



# A Consistent Approach

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Community Infrastructure Levy

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- CIL: An Overview
- Consistency Matters
- Matters of Consistency
- Progress to date
- Scale of the Issue
- Engaging in the process
- Conclusions

# CIL: An Overview

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- Legislation
  - Community Infrastructure Levy Regulations 2010
  - Community Infrastructure Levy (Amendment) Regulations 2011
  - Detailed Proposals and Draft Regulations for Reform: Consultation
- How does it work?
  - Net additional Gross Internal Area
  - Levy in £/m<sup>2</sup>
  - Different uses
  - Different geographical areas
  - Pay for strategic infrastructure
  - In addition to s.106
  - Chargeable on s.73 applications



# Consistency Matters

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- 'Appropriate balance' between funding from CIL v economic viability
- Transparency in the process
- Avoid the setting of unviable CIL rates
- Potential to stifle land supply
- Opportunity for market distortion
- Possible State Aid issues

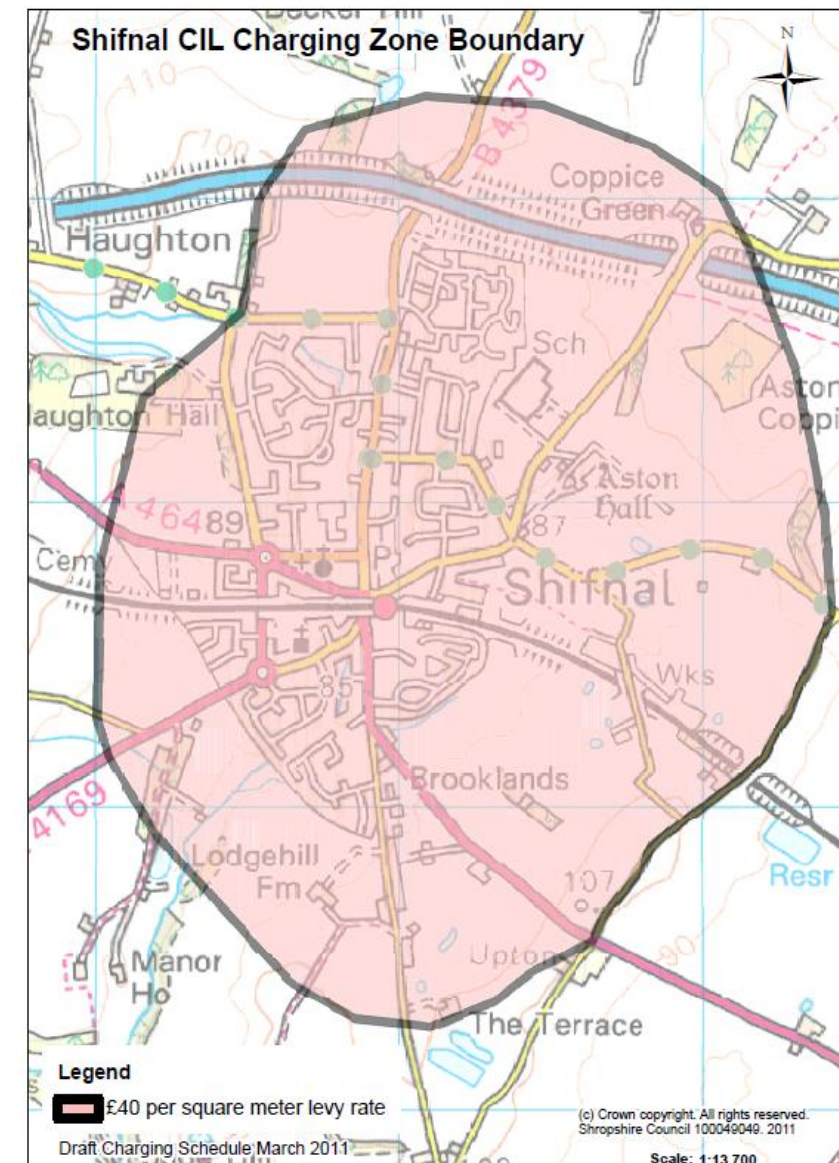
# Matters of Consistency

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- Viability Appraisals
  - Profit residual, land residual or development appraisals
  - Generic 1 hectare site Vs detailed typologies
  - Net:gross land take assumptions
  - Incorporation of affordable housing
  - Provision for s.106 contributions
  - Land value benchmarking
  
