

London Borough
of Hillingdon

Community
Infrastructure
Levy

Charging
Schedule

Adopted July
2014



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1 INTRODUCTION

1.1 Introduction

The Community Infrastructure Levy (CIL) came into force in April 2010. It allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

This Charging Schedule sets out proposed rates at which new development will be charged in pounds per square metre. Two pieces of evidence are required to justify the introduction of CIL; evidence of an infrastructure funding gap and evidence that the proposed CIL rates will not affect the overall viability of development in Hillingdon.

To meet this requirement; an estimated infrastructure funding gap of approximately £120m has been identified through a robust process of infrastructure planning. This funding gap could at least partly be met through CIL. Secondly, the proposed schedule of CIL rates shown at Table 3.1 have been subject to a rigorous process of testing to assess the impact of the proposed levy on the viability of development across the borough

1.2 CIL and the Local Plan

CIL will help to fund infrastructure provision and achieve the objectives of Hillingdon's Local Plan Part 1: Strategic Policies, which identifies expected housing and employment growth in the borough up to 2026. Growth in the borough will be supported by the CIL because:

- New development will provide a financial contribution towards the provision of infrastructure required to support new development and growth up to 2026.
- It is a simple, affordable fixed charge and the collection process is transparent and guided by Government regulations. This means that developers have certainty regarding what their contributions will be from the start of the development process and local residents understand how the development will contribute to their local community.
- The Council has greater flexibility to address local needs. CIL is a predictable funding stream that allows infrastructure providers to plan ahead more effectively to deliver the infrastructure that is really required in the local community
- Some of the CIL will also be passed directly to local neighborhoods so that they can decide exactly what the money should be spent on.

1.3 CIL and Section 106

Planning Obligations, or 'Section 106 Agreements' are often used to fund or provide the infrastructure necessary to support development proposals; for example where housing development generates a need for a new school. From 6th April 2015 there will be limitations on the use of Planning Obligations to fund infrastructure provision and the CIL is being introduced in Hillingdon as an alternative funding mechanism to address this issue. It should be noted that Planning Obligations will continue to be used to provide affordable housing and some site specific infrastructure provision.

1.4 Deciding the CIL Rate

The CIL has been set at a rate that strikes an appropriate balance between the delivery of local infrastructure and the potential effects of the charge on the viability of development.

The CIL rate is expressed as a £ per sq. m charge. It will be fixed when planning permission is granted by the Council but will not be paid until the construction of the development starts. In special circumstances there are provisions for the CIL to be paid in instalments or 'in kind'. CIL will apply to all new developments in Hillingdon that are 100 sq. m or over (net additional internal floor space) or developments comprising one dwelling or more. This will include development within airport boundaries (Northolt and Heathrow).

1.5 The Mayoral CIL

The Mayor has introduced his own CIL to contribute £300 million towards the cost of Crossrail. Boroughs have been divided into three broad charging bands (£20psm, £35psm and £50psm) and will be responsible for collecting the charge and then passing it back to the Mayor. Development in Hillingdon is subject to the £35 charging band. This has been taken into account when setting Hillingdon's own CIL and is explained in later sections of this document. All rates shown in this document are exclusive of the Mayoral CIL.

2 EVIDENCE TO JUSTIFY THE CIL

2.1 Introduction

The starting point for the Charging Schedule is Hillingdon's Local Plan Part 1: Strategic Policies, which outlines planned growth in the borough and includes provision for approximately 6,500 new homes by 2026. The Strategic Infrastructure Plan (SIP) has been prepared as a key piece of supporting evidence for the Local Plan and demonstrates there is sufficient infrastructure coming forward to support growth. The evidence required to support the Charging Schedule builds on the SIP and includes the following:

- **Evidence of an infrastructure funding gap:** Evidence of the total infrastructure funding gap that the CIL is intended to support, having taken account of the other sources of available funding. The process of establishing the funding gap is further explained in section 2.3.
- **Viability Assessment:** This demonstrates that the proposed CIL rates strike an appropriate balance between helping to meet the infrastructure funding gap and the potential effects of the charge on development viability across the borough. Further information on the assessment of economic viability is contained in Section 2.3 of this document.

2.2 Establishing a Funding Gap

In order to correspond to the principles of Government guidance on developer contributions, it is important that developments only pay the CIL to mitigate infrastructure need arising as a result of new development. They should not be liable for any existing un-met need or where there is spare capacity within existing infrastructure. For example, if there are spare school places or vacant hospital wards.

Building on the SIP, the cost of infrastructure required to support Local Plan growth was established through discussions with infrastructure providers and cost estimates. Further information on the costing process can be found in the SIP. **Table 2.1** summarises the infrastructure requirements and associated costs of provision to meet Hillingdon's needs to 2026 as established by the SIP:

TABLE 2.1: HILLINGDON ESTIMATED INFRASTRUCTURE REQUIREMENTS TO 2026			
Infrastructure Element	Required Infrastructure Schemes	Cost (£millions)	Delivery Bodies
Transport	LIP Schemes including public transport and road and street improvement schemes	18.3	LB Hillingdon, TfL,
Utilities	2 Primary sub stations, 300 sub stations, Water pipe leakage repair scheme, Water infrastructure to meet need demand, Additional Waste facilities	23.0	Utilities Providers, LB Hillingdon
Health	2 new centralised health centres at Hayes and Yiewsley, 7 to 10 new GPs surgeries	3.3	Hillingdon PCT, NHS
Education	2 to 4 Primary Schools, 1 Secondary School	127.9	LB Hillingdon
Leisure	Additional child play space, swimming pool, sports halls and library space	13.3	LB Hillingdon
Other Community Infrastructure	No other community infrastructure requirement identified	0.0	LB Hillingdon
Total		186	

