Birmingham WPV Stakeholder Consultation

Feedback and Analysis

The comments have been grouped for ease of reference.

Item	**Comment Feedback**	**Consultee**	**AspinallVerdi comments**
Comments made in the Workshop			
Resi Values Market Research Paper	Question of when the resi paper was dated – does it include COVID statements etc?	Jacob Bonehill (1/3/2024)	Report is dated February 2024, although evidence has been ongoing since November 2023. Majority of sold price captured between June 2021 – September 2023. Asking prices up to February 2024.
Value Zones	Would like the data for the value zones and is unhappy with a week to get comments back to AspinallVerdi	Jacob Bonehill (1/3/2024)	Will feedback comments to BCC
CIL	Asks if the CIL has been reviewed as part of this commission and asks what is happening in terms of CIL.Is the city intending to review CIL in the WPV?	Jacob Bonehill (1/3/2024)	Our appraisals show the impact upon CIL – sensitivities around CIL will be in the hands of BCC.
BTR – selective licensing	Selective licensing - Rental properties- charge to landlord/ owner to pay upfront fee for 5-year license. 100 Broad Street used as case study– wants to understand how this will be looked at in terms of viability	Adam Connor (1/3/2024)	We consider this is captured within the allowance for leakage.. we have increased our management costs from 20% to 25% in accordance to multiple responses, which will be inclusive of selective licencing.

Item	Comment Feedback	Consultee	AspinallVerdi comments
BTR – selective licensing	BTR charge refers to all landlords across the borough	Jacob Bonehill (1/3/2024)	As above.
BNG	Can you be explicit on BNG costs initially and the maintenance costs and the land take costs?	Rachel Danemann (1/3/2024)	Used DEFRA metric – conscious it may need some adjustments but there is a lack of studies at the moment. Evidence is welcome.
Urban Greening costs	Local nature recovery strategy with combined authority are we taking this into consideration.	Jacob Bonehill (1/3/2024)	Noted
Affordable Housing	Arguing that AH for market should be different risk profile than AH sold to an RP	Rachel Danemann (1/3/2024)	Send examples to us and we can incorporate this into our study
Strategic Site Allocations	Will you be considering strategic sites on an individual basis	Jacob Bonehill (1/3/2024)	Decision has not been finalised – we can individually assess sites. Typologies look at sites that come in and consider potential strategic allocations.
Co-living	Are you considering co-living as a separate typology?	Jacob Bonehill (1/3/2024)	Will feedback to the Council on whether they should consider this emerging market? Asks Jacob to provide any evidence/ details of how these typologies could look.
Build costs for city centre core	City core costs using BCIS c. £160-£165 psf seems to low. Recommends costs are considered in line with comparable.	Nigel Simkin (1/3/2024)	Noted
Build Costs	Their evidence suggests c. £250 psf for build costs.	Adam Connor (1/3/2024)	Noted

Item	Comment Feedback	Consultee	AspinallVerdi comments
Affordable housing	Recent PA offered two options for AH: 1 with higher % at a lesser discount or lower % at a deeper discount – what is the preferred option – BCC took second option in a previous VA assessment (BTR	Adam Connor (1/3/2024)	We are looking at sensitivity round the AH – our recommendations will be looking at whether a consistent approach.
Costs	S106 costs – seems like a low cost per unit, may need more input coming forward. Finance costs is 8% minimum – would be looking to apply higher Profitability 15-20% - would we be looking at a larger range	Daniel Winter (1/3/2024)	Noted – evidence welcomed Generally, profit is kept at NPPF basis – but something to consider
Planning Committee Members	Will planning committee members be involved in this process – suggest that committee members may not trust the viability process or care about the result – can ask for contributions despite viability not in favour	Adam Connor (1/3/2024)	Unable to give political response on members' opinions – can appreciate frustrations but committee members will be given assessment to give them opportunity to respond. AspinallVerdi are trying to get as much evidence to ensure robust viability assessment and how planning policy can impact on the delivery. Maria Dunn – members are engaged and working group are aware of the issues. Jacob Bonehill – decision on policy is up to the cabinet, evidence should be given to committee members.
Consultation	Formal consultation will be open in the summer so if there are further things to highlight that is opportunity for more written evidence	Nigel Simkin (1/3/2024)	Sensitive information may be redacted but final report will come out and there will be a further opportunity to give evidence

