Community Infrastructure Levy
Preliminary Draft Charging Schedule

The City of Cardiff Council

6 Week Consultation Period
Monday 10th November to Monday 22nd December 2014
Introduction

1. The City of Cardiff Council (the Council) has published this Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) as the Local Planning Authority under powers provided by Section 206 of the Planning Act 2008.

2. This Preliminary Draft Charging Schedule is published for public consultation as the first step in setting a CIL charge for Cardiff and has been prepared in accordance with Regulation 15 of the CIL Regulations 2010 (as amended). The Council will take into account any comments made on this document before publishing its Draft Charging Schedule.

3. The purpose of this consultation document is to set out Cardiff's CIL Preliminary Draft Charging Schedule. In addition to the Charging Schedule, the document explains the general principles of CIL and summarises the methodology / evidence base used in calculating the proposed levels of the charge.

4. Further information can be viewed on the Council’s website www.cardiff.gov.uk/cil throughout the consultation period.

Legislative Background

5. CIL is governed by legislation that came into force on 6th April 2010. Guidance and Regulations are set out in:
   - Planning Practice Guidance – Community Infrastructure Levy (June 2014).
   - Planning Policy Wales, Edition 7, July 2014 (Para 3.7)

6. Authorities cannot charge for the same items through both CIL and planning obligations. Local Authorities who intend to adopt a CIL should publish a “Regulation 123 List” by April 2015 to identify the infrastructure that it is intended will be, or may be, wholly or partly funded by the levy.

Infrastructure Delivery

7. The Deposit Cardiff Local Development Plan (LDP) identifies land for circa 41,000 homes and circa 40,000 new jobs to be delivered between 2006 and 2026. A significant proportion of this growth is within planned urban extensions to the north west and north east of the city. These ‘Strategic Greenfield Sites’ could deliver in excess of 14,000 new homes on previously un-developed land including:
   - Land South of Creigiau (c.650 dwellings)
   - Land North of Junction 33 (c.2000 dwellings)
   - North West Cardiff (c.5000 dwellings)
   - North East Cardiff (c.4500 dwellings)
   - East of Pontprennau Link Road (c.1300 dwellings)
8. The introduction of a Community Infrastructure Levy (CIL) for Cardiff is a key component in the delivery of sustainable growth, as it will provide a means by which development will contribute toward a share of the cost of the necessary infrastructure and facilities required to support it.

9. The delivery of the right level and type of infrastructure at the right time is not only essential to support the development of new homes, economic growth and the creation of sustainable communities, but also provides benefits to the city’s existing residents, workers and visitors. The outcome of this investment and growth will help deliver the Council’s vision to become the most liveable capital city in Europe.

What is CIL?

10. CIL legislation allows Local Authorities in England and Wales to raise funds from developers undertaking new building projects in their area in order to help pay for the infrastructure that is needed to support planned development. The Levy is a charge per square metre of new development and is collected as development is implemented. The CIL is a fixed charge which applies to all ‘chargeable development’ and (unlike Section 106 agreements) is non-negotiable.

11. The charge is set at a Public Examination where an appointed Examiner will consider evidence around the viability of development. CIL must be generally ‘affordable’ for developers and must not be seen to threaten the overall viability of development in a given Local Authority area.

Chargeable Development

12. CIL is levied on the development of virtually all buildings that people ‘normally go into’. The following development types will be liable for CIL:

- Developments of more than 100m² new floorspace
- Developments of less than 100m² which result in the creation of one or more new dwellings
- The conversion of a building that is no longer in lawful use

Exemptions

13. The CIL Regulations identify that certain types of development will not be liable to pay the CIL:

- Development by registered charities for the delivery of their charitable purposes;
- Those parts of a development which are to be used as social (affordable) housing;
- The conversion of any building previously used as a dwelling house to two or more dwellings;
- Development of less than 100m² of new build floorspace, provided that it does not result in the creation of a new dwelling;
- The conversion of, or works to, a building in lawful use that affects only the interior of the building;
- Development of buildings and structures into which people do not normally go (e.g. pylons, wind turbines and electricity sub stations);
- Residential annexes and extensions (where the person who would normally be liable for the charge owns a material interest in the main dwelling and occupies the main dwelling as the sole or main residence);
- Self-build housing where a dwelling is built by the person who would normally be liable for the charge (including where built following a commission by that person) and occupied by that person as their sole or main residence.
CIL Implementation Options

14. The CIL Regulations allow Local Authorities to make informed choices about how to implement the CIL and the Council would like your views on the following options:

**Payment by instalments (Regulation 69b)**

15. Payment of a CIL charge is due from the date at which a chargeable development commences. The Council can offer the payment of CIL by instalments to provide flexibility and support for more complicated developments. An ‘instalment policy’ stating the parameters of this process would be published alongside the adopted Charging Schedule.

