



COMMUNITY INFRASTRUCTURE LEVY

UTTLESFORD GARDEN COMMUNITIES

DELIVERY MEMBER GOVERNANCE BOARD

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We were asked the following in relation to CIL:

- a) the benefits and risks of establishing CIL for the District;***
- b) the benefits and risks associated with high and low CIL levels in the garden community areas;***
- c) the level of commitment to infrastructure offered by the promoters and the likelihood of needing to adopt a high CIL in order to be confident about the delivery of the necessary quality of infrastructure.***

CIL Overview:

- Came into force 2010
- Clear and fair way for developers or landowners to contribute to funding infrastructure
- Non-negotiable levy on development (by type, location or size)
- £ per square metre
- Charged on new build of 100 sqm or more. Single house or flat of any size
- Charged on development where planning permission granted after the adoption of the CIL Charging Schedule
- CIL can be spent on infrastructure anywhere in the district (or even beyond the district boundary)
- Local Plan typically must be adopted before CIL is introduced

CIL Overview:

CIL rates cannot threaten the ability to develop viably the sites and scale of development identified in the relevant Plan.

the levy is expected to have a positive economic effect on development across a local plan area.

When deciding the levy rates, an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments.

This balance is at the centre of the charge-setting process. This is a key test at CIL Examination Planning

The Neighbourhood Allocation:

Parish council	Neighbourhood plan	Levy
✓	✓	25% uncapped, paid to parish
✓	✗	15% capped at £100/dwelling, paid to parish
✗	✓	25% uncapped, local authority consults with community
✗	✗	15% capped at £100/dwelling, local authority consults with community

Example of a CIL Charging Schedule

FAREHAM BOROUGH COUNCIL

Community Infrastructure Levy

Charging Schedule

Purpose

This schedule sets out the Community Infrastructure charging rates set by Fareham Borough Council.

Date of Approval

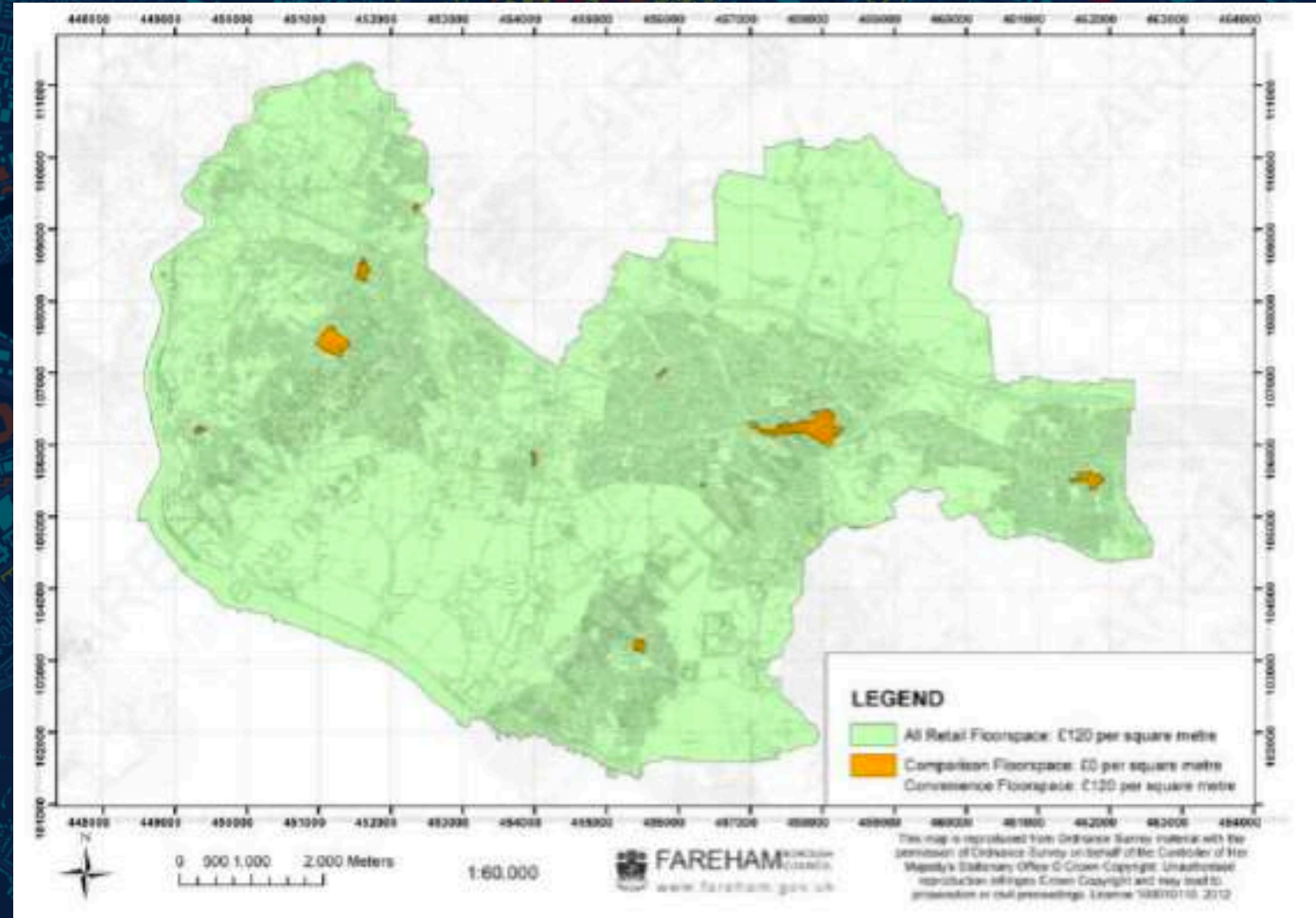
This charging Schedule was approved by Fareham Borough Council on 25 April 2013.