Item	**Comment Feedback**	**Consultee**	**AspinallVerdi comments**
Affordable Housing Mix / Transfer Values			
Social Rent Tenure	Social rental tenue has a value of circa 45% -50% of MV possibly higher depending on location. The affordable rented product is generally values at 55% of value.	LSH	Noted. Based on this comment and multiple others around affordable housing tenure.
% MV social / affordable rent & Shared ownership	In our experience of valuing and carrying out appraisals of affordable housing units across the city, the suggestion of 70% of OMV for social or affordable rent is erroneous. More appropriate values of these would be: • Social rent – 33% - 40% of OMV • Affordable rent – 37% - 43% of OMV • Shared Ownership (as a form of affordable ownership) – 63% - 72%	Savills (On behalf of St Philips)	AspinallVerdi to take on board the feedback regarding OMV% discount for social, affordable and shared ownership. In light of multiple comments from stakeholders, we have adjusted our transfer values to: • Social rent 45% of OMV • Affordable Rent 55% of OMV • Shared ownership 70% of OMV We note that the slightly lower % discount takes into account the varying values across Birmingham, where rents are already lower, we do not anticipate discounts to be high, whereas where rents are higher, we expect there to be a larger discount.

Item	Comment Feedback	Consultee	AspinallVerdi comments
%MV	We would expect average values of c. 40% - 45% of OMV to be achieved by social rented units and c. 50% - 65% of OMV for affordable rented units.	Turner Morum (on behalf of Taylor Wimpey)	In light of multiple comments from stakeholders, we have adjusted our transfer values to: • Social rent 45% of OMV • Affordable Rent 55% of OMV • Shared ownership 70% of OMV We note that the slightly lower % discount takes into account the varying values across Birmingham, where rents are already lower, we do not anticipate discounts to be high, whereas where rents are higher, we expect there to be a larger discount.
AH Assumptions	Aspinall Verdi appear to have assumed that Affordable Rented/Social Rented tenures are the same, and that affordable properties achieve a transfer value of 70% of open Market Value. In our experience, this is too high for affordable rented/social rented tenures, with a figure of between 30-45% being appropriate for social rented and 50-60% for affordable rented. We assume that this is a typo in Aspinall Verdi’s slides, but would be grateful if Aspinall Verdi could reconsider the transfer values they have applied.	Nigel Simpkin - Highate Land and Development	In light of multiple comments from stakeholders, we have adjusted our transfer values to: • Social rent 45% of OMV • Affordable Rent 55% of OMV • Shared ownership 70% of OMV We note that the slightly lower % discount takes into account the varying values across Birmingham, where rents are already lower, we do not anticipate discounts to be high, whereas where rents are higher, we expect there to be a larger discount.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Transfer Values	KF would typically expect to see 50% not 70%.	Knight Frank	In light of multiple comments from stakeholders, we have adjusted our transfer values to: • Social rent 45% of OMV • Affordable Rent 55% of OMV • Shared ownership 70% of OMV We note that the slightly lower % discount takes into account the varying values across Birmingham, where rents are already lower, we do not anticipate discounts to be high, whereas where rents are higher, we expect there to be a larger discount.
Build Costs			

