

Havant Borough Council

Community Infrastructure Levy

Charging Schedule

February 2013



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This document was approved 20 February 2013, with implementation from 1 May 2013. The Charging Schedule will apply to applications permitted on or after 1 August 2013

1.0 INTRODUCTION

What is the Community Infrastructure Levy?

- 1.1 The Community Infrastructure Levy (CIL) is a new tariff which will allow funds to be raised from new developments in the Borough. Its purpose is to give developers more certainty over costs and to give councils and communities more choice and flexibility in how infrastructure is funded. The money can be used to fund a range of projects including transport, flood defence, green infrastructure and community facilities.
- 1.2 The Havant Borough Core Strategy (adopted March 2011) provides the policy basis for the collection of developer contributions and the provision of on-site infrastructure to support new development through obligations, agreements and tariffs. With the introduction of CIL, the use of Section 106 Obligations will be limited to site specific mitigation measures which are required to make a development acceptable, such as a new access road or the provision of affordable housing.
- 1.3 CIL is intended to supplement rather than replace other funding streams and will help provide infrastructure to support local growth. CIL income can be used to fund new, or to upgrade existing infrastructure, but not to remedy existing deficiencies.

Background to this document

- 1.4 The Council has considered all representations made in response to the Preliminary Draft Charging Schedule published in December 2011 and the Draft Charging Schedule published in March 2012. Modifications were made in response to these representations where appropriate. A schedule of the representations, along with the Council's responses, can be found on the Council's website. Some comments relate to the implementation of CIL, a matter which falls outside the remit of the Charging Schedule and therefore does not affect the content of this document. However, the Council will consider and address these comments in the Havant Borough CIL Implementation Plan, which will accompany the adopted Charging Schedule. A statement of modifications which details changes made since the publication of the Draft Charging Schedule can also be found on the Council's website.

Who will pay CIL?

- 1.5 CIL will be applied to the majority of new developments. This includes most buildings that people normally use and where more than 100 square metres of floorspace (net) or a new dwelling is created (even if it is less than 100 square metres). CIL will be payable on the commencement of development or for larger developments, over an agreed phased period. Details of instalment periods will be included in the Havant Borough CIL Implementation Plan. The tariff for each type of development is set out in the Charging Schedule (see Section 3.0).
- 1.6 There will be no charge for change of use applications unless additional floorspace of at least 100 square metres is created, or for the sub-division of existing dwellings. The regulations also prescribe the following other exemptions from the charge:
 - Structures into which people do not go
 - All affordable housing
 - Redevelopments that do not result in a net increase in floorspace (subject to caveats)
 - Development for charitable purposes

- 1.7 Where the levy is charged, it will be a fixed cost and relief will only be granted in exceptional circumstances, in accordance with CIL Regulation 55. Havant Borough Council intends to grant discretionary relief for exceptional circumstances in accordance with Regulation 55 and full details will be provided in the Havant Borough CIL Implementation Plan. The Council can also choose to set a zero rate in its Charging Schedule if viability testing shows that a particular use or area cannot withstand the charge. Further details on exemptions will again be set out in the Havant Borough CIL Implementation Plan.

2.0 EVIDENCE BASE

- 2.1 The CIL regulations state that, in setting rates, a charging authority must aim to strike what appears to be an appropriate balance between:
- a) The desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and
 - b) The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.
- 2.2 In order to set the rates, and to take into account these requirements, three key documents are used. The **Havant Borough Core Strategy** (March 2011) sets out how much development will take place in the Borough to 2026 and the broad locations of that development. Policy CS21 of the document provides the basis for the collection of developer contributions and sets out the types of infrastructure which can be funded through obligations, agreements and tariffs.
- 2.3 The second is the **Havant CIL Economic Viability Assessment** (November 2011) prepared for the Council by consultants BNP Paribas (BNPP) which assesses different types of development across the Borough.
- 2.4 Based on existing viability assessments and previous work on its Developer Contributions Supplementary Planning Document (consultation draft, April 2011), the Council proposed an initial rate of £80 per square metre. BNPP's methodology tested this figure by comparing the residual land values of a range of developments to the sites' current use values, plus a margin as an incentive to landowners to release their sites for development. If a development incorporating a given level of CIL generates a higher value than the current use value (plus appropriate landowner's margin), then it can be judged that the proposed level of CIL will be viable.
- 2.5 The testing process concluded that a base rate of £80 per square metre is viable for a range of development types across the Borough. It also showed that a higher CIL rate of £100 per square metre could be absorbed for residential development in Emsworth and Hayling Island. This is because of higher margins in these parts of the Borough.
- 2.6 The BNPP Assessment also showed that some types of development are inherently unviable and that charging CIL will not change this. Other developments may start off viable, but charging CIL will make them unviable. There were some variations between different areas of the Borough and different types of development e.g. town centre retail, industrial or office uses.
- 2.7 While the BNPP Assessment builds in sensitivity testing to ensure the proposed levels of CIL are robust, the Council recognises that if market conditions improve, and therefore margins increase, the CIL rates may need to be reviewed subject to