Source: LB Hillingdon SIP (2011)

The total identified infrastructure need based on consultation with infrastructure providers is approximately £190m. However, another key principle of CIL is that existing funding should be taken account of before establishing the total infrastructure funding gap that CIL could at least partly help to meet. Identified infrastructure funding is shown in the Council's Capital Programme. Currently there is approximately £66.7m of funding identified to meet Hillingdon's future infrastructure needs. This includes £6.3m for transport improvements, £55.9m for primary school places and £4.5m for other community infrastructure. If this identified funding is taken away from the total infrastructure costs it leaves a funding gap of approximately £120m. This means that the CIL is justified and will be an important funding source to help ensure that there is sufficient infrastructure to meet the needs generated by future growth in the borough.

2.3 Economic Viability

As per Government guidance the proposed CIL rates have been established through an assessment of economic viability. The purpose of this work was to assess the level of CIL that can be supported without making schemes economically unviable, across a range of uses and locations in the borough.

The principal approach to the viability study relied on comparing Residual Land Values (RLV) from a series of development scenarios, and benchmarking these against indicative Existing Use Values (EUV). The analysis was supported by a broad property market review and research for the borough. Comparable sites from within the borough were also used to test the output of this work. Further detail on the viability assessment is given at **Appendix A**.

It must be fully recognised that the approach to these appraisals was undertaken at a relatively high level, and not on a case by case site specific basis. A summary of key conclusions from the viability assessment is given below for the different use classes. It should be noted that the rates outlined exclude the Mayor's CIL of £35 per sq. m for Hillingdon unless explicitly stated.

Retail, restaurants and service outlets open to the public (A1): The viability analysis showed that CIL impacts on retail schemes differently dependent upon size and location. In light of this the Council proposes to charge different rates dependent upon size and location. A CIL rate of £215 per sq. m is proposed in addition to the Mayor's proposed CIL, for all retail units with a gross floor area of 1,000 sq. m or more outside designated metropolitan, town, district or local centres. Viability analysis shows that the proposed CIL rate would not have a negative impact on the viability of retail schemes under most circumstances where the units are located outside the aforementioned areas and are larger than 1,000 sq. m. For units with less than 1,000sq. m of floor space and units located within designated metropolitan, town, district or local centres the council proposes a £0 per sq. m rate and therefore no further CIL charge beyond the Mayor's proposed charge. Maps of designated centres are located in Appendix A of this schedule.

Offices, (B1): The viability assessment shows that the proposed CIL rate will not unduly impact on the viability of developing offices within the borough. The Council proposes a £35 per sq. m CIL charge for this use type, in addition to the Mayor's proposed CIL.

Hotels (C1): The Council recognises that viability varies in individual cases depending on hotel location and type. The viability work shows that hotels are likely to be able to support a £40 per sq. m CIL contribution under most circumstances in addition to the Mayor's proposed CIL.

Dwelling Houses and HMOs (C3 & C4): The viability assessment shows that residential developments are likely to be able to support a CIL contribution in most cases across the borough. The Council proposes to set CIL of £95 per sq. m for qualifying development falling within this use class, in addition to the Mayor's proposed CIL.

Industry and warehousing (B8): The viability assessment shows that this use type is able to support a CIL charge of £5 per sq. m. in addition to the Mayor's proposed CIL.

3 PROPOSED CIL RATE

In light of the evidence presented in Section 2 above, the Council proposes the following CIL rate(s):

TABLE 3.1: SCHEDULE OF PROPOSED CIL RATES*	
Use Type	Proposed CIL Rate (per sq. m)
Large format retail development (A1) greater than 1,000 sq. m, outside of designated town centres*	£215
Offices (B1)	£35
Hotels (C1)	£40
Residential Dwelling Houses (C3)	£95
Industrial (B8)	£5
All other uses	£0

Note that the rates in Table 3.1 exclude the Mayoral CIL Contribution

*Retail uses within designated centres: £0 per sq. m. Maps of designated town centres are attached as Appendix A

3.1 Chargeable Development, Exemptions & Relief

The Regulations exempt all development under 100 sq. m (unless it is a new dwelling house, in other words a house or flat) as well as development for charitable purposes. The Regulations allow relief for parts of a development to be used for social housing (in proportion to the amount of social housing provided). The formula for calculating relief is set out in full in Part 6 of the Regulations. The Council is not proposing to offer exemptions or relief beyond that which is set out as a statutory requirement in the Regulations 2010 (as amended).

3.2 The Mayor's CIL

The Mayor of London will implement a CIL levy to help pay for Crossrail from spring 2012. He has proposed a single charge for Hillingdon at £35 per sq. m for all eligible development (note that the Mayor is not currently proposing to charge CIL on buildings that are to be used for educational or health purposes). The Council will be required to collect CIL on behalf of the Mayor, although the Mayor will be responsible for allocating the income from his CIL.

APPENDIX A: MAPS OF DESIGNATED CENTRES

PROPOSED CHARGES FOR A1 USE CLASS

Within designated town centres: £0

Outside of designated centres and over 1,000 square metres: £215

Notes

Charges are in £/per square metre

Designated town centre boundaries are shown as areas within the red line on the attached plans.

Grid references are shown as 6 figure digits alongside O/S gridlines.













