

# Community Infrastructure Levy

**Draft Charging Schedule: Explanatory Note**

May 2019



## **Community Infrastructure Levy (CIL) – Draft Charging Schedule May 2019**

### **1. Introduction**

1.1 This note sets out a summary of the amended draft charge rates for the Kirklees CIL as set out in the Statement of Modifications and how they have changed since the consultation on the draft charging rates in November 2016.

1.2 The main consideration in the determination of a charging rate for CIL derives from the statutory Community Infrastructure Levy Regulations 2010. The main points of consideration for the charge rate will be whether Kirklees has struck an ‘appropriate balance’ between:

a) the desirability of funding from CIL in whole or in part the actual and estimated total cost of infrastructure required to support the development of its area allocated in the Local Plan, 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 the Kirklees District.

**2. Reasons for the proposed amendment to the 2016 Draft Charging Schedule are as follows:**

**a) Changes to National Planning Policy Framework (NPPF)/National Planning Policy Guidance (NPPG) guidance:**

NPPF/NPPG changes in summer 2018 essentially strengthened Local Planning Authorities’ hand in terms of viability, including establishing the principle that initial land valuations should be based on the existing use value, plus a premium (EUV+). This is a change from the previous 2016 more market value led approach. A few other minor changes including the definition of affordable housing were made in the guidance.

**b) Time lapse since last draft charging schedule:**

It has been 2 and a half years since the evidence has been updated.

In the light of the changes outlined above, the Inspector appointed to examine the CIL requested the Council’s response to the issues. To inform the response, the Council refreshed its viability evidence used to underpin the submitted 2016 Draft CIL Charging Schedule. The refreshed viability evidence has included an update of the baseline housing market / sales values and build costs, as these have changed since the previous assessment produced in 2016.

The initial findings of the viability model rerun, considering the changes to viability guidance in national policy, and changes to market values and build cost has led officers to conclude that there is a risk in taking the submitted 2016 Draft CIL

Charging schedule to the Examination hearing sessions as it stands based on this new updated evidence we hold.

### 3. 2019 Amended Draft CIL Rates:

Kirklees CIL Amended Draft Charging Rates (per sq.m)	
<b>Residential Development (C3)*</b>	<b>All sites</b>
Zone 1	£80
Zone 2	£20
Zone 3	£5
<b>Retail Warehousing (A1)**</b>	£0 across the district
<b>All other uses</b>	£0 across the district

*\*Not including 'Retirement Living Accommodation' defined as residential units which are sold with an age restriction typically over 50s/55s with design features and support services available to enable self-care and independent living.*

*\*\*Retail Warehouse definition: large stores in edge-of-centre and out-of-centre locations specialising in the sale of household goods (such as carpets, furniture and electrical goods), clothes, DIY items and other ranges of goods, catering mainly for car-borne customers.*

### 4. Changes from 2016 draft:

4.1 The number of charging zones has reduced from 4 to 3 in response to updated viability evidence. There has been a removal of different charge rates for sites of 10 and under and over 10 units. In light of the updated evidence, Zone 2 and 3 have been amalgamated into one zone to become zone 2.

<u>Residential Development</u>	<b>2016 Draft Charge Schedule Proposed Rates (per sq.m)</b>	
<i>Value Areas</i>	<i>More than 10 Units</i>	<i>10 Units or Less</i>
Zone 1	£80	£100
Zone 2	£20	£80
Zone 3	£5	£40

Zone 4	£5	£5
<b><u>Retail Warehousing</u></b>		
<b>Preliminary Draft Charge Schedule Proposed Rates (per sq.m)</b>		
All Zones	£100	
<b><u>All other uses</u></b>		
<b>Preliminary Draft Charge Schedule Proposed Rates (per sq.m)</b>		
All Zones	£0	

4.2 Further detailed information on the evidence and rates including the zone maps can be found in the Councils supporting document: Kirklees Community Infrastructure Levy: Background Report (May 2016).