

# Community Infrastructure Levy

Preliminary Draft Charging Schedule  
January 2013





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## General Information

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Planning Policy Team, Directorate of the Urban Environment, 3 St James's Road, Dudley, DY1 1HZ or tel 01384 816967 or email [ldf@dudley.gov.uk](mailto:ldf@dudley.gov.uk)

### Arabic

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### Bengali

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### Chinese

這及其它區域發展架構的文件可因應需要而製成大字版, 錄音帶, 盲人點字或英文以外的語文. 如你需要文件用以上其中一種形式, 請聯絡政策計劃小組 (Planning Policy Team), 城市環境保護署 (Directorate of the Urban Environment), 得利市政府, 3 St. James's Road, Dudley, DY1 1HZ. 電話: 01384 816967. 電郵: [ldf@dudley.gov.uk](mailto:ldf@dudley.gov.uk)



## Gujarati

આ તેમજ લોકલ ડિવેલોપમેન્ટ ફેમવર્કના અન્ય દસ્તાવેજો વિનંતી કરવાથી મોટા અક્ષરોમાં છાપેલા, ઓડિયો કેસેટ પર, બ્રેઈલમાં અથવા અંગ્રેજી સિવાયની બીજી ભાષાઓમાં મળી શકે છે અથવા મેળવી આપી શકાશે. જો તમને આમાંથી કોઈ સ્વરૂપમાં દસ્તાવેજ જોઈતો હોય, તો કૃપા કરીને આ સરનામે સંપર્ક કરો:

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## Punjabi

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## Urdu

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## 1 How to Comment on this Consultation

- 1.1** This consultation is the first stage in preparing a CIL Charging Schedule. All responses will be fully considered before a draft Charging Schedule is prepared for further consultation and independent examination.
- 1.2** An electronic copy of this document, along with the relevant supporting background evidence, are available on the Council's website at: <http://www.dudley.gov.uk/environment-planning/planning/planning-policy/local-development-framework/community-infrastructure-levy>
- 1.3** Comments on the Preliminary Draft Charging Schedule should be addressed to:
- *Email:* [ldf@dudley.gov.uk](mailto:ldf@dudley.gov.uk)
  - *Postal:* Planning Policy, 3 St. James's Road, Dudley, West Midlands, DY1 1HZ
- 1.4** The consultation period runs from Friday 4<sup>th</sup> January to Friday 15<sup>th</sup> February 2013.
- 1.5** Please note that comments received can't be treated as confidential as all comments must be made publicly available in accordance with government regulations.



## 2 Introduction

### What is the Community Infrastructure Levy?

- 2.1** The Community Infrastructure Levy (CIL) is a new levy that Local Authorities can choose to charge on new developments. The money can be used to support development by funding infrastructure that the Council, local community and neighbourhoods need.
- 2.2** CIL is intended to supplement rather than replace other infrastructure delivery funding, and to provide infrastructure alongside new development within Dudley Borough, assisting in the delivery of sustainable development.

### Reasons for implementing a CIL in Dudley

- 2.3** Almost all development has some impact on the need for infrastructure, services and amenities so it is only appropriate that such development pays a share of the cost. It is also considered that those that benefit financially when planning permission is granted should share some of that gain with the community to help fund the infrastructure that is needed.
- 2.4** Implementing a CIL in Dudley will have a number of benefits including:
- Providing the Council with additional funding to carry out a wide range of infrastructure projects to support growth;
  - Providing Developers with more certainty 'up front' as to how much they will be expected to contribute;
  - Providing Local Communities with greater transparency, involvement and understanding of how new development is contributing to their community

### Purpose of this document

- 2.5** This Preliminary Draft Charging Schedule is published for consultation under Regulation 15 of the CIL Regulations (as amended in 2011). It provides the background to the proposed CIL Rates and is the first opportunity to comment on the proposed charges.
- 2.6** The Council will consider all representations received and, as a result, may make amendments to the schedule. A second round of consultation will take place on the Draft Charging Schedule (Regulation 16) prior to the independent examination of the Charging Schedule.

