

## CIL GUIDANCE NOTE 7

# HAMBLETON DISTRICT COUNCIL

## Community Infrastructure Levy (CIL) Examples of how CIL liabilities are calculated

September 2019

### Purpose of document

This document contains examples of how CIL liabilities are calculated and covers most scenarios that will occur within Hambleton.

### Basis of CIL calculations

All CIL calculations are based on the net increase in the Gross Internal Area (GIA) of the development, as set out in Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended) (CILR 2010).

### Indexation

CIL liabilities are index linked from the year in which the Charging Schedule took effect to the year in which planning permission is granted. The index used is the All-in Tender Price Index published by the Build Cost Information Service (BCIS), as set out in Regulation 40(7) of the CILR 2010.

Consequently, there will be no indexation on CIL liabilities for planning permissions granted in 2014.

### Mandatory Relief for charitable development and social housing

Examples of how levels of mandatory relief will be calculated can be found in *CIL Guidance Note 3 – Social Housing Relief* and *CIL Guidance Note 4 – Charitable Development Relief*.

### Definition of lawful use

The definition of lawful use is contained in Regulation 40(10) of the CILR 2010, which states the following:

*“For the purposes of this regulation a building is in use if a part of that building has been in use for a continuous period of at least six months within the period of three years ending on the day planning permission first permits the chargeable development”.*

#### Scenario 1

**The development of a new dwelling (either detached or attached to an existing dwelling). The new dwelling is 90 sq.m.**

Though the development has a floor space of less than 100 sq.m, it results in the creation of a new dwelling and therefore CIL applies. The CIL charge for residential development is £55 per sq.m.

The calculation is as follows: 90 sq.m. x £55 per sq.m. = **CIL liability of £4,950**

#### Scenario 2

**The development of an extension to an existing dwelling. The existing dwelling is 105 sq.m and the extension is 45 sq.m.**

The size of the existing dwelling is irrelevant. The only matter of relevance is the size of the extension. As the extension is for less than 100 sq.m. of development and does not result in the creation of a new dwelling, **CIL does not apply**.

### Scenario 3

**The conversion of an existing dwelling to two flats. The existing dwelling is 105 sq.m. and the conversion will not result in any new build floor space.**

The size of the existing dwelling is irrelevant. As the conversion does not result in any new development (i.e. it all takes place within the existing dwelling), **CIL does not apply.**

### Scenario 4

**The conversion and extension of an existing dwelling to form two flats. The existing dwelling is 105 sq.m and the extension is 45 sq.m**

The size of the existing dwelling is irrelevant here. What is relevant is the level of new build. Although it is only 45 sq.m, because it results in a new dwelling, CIL applies.

The CIL charge for residential development is £55 per sq.m. The calculation is as follows: 45 sq.m x £55 per sq.m = **CIL liability of £2,475**

### Scenario 5

**The demolition of an existing dwelling in lawful use (see note on Page 1) and the construction of a block of flats in its place. The existing dwelling is 120 sq.m and the block of flats is 1,000 sq.m.**

The development of a block of flats results in the creation of a new dwelling, therefore CIL applies. However, because the existing dwelling is in lawful use, its floor space is deducted when calculating CIL liability.

The CIL charge for residential development is £55 per sq.m. The calculation is as follows:

Process 1 – Deduct existing floor space from new floor space: The chargeable area is 1,000 sq.m - 120 sq.m = 880 sq.m.

Process 2 – Calculate CIL liability based on the net increase in floor space: 880 sq.m x £55 per sq.m = **CIL liability of £48,400**

### Scenario 6

**The demolition of an existing dwelling not in lawful use (see note on Page 1) and the construction of a block of flats in its place. The existing dwelling is 120 sq.m and the block of flats is 1,000 sq.m.**

The development of the block of flats results in the creation of a new dwelling, therefore CIL applies. Because the existing dwelling is not in lawful use, its floor space is not deducted when calculating the CIL liability.

The CIL charge for residential development is £55 per sq.m.

The calculation is as follows: 1,000 sq.m x £55 per sq.m = **CIL liability is £55,000**

### Scenario 7

**The demolition of a building of 5,000 sq.m, 1,000 sq.m of which is in lawful use, and its replacement with a building of 10,000 sq.m, comprising 1,000 sq.m of retail development (supermarket), 5,000 sq.m of office development and 4,000 sq.m of hotel development.**

The key issue here is that the existing building is in lawful use. Therefore, the total amount of existing floor space can be deducted from the CIL liability. As the new building comprises a range of uses, the deduction of the existing floor space is applied on a pro rata basis across the new uses.

The CIL charge for office development is £0 per sq.m

The CIL charge for retail development (supermarket) is £90 per sq.m

The CIL charge for hotel development is £0 per sq.m

The calculation is as follows:

Process 1 – Calculate the deduction factor for the existing floor space: 5,000 sq.m (existing) / 10,000 sq.m (new) = 0.5

Process 2 – Calculate the office liability existing floor space: 5,000 sq.m x £0 per sq.m x 0.5 = £0

Process 3 – Calculate the retail liability: 1,000 sq.m x £90 per sq.m x 0.5 = £45,000

Process 4 – Calculate the hotel liability: 4,000 sq.m x £0 per sq.m x 0.5 = £0

Process 5 – Calculate the total CIL liability: Office (£0) + Retail (£45,000) + Hotel (£0) = **CIL liability of £45,000**

## Scenario 8

The demolition of a building of 5,000 sq.m, 1,000 sq.m of which is not in lawful use, and its replacement with a building of 10,000 sq.m, comprising 1,000 sq.m of retail development (supermarket), 5,000 sq.m of office development and 4,000 sq.m of hotel development.

As the building is not in lawful use, the existing floor space is not deducted when calculating the CIL liability.

The CIL charge for office development is £0 per sq.m

The CIL charge for retail development (supermarket) is £90 per sq.m

The CIL charge for hotel development is £0 per sq.m

Process 1 – Calculate the office liability existing floor space: 5,000 sq.m x £0 per sq.m = £0

Process 2 – Calculate the retail liability: 1,000 sq.m x £90 per sq.m = £90,000

Process 3 – Calculate the hotel liability: 4,000 sq.m x £0 per sq.m = £0

Process 4 – Calculate the total CIL liability: Office (£0) + Retail (£90,000) + Hotel (£0) = **CIL liability of £90,000**

## Scenario 9

The conversion of an office block of 5,000 sq.m, 600 sq.m of which is in lawful use (see note on Page 1), to 4,000 sq.m of student accommodation and 1,000 sq.m of retail development.

The size of the existing building is irrelevant. As the conversion does not result in any new development (i.e. it all takes place within the existing building) and part of the building is in lawful use, **CIL does not apply**.