- Optional Elements
  - Exemptions policy
  - Instalment policy
  - Payment in kind

# Matters of Consistency Continued

- Differential rates by geographic areas
  - Sub-markets
  - Distinction between rural and urban areas
  - Greenfield Vs brownfield
  
- Differential rates by use
  - Student accommodation
  - Equestrian uses
  - Health
  
- CIL plus S.106





# Emerging CIL Rates - Regions

Local Authority	Max Resi Rate (£/m <sup>2</sup> )	Max Retail Rate (£/m <sup>2</sup> )	Max Commercial Rate (£/m <sup>2</sup> )	Max Leisure Rate (£/m <sup>2</sup> )	Other (£/m <sup>2</sup> )
Preston/South Ribble/Chorley	£70	£160	£10		Retail Warehouse - £40
Bassetlaw	£55	£125	£15		
Newark and Sherwood	£75	£125	£20	£0	
Shropshire	£80				
Huntingdonshire	£85	£100	£0	£85	Health - £140
Broadland, Norwich and South Norfolk	£115	£135	£5	£5	
East Cambridgeshire	£90	£120	£10		Equestrian - £30
Wycombe	£150	£250	£0	£0	
Colchester	£120	£240	£0	£0	
Bristol City	£70	£120	£0	£50	Student - £100
New Forest	£80	£200			
Southampton	£105	£90	£10	£10	
Portsmouth	£105	£53	£0	£53	
Havant	£105	£84	£0	£0	
Poole	£150	£200	£0	£0	
Mid Devon	£113	£250	£0	£0	
Exeter	£100	£300	£0	£0	Student - £50
Torbay	£100	£300	£0	£0	
Plymouth	£50	£100	£0	£0	Other A use - £30