**Social housing relief (Regulation 49)**

16. The Council can allow, at its discretion, relief from liability to pay a CIL charge to new market houses that are to be sold at no more than 80% of their market value.

**Land and infrastructure in-kind (Regulations 73&73A)**

17. The Council can allow, at its discretion, the value of land transferred to the Council and infrastructure provided or constructed by a developer to be offset against the CIL charge. This would enable developers to provide the infrastructure needed to support new development directly, rather than paying for it indirectly through the CIL. The value of land and infrastructure in kind would need to be determined by ‘a suitably qualified independent person’ (for example the District Valuer).

**Relief for exceptional circumstances (Regulation 55)**

18. Liability to pay a CIL charge on chargeable development is a statutory obligation and is non negotiable. The Council can, however, in exceptional circumstances offer discretionary relief from liability to pay a CIL charge. Offering this relief could provide the Council with some flexibility to deal with complex sites which are proved to have exceptional costs or other requirements which make them unviable.

19. Justification for this relief would have to be demonstrated through (independently verified) appropriate evidence of viability and is entirely at the discretion of the Council. This relief can be activated and deactivated at any time subject to a notice of intention to be published by the Council.

**Relief for charitable investment activities (Regulation 44)**

20. The Council can allow, at its discretion, relief from CIL liability to charity landowners where the greater part of a development is held as an investment from which the profits are applied for charitable purposes.

**Setting the CIL Rate**

21. CIL Regulation 14 states that in setting its CIL rate the Council must “…strike an appropriate balance between:

- The desirability of funding from CIL (in whole or in part) the actual and expected estimated total costs of infrastructure required to support development of its area, taking into account other actual and expected sources of funding; and
The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.”

22. The following section outlines how the Council has set what it considers to be an appropriate rate of CIL in light of the available evidence on infrastructure needs and viability.

**Appropriate Available Evidence**

23. The CIL Charging Schedule is required to be informed by an ‘appropriate evidence base’, which should include:

- An up-to-date Development Plan
- An Infrastructure Plan
- An assessment of the likely impact of CIL on the viability of development across the city.

24. The following documents can be viewed at: [www.cardiff.gov.uk/cil](http://www.cardiff.gov.uk/cil):

**Deposit Local Development Plan 2006-2026 (LDP)**

25. The Cardiff Local Development Plan 2006-2026 will provide the legal framework for the development and use of land within Cardiff for the period up to 2026. On 26th June 2014 the City of Cardiff Council approved the Deposit Local Development Plan and supporting documentation for submission to the Welsh Government and Planning Inspectorate in accordance with LDP regulations. The Welsh Government have appointed a Planning Inspector to carry out an independent examination of the plan, which is scheduled for winter 2014.

26. The CIL examination will take place after the examination of the Deposit LDP in summer 2015.

**LDP Infrastructure Plan (IP)**

27. The Cardiff Infrastructure Plan was prepared as a background paper to the Deposit Local Development Plan. This document describes the infrastructure required to support and sustain the planned level of growth in Cardiff up to 2026. The plan was updated in May 2014.

28. In addition to defining infrastructure requirements, the IP also provides an indication of the cost of delivering such infrastructure, the likely/available funding sources and whether the infrastructure is required in advance of developments or in phases. The total cost of delivering the identified infrastructure for Cardiff’s growth is in excess of £2 Billion. Much of this infrastructure is already funded or is a commitment of national government and/or infrastructure providers (e.g. national road and rail infrastructure).

29. A significant proportion of these infrastructure requirements (circa £400m) directly relate to the planned level of growth in the city, particularly the large ‘strategic sites’ identified in the Deposit LDP where new infrastructure will be required (roads, public transport, schools, community facilities etc) to ensure that developments are delivered in a planned and orderly manner.

**Economic Viability Study**

30. Following a competitive procurement process, the Council appointed Peter Brett Associates (PBA) to undertake a CIL Economic Viability Study for Cardiff. The study was completed in August 2014 and provides a comprehensive up-to-date evidence base upon which the proposed CIL rates are based.
31. The study takes full account of the Building Regulations in Wales (Part L) and the Deposit LDP’s Policy requirements, including the provision of 20% affordable housing on brownfield sites and 30% affordable housing on greenfield sites (as identified in Policy H3: Affordable Housing).