Item	Comment Feedback	Consultee	AspinallVerdi comments
BCIS Costs	• Suggested adoption of the lower BCIS cost at £1,667 psm appears very light and we are not seeing evidence of this cost being achieved on schemes of this scale in the city centre. • We have recently provided valuation advice (as at Q1 2024) in regard to a 7-storey apartment scheme of circa 130 units in Digbeth whereby cost consultants have suggested a base core build cost figure of £190 per sq ft / £2,045 psm • A recent valuation (as at Q4 2023) in relation to a large BTR scheme in the Jewellery Quarter with blocks arranged over ground and 4 upper floors demonstrated core build cost as per the recent QS report reflecting circa £190 per sq ft/ £2,045 psm. • It is recommended that a median cost is adopted as a minimum, with the upper quartile cost considered for schemes of significant scale (20+ storeys).	Knight Frank	We previously consulted on construction rate of £1,667 psm. This was based on BCIS lower quartile due to quantum. On reflection, and having regard to the stakeholder consultation, all city centre flatted schemes are generally of significant quantum and therefore this should be embedded in the BCIS rates. The variation in the BCIS rates between Lower quartile, Median, and Upper quartile is more a function of quality / design specification. The current Median quartile BCIS costs for 6+ storey schemes is £1,935 psm and the Upper quartile cost is £ 2,232 psm. Given the specific evidence provided by Knight Frank we have adopted a construction cost of £2,045 psm which is between Median and Upper quartile costs (closer to Median, which should reflect 'median' quality).
Build Costs [6+ storey]	The costs for the 6 storey apartment (core) appear low. For the city centre, these are usually highly constrained and complex site delivering high spec and high value towers, often 30 plus storey in height. We consider the BCIS Medium up to Upper Quartile costings to be more appropriate	LSH	As above.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Build Costs 6+ Storey	BCIS costs are considered too low.	MODA Group	As above.
Build Costs Flats 6+ Storey	£2,153 - £2,475 per sq m are more commonplace.	Savills (On behalf of St Philips)	As above.
Cost Assumptions	The £1,667 per sq m (£154.87 per sq ft) applied by Aspinall Verdi which I believe is based upon 'lower quartile' BCIS costs for flats of over six storeys in the City Core Zone is insufficient. As discussed on the stakeholder workshop, costs for apartment buildings throughout the City Centre are now at least £200 per sq ft and anything of significant scale/height or complex construction (etc). is now in the order of £250 per sq ft in my experience	Nigel Simpkin - Highate Land and Development	As above.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Externals and Infrastructure.	We disagree that such external allowances extend to cover Site infrastructure Costs. The externals allowance essentially represents the external costs which a housebuilder would need to incur when acquiring an entirely efficient serviced parcel of land, but does not cover the delivery of site wide infrastructure / abnormal costs. In TM's experience, it is normal at the Local Plan/ CIL testing stage for infrastructure costs to be included on an assumed rate per dwelling basis. TM note that this is an approach which AV themselves have adopted elsewhere. For example, within their December 2020 Local Plan Viability Study for Swale Borough Council, they included Site prep/infrastructure costs at £17k/plot (£22k/plot on strategic sites)	Turner Morum (on behalf of Taylor Wimpey)	We take on board these comments and will incorporate an allowance for infrastructure (in addition to 15% externals) for our strategic typologies.
Infrastructure and External Works	Suggested that 17-20% more realistic with site infrastructure works separate to this.	Savills (On behalf of St Philips)	Noted. AspinallVerdi to include an allowance for site infrastructure within the strategic site typologies.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Contingency	It is also noted from the AV Presentation (Page 32) that AV have applied a contingency of just 3% to Greenfield sites, and 5% on Brownfield sites. TM would consider this to be too low and recommend 5% is applied to all sites. TM generally see a 5% allowance referenced within other area wide viability assessments of this nature.	Turner Morum (on behalf of Taylor Wimpey)	Greenfield typologies are a small proportion of the site allocations and we are content that 3% contingency is appropriate (in line with other Local Plan viability studies).
Contingency	We typically adopt a minimum 5% contingency on greenfield sites as do many of our peers within the industry. • Generally, we adopt between 5-10% on brownfield sites depending on the core build cost figures and the nature of the site.	Knight Frank	AspinallVerdi to continue to adopt a contingency rate of 5% for brownfield sites.
Build Costs for over 100 units.	AV apply Lower Quartile (rather than Median) to developments over 100 units, without explanation. For clarity, AV have adopted Lower Quartile for schemes of 100 units and over, so a scheme of 99 units would have a Median build cost and a scheme of 100 units would have a Lower Quartile build cost. This means that, perversely, a scheme of 99 units would be [considerably] more viable than a scheme of 100 units (assuming the only variable were to be build costs). TM would request justification to support this approach.	Turner Morum (on behalf of Taylor Wimpey)	We acknowledge this is a cliff edge but we interpret that accordingly in our sensitivity analysis and recommendations.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Build to Rent			
BTR Management Rate	The BtR management rate at 20% is too low. We are seeing 24% plus and with the introduction of Selective Licensing this is now close to 25%	LSH	We have incorporated a management rate of 25% within our Build to Rent appraisals, up from the 20% presented in the stakeholder workshop.
Management Costs	Aspinall Verdi's assumption relating to Management Costs e.g. OPEX and Void does not reflect reality in our view	MODA Group	We have increased our management cost assumptions from 20% - 25% which also includes the allowance for selective licencing.
Management Costs	20% considered low, 25% recommended.	Nigel Simpkin - Highate Land and Development	We have increased our management cost assumptions from 20% - 25% which also includes the allowance for selective licencing.
Selective Licencing Cost	Aspinall Verdi will also need to take into account BCC's recent introduction of 'selective licensing' into their BtR appraisal, which is a recent increased development cost for BtR schemes throughout the City	Nigel Simpkin - Highate Land and Development	An allowance for selective licencing is incorporated into our management cost assumption of 25%.
3-bed BTR	Comment on why we have not included 3 bed BTR	BCC – Area Planning Manager	The unit mix has been agreed by BCC based on the SHMA requirements.
Comment on sample size for BTR	Questioned why a sample size of 142 rental properties is so small.	BCC – Area Planning Manager	We have assessed asking values individually from Rightmove as rents are not tracked on Land Registry like sales.