regulatory procedures. Alternatively, the Council could take the opportunity to increase affordable housing requirements in line with Policy CS9 of the Core Strategy. The setting of a viable CIL rate has implications for the provision of affordable housing. Policy CS9 seeks affordable housing of 30-40% on sites of five or more dwellings. Currently, most sites deliver at the lower end of this range (30%). If market conditions improve, the proposed rates will create the flexibility to negotiate affordable housing towards the higher end of the range. By adopting a higher CIL rate, the opportunities to achieve 40% affordable housing on any particular site would become more limited.

- 2.8 Finally, if conditions do not improve, the rates have been set at such a level that they would not prevent development from coming forward.
- 2.9 The third and final element of the evidence base is the **Infrastructure Delivery Plan** based upon an update of Table 9.2 of the Core Strategy ('Strategic Infrastructure Implementation'). This has been carried out with further information on project timetables and funding supplied by infrastructure providers and is required by the CIL regulations to demonstrate that there is a funding gap and the Council is justified in charging CIL.
- 2.10 From the information received, it is clear that the cost of the infrastructure required to support development projects exceeds the known available funds. Projects which have been costed, but for which a funding source(s) has not been identified (in whole or part), or is uncertain at present, have been collated and set out in Table 1 below. This clearly demonstrates the 'funding gap' which justifies the preparation of a CIL Charging Schedule.

Table 1: Aggregate funding gap for indicative infrastructure requirements

	Est. total cost	Identified funds	Funding gap
TRANSPORT			
Public transport	£8,570,000)	
Walking and cycling	£9,071,000)	£2,882,000*
Roads and traffic	£670,000)	
Sub-total	£18,311,000	£2,882,000	£15,429,000
FLOOD DEFENCES AND COASTAL EROSION			
All schemes	£41,066,000	£10,181,000	£30,885,000
GREEN INFRASTRUCTURE**			
Open space and other GI improvements	£7,950,000	£0	£7,950,000
EDUCATION			
Possible expansion of schools	£9,350,000	£0	£9,350,000
LIBRARIES			
Library improvements	£3,021,000	£1,484,000	£1,537,000
TOTAL	£79,698,000	£14,547,000	£65,151,000

* Existing (agreed) developer contributions (HBC schemes)

** Excluding the unidentified HBC proportion of PUSH sub-regional GI Strategy projects, and the recommendations and opportunities identified in the UE Associates Havant Green Infrastructure Study (November 2011).

2.11 The information presented in the table, however, is only a ‘snapshot’ of the current situation. The figures it contains will evolve and change as further information becomes available and the plan will be updated and reviewed accordingly. It is also only a broad assessment of infrastructure needs (in scale and type) and is not any indication of the Council’s priorities in allocating CIL funds for particular projects.

3.0 THE DRAFT CHARGING SCHEDULE

Calculating the CIL rates

- 3.1 The Economic Viability Assessment shows that for certain types of development in particular areas, much higher CIL rates than those proposed in the schedule could be applied without affecting viability. There are, however, several reasons for the Council not adopting rates significantly above the baseline figure.
- 3.2 Charging authorities are strongly advised not to adopt CIL rates at or near the margin of viability. This is to allow for future fluctuations in market conditions and means that the Charging Schedule will not need to be reviewed with every minor change in conditions.
- 3.3 Table 2 sets out the Community Infrastructure Levy rates for Havant Borough Council. In the year that CIL is adopted, it is proposed to set a **basic CIL rate of £80 per square metre** across most of the Borough. Appendix 1 accompanying this schedule shows the boundaries of the Emsworth and Hayling Island Wards where the **higher rate of £100 per square metre** for residential development will apply. The higher rate is justified by the higher margins on land values in these areas.
- 3.4 For small, out of centre retail developments (less than 280 sq m), the charge is discounted by 50% to **£40 per square metre**.