32. The Study concludes that some land uses would not be viable if a CIL was incurred (i.e. recommends a nil CIL value) whilst other developments are sufficiently viable to charge a CIL, as identified in Table 1:

### CIL Preliminary Draft Charging Schedule

33. The proposed CIL rates for Cardiff are set out in the following Preliminary Draft Charging Schedule:

<table>
<thead>
<tr>
<th>Development Type</th>
<th>CIL Rate: £/M2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Development</td>
<td>100</td>
</tr>
<tr>
<td>Offices</td>
<td>Nil</td>
</tr>
<tr>
<td>Industrial</td>
<td>Nil</td>
</tr>
<tr>
<td>Warehousing</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Comparison Retail</strong></td>
<td>250</td>
</tr>
<tr>
<td>Convenience Retail</td>
<td>250</td>
</tr>
<tr>
<td><strong>Out Of Centre Retail Warehouses</strong></td>
<td>250</td>
</tr>
<tr>
<td>Mixed Leisure (Inc Hotels)</td>
<td>Nil</td>
</tr>
<tr>
<td>Care Homes</td>
<td>Nil</td>
</tr>
<tr>
<td>Student Accommodation</td>
<td>Nil</td>
</tr>
<tr>
<td>Public Service And Community Facilities</td>
<td>Nil</td>
</tr>
<tr>
<td>Other Chargeable Development</td>
<td>Nil</td>
</tr>
</tbody>
</table>

*Table 1: Preliminary Draft Charging Schedule*

### CIL Differential Rates - Charging Zones

34. The PBA Economic Viability Study has interrogated a range of hypothetical development sites including large and small brownfield and greenfield sites and between the generally more affluent areas of the city to the north and west against the less affluent areas in the south and east.

35. They concluded that residential developments in Cardiff could make a contribution to infrastructure and remain economically viable. However, viability varied significantly between brownfield and greenfield sites, suggesting that most residential greenfield sites could contribute up to £260/m² to infrastructure whilst still remaining viable. This assumes the delivery of up to 30% affordable housing on greenfield and 20% on brownfield sites in line with Deposit LDP policy.

36. Whilst brownfield sites are generally less viable than their greenfield counterparts, the Study suggests that they could contribute up to £100/m² and potentially more for some smaller sites. All calculations assume a ‘flexibility allowance’ to accommodate variations between sites and potential additional unforeseen costs arising as a result of proposed development.
37. Notwithstanding the above, it is recommended to apply a flat rate of CIL across all residential developments in Cardiff at a rate of £100/m². This would allow for the delivery of necessary on-site infrastructure through planning obligations, particularly for the larger (and more viable) greenfield sites. It is considered that a CIL rate of £100/m² would not prejudice the planned development of Cardiff, whilst delivering affordable housing and other infrastructure requirements in accordance with the emerging Local Development Plan.

38. **It is therefore not proposed to introduce Charging Zones within Cardiff.**

**Draft Regulation 123 (R123) List**

39. Under Regulation 123 of the CIL Regulations 2010 (as amended), the Council will be required to set out a list of those projects or types of infrastructure that it intends will be, or may be, wholly or partly funded through the Community Infrastructure Levy.

40. In order to ensure that individual developments are not charged for the same infrastructure items through both Section 106 Agreements and the CIL, a S106 contribution cannot be made towards an infrastructure item identified on the R123 List.

41. Below is the Draft Regulation 123 list which has been produced to inform the consultation on the Preliminary Draft Charging Schedule.

<table>
<thead>
<tr>
<th>Cardiff CIL – Draft Regulation 123 List</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic infrastructure Projects</strong></td>
</tr>
<tr>
<td>(except for on-site provision within ‘Strategic Greenfield Sites’ where this is required to make development acceptable):</td>
</tr>
<tr>
<td>For Example:</td>
</tr>
<tr>
<td>• Rapid Transit</td>
</tr>
<tr>
<td>• Renewable Energy Projects</td>
</tr>
<tr>
<td>• Strategic Highway Projects</td>
</tr>
<tr>
<td><strong>Upgrading Existing Infrastructure</strong></td>
</tr>
<tr>
<td>(except for on-site provision within ‘Strategic Greenfield Sites’ where this is required to make development acceptable):</td>
</tr>
<tr>
<td>For Example:</td>
</tr>
<tr>
<td>• Green Infrastructure</td>
</tr>
<tr>
<td>• Waste and recycling facilities</td>
</tr>
<tr>
<td>• Community buildings</td>
</tr>
<tr>
<td>• Libraries</td>
</tr>
<tr>
<td>• Sports Centres / Indoor Recreation Facilities</td>
</tr>
</tbody>
</table>