Item	Comment Feedback	Consultee	AspinallVerdi comments
BTR Yields	An investment yield of 4.5% is assumed, and in our experience, this is now at least 5 to 5.25% on a 'forward funding' basis in the current market, with less riskier stabilised assets (i.e. when completed and let) now being available on the market across the country for approximately 4.25% to 4.5% (as confirmed by the yield indexes published by Knight Frank etc.).	Nigel Simpkin - Highate Land and Development	We have adopted a yield of 4.5% for the core in line with knight franks yield index (January 2024) for prime regional centres. We have cross checked this with other yield guides from JLL, CBRE etc.
Yields	Aspinall Verdi's assumption around current market funding yields does not reflect reality in our view. Aspinall Verdi's funding yield assumptions does not align with actual funding yields we've experienced across several projects, including our £302m Great Charles Street scheme in the Jewellery Quarter, which was funded by Harrison Street, Apache Capital and NFU Mutual in 2023.	MODA Group	We have not had sight of any evidence which suggest we need to change our yields.
Interest Costs			
Debit Rate	The 7% debit rate is too low for current development finance although we appreciate its more of a long-term view so could be sensible moving forwards when interest rates reduce	LSH	AspinallVerdi to increase debit rate from 7% - 8%
Debit Rate	MODA Consider 7% to be too low.	MODA Group	AspinallVerdi to adopt a finance rate of 8% to reflect multiple comments.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Debit Interest and Development Timings	As the Bank of England base rate is currently 5.25%, and despite earlier optimism in the market, is not likely to reduce dramatically in the near future, 7% is too low and rates over 8% are more commonplace. There is also no reference to the development timings, which will impact the finance costs.	Savills (On behalf of St Philips)	AspinallVerdi to adopt a finance rate of 8% to reflect multiple comments.
Debit Rates	• Current assumption of 7.0% seems light. • From a valuation perspective, we are adopting a minimum of 8.0% plus arrangement fees, which generally reflets a total % of circa 8.50-9.0%.	Knight Frank	AspinallVerdi to adopt a finance rate of 8% to reflect multiple comments.
Finance Rates	The 7% debt rate is at the lower end of the range that we would anticipate, given the successive rises in the Bank of England (BoE) interest rates.	Nigel Simpkin - Highate Land and Development	AspinallVerdi to adopt a finance rate of 8% to reflect multiple comments.
Debit Rate	-Debt interest is around 8-9% for a peak debt facility -Debt interest is around 10% for a fully funded facility (hard to get at the moment) -Debt brokers are usually also 1% in addition to the numbers quoted above (can be reduced if a large site)	Jacob Bonehill - RPS (on behalf of Wavensmere Homes)	AspinallVerdi to adopt a finance rate of 8% to reflect multiple comments.
Land Values / BLVs			

