

Community Infrastructure Levy (CIL) Guidance Note 7

Examples of how CIL liabilities are calculated

Purpose of document

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

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 (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(6) of the Community Infrastructure Levy Regulations 2010 (as amended). Please note that the examples do not include indexation.

Mandatory Relief for Charitable development and social housing

Examples of how levels of mandatory relief will be calculated can be found in Guidance Note 2 - Social Housing Relief and Guidance Note 3 - Charitable Development Relief.

Definition of “in-use”

The definition of in use is contained in Regulation 40(11) of the Community Infrastructure Levy Regulations 2010 (as amended).

This states that an “in-use building” is a building which

“contains a part that has been in lawful 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 in Zone 1 and a non-strategically important site, either detached or attached to an existing dwelling. The new dwelling is 90m².

Though the development is less than 100m², it results in the creation of a new dwelling and therefore CIL applies.

The CIL charge for residential development in Zone 1 is £85 per m².

The calculation is as follows:

$$90\text{m}^2 \times £85 \text{ per m}^2 = \text{CIL liability of } £7,650$$

Scenario 2

The development of an extension to an existing dwelling. The existing dwelling is 105m² and the extension is 45m²

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 100m² 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 105m² 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 in Zone 2 and a non-strategically important site to form 2 flats. The existing dwelling is 105m² and the extension is 45m².

The size of the existing dwelling is irrelevant here. What is relevant is the level of new build. Although it is only 45m², because it results in a new dwelling, CIL applies.

The CIL charge for residential development in the Zone 2 on a non-strategically important site is £55 per m²

The calculation is as follows:

$$45\text{m}^2 \times £55 \text{ per m}^2 = \text{CIL liability of } £2,475$$

Scenario 5

The demolition of an existing in-use dwelling in lawful use (see note on Page 1) in Zone 2 (non-strategic site) and the construction of a block of flats in its place. The existing dwelling is 120m² and the block of flats is 1,000m²

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

The CIL charge for residential development in Zone 2 (non-strategic site) is £55 per m². The calculation is as follows:

Process 1 – deduct existing floor-space from new floor space

The chargeable area is $1,000\text{m}^2 - 120\text{m}^2 = 880\text{m}^2$

Process 2 – calculate CIL liability based on the net increase in floor space

$880\text{m}^2 \times £55 \text{ per m}^2 = \text{CIL liability of } £48,400$

Scenario 6

The demolition of an existing dwelling not in-use (see note on Page 1) in Zone 1 (strategic site) and the construction of a block of flats in its place. The existing dwelling is 120m² and the block of flats is 1,000m².

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 in Zone 1 (strategic site) is £40

per m². The calculation is as follows:

$1,000\text{m}^2 \times £40 \text{ per m}^2 = \text{CIL liability of } £40,000$

Scenario 7

The conversion of an office block of 5,000m², not in-use (see note on page 1), to 4,000m² of student accommodation and 1,000m² of retail development in Trowbridge.

As the site is not in lawful use, the conversion is considered as new development and the existing floor space is not deducted when calculating the CIL liability.

The CIL charge for student accommodation is £70 per m²

The CIL charge for retail in Trowbridge is £70 per m²

The calculation is as follows:

Process 1 – calculate the student accommodation liability

$$4,000\text{m}^2 \times £70 \text{ per m}^2 = £280,000$$

Process 2 – calculate the retail liability

$$1,000\text{m}^2 \times £70 \text{ per m}^2 = £70,000$$

Process 3 – calculate the total liability

$$\text{Student accommodation (£280,000) + Retail (£70,000) = **CIL liability of £350,000**}$$

Scenario 8

The demolition of a warehouse building of 5,000m², 1,000m² of which is in lawful use, and its replacement with a building of 10,000m², comprising 1,000m² of retail development, 5,000m² of office development and 4,000m² 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 square metre.
The CIL charge for retail development is £70 per square metre.
The CIL charge for hotel development is £70 per square metre.

The calculation is as follows:

Process 1 – calculate the deduction factor for the existing floor-space

$$5,000\text{m}^2 \text{ (existing floor-space)} / 10,000\text{m}^2 \text{ (new floor space)} = 0.5$$

Process 2 – calculate the office liability

$$5,000\text{m}^2 \times £0 \text{ per m}^2 \times 0.5 = £0$$

Process 3 – calculate the retail liability

$$1,000\text{m}^2 \times £70 \text{ per m}^2 \times 0.5 = £35,000$$

Process 4 – calculate the hotel liability

$$4,000\text{m}^2 \times £70 \text{ per m}^2 \times 0.5 = £140,000$$

Process 5 – calculate the total liability

$$\text{Office (£0)} + \text{Retail (£35,000)} + \text{Hotel (£140,000)} = \text{CIL liability of £175,000}$$

Scenario 9

The demolition of a warehouse building of 5,000m² which is not in lawful use, and its replacement with a building of 10,000m², comprising 1,000m² of retail development, 5,000m² of office development and 4,000m² 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 square metre.
The CIL charge for retail development is £120 per square metre.
The CIL charge for hotel development is £70 per square metre.

The calculation is as follows:

Process 1 – calculate the office liability

5,000 square metres x £0 per square metre = £0

Process 2 – calculate the retail liability

1,000 square metres x £120 per square metre = £120,000

Process 3 – calculate the hotel liability

4,000 square metres x £70 per square metre = £280,000

Process 4 – calculate the total liability

Office (£0) + Retail (£120,000) + Hotel (£280,000) = **CIL liability of £400,000**

Scenario 10

The conversion of an office block of 5,000m², 600m² of which is in lawful use (see note on page 1), to 4,000m² of student accommodation and 1,000m² 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.