Effective Date

This Charging Schedule shall take effect on 1 May 2013.

Charging Rates

Type of Development (see Note 1 below)	CIL charge per m ²
Residential falling within Class C3(a) & (c) and C4	£105
Care homes falling within Class C3(b) and C2	£80
Hotels falling within Class C1	£35
Retail falling within Class A1:	
Comparison retail (see Note 2 below) in the centres as shown on the maps annexed to this schedule	£0
All Other Retail (see Note 3 below)	£120
Standard Charge (applies to all development not separately defined above, for example: offices, warehouses and leisure and education facilities)	£0



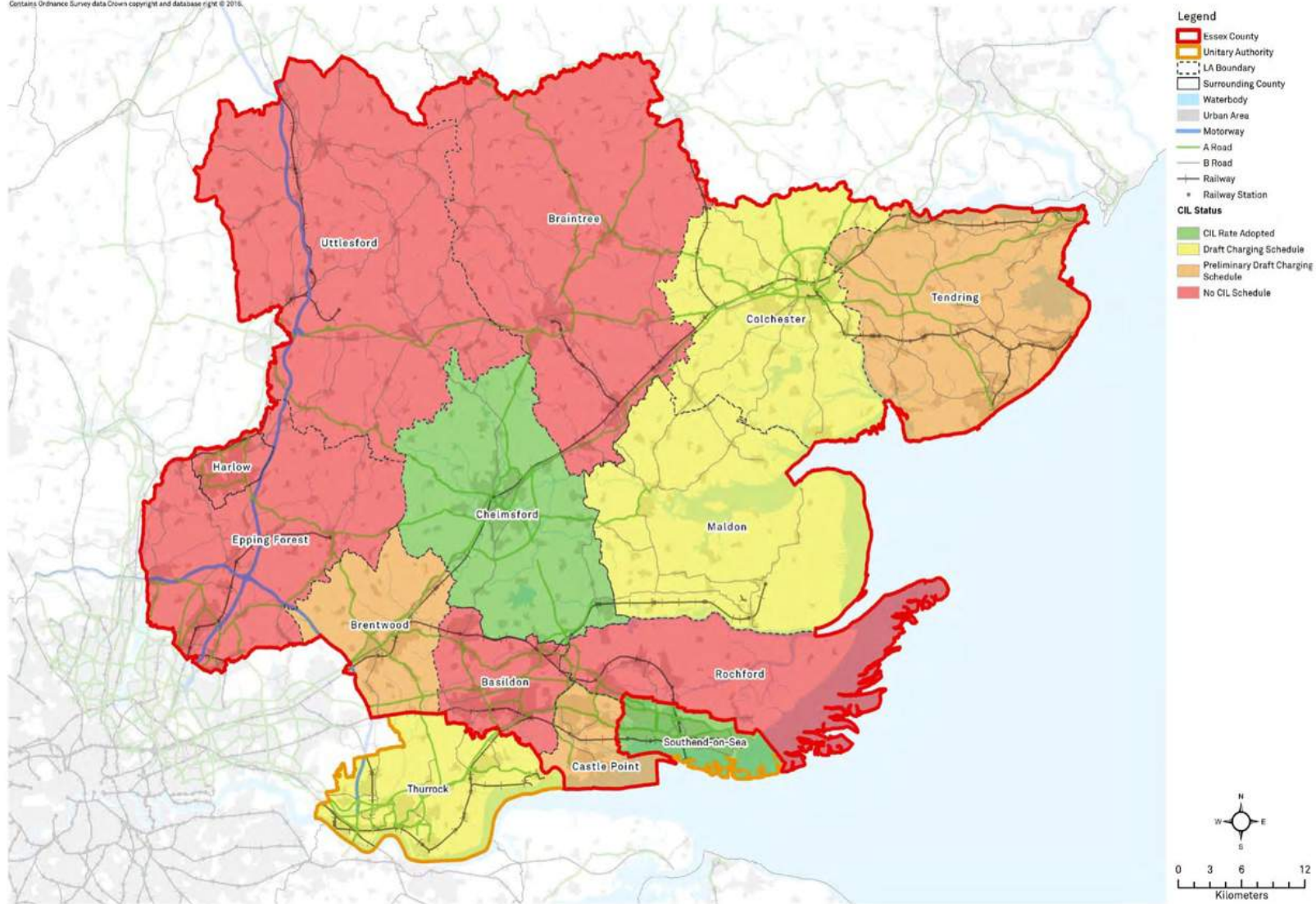


FIGURE 6.1- ADOPTED AND DRAFT RESIDENTIAL CIL RATES ACROSS GREATER ESSEX

Source: Local Authority Published Draft and Adopted CIL Charging Schedules



Ministry of Housing,
Communities &
Local Government

Reforming developer contributions

Technical consultation on draft regulations

PLEASE NOTE: MHCLG CIL Reform

Consultation Closed 31st Jan 2019

Key proposed change: Removing the restriction which prevent local authorities from using more than five section 106 obligations to fund a single infrastructure project (the pooling restriction);