Item	Comment Feedback	Consultee	AspinallVerdi comments
Net to Gross (comparison to South Worcestershire Assessment)	75% seen to be wholly unrealistic. There is no clear reasoning or justification for the differences in approach made between the respective South Worcestershire and BCC assessments. It is also noted that AV assumes a lower net to gross of 60% (rather than 75%) and significantly higher multiplier of 16.4% (rather than 5%) in the South Worcestershire assessment.	Turner Morum (on behalf of Taylor Wimpey)	We have reviewed the net to gross assumptions for the greenfield site typologies (note that there are not many greenfield site allocations in Birmingham). The smaller greenfield typologies are based on 'paddock' land sites with an 80% net to gross ratio which builds in an element of landscaping (unlike the 100% brownfield typologies). For the larger 'strategic site' typologies we have assumed 50% net to gross ratio to allow for strategic infrastructure including POS, GI, schools, roads etc.
Net to Gross	• Pg.37 – Gross to Net Ratios is broadly acceptable for brownfield sites. It is recommended that a second table is added for greenfield sites should there be a requirement for greenfield release to meet housing needs. • Greenfield ratios on strategic allocations generally achieve a 50 – 60% Net to Gross efficiency due to Landscaping, POS and other environmental requirements such as BNG.	Knight Frank	We have reviewed the net to gross assumptions for the greenfield site typologies (note that there are not many greenfield site allocations in Birmingham). The smaller greenfield typologies are based on 'paddock' land sites with an 80% net to gross ratio which builds in an element of landscaping (unlike the 100% brownfield typologies). For the larger 'strategic site' typologies we have assumed 50% net to gross ratio to allow for strategic infrastructure including POS, GI, schools, roads etc.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Net to gross	AV state that they have assumed a net to gross allowance of 75% on the site areas of land that will deliver over 80 units. This differs from Page 39 of AV's Presentation which shows a net to gross allowance of 80%.	Turner Morum (on behalf of Taylor Wimpey)	We have reviewed the net to gross assumptions for the greenfield site typologies (note that there are not many greenfield site allocations in Birmingham). The smaller greenfield typologies are based on 'paddock' land sites with an 80% net to gross ratio which builds in an element of landscaping (unlike the 100% brownfield typologies). For the larger 'strategic site' typologies we have assumed 50% net to gross ratio to allow for strategic infrastructure including POS, GI, schools, roads etc.
BLV	Explanation on how uplift has been calculated is needed. Greenfield uplift of 5% considered low and should be a minimum of 20%	Savills (On behalf of St Philips)	We have reviewed the BLVs having regard to the EUVs, net to gross ratios and uplift multipliers. Paddock land prices (£100k per acre) already include an element of 'hope value'. We have adjusted the BLV to £275,000 per acre net which equates to a 120% uplift multiplier or 1.2x paddock land values – extending the premium further. For larger 'strategic sites' we have established the BLV at £250,000 per acre. This equates to £125,000 per acre gross (@50% net to gross ratio). Based on EUV for agricultural land of £12,000 per acre this equates to 10x (9.4x) EUV which is sufficient net premium. We note that there aren't many greenfield agricultural sites within Birmingham.

Item	Comment Feedback	Consultee	AspinallVerdi comments
BLV (Greenfield)	The evidence table within the report displays an average transaction value of £121,357 per gross acre across the comparable so it is not clear why AV have suggested they will be adopting a BLV rate which is some 20% lower than the evidence they have collated.	Turner Morum (on behalf of Taylor Wimpey)	We have reviewed the BLVs having regard to the EUVs, net to gross ratios and uplift multipliers. Paddock land prices (£100k per acre) already include an element of 'hope value'. We have adjusted the BLV to £275,000 per acre net which equates to a 120% uplift multiplier or 1.2x paddock land values – extending the premium further. For larger 'strategic sites' we have established the BLV at £250,000 per acre. This equates to £125,000 per acre gross (@50% net to gross ratio). Based on EUV for agricultural land of £12,000 per acre this equates to 10x (9.4x) EUV which is sufficient net premium. We note that there aren't many greenfield agricultural sites within Birmingham.

Item	Comment Feedback	Consultee	AspinallVerdi comments
BLV (Greenfield)	One would note the Consortium site would most likely fall within the medium site typology and would be located within the West Midlands. This suggests, therefore a base agricultural land value of c. £12,000 per acre. In the context of a BLV for the purpose of viability it is widely accepted that a greenfield landowner would require a premium of between 10 – 20 times the base land value to be incentivised to sell their site for development. On this basis therefore a reasonable starting point for determining BLV's in this location for strategic greenfield sites would be c. £120k - £240k per gross acre At the lower end of the scale, this assessment aligns	Turner Morum (on behalf of Taylor Wimpey)	We have created a strategic site greenfield land value which adopts an EUV of £12,000 per acre (gross) with a 50% net to gross and a 10x multiplier which leads to a BLV of £250,000. This equates to £125,000 per acre gross.
BLV (Greenfield)	In nearly all cases, the market values for BCC are higher than the revenues for South Worcestershire…. One would conclude that the BLV for greenfield sites would therefore be higher.	Turner Morum (on behalf of Taylor Wimpey)	South Worcester is a different market with different policy requirements to Birmingham, so the two cannot be compared like for like. The greenfield BLV is based on paddock land values and evidence we have within Birmingham itself, hence the £100k EUV. We note that we have adjusted the net to gross and uplift multiplier to have more of a reflection of market value within Birmingham.

Item	Comment Feedback	Consultee	AspinallVerdi comments
BLV Call for evidence	• Knight Frank can confirm that minimum land value clauses for strategic allocations of 1,000+ units based upon recently agreed contracts would generally incorporate a minimum price per net developable acre of £500,000. • There has been no consideration in relation to infrastructure costs associated with strategic greenfield release. Knight Frank due to involvement at Langley SUE are aware that infrastructure costs total ca.£40,000 per plot. It is recommended that greenfield infrastructure costs are considered.	Knight Frank	Noted. AspinallVerdi to take into consideration the infrastructure costs when evaluating our strategic typologies.
Older Persons Housing			
Older Persons Unit Size	• 1 bed sheltered 55 sq m • 2 bed sheltered 75 sq m • 1 bed extra care 60 sq m • 2 bed extra care 80 sq m	The Planning Bureau Limited	We are reviewed and revising older persons typologies as part of this exercise. To be incorporated in appraisals.
Older Persons Density	Retirement Living / sheltered housing: 100 dph Extra care: 80 dph	The Planning Bureau Limited	To be incorporated in appraisals.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Unit mix – Older persons	1-Bed: 60% 2-Bed: 40%	The Planning Bureau Limited	To be incorporated in appraisals.
Non chargeable space / communal space	For sheltered schemes the non-chargeable space used should be 25% and for extra care schemes this should be 35% of GIA.	The Planning Bureau Limited	To be incorporated in appraisals.
Older persons professional fees	10% is recommended.	The Planning Bureau Limited	Most sheltered housing retirement schemes have similar product / unit types and we are therefore content with our professional fees allowance (in line with general needs housing)
Sales and Marketing costs – Older Persons	As detailed within the RHG Briefing Note sales and marketing costs for older persons housing schemes are typically, 6% of GDV rather than 3.5%	The Planning Bureau Limited	Noted. We have taken into consideration this comment and have raised our marketing cost from 3.5% - 4.5%. This has regard to the additional empty property costs allowed.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Sales periods – Older persons	As discussed in the RHG Briefing Note, sales periods of older persons' housing schemes are typically longer for retirement and extra care housing than general needs housing. There is a typical 18 month build period before sales can commence. Sheltered and Extra care schemes cannot be phased but must be fully operational and completed from month 1 of sales / occupation. As detailed within the RHG Briefing Note, once sales commence a rough guide is that 40% of units will be sold at the end of the first year of sales, 30% during the second year of sales and 30% during the third period. This should be considered within the viability modelling. These sales periods should therefore be incorporated into the Viability Study.	The Planning Bureau Limited	To be incorporated in appraisals.
Empty Property Costs	£5k per unit £10k per unit for extra care	The Planning Bureau Limited	To be incorporated in appraisals.
Sales Values			

