

# Community Infrastructure Levy (CIL) update

# Introduction

- CIL is a non-negotiable planning charge on many forms of new development which generally involves a net increase in floorspace
- FBC introduced first charging schedule in 2013 with the latest schedule approved in 2021
- Following completion of the viability evidence for Local Plan Examination (March 2022) FBC committed to a CIL review
- Three Dragons were commissioned to undertake CIL Viability Assessment at strategic level to inform possible new CIL rates

# Introduction

- The 'headroom' in viability is the margin per square metre between the total value and the total cost. Where this is positive it is considered that a CIL charge is viable.
- CIL rate should not be set as the same as the total headroom available- a buffer should be incorporated in the CIL rate
- A common approach and the one applied by FBC is a 50% buffer
- This approach led to a proposed £195 per sqm rate for residential; £28 per sqm for sheltered housing on greenfield sites; and £80 sqm for retail outside centres

# CIL Update

- Independent Examination held in September 2023 with Examiner's report published 26 October 2023
- Examiner recommended that the charging schedule be approved subject to two modifications
- The first modification related to the addition of some extra wording to the standard charge within the charging schedule to clarify when care homes are exempt from CIL

# CIL Update

- The second modification recommended that the rate applied to HA55 (Land South of Longfield Avenue) be changed from £195 per sqm to £0
- Examiner recommended this modification as Section 106 negotiations are ongoing on the planning application and the total costs of these are not finalised. As CIL is non-negotiable, if scheme viability became an issue, affordable housing provision was likely to suffer.
- Examiner stated that if no CIL is charged on HA55 ‘ the Council would be in a stronger position to negotiate a Section 106 agreement based on the full range of policy requirements that apply to HA55.’

# CIL Update

- Examiner found the Council's assumptions regarding market values, benchmark land values and development costs to be robust
- Three Dragons were commissioned to test a bespoke typology for HA55 having regard for the Examiner's comments and updated Section 106 costs
- Applying the updated Section 106 costs, Three Dragons found that £195 per sqm would continue to be viable, but with a less than 50% buffer.
- Three Dragons assessed that a CIL rate of £166 sqm for HA55 would maintain a 50% buffer

# CIL Update

- A bespoke CIL Viability Review report was produced by Three Dragons proposing a CIL rate of £166 sqm for the Land South of Longfield Avenue site (HA55).
- A further focussed consultation was undertaken by FBC on the proposed new rate for HA55. The consultation ran from 8 December to the 31 January 2024.
- The Site Promoter (Hallam Land Management- HLM) for HA55 submitted comments on the consultation proposals on the 31 January.
- Three Dragons have been asked to thoroughly review HLM's comments

# CIL Update

- HLM have primarily critiqued the work undertaken by FBC/ Three Dragons rather than produce their own assessment
- HLM questions values and costs already accepted by the Examiner



# CIL Update

- It should be noted that the Longfield Avenue site is due to pay CIL on residential floorspace at £180 per sqm (approx) under the existing CIL charging schedule
- No viability case currently being progressed on the current planning application based on existing rates

# Summary

- Following conclusion of Three Dragon's review of HLM's comments, proposed charging schedule will be reported to the Executive
- The proposed charging schedule will contain a bespoke CIL charge for the HA55 site
- Current intention is for Executive to consider the proposed charging schedule on the 8 April and Council approve the proposed charging schedule on the 9 April