Benefits of CIL for the District

- Can be used alongside S106
- CIL can be collected for all liable sites across district (including small sites of 10 and less dwellings)
- Non-negotiable = more certainty about expected receipts
- More transparent and certain than S106
- UDC has up to date Local Plan Viability evidence (not starting from scratch)

Risk of CIL for the District

- 12 months (approx.) for implementation
- CIL is payable on commencement of development – potential cash flow / funding infrastructure up front issues
- Corporate processes for collecting / reporting / monitoring CIL are required
- 15-25% of receipts will need to be passed directly to Parishes / Neighbourhood Forums

The background of the slide is an aerial photograph of a city, likely Garden Communities, with a dark blue semi-transparent overlay. The city's street grid and building footprints are visible in lighter shades of blue and white. The text is in a clean, white, sans-serif font.

High & Low CIL Levels in the Garden Communities

- Disclaimer: UDC cannot predetermine what level of CIL could be afforded at the Garden Communities until the CIL evidence base has been prepared.
- Therefore, reference to 'High CIL' and 'Low CIL' is not based on viability evidence and has only been considered in strategy terms

	High CIL Rate	Low CIL Rate
Benefit	<ul style="list-style-type: none"> Ensures that a set charge per sqm of development will be paid by the developer which (subject to viability testing) is capable of delivering the required infrastructure for the planned development. UDC controls the pooling and spending of CIL receipts across the District including for strategic infrastructure projects at the Garden Communities. Can be reduced/increased in future years to reflect market conditions and infrastructure needs (any revisions to the Charging Schedule must follow the same process of preparation, examination, approval and examination) Can be amended to a low CIL rate if the promoters commit to the delivery of a community of the quality and with the level of infrastructure desired by the Council. Government Guidance suggests that any such revision should be undertaken as part of a Local Plan Review. 	<ul style="list-style-type: none"> Infrastructure is secured by planning agreement providing the promoters with flexibility and, possibly, a more efficient procurement regime Ensures some CIL revenue alongside S106. Ensures the ability for UDC to more easily review CIL rates in the future.

	High CIL Rate	Low CIL Rate
Risk	<ul style="list-style-type: none">• CIL rate is not adequate to deliver the required infrastructure.• CIL rate is set too high and risks delivery.• Possible impacts on the delivery and viability of affordable housing although this will be assessed as part of any CIL Viability Study.• CIL payments come in as development commences risking the ability for the delivery of up-front infrastructure.• UDC controls the pooling and spending of CIL receipts which may create complexity in working with the highways authority.	<ul style="list-style-type: none">• The 'Low CIL' could be used by the developers to make the case (disproportionately) that it has impacts on the ability of the developer to deliver the full S106.• Considerable time and evidence required for little return in terms of CIL receipts collected.

POTENTIAL CIL RECEIPTS (with health warning)

- If a CIL Charge £125/sqm for housing (quite conservative) assuming 100sqm average home
- = average contribution of £12,500 per dwelling.
- 500 dwellings on non-strategic sites = £6.3million.
- 4,820 dwellings in the garden communities = 2,892 CIL liable dwellings (40% AH). This would generate approximately £36.2million in CIL receipts

Process	Estimated time
Preparation of CIL evidence base.	10 weeks for the study to be prepared and completed.
Preparation and consultation on a preliminary draft charging schedule (PDCS)	Assume a 6-week consultation, so allow 10 weeks for assembly and approval by Full Council/Cabinet.
Preparation and publication of a draft charging schedule for consultation	At least 4 weeks of consultation, with 6 weeks being recommended. Assume a 6-week consultation, so allow 12 weeks to review representations made at PDCS stage plus approval by Full Council/Cabinet.
Examination of draft charging schedule	An Examination in Public is required and time for the Examiner to prepare their report. Assume 15 weeks.
The charging authority adopts the charging schedule	Allow time for charging schedule to be approved by Full Council/Cabinet. Assume 5 weeks. .
Total	Approx. 42 - 52 weeks

RECOMMENDED NEXT STEPS

- Technical viability work preparation
 - Aligned with timing of Local Plan Examination
 - Differential Land Values at Garden Communities
 - Not just about housing (employment, retail)
- Understanding the funding / delivery commitment from promoters at the Garden Communities
- Decision can then be taken on the most appropriate approach to be taken regarding CL for the Garden Communities and wider District



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PLANNING + DESIGN

QUESTIONS?



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