Value Zones	-The area highlighted in red immediately to the north of Castle Bromwich (in between the Lower Value Zone and Water Orton) e.g. around Minworth. We would anticipate that values here are lower than those in nearby Sutton Coldfield and hence Aspinall Verdi should check their evidence base for this particular area. In my experience this area should not be shaded red. -The area highlighted in red immediately to the west and south-west of the City Core Zone highlighted as red. In our experience, this area appears to include areas such as Ladywood and parts of Edgbaston where values are much lower than in higher value areas. Indeed, looking at the Index of Multiple Depravation Aspinall Verdi have provide on Page 19 of the slides, these areas also appear to be in some of the most deprived areas of Birmingham (and hence it is unlikely that they can be regarded as 'high value'. -Higher value areas around Sheldon and to the north of Olton (in neighbouring Solihull MBC) – in our experience, these areas are more akin to 'Medium Value Zones' rather than Higher Value Zones. -The area around the A38 in Longbridge appears to be highlighted as within a Higher Value Zone and in our experience, Longbridge, as a regeneration area in the City, is unlikely to be a High Value Zone.	Nigel Simpkin - Highate Land and Development	Our value zones outside of the core are based on averages across wards and therefore do not fully capture nuances within every ward and the zones are based on the values across the whole of Birmingham.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Sales Values	Sales values particularly for 3- and 4-bedroom houses appear to be high for new build development (across all value zones) in our experience	Nigel Simpkin - Highate Land and Development	Our sales values are based on evidence from over 17,000 second hand transactions and close to 1000 new build transactions over the last two years, as well as asking values, providing us with a strong evidence base across Birmingham. our evidence does not suggest a need to decrease the values further.
S106 / Policy Costs			
S106 Costs	£1650 considered too low. £65 psm is reasonable for POS calculated by *People generated by development divided by 1,000 x 20,000 (2ha/1000 population) = xx sq m of POS required.* We therefore suggest that the £1,650 per unit advised by BCC is low for a policy compliant assumption, and whilst may reflect what has been achieved across the city currently, this is as a consequence of viability challenges that have reduced the level of s106 requirements.	Savills (On behalf of St Philips)	AspinallVerdi to engage with the council to adopt a more appropriate figure We have reviewed the S106 cost assumptions with the Council and have updated this allowance to £4,300 per unit and £15,000 per unit for strategic typologies.
S106 Contributions	£1,650 considered extremely light. Considered that for strategic sites the contributions to be in excess of £15,000 per unit. (based on Langley SUE)	Turner Morum (on behalf of Taylor Wimpey)	AspinallVerdi to engage with the council to adopt a more appropriate figure We have reviewed the S106 cost assumptions with the Council and have updated this allowance to £4,300 per unit and £15,000 per unit for strategic typologies.

Item	Comment Feedback	Consultee	AspinallVerdi comments
S106 Costs	Base cost assumption at £1,650 per unit appears light (recent valuation of a scheme in Digbeth whereby the S106 reflects circa £2,350 per unit) Birmingham City Council – Local Plan Viability Page 2 • Knight Frank advise in relation to land located within the Langley SUE. The s106 costs total ca. £25,000 per plot and should be reflected within viability work should further greenfield release arise through the plan making process.	Knight Frank	AspinallVerdi to engage with the council to adopt a more appropriate figure We have reviewed the S106 cost assumptions with the Council and have updated this allowance to £4,300 per unit and £15,000 per unit for strategic typologies.
CIL Rates	CIL rates of £90.39 per sq m (for higher, medium and core value zones) have been adopted, with £0 per sq m for lower value zones. These are based on the 2023 indexed CIL rates. However, there is no reference as to how (if in fact they do) tie in with the proposed CIL rates that were proposed by BCC in summer 2022 and subject to a public consultation. It is our understanding that this exercise is still being worked through, but given that there the high value zones proposed rates of £125 per sq m – which is 38% higher than the rates proposed by AV, this would have a significant impact on the viability of proposals if adopted.	Savills (On behalf of St Philips)	AspinallVerdi have not been instructed to review CIL, we are using the current adopted rates in the testing.