**Continued use of S106 Agreements**

For clarity, the list below provides an outline of the matters which will continue to be negotiated through S106 Agreements:

• Affordable Housing
• On-Site Infrastructure
• Site Mitigation Measures

*Table 2: Draft Regulation 123 List*
42. The above list is based on the infrastructure requirements set out in the Deposit Local Development Plan 2006-2026 and the Council’s Infrastructure Plan evidence. A R123 list does not identify priorities for spending within it, or any apportionment of CIL funds across the County.

43. This Draft R123 List does not signify a commitment from the Council to fund any of the projects listed through the CIL.

Your Views

44. We would like your views on the Preliminary Draft Charging Schedule and in particular responses to the following questions:

   Question 1:

45. Do you agree that the evidence provided in the PBA CIL Economic Viability Study is correct?

   If not, please set out alternative evidence to support your view.

   Question 2:

46. Do you agree that the CIL Rates proposed (per m²) strike an appropriate balance between the desirability of funding infrastructure through CIL and associated economic viability?

   If not, please set out alternative evidence to support your view.

   Question 3:

47. Do you agree with the proposed residential CIL charge (£100/m²) across all residential sites to enable the negotiation of onsite infrastructure through S106 for larger greenfield sites?

   If not, please set out alternative evidence to support your view.

   Question 4:

48. Do you believe that the Council should offer relief for any of the following discretionary matters?

   4A: Payment by instalments
   4B: Relief for low-cost market housing
   4C: Land and Infrastructure in-kind
   4D: Relief for exceptional circumstances
   4E: Relief for charitable investment activities

   If so, please set out evidence to support you view:

How to Comment on this Preliminary Draft Charging Schedule

49. This consultation runs for a period of six weeks from Monday 10th November 2014 until Monday 22nd December 2014 at 4pm.

50. A copy of the Preliminary Draft Charging Schedule and its supporting documents can be viewed / downloaded at: www.cardiff.gov.uk/cil.
51. During the consultation period, the PDCS is available for public inspection at Planning Reception, County Hall, Atlantic Wharf, Cardiff, CF10 4UW, from Monday to Friday between 9.00am and 4.00pm and at all public libraries in the city during their normal opening hours.

52. Representations on the Preliminary Draft Charging Schedule should be submitted using the PDCS Response Form, which is available to download from the Council’s website: www.cardiff.gov.uk/cil. Completed forms should be sent to cil@cardiff.gov.uk. If you are unable to submit comments via email, completed forms should be sent to the following address:

Community Infrastructure Levy
Strategic Planning, Cardiff Council,
Room 223, County Hall,
Atlantic Wharf,
Cardiff, CF10 4UW

53. Representations (including those taking the form of objections) should specify the matters to which they relate. Objections should also specify the change sought, including evidence to support your view.

54. Representations received on the Preliminary Draft Charging Schedule will be taken into consideration in preparing the Draft Charging Schedule (DCS). Following a period of consultation on the DCS, the Charging Schedule will be examined in public by an independent Examiner.

55. All representations made regarding the PDCS will be available for the public to view.

**CIL - Next Steps**

56. The implementation of CIL is divided into five stages:

- Stage 1: Preliminary Draft Charging Schedule
- Stage 2: Draft Charging Schedule
- Stage 3: Submission for Examination
- Stage 4: Examination of the Cardiff CIL Draft Charging Schedule
- Stage 5: Charging Schedule Adoption

57. Following this consultation, the Council will consider the responses received, together with any other evidence that emerges and use these to inform the Draft Charging Schedule it intends to implement.

58. Once the Council considers that its Draft Charging Schedule (DCS) is ready for independent examination, it will be published for a four week consultation period, together with the relevant supporting evidence and the responses received to this consultation.

59. Any person making a representation during the four week DCS consultation period will (upon request and at the discretion of the appointed Examiner) have the right to be heard at the CIL Examination.

60. It is anticipated that the DCS consultation period will take place in February / March 2015, prior to an independent examination in summer 2015: