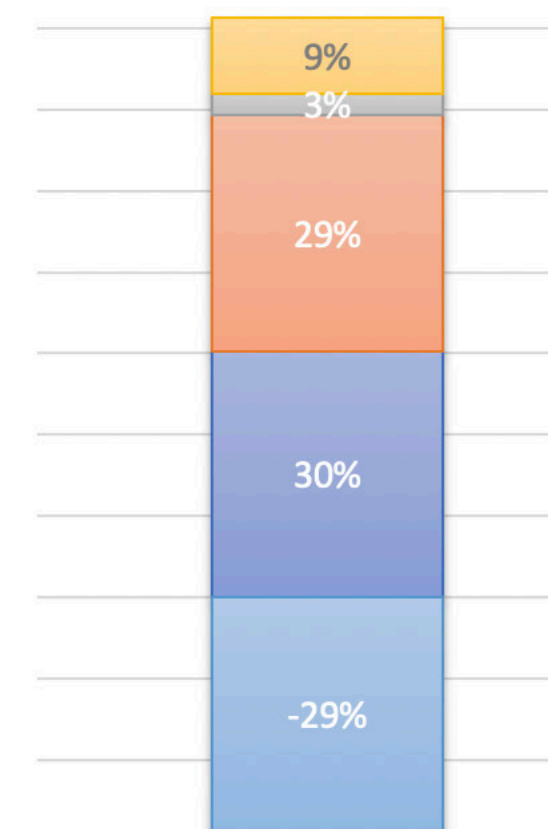
## MARKET HALL OPTION 2



## MARKET HALL OPTION 3



## Total Costs Summary



5.5 Residual Values; Option 2

The following displays the headline sales and costs figures derived from the appraisals, and subsequently the residual values being determined on an individual and overall basis.

<b>RETAIL F&amp;B</b>	Build Costs: £252,000 (£130 psf)
(1,750 sq ft NIA)	Other Dev't Cost: £344,000
(1,950 sq ft GIA)	Finance @ 6.0%: £27,000
Total Sales: £697,000	Profit-on-cost @ 15.0%: £93,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£19,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£19,000)</b>	unviable

<b>MANAGED OFFICE</b>	Build Costs: £3,394,000 (£186 psf)
(14,625 sq ft NIA)	Other Dev't Cost: £3,758,000
(18,275 sq ft GIA)	Finance @ 6.0%: £328,000
Total Sales: £4,839,000	Profit-on-cost @ 15.0%: £1,119,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£3,760,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£3,760,000)</b>	unviable

<b>FLEXIBLE WORKSPACE</b>	Build Costs: £666,000 (£186 psf)
(2,875 sq ft NIA)	Other Dev't Cost: £723,000
(3,575 sq ft GIA)	Finance @ 6.0%: £64,000
Total Sales: £509,000	Profit-on-cost @ 15.0%: £218,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£1,162,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£1,162,000)</b>	unviable

Residual Value; Option 2 - TOTAL

<b>AGGREGATED RESIDUAL VALUES</b>	
RETAIL F&B	-£19,000
MANAGED OFFICE	-£3,760,000
FLEXIBLE WORKSPACE	-£1,162,000
GROSS RESIDUAL (negative)	-£4,941,000
Finance @ 6.00%	£0
Purchaser's Costs at 0.00%	£0
<b>NET RESIDUAL VALUE</b>	<b>(£4,941,000) unviable</b>

## 5.6 Residual Values; Option 3

<b>RETAIL F&amp;B</b>	Build Costs: £227,000 (£130 psf)
(1,575 sq ft NIA)	Other Dev't Cost: £259,000
(1,750 sq ft GIA)	Finance @ 6.0%: £22,000
Total Sales: £628,000	Profit-on-cost @ 15.0%: £82,000
GROSS RESIDUAL VALUE (sales minus costs)	
<b>£39,000</b>	(£22 per sq ft GIA)
<b>NET RESIDUAL VALUE (incl. land purchase costs deduction)</b>	
<b>£39,000</b>	(£22 per sq ft GIA)

<b>MANAGED OFFICE</b>	Build Costs: £5,364,000 (£186 psf)
(23,100 sq ft NIA)	Other Dev't Cost: £5,096,000
(28,875 sq ft GIA)	Finance @ 6.0%: £479,000
Total Sales: £7,642,000	Profit-on-cost @ 15.0%: £1,639,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£4,936,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£4,936,000)</b>	unviable

<b>FLEXIBLE WORKSPACE</b>	Build Costs: £666,000 (£186 psf)
(2,875 sq ft NIA)	Other Dev't Cost: £618,000
(3,575 sq ft GIA)	Finance @ 6.0%: £59,000
Total Sales: £509,000	Profit-on-cost @ 15.0%: £201,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£1,036,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£1,036,000)</b>	unviable

## Residual Value; Option 3 - TOTAL

<b>AGGREGATED RESIDUAL VALUES</b>	
RETAIL F&B	£39,000
MANAGED OFFICE	-£4,936,000
FLEXIBLE WORKSPACE	-£1,036,000
GROSS RESIDUAL (negative)	-£5,932,000
Finance @ 6.00%	£0
Purchaser's Costs at 0.00%	£0
<b>NET RESIDUAL VALUE</b>	<b>(£5,932,000) unviable</b>

## 5.7 Concluding Thoughts and Viability Scoring

- In the analysis below, viability has been scored by assessing the relationship (ratio) between revenues and costs, with 100% being the determinant point at which a property use / whole scheme is deemed viable or unviable. The score will demonstrate the level of 'surplus' as a proportion of the total costs so that the constituent parts of the scheme can be analysed on a like-for-like basis regardless of their size.
- The higher the viability score, the greater the resilience to input changes such as increased build costs and lower sales values, and the more profitable they are deemed.
- A score of less than 100% indicates an unviable element to the scheme. This may manifest in a negative land value (if the land value is the variable being measured) or a scheme that generates lower levels of profit than are typically required by developers / investors (if the land price is already fixed and the profit level / surplus is the variable being measured). In instances of extreme unviability, the analysis will indicate that no profit is received and that other costs would exceed total revenues, thus creating a loss-making scheme.

## 5.8 Viability Position

- Both options for the Market Hall site provide a mixed-use scheme with a predominance of managed workspace, accounting for over 75% of the total accommodation in each instance. As such, the viability of the scheme will rest largely with the viability of the managed workspace.
- Option 2 creates an overall negative residual value / loss of circa £4.95m and has a viability score of 55%, and Option 3 creates a loss of £5.93m and a viability score of 61%, indicating that Option 3 is marginally more viable albeit the losses are more pronounced due to the larger scheme design. On an overall basis, both schemes are heavily unviable and this suggests that significant changes will be required in order to create a viable proposition.
- On an individual basis, retail is the only use-type that has the potential to be viable based on the current inputs. It is however ancillary retail, such as a café fronting the opened culvert, and does not play a large role in improving viability for the scheme as a whole. Managed office space is the second least viable use, and flexible workspace is the least viable given the discounted rents that will be required in order to attract the community / creative / social uses proposed for this space.

## 5.9 Enhancing Viability

10.4.1 It is the opinion of PRD that the inputted build costs are higher than would be expected on a typical office-led, mixed-use scheme, reflecting the uncertainty caused by the lack of information at this early stage in the development process. The office space accounts for between 92-94% of the total accommodation and build costs (including prelims, overheads and profit) are inputted at £2,450 psm which is approximately 20-30%% higher when compared to industry benchmarks. It should be recognised that in the hands of a developer there will be many opportunities for efficiency savings that will naturally improve the viability outlook.

10.4.2 Other cost inputs such as contingencies at 15% similarly reflect the degree of caution. Further to this, there are higher than expected landscaping and hardscaping costs linked to the opening of the culvert and the additional areas of public realm that might not be seen on schemes of a similar size. It should be determined whether the culvert

and public realm costs could be financed from a different source of funds given the aesthetic benefit to the wider town centre, and this would have the effect of improving the viability position of the scheme in isolation.

10.4.3 Looking at the remaining costs on an overall basis, it should be recognised that there is an opportunity to reduce many of the uncertainties over time through increased knowledge and understanding of the main issues. This will reduce costs to a more viable position, albeit in isolation we do not believe that cost savings alone will make the scheme viable.

10.4.4 Given that two sites are being considered jointly as part of this proposal (Market Hall and Dolphin), consideration should be given to a cross-subsidy whereby a more profitable site is used to balance the deficit of a lesser performing site. Within this question, the wider economic benefits to Bromsgrove of having town centre serviced office space targetted at start-ups should be considered and whether the initial subsidy will facilitate other financial gains in the future through an improved economy.

10.4.5 As well as the immediate financial viability, consideration has been given to the delivery of the plots, with a strategy to deliver two buildings across two phases and to secure a pre-let from a service office provider prior to starting construction.

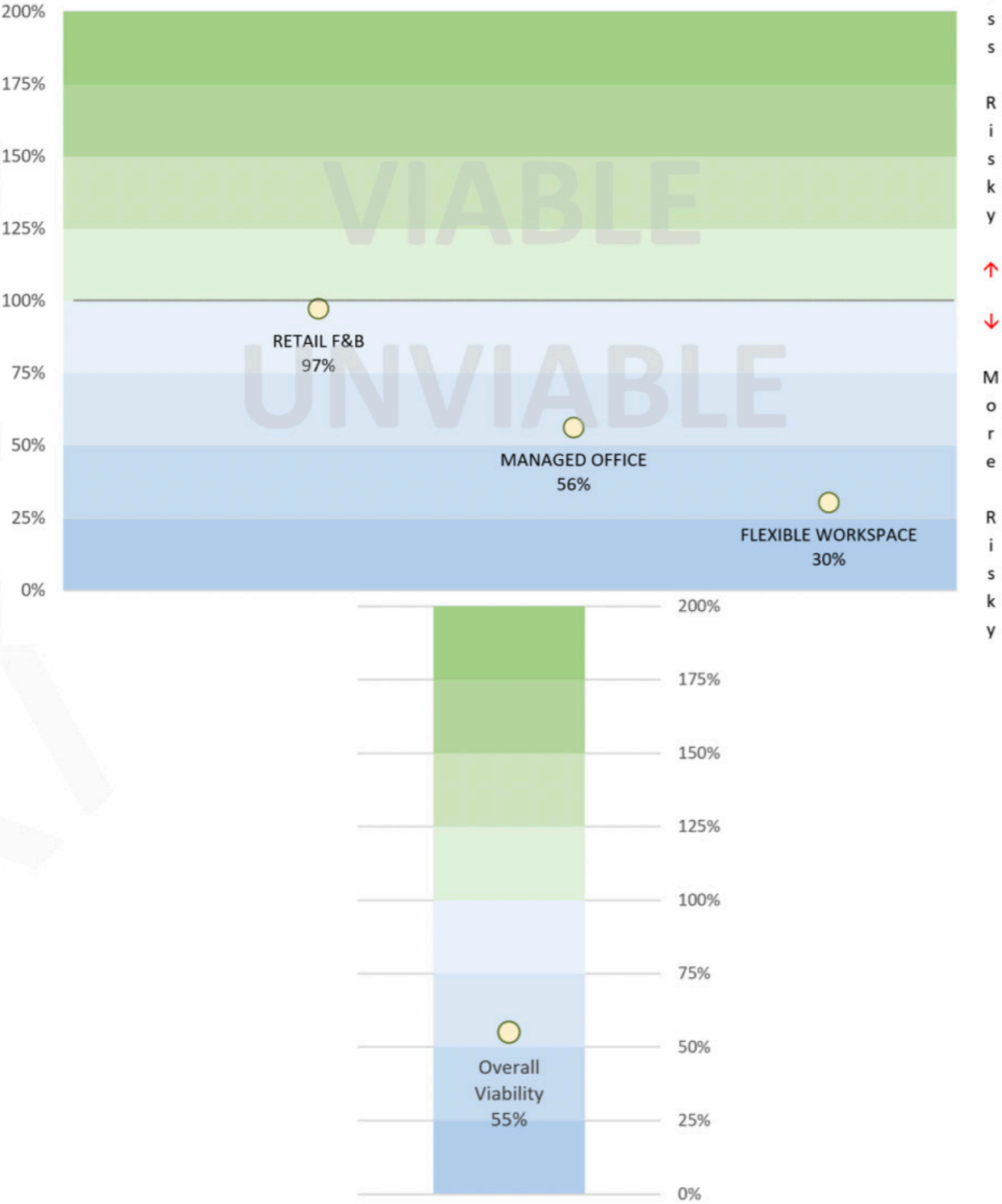
10.4.6 The phased delivery will ensure that initial demand can be observed within the 1st phase to determine whether a similar or complimentary use should be provided in the 2nd phase, and also to 'place-make' the site to ensure that demand for the 2nd phase provides an uplift in rental income. The site nearest the town centre is proposed for the 2nd phase to ensure that a wider range of uses can be adopted should a change of strategy be required.

10.4.7 In terms of a pre-let, this will significantly de-risk the opportunity from the perspective of the developer and increase the chances of securing finance and the confidence required to proceed with construction. This should have the effect of reducing costs through lower borrowing charges and a sharpening of the yield if a national provider can be secured.

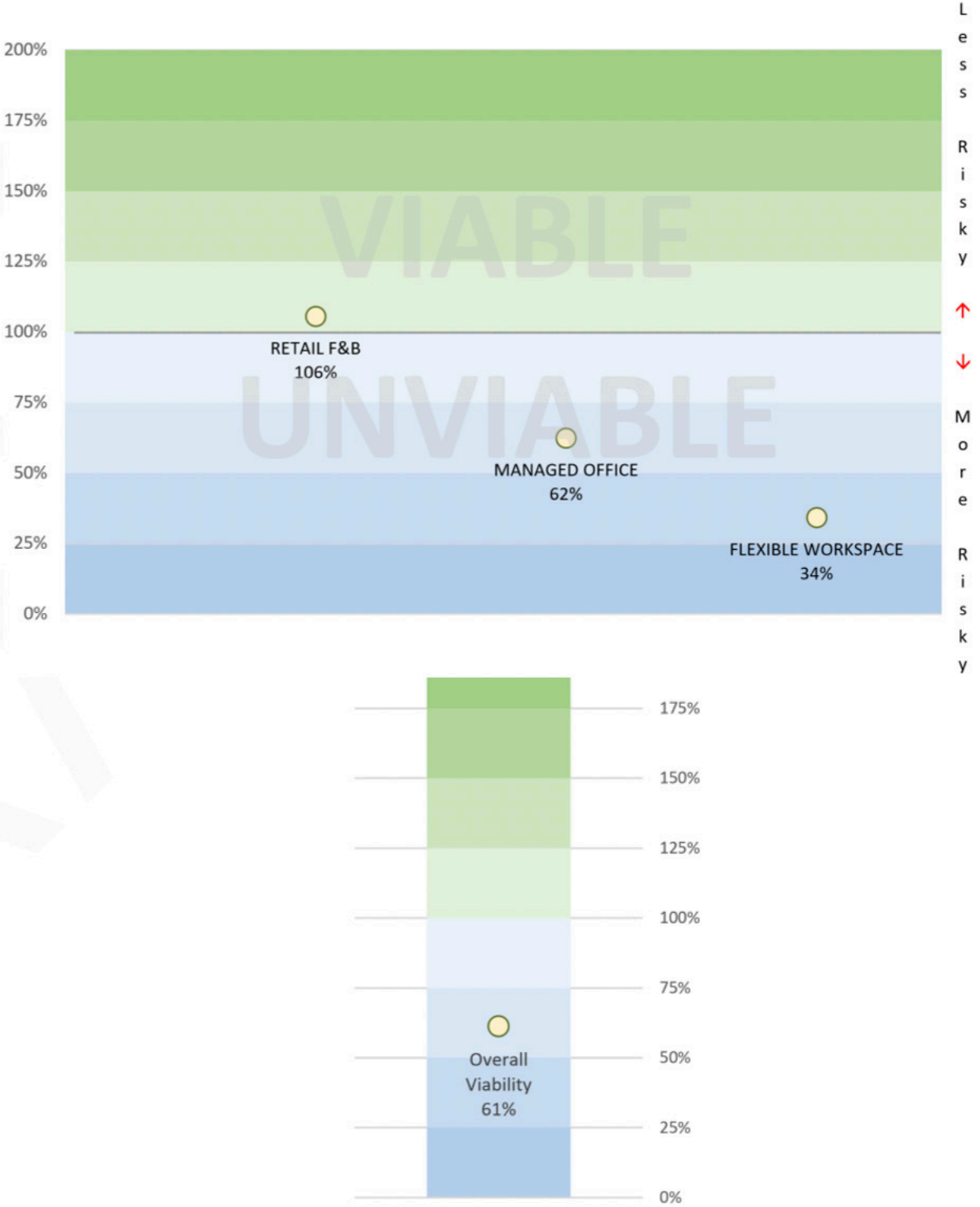
10.4.8 All the above is subject to the notes, caveats and limitations stated below, and they must be read in conjunction with this report.

10.4.9 A concluding note that considers both sites together is included at the end of this report.

MARKET HALL – OPTION 2



MARKET HALL – OPTION 3



5.10 Alternative Assessment - Cash Flow

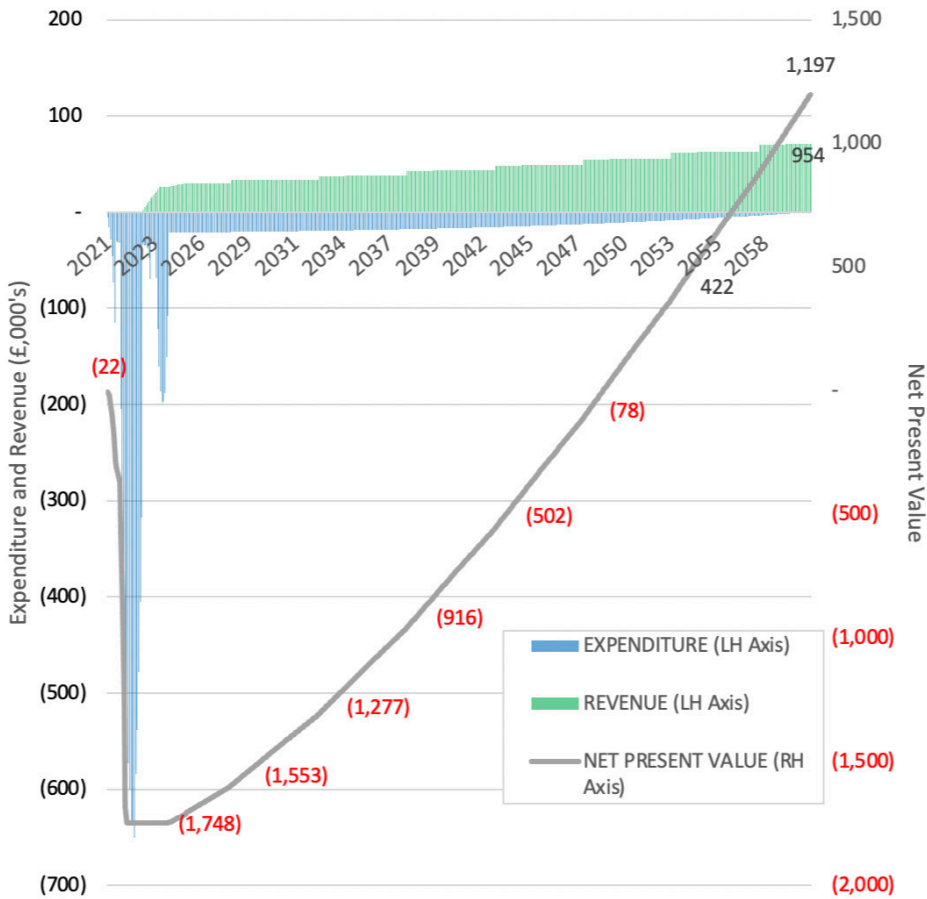
10.4.1 In this scenario, we consider the outputs on the assumption that the development is not sold but rather held as an investment by BDC for a period of 40 years. An initial equity input of 20% of total costs is invested into the development by BDC, and the rest of the funding is borrowed at an assumed PWLB rate of 3.5%. The measure that is being assessed is the Net Present Value, which will determine whether the scheme is producing a positive return when the income stream is discounted at a pre-determined target discount rate, in this instance, at 3.5%. A positive NPV at the end of the review period indicates that the return achieved is greater than the 3.5% target rate.

10.4.2

The cash flow results for each option show similar results, with both achieving a break-even point against the required rate of return between years 25 to 30 and then both investments continuing to perform up to year 40 with a positive NPV of between £1.2m and £2.4m. The Internal Rate of Return is therefore 6.0% and 7.1% for Options 2 and 3 respectively.

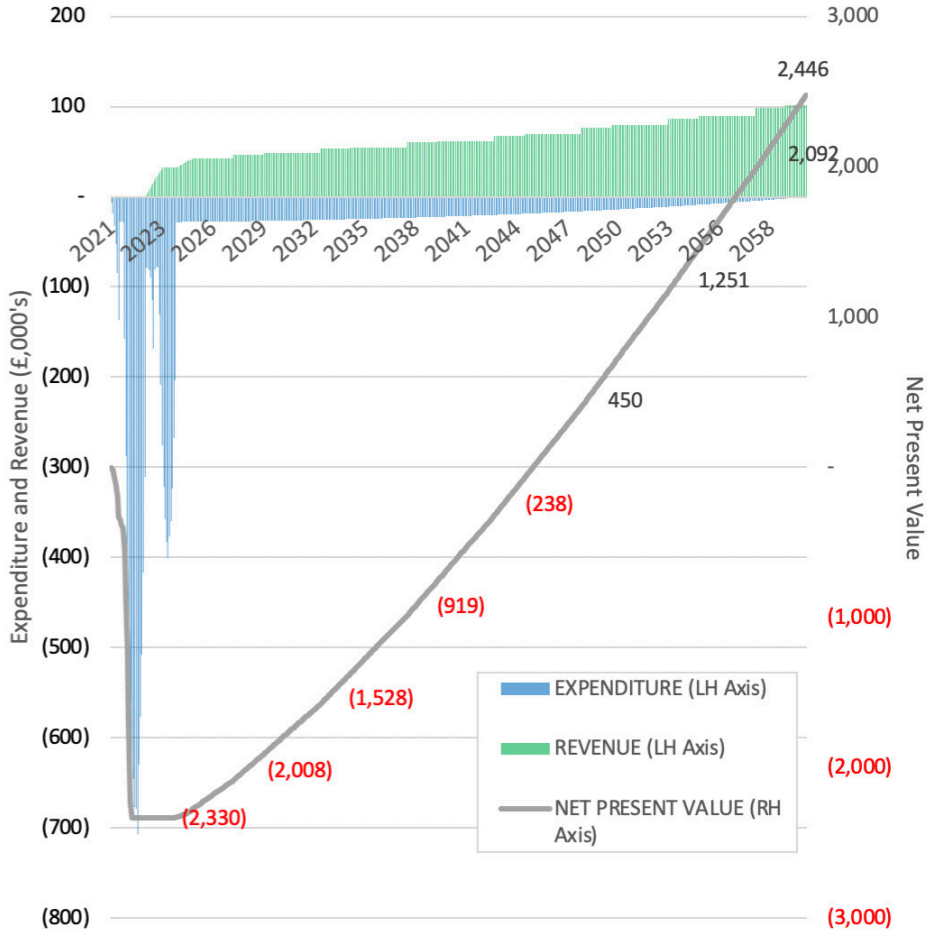
Market Hall - Option 2

Equity Investment	(1,796,000)
Profit Share at 100%	7,179,000
NET RETURN	5,383,000
Return on Equity	3.00
IRR	6.0%
NPV at 3.50%	1,197,000
Peak Debt	(7,273,000)
Peak Loan-to-Value	91%



Market Hall - Option 3

Equity Investment	(2,401,000)
Profit Share at 100%	11,610,000
NET RETURN	9,209,000
Return on Equity	3.84
IRR	7.1%
NPV at 3.50%	2,474,000
Peak Debt	(9,605,000)
Peak Loan-to-Value	90%



# 6 Preferred Options - Viability and Delivery

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## Dolphin Centre Site

### 6.1 Preferred Options

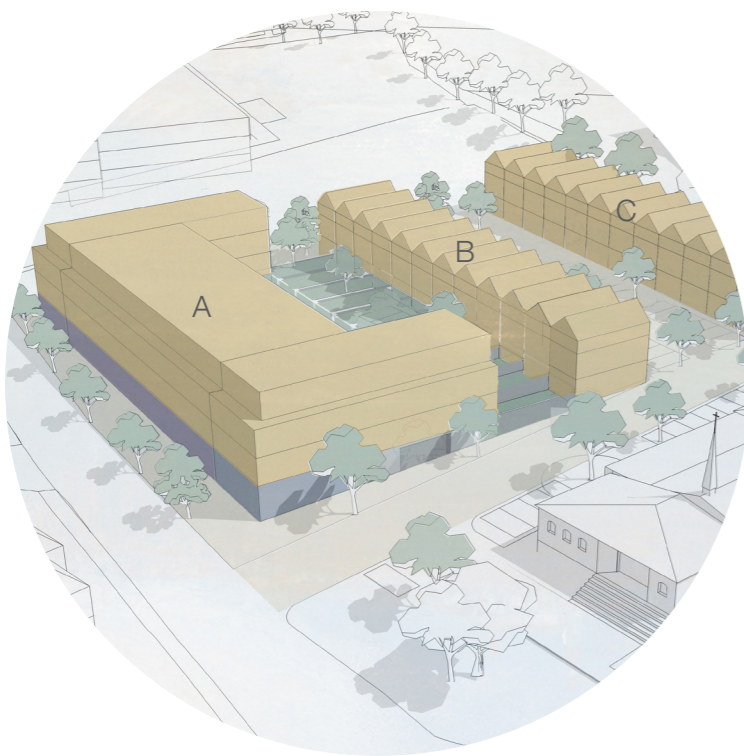
6.1.1 The main aspects taken into consideration when choosing preferred options were;

- massing,
- cost,
- flexibility of delivery (potential for phased development),
- market demand (townhouses vs flats).

**6.1.2 Option 1 - Live - Work Community** and **Option 2 - Residential - Office Balance** were deemed as the least preferred. These options were dismissed due to the following comments;

- uses - demand for workspace / office provision on the site is not tested. Dolphin Site should be considered as primarily residential.
- demand for live - work or flexible layout units untested. Business rates might apply to the ground floor studios.

**6.1.3 Option 3 'Residential Neighbourhood'** and **Option 4 'Townhouses'** were chosen as the preferred options for Dolphin Centre Site and selected to be analysed further in order to provide viability and delivery appraisals for the schemes.



### Option 3 'Residential Neighbourhood'

- Building Footprint: : A-1390 sqm, B-585 sqm & C-540 sqm
- No of buildings: 3
- No of storeys: 3 & 4
- Total GIA: 7535 sqm
- No of residential units: 45 flats, and 25 townhouses
- No of car parking spaces: 75
- Estimated Total Cost: 20.18M

#### Key Benefits and Issues

- phased development possible,
- a high-quality residential development maximising residential provision and creating a sustainable and attractive neighbourhood,
- provides a mix of flats and townhouses to help viability,
- provides social and economic benefits for Bromsgrove.



### Option 4 'Townhouses'

- Building Footprint: : A-630 sqm, B-270 sqm & C-315 sqm D-540 sqm,
- No of buildings: 4
- No of storeys: 3
- Total GIA: 4739 sqm
- No of units: 39 townhouses
- No of car parking spaces: 44
- Estimated Total Cost:13.4M

#### Key Benefits and Issues

- phased development possible,
- a high-quality residential development and an attractive neighbourhood in town centre
- provides only one type of accommodation - townhouses (approx. GIA of 120sqm)

DOLPHIN CENTRE RESIDENTIAL - OPTION 3 (Mix of Flats and Houses)									
	TENURE MIX	UNIT NUMBERS	GIA (SQFT)	GIA:NIA	NIA (SQFT)	BUILD RATE PSF	BUILD COST	SALES / RENT PSF	SALES / RENT VALUE
ALL PRIVATE	64%	49	45,811	92%	42,373	163	7,448,000	327	13,856,457
Subtotal	64%	49	45,811	92%	42,373	163	7,448,000	327	13,856,457
ALL INTERMEDIATE	17%	13	11,780	92%	10,896	163	1,915,200	233	2,539,943
ALL SOCIAL	11%	8	7,853	92%	7,264	163	1,276,800	200	1,451,970
Subtotal	28%	21	19,633	92%	18,160	163	3,192,000	220	3,991,913
<b>Total</b>	<b>93%</b>	<b>70</b>	<b>65,445</b>	<b>92%</b>	<b>60,533</b>	<b>163</b>	<b>10,640,000</b>	<b>295</b>	<b>17,848,370</b>

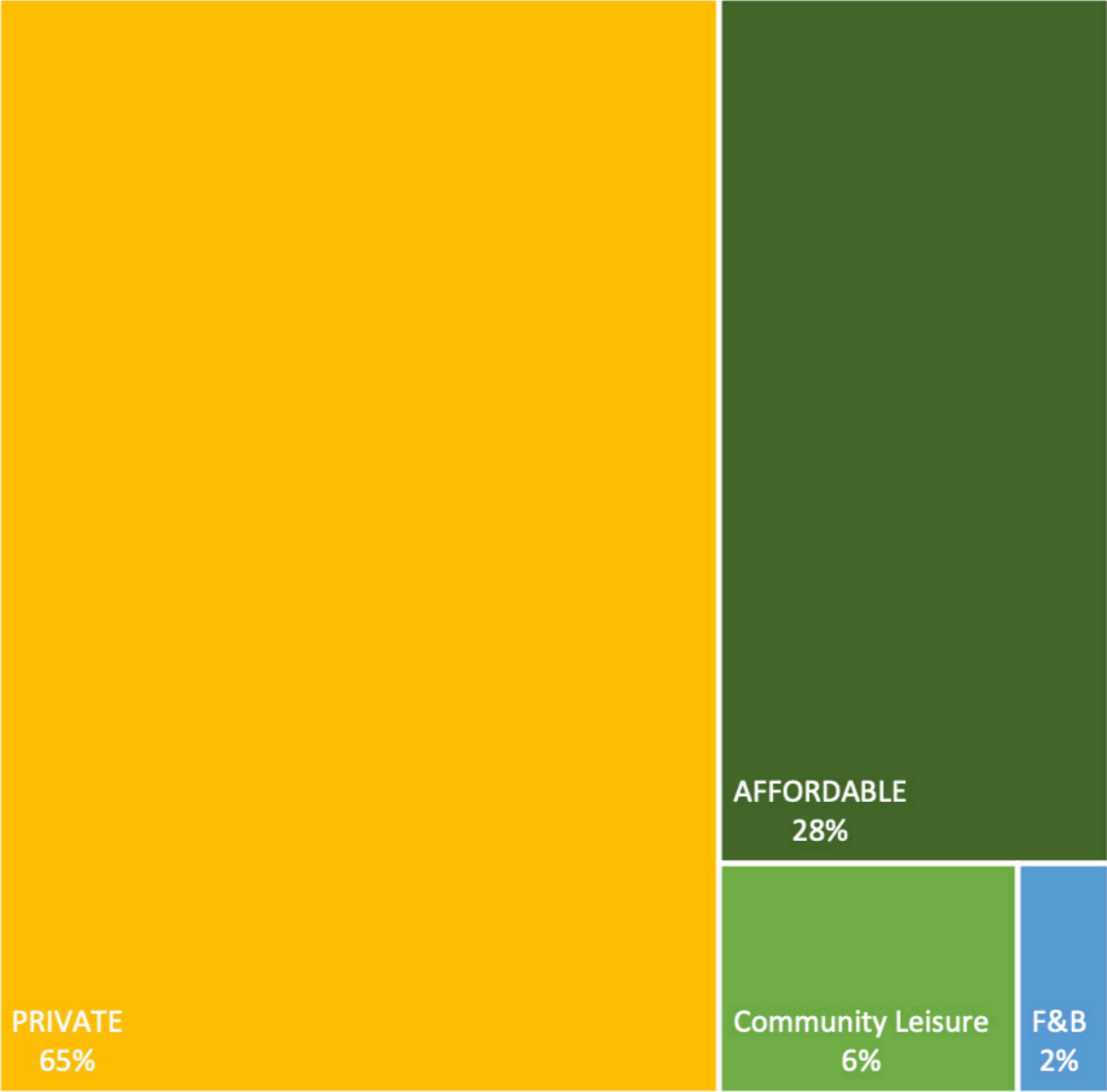
DOLPHIN CENTRE COMMERCIAL - OPTION 3									
	SPACE MIX (ON NIA)	GIA (SQFT)	GIA:NIA	NIA (SQFT)	BUILD RATE PSF	AVERAGE RENT PSF	RENTAL VALUE	AVERAGE YIELD	NET VALUE
Community Leisure	6%	4,607	80%	3,686	186	10.00	36,856	7.00%	484,446
F&B	2%	1,259	90%	1,133	130	10.00	11,334	7.00%	153,390
<b>Total</b>	<b>7%</b>	<b>5,866</b>	<b>82%</b>	<b>4,819</b>	<b>174</b>	<b>10.00</b>	<b>48,190</b>	<b>N/A</b>	<b>637,836</b>

Accommodation Schedule

Option 3 - Site Plan



Area Mix (based on Net Internal Areas)



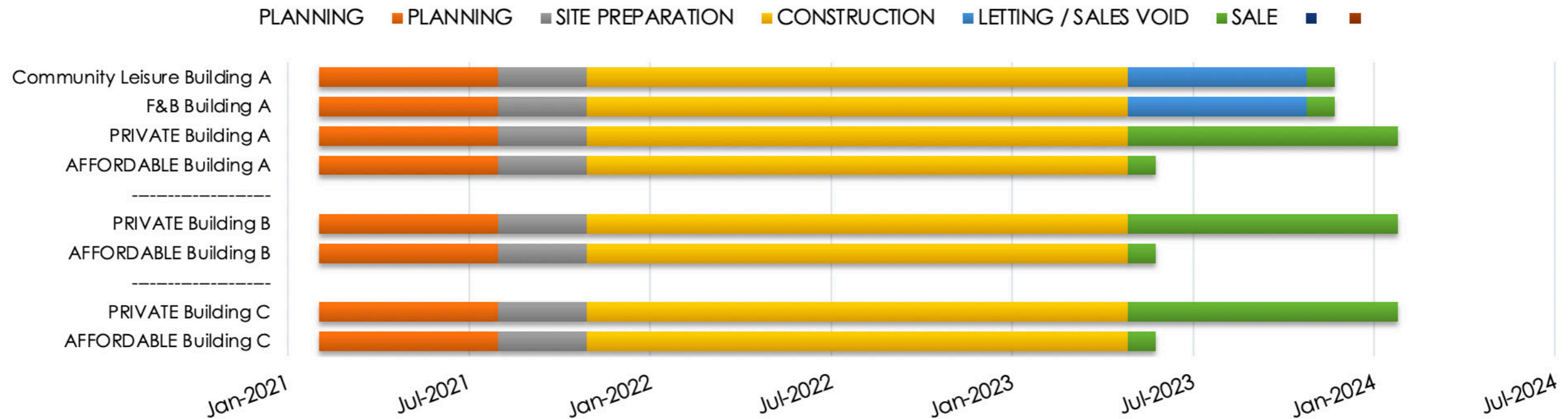
<b>DOLPHIN CENTRE RESIDENTIAL - OPTION 4 (All Houses)</b>									
	<b>TENURE MIX</b>	<b>UNIT NUMBERS</b>	<b>GIA (SQFT)</b>	<b>GIA:NIA</b>	<b>NIA (SQFT)</b>	<b>BUILD RATE PSF</b>	<b>BUILD COST</b>	<b>SALES / RENT PSF</b>	<b>SALES / RENT VALUE</b>
ALL PRIVATE	70%	27	35,707	100%	35,707	163	5,805,275	350	12,497,492
Subtotal	70%	27	35,707	100%	35,707	163	5,805,275	350	12,497,492
ALL INTERMEDIATE	18%	7	9,182	100%	9,182	163	1,492,785	253	2,320,963
ALL SOCIAL	12%	5	6,121	100%	6,121	163	995,190	202	1,237,847
Subtotal	30%	12	15,303	100%	15,303	163	2,487,975	233	3,558,810
<b>Total</b>		<b>39</b>	<b>51,010</b>	<b>100%</b>	<b>51,010</b>	<b>163</b>	<b>8,293,250</b>	<b>315</b>	<b>16,056,302</b>

Area Mix (based on Net Internal Areas)

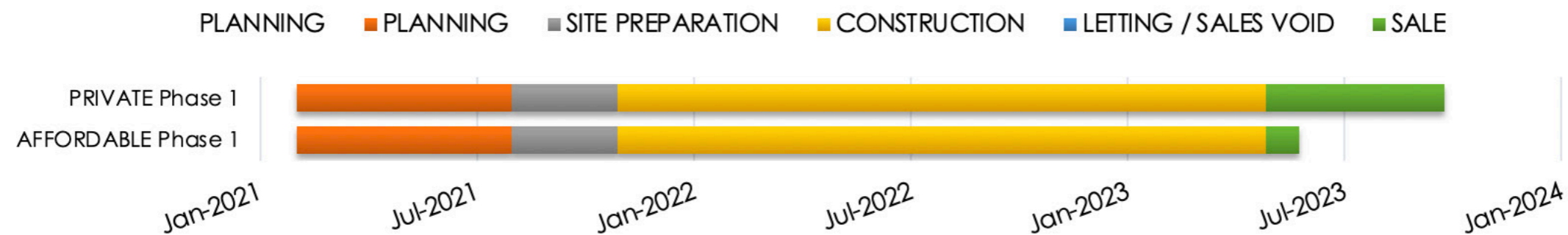


## 6.2 Preferred Options - Assumed Programme

### DOLPHIN SITE - OPTION 3



### DOLPHIN SITE - OPTION 4



\* The following programme has been adopted within the analysis and is based on the opinions of PRD.

**DOLPHIN SITE - OPTION 3**

INPUT DESCRIPTION	Community Leisure	F&B	PRIVATE	AFFORDABLE
Build Costs	Build rate: £186 psf (£2,000 psm)	Build rate: £130 psf (£1,400 psm)	Build rate: £163 psf (£1,750 psm)	Build rate: £163 psf (£1,750 psm)
Other Works Costs	e.g: Demolition, Prelims, Landscaping, Hardscaping, Remediation, Parking etc			
	Total Cost: £287,534	Total Cost: £62,807	Total Cost: £3,736,627	Total Cost: £1,601,412
Cost Contingency	15.0%	15.0%	15.0%	15.0%
CIL	CIL: £0 psf	CIL: £0 psf	CIL: £0 psf	CIL: £0 psf
	SECTION 106: 0.5%	SECTION 106: 0.5%	SECTION 106: 0.5%	SECTION 106: 0.5%
Professional Fees	Pre-Construction: 6.0%	Pre-Construction: 6.0%	Pre-Construction: 6.0%	Pre-Construction: 6.0%
	Post-Construction: 4.0%	Post-Construction: 4.0%	Post-Construction: 4.0%	Post-Construction: 4.0%
	Development Manager: 3.0%	Development Manager: 3.0%	Development Manager: 3.0%	Development Manager: 3.0%
Fee Contingency	5.0%	5.0%	5.0%	5.0%
Finance Costs	6.00% APR	6.00% APR	6.00% APR	6.00% APR
Profit Levels	Profit on Cost: 15.00%	Profit on Cost: 15.00%	Profit on Cost: 20.00%	Profit on Cost: 6.00%
	Profit on GDV: 7.5%	Profit on GDV: 8.3%	Profit on GDV: 13.4%	Profit on GDV: 4.0%
Commercial Rent	£10.00 psf	£10.00 psf	n/a	n/a
Commercial Yield	7.00%	7.00%	n/a	n/a
Rent Free Period	6 months	6 months	n/a	n/a
Residential Market Value	n/a	n/a	Flats: £300 psf Houses: £350 psf	Intermediate: £233 psf Affordable: £200 psf

# **DOLPHIN SITE - OPTION 4**

INPUT DESCRIPTION	PRIVATE	AFFORDABLE
Build Costs	Build rate: £163 psf (£1,750 psm)	Build rate: £163 psf (£1,750 psm)
Other Works Costs	e.g: Demolition, Prelims, Landscaping, Hardscaping, Remediation, Parking etc Total Cost: £2,269,202	Total Cost: £972,515
Cost Contingency	15.0%	15.0%
CIL	CIL: £0 psf	CIL: £0 psf
	SECTION 106: 0.5%	SECTION 106: 0.5%
Professional Fees	Pre-Construction: 6.0%	Pre-Construction: 6.0%
	Post-Construction: 4.0%	Post-Construction: 4.0%
	Development Manager: 3.0%	Development Manager: 3.0%
Fee Contingency	5.0%	5.0%
Finance Costs	6.00% APR	6.00% APR
Profit Levels	Profit on Cost: 20.00%	Profit on Cost: 6.00%
	Profit on GDV: 15.1%	Profit on GDV: 4.6%
Residential Market Value	£350 psf	Intermediate: £253 psf Affordable: £202 psf

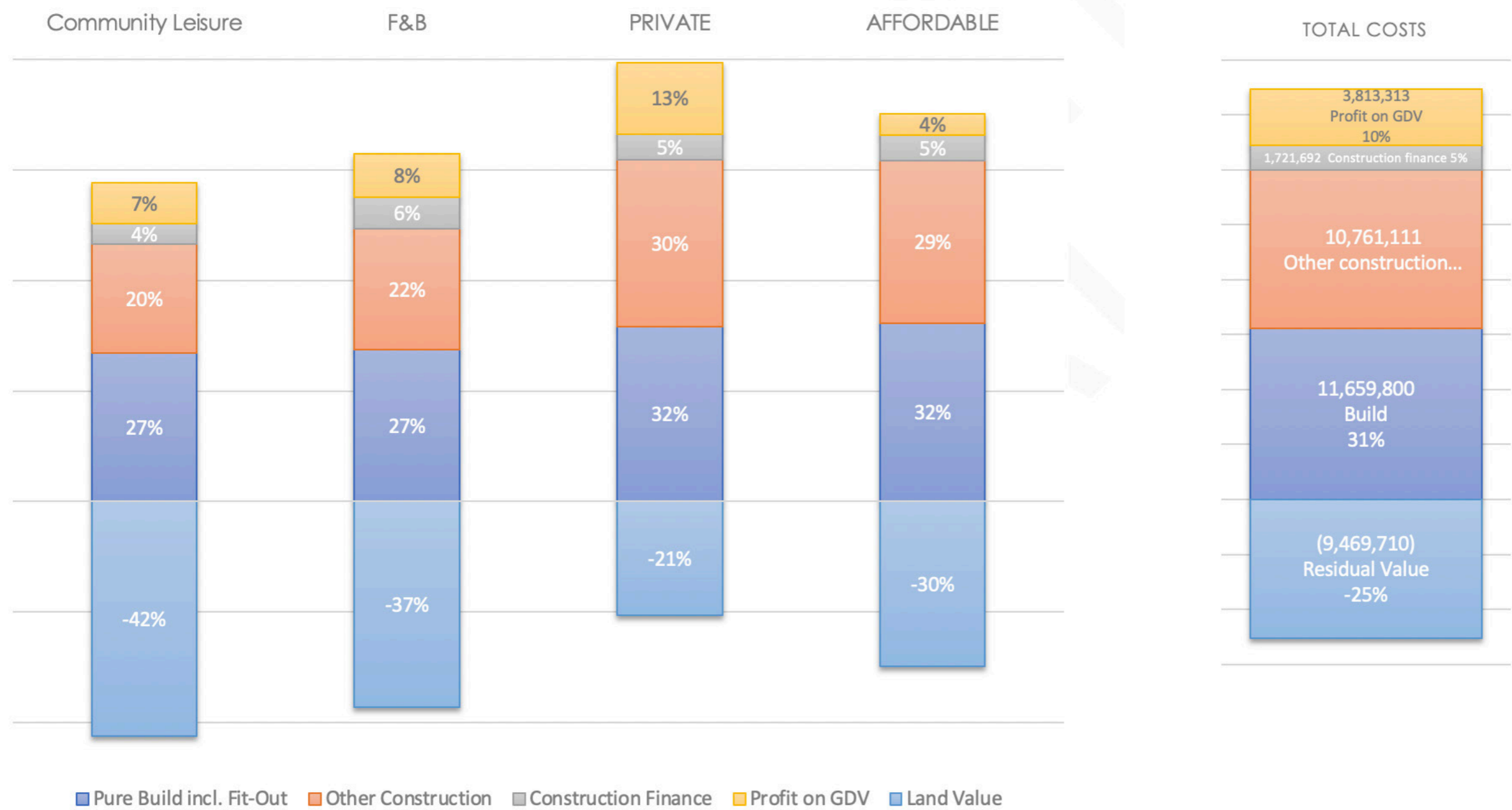
### 6.3 Assumption for the Appraisal

- Gross External and Gross Internal Areas have been calculated by AR Urbanism. In the absence of detailed designs, Net Internal Areas have been estimated by PRD based on standard industry outputs.
- Development costs have been provided by Redshell Consulting.
- Phasing for the delivery has been estimated by PRD. It is felt that both options provide housing numbers that are sufficient to be delivered in a single phase without diluting demand. It has been assumed that 30% of the units will be sold 'off-plan' with the remainder sold following completion at an average rate of 1 per week.
- CIL is not applicable to new developments within Bromsgrove, and a nominal sum at 0.5% of core costs has been assumed for Section 106 contributions.
- Commercial rents and yields reflect the fact that the Dolphin site is not a traditional office and retail location, and rental levels have been set at a level that would be reasonably achievable in order to secure interest from the market. The values have been sense-checked against the PRD Market Baseline.
- Private sale residential values are based on similar properties that are currently on the market in the surrounding area, and have been sense-checked against the PRD Market Baseline. A premium has been included in the sales values to account for the new-build status of the accommodation.
- Affordable residential allocations have been guided by BDC policy, with 30% of the total residential designated as affordable and within this amount, 60% is shared ownership housing and 40% is for affordable rent. At this stage, the affordable housing percentage is based on the number of units as opposed to the number of habitable rooms due to the absence of detailed information.
- No affordable housing grants have currently been assumed and we await any information from BDC regarding possible sources of grant funding to subsidise the delivery of the affordable element.
- The investment value from ground rent income has been excluded due to a current government review into the future of ground rents.
- VAT can be applicable where a scheme is undertaken by a public sector body and we would advise BDC to take specialist advice should this be relevant. At present, no VAT has been accounted for within these appraisals.

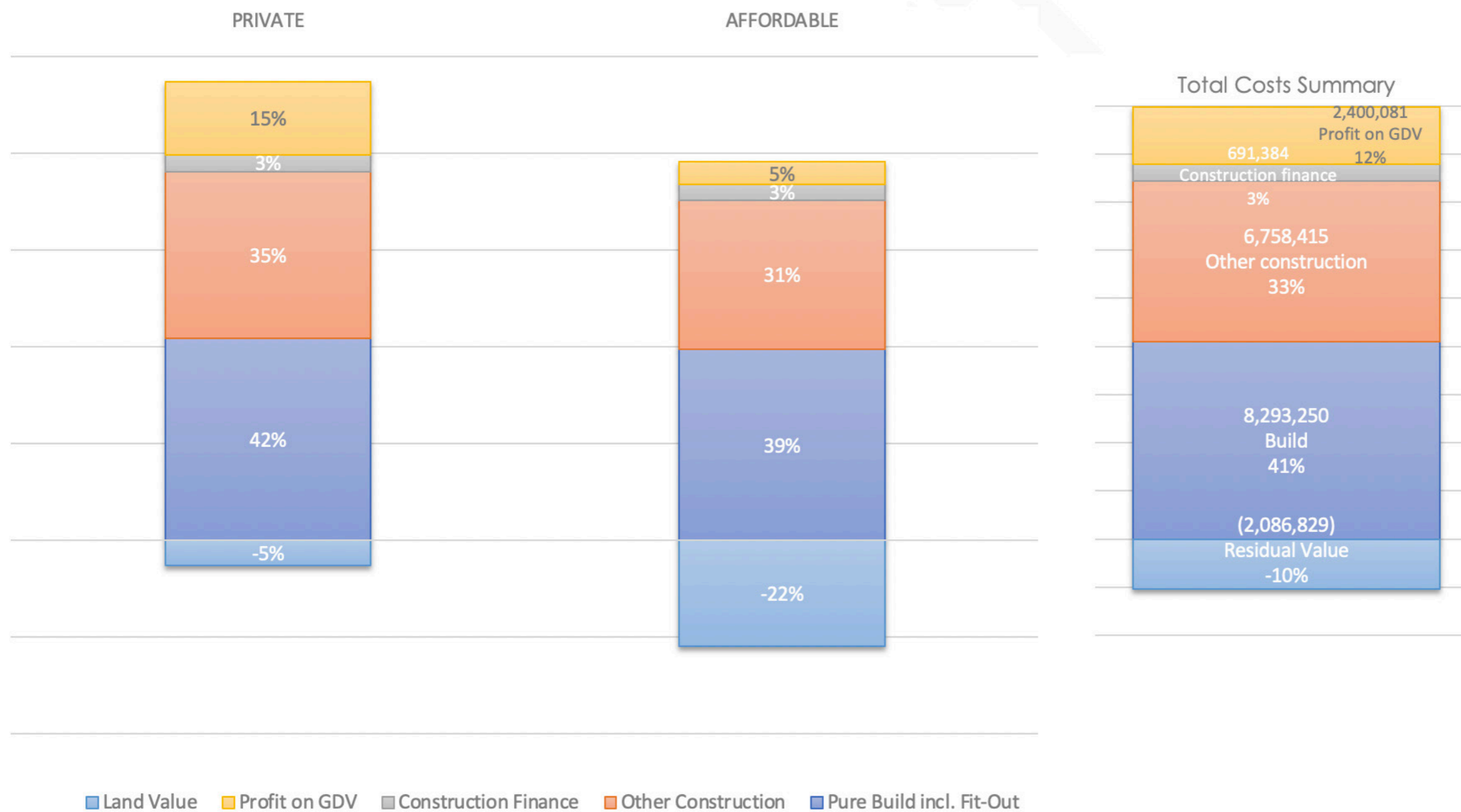
\* All other inputs are based on market knowledge and experience, and fall within the parameters considered to be industry standard for this type of scheme.

COST SUMMARY

DOLPHIN CENTRE SITE – OPTION 3



# DOLPHIN CENTRE SITE – OPTION 4



## 6.4 Residual Values; Option 3

<b>Community Leisure</b>	Build Costs: £856,000 (£186 psf)
(3,675 sq ft NIA)	Other Dev't Cost: £626,000
(4,600 sq ft GIA)	Finance @ 6.0%: £120,000
Total Sales: £484,000	Profit-on-cost @ 15.0%: £240,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£1,358,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£1,358,000)</b>	unviable

<b>FOOD AND BEVERAGE</b>	Build Costs: £164,000 (£130 psf)
(1,125 sq ft NIA)	Other Dev't Cost: £131,000
(1,250 sq ft GIA)	Finance @ 6.0%: £34,000
Total Sales: £153,000	Profit-on-cost @ 15.0%: £49,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£225,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£225,000)</b>	unviable

<b>PRIVATE HOUSING</b>	Build Costs: £7,448,000 (£163 psf)
(42,375 sq ft NIA)	Other Dev't Cost: £7,093,000
(45,800 sq ft GIA)	Finance @ 6.0%: £1,115,000
Total Sales: £13,856,000	Profit-on-cost @ 20.0%: £3,132,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£4,930,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£4,930,000)</b>	unviable

<b>AFFORDABLE HOUSING</b>	Build Costs: £3,192,000 (£163 psf)
(18,150 sq ft NIA)	Other Dev't Cost: £2,911,000
(19,625 sq ft GIA)	Finance @ 6.0%: £453,000
Total Sales: £3,992,000	Profit-on-cost @ 6.0%: £392,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£2,956,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£2,956,000)</b>	unviable

### Residual Value; Option 3 - TOTAL

Community Leisure	-£1,358,000
F&B	-£225,000
PRIVATE	-£4,930,000
AFFORDABLE	-£2,956,000
GROSS RESIDUAL (negative)	-£9,470,000
Finance @ 6.00%	£0
Purchaser's Costs at 0.00%	£0
<b>NET RESIDUAL VALUE</b>	<b>(£9,470,000) unviable</b>

## 6.5 Residual Values; Option 4

<b>PRIVATE HOUSING</b>	Build Costs: £5,805,000 (£163 psf)
(35,700 sq ft NIA)	Other Dev't Cost: £4,812,000
(35,700 sq ft GIA)	Finance @ 6.0%: £484,000
Total Sales: £12,497,000	Profit-on-cost @ 20.0%: £2,220,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£824,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£824,000)</b>	unviable

<b>AFFORDABLE HOUSING</b>	Build Costs: £2,488,000 (£163 psf)
(15,300 sq ft NIA)	Other Dev't Cost: £1,946,000
(15,300 sq ft GIA)	Finance @ 6.0%: £207,000
Total Sales: £3,559,000	Profit-on-cost @ 6.0%: £279,000
GROSS RESIDUAL VALUE (NEGATIVE) (sales minus costs)	
<b>(£1,362,000)</b>	unviable
<b>NET RESIDUAL VALUE (NEGATIVE) (incl. land purchase costs deduction)</b>	
<b>(£1,362,000)</b>	unviable

## Residual Value; Option 4 - TOTAL

PRIVATE HOUSING	-£824,000
AFFORDABLE HOUSING	-£1,362,000
GROSS RESIDUAL (negative)	-£2,185,000
Finance @ 6.00%	£0
Purchaser's Costs at 0.00%	£0
<b>NET RESIDUAL VALUE</b>	<b>(£2,185,000) unviable</b>

## 6.6 Concluding Thoughts and Viability Scoring

- Option 3 creates an overall negative residual value / loss of circa £9.47m and has a viability score of 66%, and Option 4 creates a loss of £2.18m and a viability score of 88%, indicating that Option 4 is significantly more viable albeit it still returns a negative land value based on the current inputs. Option 3 shows a significant loss and this suggests that significant changes will be required in order to create a viable proposition.
- On an individual basis, private-sale houses are the only use-type that have the potential to be viable based on the current inputs, with a score of 94% within Option 4. The mix of houses and flats within Option 3 demonstrate the impact that introducing flats has on the viability score, bringing this figure down to 74%. There is no differential between the flats and houses in terms of pure build costs; however, there are additional costs associated with the flats such as undercroft car parking and utility spaces, in addition to a lower proportion of net sellable space and lower sales values in general when compared to the houses.
- The commercial uses within Option 3 are heavily unviable. The unit assumed for food and beverage purposes (such as a local café), is comparatively small and does not impact on the overall viability position to a great extent. The community use, however, is much larger and significantly less viable in comparison. This is caused predominantly by the low rental income that is estimated for a community / office use in this location.
- With its combination of no commercial units and 100% houses (as opposed to a mix of houses and flats), on the basis of viability alone Option 4 is the recommended Option.

## 6.7 Enhancing Viability

- As per the Market Hall analysis, it is our view that the supplied build costs are higher than would be expected on a housing scheme of this type in this location, reflecting the uncertainty caused by the lack of information at this early stage of the development process. The build costs including prelims, overheads and profit are inputted at £2,150 psm which is approximately 10%-20% higher when compared to industry benchmarks.
- Other cost areas such as contingencies at 15% similarly reflect the current degree of caution. Looking at the remaining costs on an overall basis, it should be recognised that there is an opportunity to firm up the costs and reduce many of the uncertainties over time through increased knowledge and understanding of the main issues.
- Our experience of working with housebuilders suggests that they are able to achieve significant cost efficiencies which at the current stage of the assessment we are unable to reflect in the analysis.
- We note that the average size of house as designed is 1,300 sqft which is equivalent to a 4-bedroom house. It is our belief that this site would be better suited to a greater number of 2-bedroom houses at say 750-850 sqft which would neatly target the first-time buyer market. We envision the first-time buyers would be attracted to this location by the proximity of the town centre, neighbouring fitness centre, and train station, and this would create demand for a starter home with garden and parking. One of the benefits of a smaller unit is a higher sales rate per sqft, and this has been reflected to a certain degree in the sales rate adopted within these appraisals. Another benefit is the Council providing housing for those with lower budgets, in a town that is typically providing more 3- and 4-bedroom houses that might be beyond the budget of a number of first-time buyers.
- We have considered the prospect of creating a formal PRS element within the flats in Option 3, but have decided that there will not be a sufficient quantum of units to create the economies of scale that will make this element profitable for a PRS operator. The likely need for a cross-subsidy is also mentioned within this report and the PRS element will not create the immediate capital required.
- In keeping with the social value remit, we do not believe that reducing the proportion of affordable housing should be an immediate tool by which to increase viability, particularly given that both sites are owned by the Council. Other options should be explored in the first instance and only when they have been exhausted should the affordable housing proportion be challenged.

All the above is subject to the notes, caveats and limitations stated below, and they must be read in conjunction with this report.

# 7 Summary and Conclusions

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## SOCIO-ECONOMIC AND PROPERTY MARKET BASELINE: HEADLINES AS AT APRIL 2020 (PRE-COVID)

### ECONOMY

- The wider Bromsgrove District is a relatively successful economy
- In contrast, **the Town Centre has experienced lower levels of growth** over the past decade, offering lower productivity and activities which serve the needs of the local population
- Structural challenges include an **aging population, the local housing market, lack of an economic 'motor' and high levels of out-commuting**

### RESIDENTIAL

- **The residential sales market has outperformed the wider West Midlands area** in measures such as average prices and 5-year growth, driven mainly by the market for houses
- Flats in Bromsgrove are the only type of residential product that fall below the West Midlands' benchmarks, both in the sales and rental market

### COMMERCIAL

- The existing **office market is positive**, with improving rents and occupancy rates over the last 7 years, **only limited by limited levels of attractive stock**. A noticeable lack of new, quality accommodation for smaller firms / start-ups within the town centre
- The **retail market mirrors many other towns across the country**, with marginally falling rents and a negative stock absorption rate

# MARKET HALL SITE: OPTION 2 VIABILITY AND COMMENTARY

	Residual Value	Viability Score	Advantages	Disadvantages
DIRECT DELIVERY	(£3.33m)	64%	<ul style="list-style-type: none"> <li>Profit is retained and opportunity for maximum receipt is created</li> <li>Borrowing from PWLB or similar will reduce finance costs and increase returns</li> <li>Maximum control</li> </ul>	<ul style="list-style-type: none"> <li>Need to additional resources i.e. development management (either internally or externally appointed)</li> <li>Full risk in terms of funding, delivery and letting</li> <li>Potential need for external advice on commercial development schemes (if no in-house expertise)</li> </ul>
Sensitivity: Build Costs -10% Rental Values +5%	(£2.34m)	73%		
Sensitivity: Build Costs -20% Rental Values +10%	(£1.35m)	83%		
JOINT VENTURE	(£4.23m)	59%	<ul style="list-style-type: none"> <li>Profit is shared</li> <li>Risk is shared</li> <li>Development partner can source third-party finance</li> <li>Control over the project can be maintained</li> </ul>	<ul style="list-style-type: none"> <li>A proportion of value is lost to the partner</li> <li>Different objectives may lead to a breakdown of the relationship</li> </ul>
Sensitivity: Build Costs -10% Rental Values +5%	(£3.16m)	67%		
Sensitivity: Build Costs -20% Rental Values +10%	(£2.13m)	76%		
LAND SALE	(£4.95m)	55%	<ul style="list-style-type: none"> <li>Immediate receipt, but given the negative residual value, this will not be forthcoming</li> <li>Has the potential to be the fastest route to delivery given the private sector expertise</li> </ul>	<ul style="list-style-type: none"> <li>Control is lost to a third party, although a contractual arrangement of lease could alleviate this</li> <li>Lost opportunity to maximise the receipt</li> </ul>
Sensitivity: Build Costs -10% Rental Values +5%	(£3.84m)	62%		
Sensitivity: Build Costs -20% Rental Values +10%	(£2.74m)	71%		

## MARKET HALL SITE: OPTION 3 VIABILITY AND COMMENTARY

	Residual Value	Viability Score	Advantages	Disadvantages
DIRECT DELIVERY	(£3.77m)	70%	<ul style="list-style-type: none"> <li>Profit is retained and opportunity for maximum receipt is created</li> <li>Borrowing from PWLB or similar will reduce finance costs and increase returns</li> <li>Maximum control</li> </ul>	<ul style="list-style-type: none"> <li>Need to additional resources i.e. development management (either internally or externally appointed)</li> <li>Full risk in terms of funding, delivery and letting</li> <li>Potential need for external advice on commercial development schemes (if no in-house expertise)</li> </ul>
Sensitivity: Build Costs -10% Rental Values +5%	(£2.34m)	80%		
Sensitivity: Build Costs -20% Rental Values +10%	(£0.90m)	91%		
JOINT VENTURE	(£4.97m)	64%	<ul style="list-style-type: none"> <li>Profit is shared</li> <li>Risk is shared</li> <li>Development partner can source third-party finance</li> <li>Control over the project can be maintained</li> </ul>	<ul style="list-style-type: none"> <li>A proportion of value is lost to the partner</li> <li>Different objectives may lead to a breakdown of the relationship</li> </ul>
Sensitivity: Build Costs -10% Rental Values +5%	(£3.45m)	73%		
Sensitivity: Build Costs -20% Rental Values +10%	(£1.93m)	83%		
LAND SALE	(£5.93m)	60%	<ul style="list-style-type: none"> <li>Immediate receipt, but given the negative residual value, this will not be forthcoming</li> <li>Has the potential to be the fastest route to delivery given the private sector expertise</li> </ul>	<ul style="list-style-type: none"> <li>Control is lost to a third party, although a contractual arrangement of lease could alleviate this</li> <li>Lost opportunity to maximise the receipt</li> </ul>
Sensitivity: Build Costs -10% Rental Values +5%	(£4.33m)	68%		
Sensitivity: Build Costs -20% Rental Values +10%	(£2.73m)	78%		

## **MARKET HALL SITE: SUMMARY FINDINGS**

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- Based on current inputs, all options are unviable
- Cost inputs are 'cautious' given the stage within the development cycle
- In the hands of developers, there will be opportunities for efficiency savings
- Given the strategic importance on this site, cross-subsidy and wider economic benefits could form part of the business case
- Pre-lets will reduce the delivery risk and improve the financial position
- Phased delivery will allow flexibility for future strategy
- Meanwhile uses should be considered in the interim whilst further identities for the site are explored and tested

## FORMER DOLPHIN CENTRE SITE: OPTION 3 VIABILITY AND COMMENTARY

	Residual Value	Viability Score	Advantages	Disadvantages
DIRECT DELIVERY	(£4.90m)	79%	<ul style="list-style-type: none"> <li>• Opportunity to maximise the receipt and cross-subsidise other development sites</li> <li>• Maximum control over the affordable housing provision and delivery of PRS, if desired</li> <li>• Council housing company can deliver the scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Maximum delivery and sales risk</li> <li>• Less experience in delivering schemes of this size when compared to the private sector</li> </ul>
Sensitivity: Build Costs -10% Sales / Rental Values +5%	(£2.00m)	91%		
Sensitivity: Build Costs -20% Sales / Rental Values +10%	£0.83m	104%		
JOINT VENTURE	(£7.35m)	72%	<ul style="list-style-type: none"> <li>• Profit is shared</li> <li>• Risk is shared</li> <li>• Development partner can source third-party finance</li> <li>• Control over the project can be maintained</li> </ul>	<ul style="list-style-type: none"> <li>• A proportion of value is lost to the partner</li> <li>• Different objectives may lead to a breakdown of the relationship</li> </ul>
Sensitivity: Build Costs -10% Sales / Rental Values +5%	(£4.53m)	81%		
Sensitivity: Build Costs -20% Sales / Rental Values +10%	(£1.51m)	93%		
LAND SALE	(£9.47m)	66%	<ul style="list-style-type: none"> <li>• Quicker receipt (if viable) and potentially quicker delivery by the private sector</li> </ul>	<ul style="list-style-type: none"> <li>• Lesser ability to control the delivery of affordable housing although a sale with conditions could resolve this issue</li> <li>• A lower receipt would limit the opportunity to cross-subsidise other development sites</li> </ul>
Sensitivity: Build Costs -10% Sales / Rental Values +5%	(£6.06m)	76%		
Sensitivity: Build Costs -20% Sales / Rental Values +10%	(£2.82m)	88%		

