



## Planning and Building Control

Melys Pritchett  
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Your ref:  
Our ref: CIL/EIP/Savills  
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Fax: 020 8207 7444  
Date: 26 September 2013

Dear Ms Pritchett,

### **Hertsmere Borough Council Community Infrastructure Levy**

Thank you for your response, on behalf of the Home Builders Federation and Members to Hertsmere Borough Council's recent CIL consultation, which was received on 6th September 2013. We note that your representation raises four main points regarding the viability of the proposed CIL rates, including the level of profit margin to a developer, which you state an acceptable level should be 20% on GDV.

Hertsmere Borough Council and its advisers, Lambert Smith Hampton, have undertaken detailed sensitivity analysis in producing viability evidence to support the Borough's proposed CIL, and consider that our approach and the assumptions made are reasonable.

We would welcome a meeting with you and members of the Consortium regarding the issues that you have raised in your response. I have initially reserved the 17<sup>th</sup> October for this meeting. However, before such a meeting we would like you to provide us with further information on your response, so that we can review and consider in more detail the points that you have made.

### **Appropriate assumptions regarding risk**

- Letters from your various developers setting out the assumptions they include in local viability appraisals to assess how risk included – i.e. build costs, contingencies, interest, professional fees. We do not think it is appropriate to consider profit reflecting risk without considering all the assumptions used as a whole. We believe through all of our assumptions including profit we have allowed for appropriate risk.
- We would also like to discuss the implications of increasing profit levels in the appraisals on land values. In our view if profit levels were increased in a viability model excluding CIL the residual land value would reduce. We have considered this relationship in our assumptions to provide a balanced view.
- Provision of evidence from your clients of projects they have undertaken in Hertsmere over the last 5 years.



We trust that you will be able to provide us with this additional information to support the points you make, and look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink that reads 'M Wilson'.

Matthew Wilson  
Senior Planning Officer

cc Carmel Edwards – Programme Officer, Hertsmere Community Infrastructure Levy