

CIL GUIDANCE NOTE 3



Community Infrastructure Levy (CIL) Social Housing Relief

September 2019

Background

Development that incorporates social housing is entitled to mandatory relief from CIL on the social housing element of the development.

Definition of Social Housing

Regulation 49 of the Community Infrastructure Levy Regulations (2010) (as amended) sets out the conditions that must be met for a dwelling to be considered as social housing. In Hambleton, any dwelling that complies with the definition of affordable housing as set out in Annex 2 of the National Planning Policy Framework is entitled to social housing relief.

Process for claiming Social Housing Relief

Regulation 51 of the Community Infrastructure Levy Regulations (2010) (as amended) sets out the procedures for claiming social housing relief. It is important to note that unless these procedures are rigorously followed, development will cease to be eligible for social housing relief and/or claims for social housing relief will lapse.

In order to benefit from social housing relief, the person/organisation claiming the relief must:

1. have assumed liability to pay CIL, through the submission to the Council of a **CIL Assumption of Liability Form (CIL FORM 2)**, prior to the commencement of the chargeable development; and
2. be an owner of the relevant land.

The claim must:

1. be submitted to the Council on a **Charitable and/or Social Housing Relief Form (CIL FORM 10)**, prior to commencement of the chargeable development; and
2. include a relief assessment that identifies on a map the location of the dwellings to which social housing relief applies, sets out the gross internal area of each of the dwellings and includes a calculation of the amount of social housing relief claimed.

If the chargeable development is commenced before the Council has notified the person/organisation claiming social housing relief of its decision, then the claim for social housing relief will lapse.

In addition, development will cease to be eligible for social housing relief if any of the following apply:

1. The Council has not received a **CIL Commencement Notice (CIL FORM 6)** prior to commencement of the chargeable development; or
2. The Council has received a **CIL Withdrawal of Assumption of Liability Notice (CIL FORM 3)** from the claimant prior to commencement of the chargeable development; or
3. The Council has received a **CIL Transfer of Assumed Liability Notice (CIL FORM 4)** prior to commencement of the chargeable development. (In this case a new claim for social housing relief can be made provided that it is made and determined prior to commencement of the chargeable development).

A **CIL Form 12 for Further Charitable and/or Social Housing Relief Form** must be submitted to re-claim charitable relief or social housing relief from CIL when the development originally receiving charitable or social housing relief from CIL has, or is intended to be, altered in a way which changes the extent of relief previously granted.

Summary

In summary, to benefit from social housing relief the relevant person/organisation must be an owner of the land, must have assumed liability to pay CIL and must have submitted their claim for relief and received the Council's determination prior to commencing the chargeable development.

Examples of how Social Housing Relief is calculated

The following examples show how social housing relief will be calculated. Scenario 2 deals with how existing floor space is taken account of in calculating social housing relief.

Scenario 1

A residential development of 4,000 sq.m Gross Internal Area (GIA) on a cleared site is granted planning permission. The residential rate is £65 per sq.m. Therefore, the **CIL liability is £260,000**.

Prior to commencement of the development, the Council receives a claim for 950 sq.m of Social Housing Relief.

The calculation of the revised CIL liability is as follows:

Process 1 – Deduct the GIA eligible for relief from the total GIA

The total GIA (4,000 sq.m) minus the GIA eligible for relief (950 sq.m) = 3,050 sq.m

Process 2 – Recalculate the CIL liability

3,050 sq.m x £65 per sq.m = **Revised CIL liability of £198,250**

Scenario 2

A residential development of 4,000 sq.m GIA is granted planning permission. It is on a site currently occupied by a house in lawful use comprising 125 sq.m GIA, which is to be demolished. The residential CIL rate is £65 per sq.m. The existing floor space is deducted from the CIL liability because it is in lawful use, giving a CIL chargeable area of 3,875 sq.m and a **CIL liability of £251,875**.

Prior to the commencement of the development, the Council receives a claim for 950 sq.m of Social Housing Relief.

It is tempting to multiply the floor area of the social housing units (950 sq.m) by the rate of the CIL charge (£65 per sq.m) to determine the amount of relief and then deduct this from the total CIL liability calculated before relief was considered, to obtain the final liability, as was the case in Scenario 1. However, this would be wrong because there is a demolition to consider and just as the demolished floor area reduced the total CIL liability, it also produces a pro rata reduction in the amount of Social Housing Relief.

The calculation of the revised CIL liability is as follows:

Process 1 – Calculate what percentage of the total GIA the discounted GIA comprises

Discounted GIA (125 sq.m) divided by total GIA (4,000 sq.m) x 100 = 3.125%

Process 2 – Calculate 3.125% of the GIA claim for Social Housing Relief to ascertain level of GIA to be deducted from the relief claim

GIA claim for Social Housing Relief (950 sq.m) divided by 100 x 3.125 = 30 sq.m

Note: The above figure of 30 sq.m has been rounded to the nearest square metre.

Process 3 – Calculate the revised GIA of the relief claim

Relief claim (950 sq.m) minus pro rata reduction (30 sq.m) = 920 sq.m

Process 4 = Deduct the GIA eligible for relief from the total chargeable area

Total chargeable area (3,875 sq.m) minus GIA eligible for relief (920 sq.m) = 2,955 sq.m

Process 5 – Recalculate the CIL Liability

2,955 sq.m x £65 per sq.m = **Revised CIL liability of £192,075**

Scenario 3

A social housing residential development of 2,000 sq.m GIA on a cleared site is granted planning permission. The developer is a housing association. The residential CIL rate is £65 per sq.m. Therefore, the **CIL liability is £130,000**.

Prior to the commencement of the development, the Council receives a claim for 2,000 sq.m of Social Housing Relief, as the whole of

the development will be social housing.

Consequently, Social Housing Relief is granted on the whole development and the CIL liability is reduced to £0.