## FORMER DOLPHIN CENTRE SITE: OPTION 4

### VIABILITY AND COMMENTARY

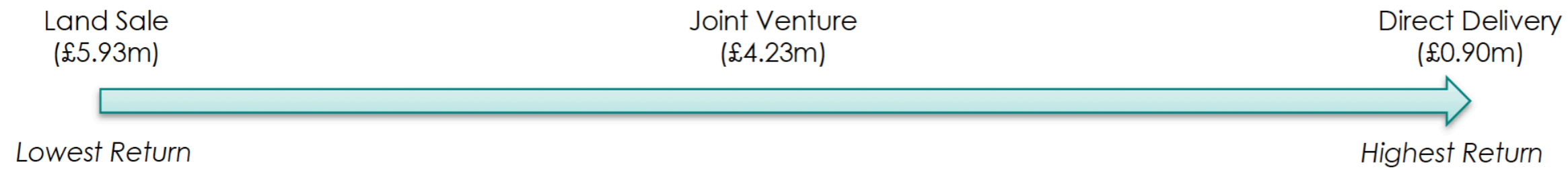
	Residual Value	Viability Score	Advantages	Disadvantages
DIRECT DELIVERY	£0.68m	104%	<ul style="list-style-type: none"> <li>• Opportunity to maximise the receipt and cross-subsidise other development sites</li> <li>• Maximum control over the affordable housing provision and delivery of PRS, if desired</li> <li>• Council housing company can deliver the scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Maximum delivery and sales risk</li> <li>• Less experience in delivering schemes of this size when compared to the private sector</li> </ul>
Sensitivity: Build Costs -10% Sales Values +5%	£2.74m	119%		
Sensitivity: Build Costs -20% Sales Values +10%	£4.87m	138%		
JOINT VENTURE	(£1.10m)	94%	<ul style="list-style-type: none"> <li>• Profit is shared</li> <li>• Risk is shared</li> <li>• Development partner can source third-party finance</li> <li>• Control over the project can be maintained</li> </ul>	<ul style="list-style-type: none"> <li>• A proportion of value is lost to the partner</li> <li>• Different objectives may lead to a breakdown of the relationship</li> </ul>
Sensitivity: Build Costs -10% Sales Values +5%	£1.03m	108%		
Sensitivity: Build Costs -20% Sales Values +10%	£3.15m	124%		
LAND SALE	(£2.19m)	88%	<ul style="list-style-type: none"> <li>• Quicker receipt (if viable) and potentially quicker delivery by the private sector</li> </ul>	<ul style="list-style-type: none"> <li>• Lesser ability to control the delivery of affordable housing although a sale with conditions could resolve this issue</li> <li>• A lower receipt would limit the opportunity to cross-subsidise other development sites</li> </ul>
Sensitivity: Build Costs -10% Sales Values +5%	£0.03m	101%		
Sensitivity: Build Costs -20% Sales Values +10%	£2.11m	116%		

## **FORMER DOLPHIN HALL SITE: SUMMARY FINDINGS**

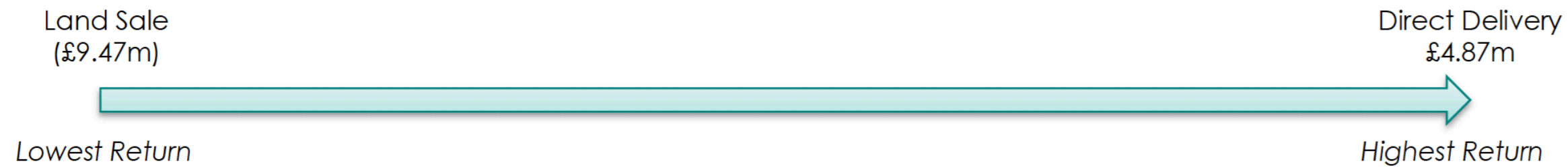
- 
- If sensitivities are applied then there are a number of viable pathways
  - Sensitivity application is realistic given that the cost inputs are 'cautious' at this stage of the development cycle
  - In the hands of developers, there will be opportunities for further efficiency savings
  - Smaller starter-homes would likely attract the most demand in this location, and drive a higher sales rate on a per sq ft basis
  - Given the edge-of-town location of the station and the suboptimal number of units, we do not envisage institutional demand for a PRS product
  - A PRS scheme might require Council-subsidy or in-house delivery and management in order to become feasible

# CROSS SUBSIDY

- MARKET HALL SITE



- FORMER DOLPHIN CENTRE SITE



- COMBINED DELIVERY THROUGH CROSS-SUBSIDY

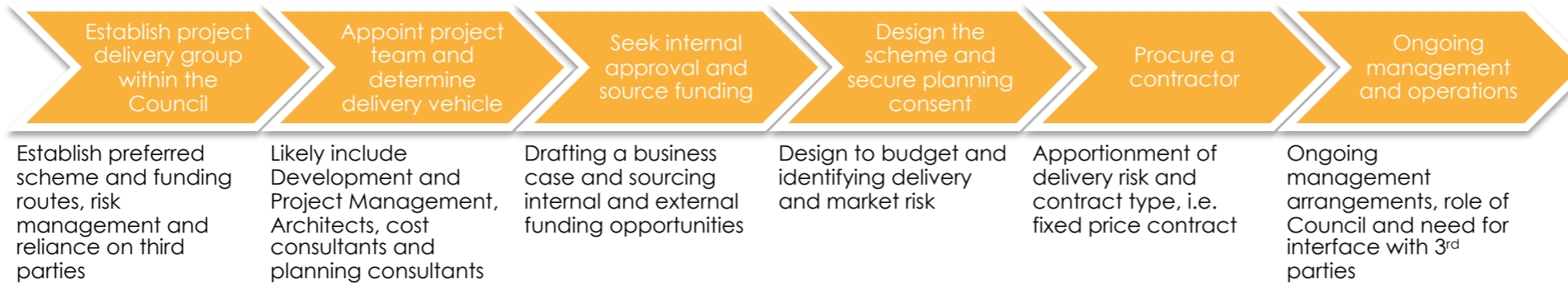


## NEXT STEPS

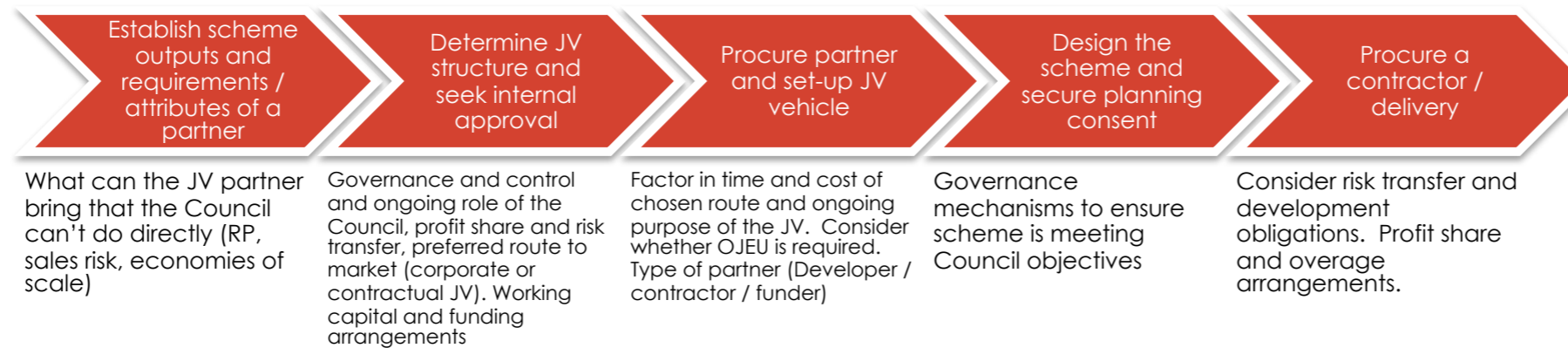
- 
- **Test the high-level principles** that will define BDC's strategy e.g;
    - Direct delivery
    - Joint ventures
    - Land receipts
  - Take the high-level principles to the market and engage in **soft-market testing** with, for example;
    - Developers
    - Occupiers
    - Registered Providers
  - Adapt the **scheme design** to incorporate the findings from the market
  - Develop a formal **business case** or equivalent to secure support from stakeholders and groups, including;
    - LEP
    - Public funding bodies
    - General public
  - More detailed examination of BDC's **ability to deliver** any development, in areas such as;
    - Internal resourcing
    - Funding
    - Tax
    - Risk exposure