Table 2: The Havant Borough Council Community Infrastructure Levy Charging Schedule

Development Type	CIL Rate (£ per sq m)
Residential* (one dwelling or more)	
- Emsworth and Hayling Island	£100
- Rest of Borough **	£80
Hotel	£0
Industrial	£0
Offices	£0
Retail	
- Town centre	£0
- Edge/out of centre > 280 sq m	£80
- Out of centre < 280 sq m	£40
Community Uses	£0

* The residential rate excludes extra care housing.
 ** The charging zone boundaries are shown in Appendix 1.

3.5 The residential rate does not include extra care housing but does apply to sheltered housing. The Council recognises the additional services and facilities provided by extra care housing, as identified in the Extra Care Housing Toolkit published by the

Care Services Improvement Partnership. The document seeks to differentiate sheltered housing from extra care housing in the following way: Supported housing is “housing that is purpose designed or designated for a particular client group which enables residents to live independently”. Housing for older people on the other hand is characterised as housing that includes all or a number of special design features and access to support services as need arises which enables individuals to live in the property for the rest of their lifetime (The Housing Corporation (Released, April 2004) Regulatory Circular 03.04). The document goes on to say that, “extra care housing is effectively, purpose built accommodation in which varying amounts of care and support can be offered and where some services and facilities are shared.”

- 3.6 Given that extra care housing typically has more on-site services and facilities than sheltered housing, such as care facilities, kitchens and communal and shared areas, there is likely to be an impact on development viability.
- 3.7 The Council will make an assessment of residential type, to determine the rate of CIL payable, based on the advice given in the Extra Care Housing Toolkit. Applicants are encouraged to seek pre-application advice to establish whether CIL will be payable, prior to submitting an application.

Calculating the chargeable amount

- 3.8 The Council will calculate the amount of CIL payable (‘chargeable amount’) in respect of a chargeable development in accordance with the relevant formulae in the CIL regulations.

How will the levy be collected?

- 3.9 In most cases, Havant Borough Council will collect the levy as the ‘Collecting Authority’. The levy’s charges will become due from the date that a chargeable development is commenced in accordance with the terms of the relevant planning consent. The definition of commencement of development for the levy’s purposes is the same as that used in planning legislation, unless planning consent has been granted after commencement.
- 3.10 When planning permission is granted, the Council will issue a ‘Liability Notice’ setting out the amount of the levy that will be due for payment when the development is commenced, the payment procedure and the possible consequences of not following this procedure.
- 3.11 The responsibility to pay the levy runs with the ownership of land on which the liable development will be situated. That benefit is transferred when the land is sold with planning consent, which also runs with the land. Although ultimate liability rests with the landowner, the regulations recognise that others involved in a development may wish to pay. To allow this, anyone can come forward and assume liability for the development.
- 3.12 There may be circumstances where it will be more desirable for a charging authority to receive land instead of cash payments. The CIL regulations provide for charging authorities to accept transfers of land as a payment in kind for the whole or part of the levy. This will be subject to negotiation with the Council. Full details of the collection process and payment in kind will be included in the Havant Borough CIL Implementation Plan.

What will CIL be spent on?

- 3.13 The definition of infrastructure is set out in the adopted Core Strategy in Table 9.1. It includes transport, education, health, flood defences and green infrastructure and is reproduced in Table 3 below. The Council can choose to publish a 'Regulation 123' List, which lists infrastructure projects or types of infrastructure that it intends to fund through CIL. If a Regulation 123 List is not published, it is assumed that the authority intends to use CIL funds for any type of infrastructure capable of being funded by the levy. In this instance, the Council could not seek a S106 Planning Obligation towards the same infrastructure. Havant Borough Council intends to produce a Regulation 123 list and will continue to collect S106 contributions for infrastructure which is necessary and directly related to a development, provided that the infrastructure is not part of the Regulation 123 List.
- 3.14 Local authorities are required to spend CIL funds on the infrastructure needed to support the development of their area. Havant Borough Council will need to work closely with neighbourhoods and organisations such as Hampshire County Council and the Environment Agency to decide what infrastructure is required and balance neighbourhood funding with wider infrastructure funding to support growth.
- 3.15 The government is proposing to allocate a 'meaningful proportion' of levy revenues back to neighbourhoods. The definition of 'meaningful proportion' is yet to be confirmed, but the outcome of a government consultation on the CIL regulations should provide clarification. Further details will be provided in the Havant Borough CIL Implementation Plan. See overleaf for Table 3: Definition of Infrastructure (Havant Borough Core Strategy).

