

The value, impact and delivery of the Community Infrastructure Levy

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Purpose

DCLG says - *“The (Peace) review was informed by the research undertaken by Three Dragons / University of Reading The research examined the amount of revenue CIL is raising, the types of development that are paying CIL, impacts on viability and the operation of the neighbourhood share of CIL.”*

Scope

- Implementing and operating (v s106)
- Value – amount raised and what spent on
- Who is paying CIL
- The neighbourhood portion of CIL: how much to local communities and how administered
- Impact on development viability

Overview

Simplifying the research

- Wide spectrum of views on CIL - still quite new
- Positives - predictability compared with negotiated s106 (but may be critical of revisions since its introduction)
- Others prefer s106 - more direct connection between money collected and infrastructure provided, viability, complexity of operating CIL

CIL take up

- 27% charging authorities had adopted CIL by August 2015 - 58% authorities had engaged with CIL (latest count – c 130 adopted CILs)
- Main reason for not progressing CIL - viability issues

Taking CIL through the process

- Taking about one to two years
- Costs approximately £15,000 to £50,000 to implement (+staff costs)
- Procedures - generally considered to be appropriate - thorough but not overly burdensome

CIL rates

- Rates differ by LA – by geography, development type, scale
- Residential and retail rates – typical
- Underlying real estate values are the principal determinant - but % AH sought also impacts
- Headline – average C3 rate of £95 per square metre - but much variation
- Treatment of large strategic sites varies

Operating CIL

- Guidance re operation of CIL is regarded as clear but some regs seen as complex
- Still need to negotiate scaled-back s106 agreements
- Some concern re procedures to review CIL – does this dissuade authorities from undertaking updates??

Collection CIL

- Average revenue received building up
- Exemptions and reliefs reduces incomes – very **preliminary estimate** (excluding charitable relief) - £1,300,000 per charging authority
- Big variations between auths

Neighbourhood groups

- Positive response from local communities - helping to support spending priorities at the local level
- Again – very variable
- But does it make a qualitative difference to local residents' attitudes?

Impact on activity

- Relatively recent introduction of CIL so evidence limited
- Initial dip activity post introduction – then picks up
- Data suggests a possible impact on AH supply but LAs did not think so...

Impact on viability

- CIL - relatively minor development cost
- Modelling showed that CIL does not make, on its own, a viable scheme unviable
- The impact is proportionately more where the CIL rate is high and/or market values are lower
- CIL payments “*come off the land value*” - so not a major issue in a rising market
- Rate setting - viability buffers (at around 30%)
 - help address market variability