### 3 Relevant Evidence

- 3.1** The CIL Regulations state that, in setting rates, the Council must aim to strike 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.
- 3.2** The Council has used a range of documents to inform the Preliminary Draft CIL rates which aim to strike such an appropriate balance. The three key documents are:

#### **Black Country Core Strategy (February 2011)**

- 3.3** The Black Country Core Strategy sets out the vision, objectives and strategy for future development in the Black Country up to 2026. This Strategy sets out how much and what type of development will take place in Dudley Borough to 2026 and the broad locations of that development. Policy DEL1 'Infrastructure Provision' provides the policy basis for the collection of developer contributions and sets out the variety of infrastructure that can be funded through obligations and/or CIL.

#### **Dudley Infrastructure Delivery Plan (December 2012)**

- 3.4** This document provides information on what funding is required and committed to delivering the infrastructure identified as necessary to accommodate growth in Dudley Borough.
- 3.5** In addition to the adoption of the Black Country Core Strategy, Dudley Council has also adopted the Brierley Hill Area Action Plan (August 2011) and is in the process of producing Area Action Plans for Stourbridge and Halesowen, all of which further consider infrastructure needs. These Plans have been used to inform the assessment of infrastructure needs; as infrastructure requirements change over time and therefore this evidence has been reviewed and tested, and where appropriate further information has been gathered on the most up-to-date infrastructure needs and their costs.
- 3.6** The Infrastructure Plan identifies a snapshot list of the strategic infrastructure requirements need to support growth; it is important to note that this does not comprise a fully inclusive list, rather a highlight of needs that can be identified and costed at this point in time; the Infrastructure Delivery Plan is a living document and the projects will be updated and added to as further

information becomes available. The evidence identifies that there is a **total Funding Gap of over £106m** and focuses on six key areas of infrastructure as set out in the table below:

| Infrastructure                            | Cost                | Funding Available  | Funding Gap         |
|---|---------------------|--------------------|---------------------|
| Transport                                 | £91,951,000         | £39,056,000        | £52,895,000         |
| Nature Conservation                       | £4,310,000          | £0                 | £4,310,000          |
| Libraries                                 | £5,149,000          | £5,025,000         | £124,000            |
| Air Quality                               | £1,232,200          | £120,000           | £1,112,200          |
| Public Realm                              | £47,661,000         | £4,548,000         | £43,113,000         |
| Flood Management and Sustainable Drainage | £8,216,000          | £3,396,000         | £4,820,000          |
| <b>Total</b>                              | <b>£158,519,200</b> | <b>£52,145,000</b> | <b>£106,374,200</b> |

**Table 1 Summary of Infrastructure requirements and Funding Gap**

### Question 1

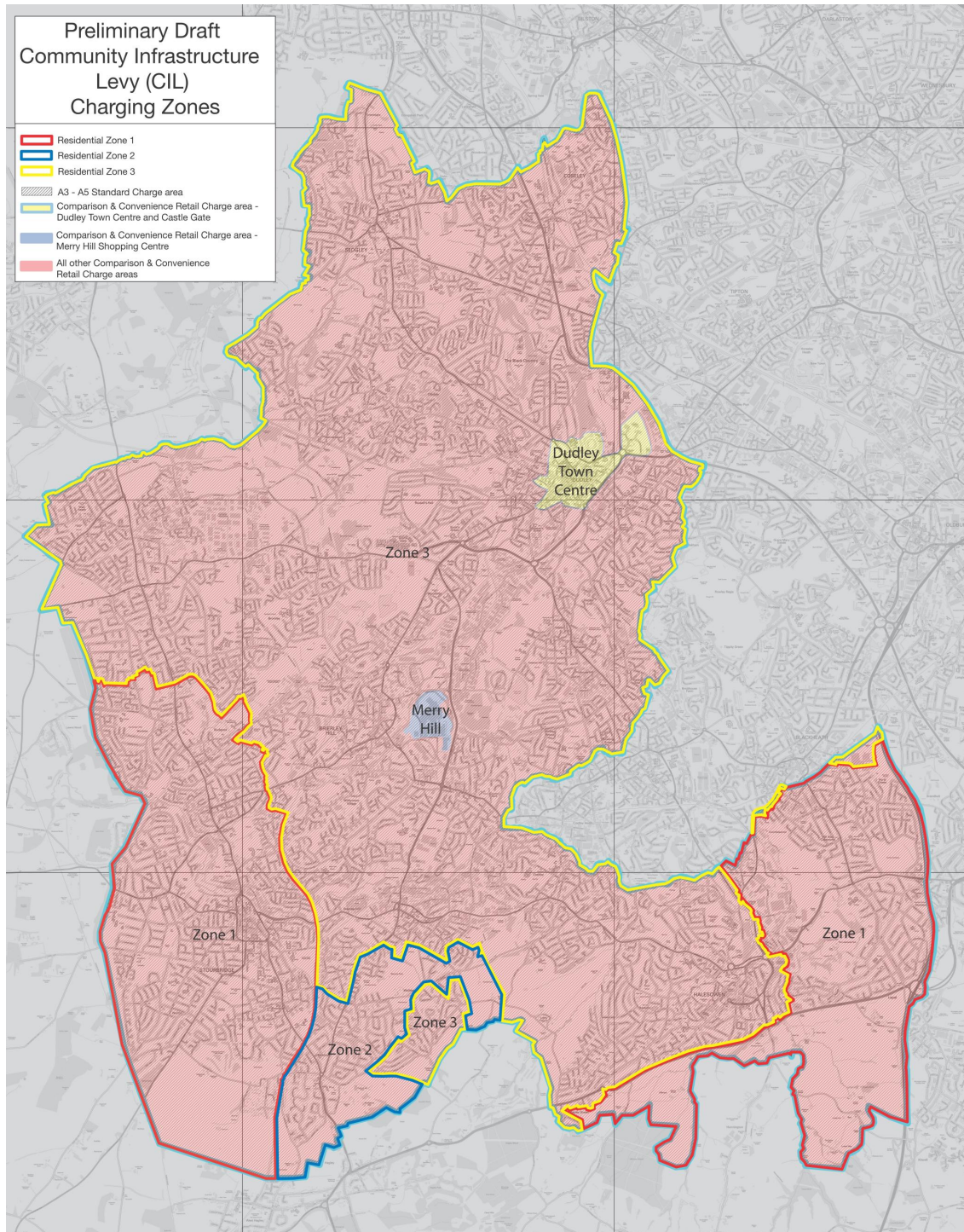
Do you agree that the Infrastructure Requirements are appropriately evidenced based and up-to-date and that a sound funding gap has been identified?

### Dudley CIL Viability Assessment (October 2012)

- 3.7** This report provides an evidence base to identify and test variances in economic viability between defined geographical locations within the area and then to evaluate and analyse the potential impact of applying a range of levels of CIL on the viability of residential and non-residential development within Dudley Borough.
- 3.8** The report considers all development uses that have the potential to come forward in the Borough during the medium to long term. This not only takes into account expectations of market driven demand, but also the requirements for focused investment that are central to the delivery of the Black Country Core Strategy's vision for the Borough.



## 4 CIL Charging Zones Map



**Map 1 CIL Charging Zones Map**

## 5 Preliminary Draft Charging Rates

| Proposed CIL rate per m2 | Less than 25% affordable | 25% or more affordable |
|--------------------------|--------------------------|------------------------|
| Zone 1                   | £50                      | £0                     |
| Zone 2                   | £225                     | £125                   |
| Zone 3                   | £20                      | £0                     |

**Table 2 Residential: Preliminary Draft CIL Charges \***

\* Includes 5% CIL Administration Costs

### Question 2

Do you agree with separate charging zones and the CIL rates for residential developments based on these zones?

| Proposed CIL rate per m2                       | Dudley Town Centre | Merry Hill | Remaining Areas |
|--|--------------------|------------|-----------------|
| Convenience Retail                             | £140               | £340       | £190            |
| Comparison Retail                              | £140               | £340       | £140            |
| Public House & Restaurant & Hot Food Takeaways | £210               | £210       | £210            |

**Table 3 Retail: Preliminary Draft CIL Charges \***

\* Includes 5% CIL Administration Costs

### Question 3

Do you agree that the proposed differential rates for retail use based on different types of retail and scale are appropriate?

| Proposed CIL rate per m2 | Dudley Town Centre | Merry Hill | Remaining Areas |
|--------------------------|--------------------|------------|-----------------|
| All other uses           | £0                 | £0         | £0              |

**Table 4 Other Uses: Preliminary Draft CIL Charges**

#### Question 4

Do you agree that there should be a nil rate for Office, Industrial and other types of development?

#### Calculation of the CIL Rates

- 5.1** Charging authorities are 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.
- 5.2** Taking into account the above information the rates set out above are considered to strike the most appropriate balance between the desirability of funding infrastructure in the area and the potential effects on the economic viability of development in the Borough. They include an allowance of up to 5% to cover administration costs, as permitted by the CIL Regulations for this purpose.

#### Question 5

Do you agree that the proposed CIL rates will not put at serious risk the overall development of the Borough?



### 6 Payment of CIL

#### Who will pay CIL?

- 6.1** CIL must be charged in pounds per square metre on the net additional increase in floorspace of any given development.
- 6.2** Any new build, that is a new build of an extension, is only liable to pay CIL if it has 100 sq. m or more of gross internal floor space, or involves the creation of additional dwellings, even when that is below 100 sq. m.
- 6.3** The gross floorspace of any existing buildings on the site that are going to be demolished will be deducted from the CIL. Any floorspace resulting from the development to the interior of an existing building will similarly be deducted.
- 6.4** Floorspace subject to demolition or resulting from change of use will only be disregarded where it has been in continuous lawful use for at least 6 months in the 12 months prior to the development being permitted.

#### How will the Levy be collected?

- 6.5** The CIL Charges will, in most cases, be due from the date that a chargeable development is commenced in accordance with the terms of the relevant planning permission.
- 6.6** When planning permission is granted, alongside the 'Decision Notice' the Council will issue a 'Liability Notice' setting out the amount of CIL that will be due for payment when the development is commenced, the payment procedure and the possible consequences of not following the procedure.

#### Instalments Policy

- 6.7** If the Council wishes to set its own CIL payment deadlines and/or offer the option of paying by instalments, it must publish an Instalments Policy on its website.

#### Question 6

Do you think the Council should allow for payments by instalments and if so what this should be?

#### Charity and Social Housing Relief

- 6.8** The CIL Regulations give relief from CIL in two specific instances:

- Charity landowners will benefit from full relief from their portion of the CIL where the development will be used wholly, or mainly, for charitable purposes; or
- Full relief from CIL on those parts of a development which are intended to be used as social housing

**6.9** The Council can choose to offer discretionary relief to a charity landowner where the greater part of the development will be held as an investment, from which the profits are applied for charitable purposes.

**6.10** Clawback of the CIL monies can be required by the Council if the development no longer qualifies for relief within a 7 year period from commencement of the development.

### Question 7

Do you think the Council should offer discretionary relief to charity landowners where the majority of the development will be held as an investment, where the profits are applied for charitable purposes?

### Exceptional Circumstances

**6.11** The Council has the option to offer a process for giving relief from CIL in exceptional circumstances where a specific scheme cannot afford to pay. If the Council decides to implement such a policy it can then consider claims for relief from landowners on a case by case basis provided the following conditions are met:

- A S106 Agreement must exist on the planning permission permitting the chargeable development;
- The Council must consider that the cost of complying with the S106 Agreement is greater than the CIL charge and that paying the full CIL would have an unacceptable impact on the development's economic viability; and
- Relief from CIL must not constitute a notifiable State Aid.

### Question 8

Do you think the Council should adopt an Exceptional Circumstances Policy and if so under what circumstances?

### Payments In-Kind

- 6.12** There may be circumstances where it will be more desirable for the Council to receive land instead of monies. The CIL Regulations allow the Council to accept land transfers as a payment in kind for the whole or part of the levy. This will be considered on a site by site basis.



### 7 Spending of CIL

#### What will CIL be spent on?

- 7.1** The definition of Infrastructure is set out within the CIL Regulations. The Council can choose to publish a 'Regulation 123 List', which lists infrastructure projects or types of infrastructure that it intends CIL monies to contribute towards.
- 7.2** If a Regulation 123 list is not published, it is assumed that the Council intends to use CIL funds for any type of infrastructure that is capable of being funded by CIL.

#### Meaningful Proportion to be spent by Local Community

- 7.3** The Localism Act 2011 gave the Secretary of State the power to make regulations to amend it so that a significant proportion of the revenue goes to projects in the neighbourhood. In October 2011 the Department for Communities and Local Government (DCLG) consulted on what the 'meaningful proportion' should be. The outcomes of the consultation are not yet known.

#### Question 9

What proportion of CIL monies should be passed to local communities for spend on local infrastructure and what should be considered as the 'Local Community'?