Table 3: Definition of Infrastructure (Havant Borough Core Strategy)

Category	Infrastructure types	Delivered by
Transport	Airports, ports, road network, cycling and walking infrastructure, rail network, parking	BAA, Port Authorities, Department for Transport, Highways Agency, Hampshire County Council, Transport for South Hampshire, Sustrans, Network Rail, rail companies, Havant Borough Council
Housing	Affordable housing	Homes and Communities Agency, Havant Borough Council, Portsmouth City Council, affordable housing providers, private developers
Education	Further and higher education, secondary and primary education, nursery schools, skills training	Department for Children, Schools and Families, Hampshire County Council, private sector, third sector
Health	Acute care and general hospitals, mental hospitals, health centres/PCTs, ambulance services	NHS, Primary Care Trusts (PCTs), Hampshire County Council, third sector, private sector
Social Infrastructure	Supported accommodation, social and community facilities, sports centres, open spaces, parks and play space	Affordable housing providers, Hampshire County Council, Havant Borough Council, private sector
Green Infrastructure	See box below. (This may also encompass the management of access on new or existing green infrastructure)	Natural England, Environment Agency, Chichester Harbour Conservancy, Sustrans, Hampshire County Council, PUSH, Havant Borough Council, third sector, utility companies, private sector
Public Services	Waste management and disposal, libraries, cemeteries, emergency services (police, fire, ambulance), places of worship, prisons, drug treatment centres, public toilets	Havant Borough Council, Hampshire County Council, faith groups, Prison Service, private sector
Utility Services	Gas supply, electricity supply, heat supply, water supply, waste water treatment, telecommunications infrastructure (particularly high speed broadband)	Utility companies, Hampshire County Council
Flood Defences	Flood and erosion protection, resistance and resilience	Department for Environment, Food & Rural Affairs, Environment Agency, Hampshire County Council, Havant Borough Council, private sector and individuals
Public Realm	Public spaces between buildings, including transport and green infrastructure features plus hard and soft landscape, street furniture (including lighting)	Havant Borough Council, Hampshire County Council, private sector

The following can form part of green infrastructure networks:

- Parks and gardens, including urban parks, country parks and formal gardens
- Natural and semi-natural greenspaces, including woodlands, forestry, scrub, grasslands (e.g. downlands, commons and meadows) wetlands, open and running water, wastelands and derelict open land and rock areas (e.g. cliffs, quarries and pits)
- Green corridors, including river and canal banks, cycleways, and rights of way
- Outdoor sports facilities (with natural or artificial surfaces, either publicly or privately owned), including tennis courts, bowling greens, sports pitches, golf courses, athletics tracks, school and other institutional playing fields, and other outdoor sports areas
- Amenity greenspace (most commonly, but not exclusively, in housing areas), including informal recreation spaces, greenspaces in and around housing, domestic gardens and village greens
- Provision for children and teenagers, including play areas, skateboard parks, outdoor basketball hoops, and other more informal areas (e.g. hanging out areas, teenage shelters)
- Allotments, community gardens and city (urban) farms
- Cemeteries and churchyards
- Accessible countryside in urban fringe areas
- River and canal corridors
- Green roofs and walls

Where else to look

Community Infrastructure Levy: An Overview

<http://www.communities.gov.uk/publications/planningandbuilding/communityinfrastructurelevymay11>