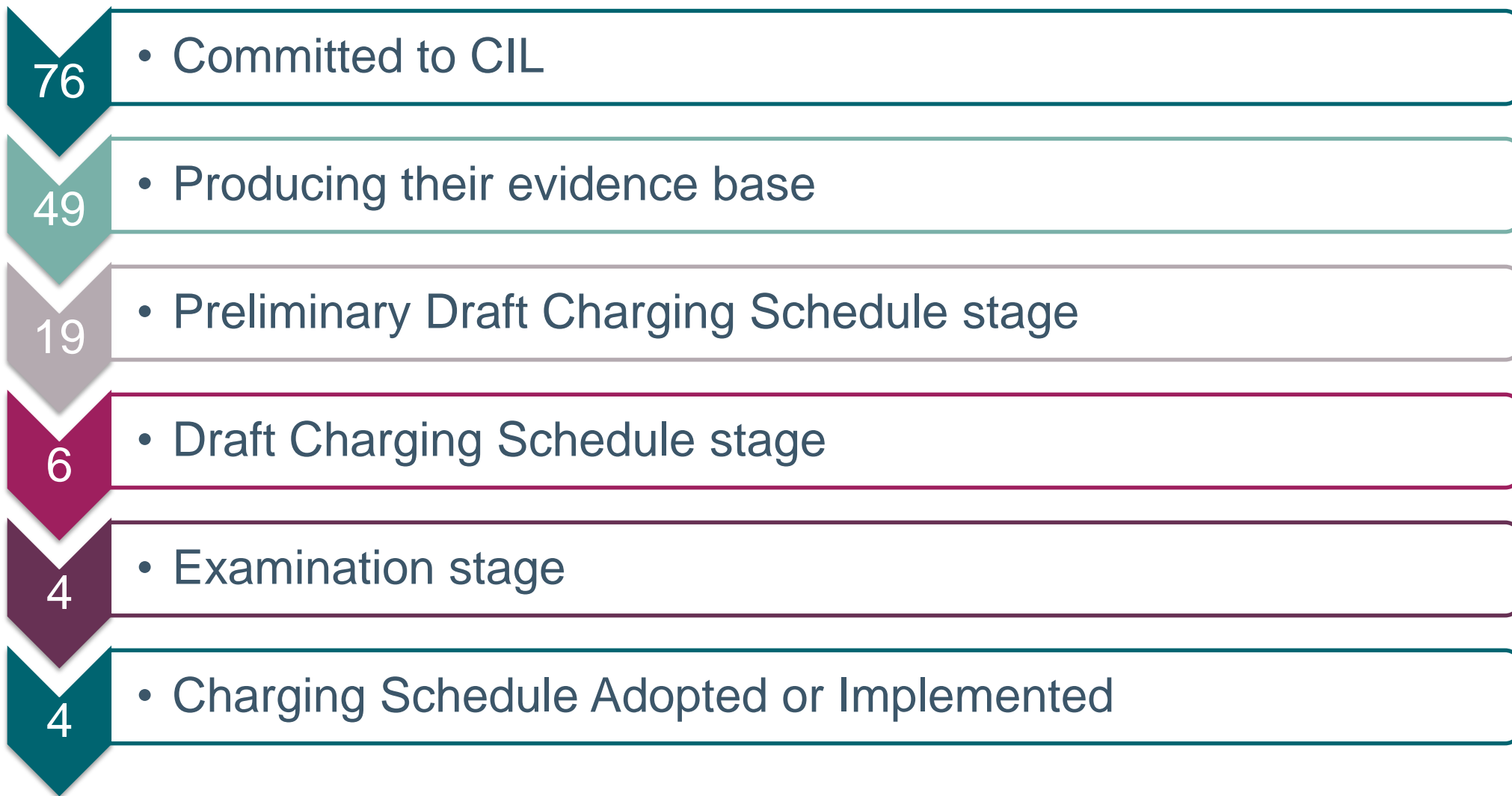


# Emerging CIL Rates - London

Local Authority	Max Resi Rate (£/m <sup>2</sup> )	Max Retail Rate (£/m <sup>2</sup> )	Max Commercial Rate (£/m <sup>2</sup> )	Max Leisure Rate (£/m <sup>2</sup> )	Other (£/m <sup>2</sup> )	Crossrail
Barnet	£135	£135	£135	£135		£35
Redbridge	£70	£70	£70	£70		£35
Brent	£200	£80	£40	£5	Student - £300	£35
Lewisham	£100	£80	£80	£80		£35
Wandsworth	£575	£100	£100	£0		£50
Merton	£385	£100				£35
Sutton	£80	£80	£80			£20
Croydon	£120	£120	£120	£120		£20
Elmbridge	£125	£125	£0	£0	£0	

