

**Robert Freeman**

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**From:** Loraine Kelly <loraine.kelly@peacockandsmith.co.uk>  
**Sent:** 05 March 2014 16:06  
**To:** Strategic Planning & Regeneration Mailbox  
**Subject:** Dacorum BC - CIL Draft Charging Schedule - Objection  
**Attachments:** 140228 Dacorum Council CIL Rep AVL V2.pdf

Dear Sir/Madam

We have been instructed by our client, Wm Morrison Supermarkets plc ('Morrison's'), to object to the proposed Community Infrastructure Levy (CIL) rate of £150/sq m for convenience based supermarkets and superstores and retail warehousing (net retailing space of over 280 sqm) as set out in the Draft Charging Schedule.

The charging schedule is informed by an updated CIL Viability Study (July 2013) prepared by BNP Paribas, and Morrison's have instructed Aspinall Verdi, Property and Development Consultants to review this.

Aspinall Verdi (AV) have concluded that the work undertaken to date has been substantial, however, it does make several optimistic assumptions. Further work and revisions are needed in order to reflect the observations in the attached representations, particularly:

1. The EUV needs to be reconsidered as the most appropriate measure for calculating the surplus for CIL over development land Market Value benchmarks. AV suggest more weight to the use of benchmark land values and site sizes based on urban design principles and site densities. If the EUV is to be used they suggest at the minimum the same approach as the residential appraisals where alternative use types are considered in the EUV.
2. The build costs need to be reviewed – BCIS should be re-visited and revised.
3. The rent for the supermarket units needs to be reconsidered as it is considered to be too high.
4. The level of developers' profit should be increased.
5. AV would expect some sourced market evidence and rationale for the appraisal inputs, such as rents (CUV) and values. AV recommend that these be included so that a key aspect of the CIL calculation is clearly evidenced.
6. AV would support the use of 12% (not 10%) professional fees given the complexity of such retail schemes.
7. No allowance has been made for planning fees/costs, these costs can be considerable.
8. No allowance has been made for letting legal fees, normally 5% of first years rent.
9. The sensitivity analysis needs to consider a combination of assumptions i.e. rent, yield and build costs; the findings should then be used to test whether an appropriate buffer has been allowed for when setting the CIL Charge.

More detailed comments are set out in the attached report.

In our view, the draft CIL charge will put undue additional risk on the delivery of any such proposals and will be an 'unrealistic' financial burden on new large-scale retail development. This, in turn, poses a significant threat to potential new investment and job creation in the local area at a time of economic recession and low levels of development activity. Our client is concerned that a balance has not been found between infrastructure funding requirements and viability and subsequently the suggested charge will have a significant adverse impact on the overall viability of future retail development in the borough.

I trust our objection and the attached comments by Aspinall Verdi will be taken into account when finalising the CIL Charging Schedule.

We look forward to the Council's response.

Please confirm receipt of this objection.

Regards

**Loraine Kelly**  
Senior Planner



Second Floor | 2 Sycamore Street | London | EC1Y 0SF

**Tel:** 0203 122 0030

**DD:** 0203 002 7457

**Mob:** 07880 357526

**Email:** [loraine.kelly@peacockandsmith.co.uk](mailto:loraine.kelly@peacockandsmith.co.uk)

**Web:** [www.peacockandsmith.co.uk](http://www.peacockandsmith.co.uk)

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