The Community Infrastructure Levy Regulations 2010

www.legislation.gov.uk/ukdsi/2010/9780111492390/contents

The Community Infrastructure Levy (Amendment) Regulations 2011

www.legislation.gov.uk/uksi/2011/987/contents/made

Havant Borough Council CIL webpages

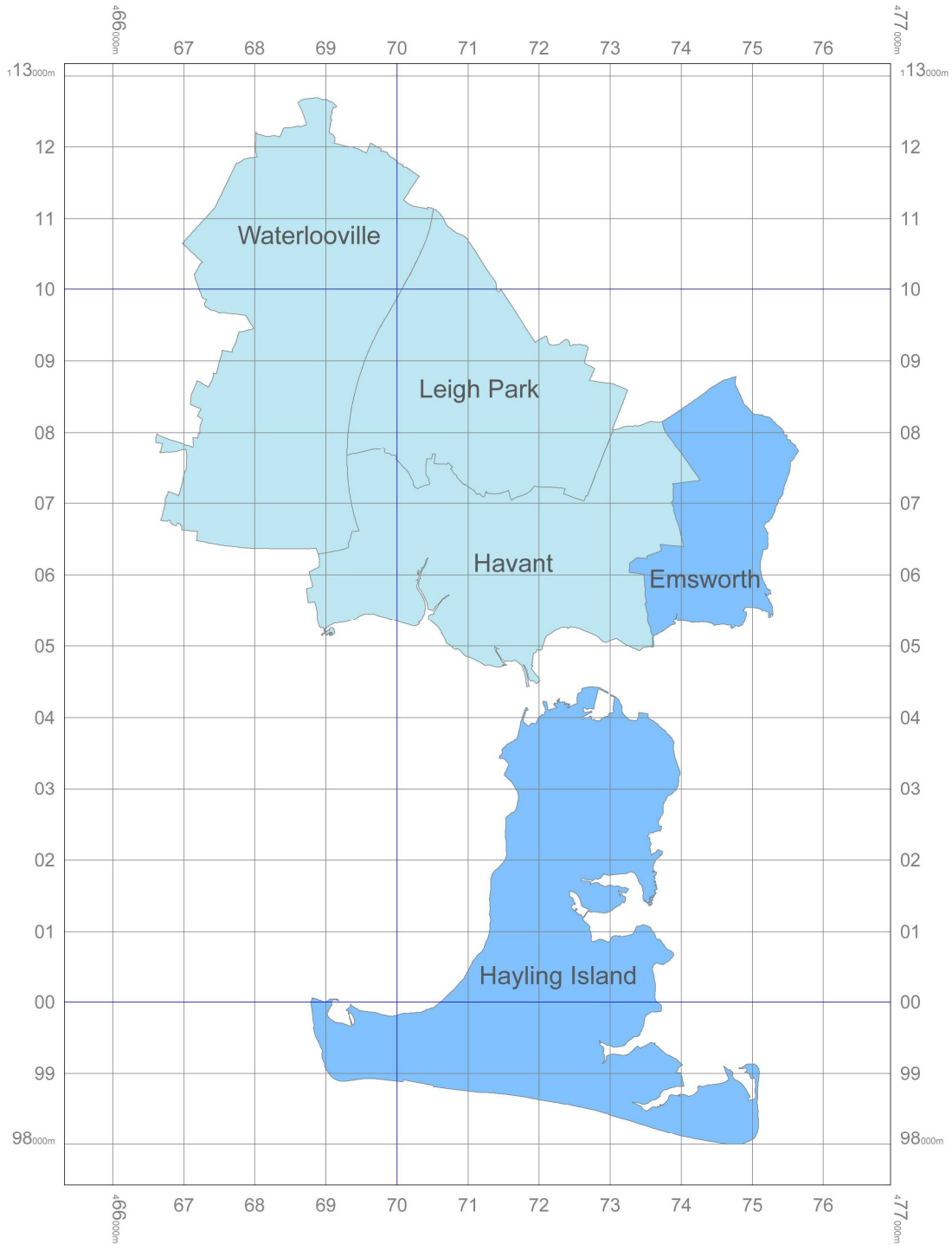
www.havant.gov.uk/planning-policy-design/community-infrastructure-levy

Havant Borough Core Strategy

<http://www.havant.gov.uk/planning-policy-design/havant-borough-local-plan-core-strategy>

Appendix 1: Differential Rate Zones

Havant Borough Council CIL Charging Rates



CIL Rates

- £80 per sq m
- £100 per sq m (Hayling West, Hayling East and Emsworth Wards)

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