## BROMSGROVE NEXT STEPS

### DIRECT DELIVERY



### JOINT VENTURE: CORPORATE OR CONTRACTUAL

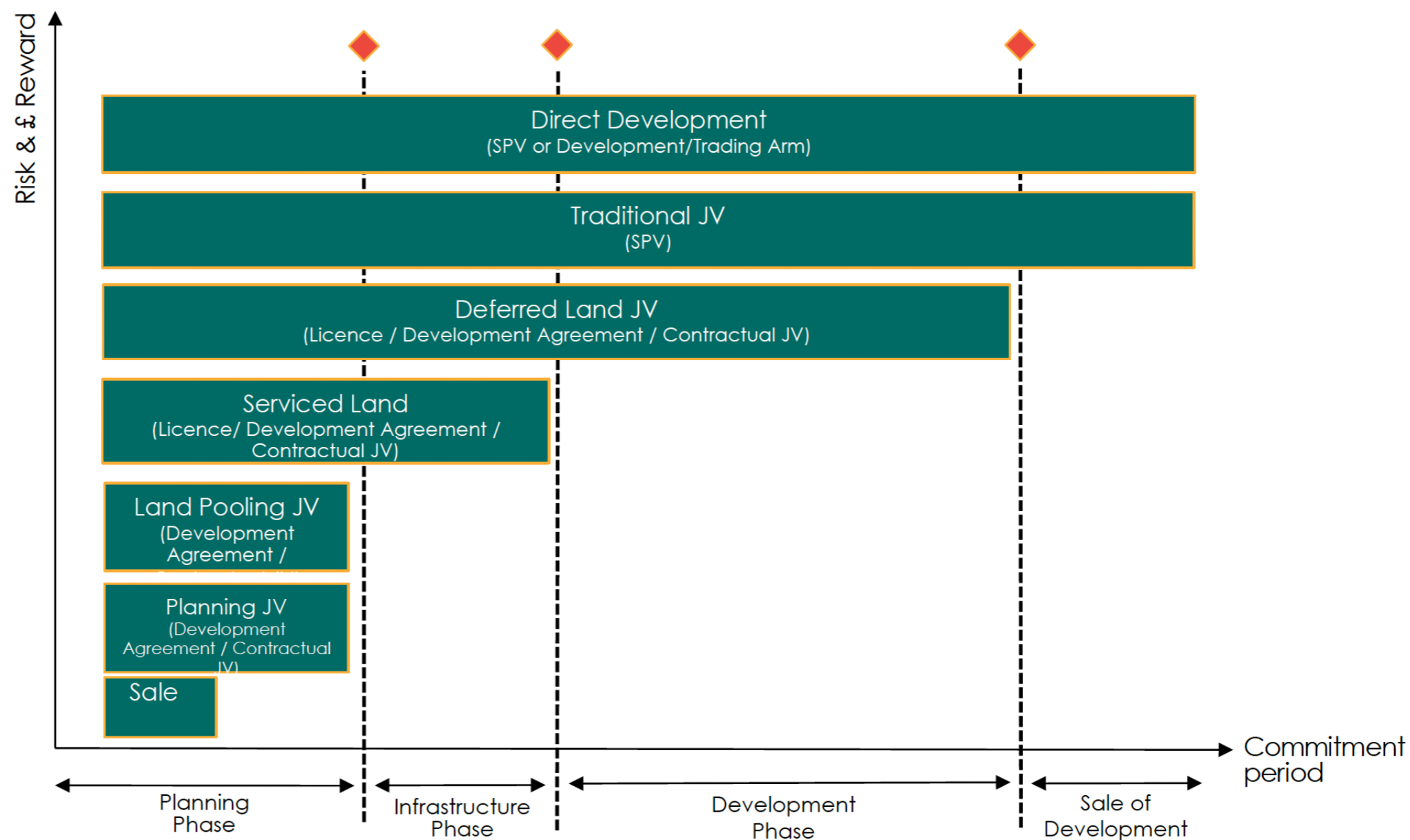


### LAND SALE: WITH OR WITHOUT PLANNING



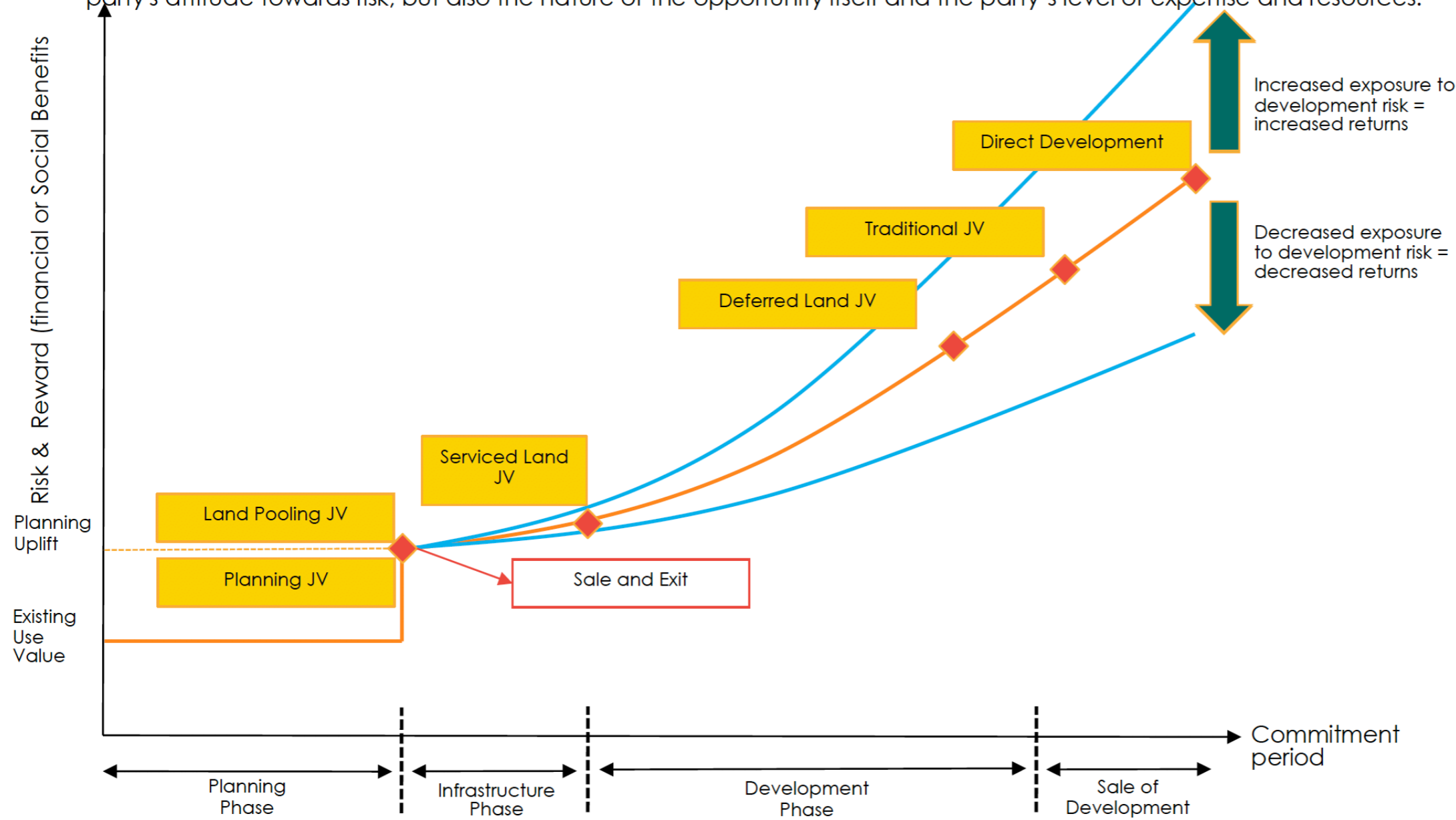
## INDICATIVE COMMITMENT PERIODS AND RISK/REWARD PROFILES FOR DEVELOPMENT

With greater exposure to risk and reward comes greater control and responsibility for the process. This can prove challenging for many project originators and a realistic assessment of in-house skills must be undertaken as part of considering the right vehicle.



# MOVING BETWEEN DEVELOPMENT VEHICLES

The orange line shows the risk/reward curve of the development process and by moving up the curve the party participates in more financial reward the longer they stay in the development process . The most appropriate vehicle is determined not just by the party's attitude towards risk, but also the nature of the opportunity itself and the party's level of expertise and resources.



7.1 Concluding Observations - Both Sites

- Looking across both sites with a view to improving viability and prospects for delivery, it is likely (subject to further value enhancements) that the Market Hall site will be unviable and the Dolphin site viable. If we run a small number of high level sensitivity scenarios that reduce costs then we begin to see how the viability position might start to be improved, for example:

		ORIGINAL	ADJUSTED
MARKET HALL	Build Costs	n/a	-20%
OPTION 3	Contingency	15%	10%
	Residual Value	-£5,900,000	-£3,100,000

		ORIGINAL	ADJUSTED
DOLPHIN SITE	Build Costs	n/a	-15%
OPTION 4	Contingency	15%	10%
	Residual Value	-£2,200,000	£490,000

- Through the enaction of the processes identified in the Next Steps section of this report (on the proceeding pages) there will be an opportunity to improve the financial position and allow a cross-subsidy that delivers both sites when considered within a single masterplan. For example, an early-stage capital receipt from the Dolphin Centre site could be delivered in the first stages of the programme, focussing on small, first-time buyer houses (subject to further consultation with developers) that produce a higher rate per sqft and that would be befitting of the edge of town centre location and the remit to attract a younger demographic of first-time buyers to the town centre. The Market Hall site could then benefit from the invested equity that had been generated from the Dolphin Site.
- If BDC deliver the Dolphin site themselves or in JV then they would retain all or some of the profit element of £2.5m which is currently allocated to the developer of the site within the appraisal. This would significantly improve the viability position further. A BDC-delivered scheme could also benefit from lower borrowing costs through the PWLB which would further improve the surplus generated. One notable cost increase would however be the enhanced professional fees required to provide the expertise that would otherwise sit in-house within the developers.
- The Market Hall site could continue to function with the Bird Box and other meanwhile uses whilst the Dolphin site begins construction, which would bring temporary social benefits to the town centre and may established some further ideas for uses on the Market Hall site and in particular the use of Building B.
- If the risk appetite is sufficient, BDC could retain the Market Hall site as an investment which we have suggested above could provide an estimated IRR of between 6% and 7%, against a target rate of return estimated to be in the region of 3.5%.

## 7.2 Next Steps

1. BDC have already indicated their willingness to consider various approaches to delivery, and they must now continue to test and set the high-level principles that will define its strategy for these sites. This will involve exploring the options in more detail, such as:

- Testing the appetite for self-delivery,
- What joint venture approaches would be most appropriate?
- Is a positive return required in order to progress, or is this superseded by the wider economic benefits that the developments will generate?

By considering and defining the key strategy principles, BDC will be better prepared to embark upon the key task of engagement with potential investors, funders, developers and occupiers.

2. BDC has started to develop its knowledge of target uses and occupiers for the sites. Further market investigation and soft market testing must be undertaken in tandem with wider engagement in order to develop robust market intelligence to set further testing, demand validation and development of the delivery approach. This evidence will help shape the approach to delivery and establish the level of participation for BDC in the development process. Areas for further investigation could include:

- Soft market testing of potential developers and investors
- Potential demand from serviced office operators
- Potential interest from Registered Providers of social housing

3. Scheme designs, costings and due diligence should be periodically updated on the back of the investigations with a view to establishing answers to the questions that emerge and thus further establishing confidence in the direction of travel.

4. Given the scale of complexity, risks and resources required to progress the Masterplan, there is a need to take forward and formalise a shared consensus within BDC about the case to proceed. To support such a course of action, the development of a formal Business Case may be required, both to define the rationale for BDC's commitment and to secure support from key stakeholders and groups, (such as the LEP or potential public funding bodies, or the general public).

- As well as drawing on the conclusions from across the key actions proposed in this section, the Business Case should include clear consideration of the socioeconomic benefits presented by the development of these sites to the wider area, which will be an essential consideration for many stakeholders.

5. Given that a different approach may be appropriate for each site, a more detailed examination of BDC's appetite and ability to pursue each model must be considered as part of this exercise to ensure that the preferred approach:

- Is compatible with the market and the behaviours and development outcomes sought from development;
- Is intra-vires;
- Is effectively manageable at the strategic and operational levels (via internal, procured or partnered resources and across the requisite BDC departments);
- Is acceptable in terms of the political and delivery risk exposure to BDC and partners;
- Can it be resourced through BDC or other secured funding; and
- Is tax efficient and optimal in terms of the overall balance of benefits offered against the costs and risks to be born and the speed of effecting change.

# APPENDIX 1 – NOTES, CAVEATS AND LIMITATIONS

Indicative development appraisal limitations and caveats. Please review prior to considering the development appraisals.

## NOTES ON THE ASSUMPTIONS

1. The assumptions are made on a generalised basis and are based on high level rather than detailed schemes.
2. All appraisals assume that planning consent will be granted for each scheme.
3. All appraisals assume that vacant possession can be achieved for properties required to progress the development.
4. All appraisals assume that the various negotiations with neighbouring landowners and holders of rights and easements across the subject land can be achieved in a timely manner and at a reasonable cost.
5. Revenues are based on general market conditions supported by high level market evidence.
6. No detailed analysis has been undertaken on the rate of market absorption for the level of development indicated.
7. Unless specifically stated, construction costs are assumed at a general rate irrespective of individual site or scheme characteristics.
8. Some allowances may have been made as provisional sums for abnormal costs or contingencies. These are not intended to offer an exhaustive list of such costs and no warranty or assurance is provided as to their adequacy to cover the actual costs.
9. No allowances made for potential contamination, asbestos removal or other environmental costs.
10. No allowances made for site assembly costs or existing use values.

## CAVEATS AND LIMITATIONS

1. The appraisals are provided purely for indicative purposes based on illustrative schemes. They are not provided for use in detailed negotiations on specific sites.
2. Residual land values depend on the assumptions made. Any changes to the assumptions made can have a significant effect on value and viability.
3. A wide range of bids will be made in the market for a site, based upon differing assumptions made by developers many of which may depend upon their requirements.
4. The appraisals represent an assessment of land values at a specific point in time. They should not be considered indicative for the medium to long term but are for short term illustration only.
5. Whilst carried out based upon the principles and guidance notes of the RICS Valuation, Global Standards 2017 (the Red Book) the appraisals should be considered outside of the parameters of the Red Book due to the high level nature of the schemes and assumptions adopted.



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