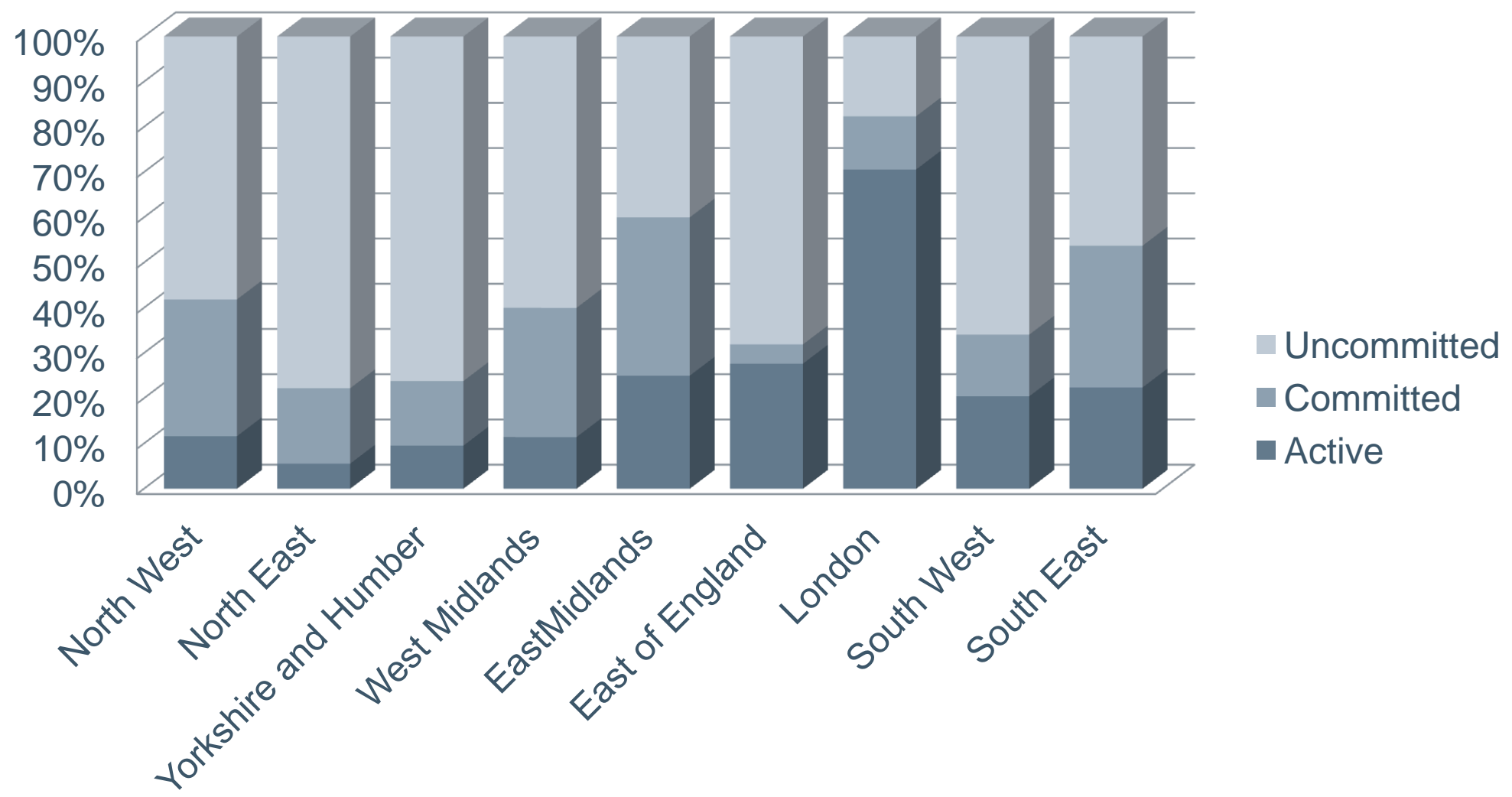


# Progress to Date



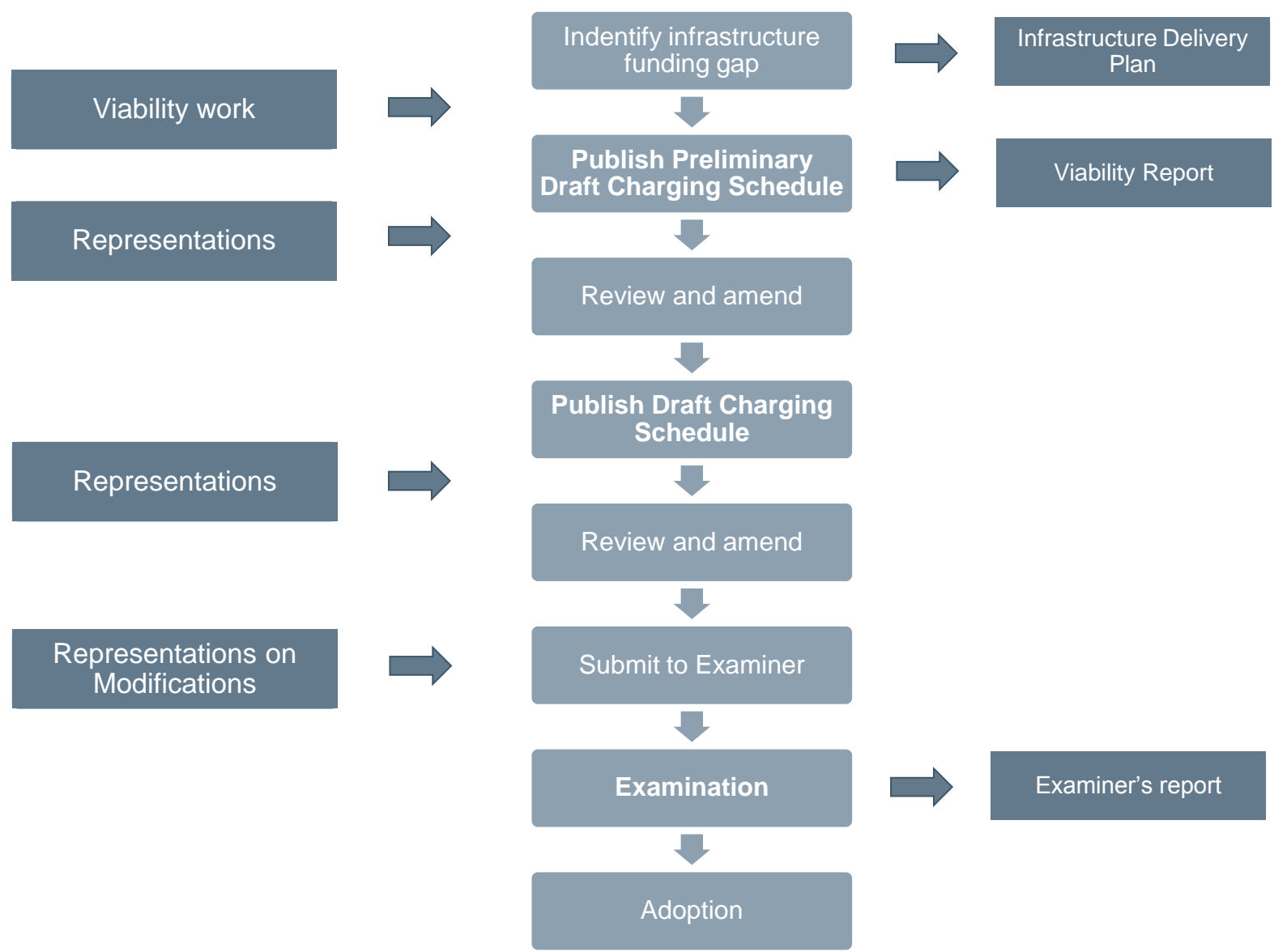


# Scale of the Issue – Regional Take-up





# Engaging in the Process





# HBF/Savills Collaboration

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- Open to members and non-members
- Agreed fee tariff depending upon level of engagement required and shared equally between consortium members
- All stages of consultation covered; including representations, informal engagement and appearance at Examination
- Currently seeking Expressions of Interest from Members
- HBF and Savills to co-ordinate knowledge dissemination – Best Practice Guide
- Consistency of approach – both the development industry and the Planning Authorities

# Conclusion

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- CLG Guidance and Regulations flexible
- Methodologies used for viability testing are inconsistent
- Rates are therefore highly variable and unpredictable, even accounting for market differences
- HBF/Savills seeking to ensure consistency of approach
- Active engagement is imperative to support the setting of viable CIL rates