Item	**Comment Feedback**	**Consultee**	**AspinallVerdi comments**
BNG Costs	£1003 considered low, and £2,000 is more reasonable for greenfield sites. Note this is from April 2022 publication from savills ***' how far can development land value continue to grow?'***	Turner Morum (on behalf of Taylor Wimpey)	We note that BNG is a rapidly evolving cost, however at the present, the DEFRA cost we have applied is the most up-to-date study in which we can rely upon.
Police service contributions through S106	In order to sustain the level of growth proposed in the emerging Birmingham Local Plan, and to ensure the delivery of sustainable development, and to meet the national and local policy objectives relating to safety and security, contributions will be required through CIL/ S.106 Obligations to help fund the provision and maintenance of Police services to create environments where crime and disorder and the fear of crime do not undermine the quality of life or social cohesion.	Tyler-Parkes (Acting for Police and Crime Commissioner for West Midlands)	We have been provided with the relevant S106 costs for inclusion by the Council. These have been reviewed.
Typologies			
Greenfield Typologies	It is worth noting that the AV typology matrix does not suggest they have considered the viability implications of a strategic greenfield development site of up to 1,500 dwellings (as per the Consortium site) since the largest greenfield residential typology in the AV matrix is only 200 dwellings.	Turner Morum (on behalf of Taylor Wimpey)	The Council has not included any new strategic allocation in the Local Plan. However, we have incorporated a 'strategic site' typology for completeness. This is based upon a strategic site typology 'phase' of 450 units. This includes appropriate allowance for S106 costs and infrastructure (£ 15,000 per unit) and a 20% infrastructure / externals cost.
Inclusion of 1 bed houses	Clarification on if 1-bed houses are being included in viability testing.	Turner Morum (on behalf of Taylor Wimpey)	We clarify that we will not including 1-bed houses in the viability testing.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Typologies	Suggested that further typologies should be included that incorporate strategic level sites.	Turner Morum (on behalf of Taylor Wimpey)	AspinallVerdi has been instructed to inlude strategic level sites within the typologies. (at time of the stakeholder workshop, the strategic sites were still in discussion)
Unit sizes	Some of these area sizes, particularly for the 2, 3 and 4 bedroom houses are on the higher end of the range that we would anticipate (particularly if these are averages across the scheme for each typology). We believe that this may be artificially enhancing the overall capital values assumed for each house (as set out above). Please can Aspinall Verdi review this, along with the overall sales values applied.	Nigel Simpkin - Highate Land and Development	The sizes for units are evidenced based on EPC matched land registry data and are in line with the Nationally Described Space Standards (NDSS). Absolute values are calculated multiplying the appropriate price psm(£) by the size (sqm). We do not consider that a change is needed to the unit sizes. Note also that the construction costs are also based on the same unit floor areas.
Misc. Costs			
Professional Fees	Professional fees we consider at least 7% up to 10% for complex and/or Listed buildings	LSH	Aspinallverdi to adopt 7.5% within the larger core typologies, this is in line with multiple LSH reviewed FVA assessments within the city centre.
Sales Legal	Sales legal is generally 0.35%	LSH	AspinallVerdi to increase sales legal from 0.25% – 0.35%
First Homes Profit	We would request that First Homes are treated in the same way as open market in terms of profit, as the risk for building them and selling direct to the customer is the same as for open market housing- need for mortgage finance, qualification etc	Home Builders Federation	First Homes are treated as Affordable Housing in the NPPF. We acknowledge that the First Home is sold directly to the first-time buyer, but given the well documented ‘housing crisis’, and the lack of affordable homes, we do not perceive this to be significant risk. We are therefore content to treat First Homes as affordable housing. We also draw your attention to the various other profit metrics in the appraisals which show profit on cost and blended profit etc.

Item	Comment Feedback	Consultee	AspinallVerdi comments
Professional Fees	An assumption of 6.5% is assumed. This is at the lower end of the range that we would anticipate and is insufficient for complex residential development (particularly for high rise apartments in the City Core Zone). We would propose 8%.	Nigel Simpkin - Highate Land and Development	Aspinallverdi to adopt 7.5% within the larger core typologies, this is in line with multiple LSH reviewed FVA assessments within the city centre.
Sales agent cost	- Sales agents generally closer to 1.5%	Jacob Bonehill - RPS (on behalf of Wavensmere Homes)	Noted. AspinallVerdi to remain with the 1.0% sales agent fee.

240319 BCC WPV Stakeholder feedback matrix_v0.2_tracked

Workshop Attendees

Hayley Miles
Ben Aspinall
Gabriel Timotheou
Megan Jones
Maria Dunn
Rebecca Brown
Uyen-Phan Han
Adam Connor
Callum Richards
Charis Blythe
Chris O'Hanlon
Claire Evans
Daniel Winter
Edward Portlock
Harry Hanson
Jacob Bonehill

Jessica Nevin
Joanne M Rosa
John Baggott
Mark Weller
Molly Stanley
Neil Martyn
Nick Wilcox
Nigel Simkin
Richard Hodson
Robet Canning
Robert Eaton
Sarah Gregory
Tim Plagerson
Rachel Danemann
Ellis Smith