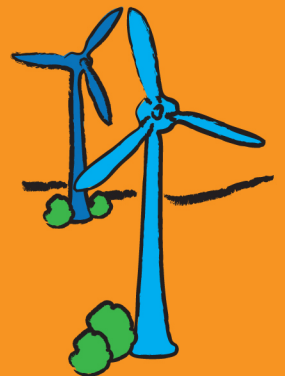


Barnsley Community Infrastructure Levy (CIL)

Rates Methodology
July 2016



BARNLSLEY
Metropolitan Borough Council

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Introduction

Introduction

This document has been created in order to provide an overview of the methodology utilised to calculate CIL charge rates. This document seeks to use actual data from the Darton & Barugh housing sub market to provide worked examples to aid clarity for the reader. The table below summarise the sub market data. A **glossary** relating to the terminology used is also contained in Appendix A of this document.

Scheme Size	Affordable Residual Value	Land Value Benchmark	Adjusted Land Value Benchmark	CIL Scheme Surplus	CIL Surplus Per Dwelling (Across the scheme)	CIL Surplus Per Qualifying Dwelling	S106 Contribution Deduction per dwelling	Actual Surplus Per Qualifying Dwelling	Actual CIL Surplus Per Sq M	Proposed CIL Rate Per Sq M	Buffer Per Sq M
< 15 dwellings	£1,450,000	£500,000	£555,000	£895,000	£22,375	£22,375	£0	£22,375	£280	£80	71%
>= 15 dwellings	£930,000	£500,000	£555,000	£375,000	£9,375	£11,719	£5,000	£6,719	£84	£50	39%

Assumptions

The following assumptions have been made in respect of the calculation of residential CIL rates

- 40 dwellings per hectare
- Dwelling size of 80 sq m
- £200,000 per hectare uplift on **Land Value Benchmark** to accommodate issues such as abnormals
- **Land Value Benchmark** adjusted to reflect sub market house prices.

£5,000 per dwelling to address other S106 contributions for scheme of more than 15 dwellings.

Step 1 – Calculating CIL Scheme Surplus

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The first step in the process is to calculate the CIL surplus that is available across the entire scheme within each housing sub market. The **CIL Scheme Surplus** is calculated by deducting the **Adjusted Land Value Benchmark** value from the **Affordable Residual Value**. The original **Land Value Benchmark** figure has been adjusted to reflect house values within each housing submarket providing the **Adjusted Land Value Benchmark**. This reflects the fact that land owners must receive a reasonable return on land values in order for schemes to be viable

Formula

Affordable Residual Value – Adjusted Land Value Benchmark Adjusted = CIL surplus

Darton & Barugh Housing Sub Market Worked Example			
Scheme Size	Affordable Residual Value	Adjusted Land Value Benchmark	= CIL Scheme Surplus
< 15 dwellings	£1,450,000*	£555,000	£895,000
>= 15 dwellings	£930,000*	£555,000	£375,000

*The above table reflects the following Affordable Housing requirements within the Darton & Barugh sub market:

- Schemes < 15 dwellings = 0% Affordable Housing requirement
- Schemes >= 15 dwellings = 20% Affordable Housing requirement

Step 2 – Calculating CIL Surplus Per Qualifying Dwelling

Step 2 – Calculating CIL Surplus Per Qualifying Dwelling

The second step in the process is to calculate the **CIL Surplus Per Qualifying Dwelling** that is available for each new home to be built within a scheme. Any affordable homes that are to be provide on a development are exempt from CIL payments.

Formula

CIL Scheme Surplus / Qualifying Dwellings = CIL surplus per qualifying dwelling

Darton & Barugh Housing Sub Market Worked Example			
Scheme Size	CIL Scheme Surplus	/ Qualifying Dwellings	= CIL Surplus Per Qualifying Dwelling
< 15 dwellings	£895,000	40*	£22,375
>= 15 dwellings	£375,000	32*	£11,719

*The above table reflects the following Affordable Housing requirements within the Darton & Barugh sub market:

- Schemes < 15 dwellings = 0% Affordable Housing requirement so 40 dwellings per hectare qualify for CIL payments
- Schemes >= 15 dwellings = 20% Affordable Housing requirement so only 32 dwellings per hectare qualify for CIL payments. 8 dwellings would be exempt.

Step 3 – Calculating Actual CIL Surplus Per Qualifying Dwelling

Step 3 – Calculating Actual CIL Surplus Per Qualifying Dwelling

The third step in the process is to deduct any S106 contributions that may be payable in respect of the development. The payment of any S106 contributions may impact on the overall viability of the site and therefore it is important that this figure is deducted from the **CIL Scheme Surplus** value.

Formula

CIL Surplus Per Qualifying Dwelling – S106 Contributions = Actual CIL Surplus Per Qualifying Dwelling

Darton & Barugh Housing Sub Market Worked Example			
Scheme Size	CIL Surplus Per Qualifying Dwelling	- S106 Contributions	= Actual CIL Surplus Per Qualifying Dwelling
< 15 dwellings	£22,375	£0*	£22,375
>= 15 dwellings	£11,719	£5,000*	£6,719

*The above table reflects the following Affordable Housing requirements within the Darton & Barugh sub market:

- Schemes < 15 dwellings = Schemes of this size fall beneath the 15 dwelling S106 policy framework within Barnsley and therefore no S106 payments would be required.
- Schemes >= 15 dwellings = A £5,000 contribution per dwelling has been utilised based on historical S106 payments for those elements not covered by the CIL framework.

Step 4 – Calculating Actual CIL Surplus Per Sq M

Step 4 – Calculating Actual CIL Surplus Per Sq M

The Community Infrastructure Levy is a charge per Sq m of each new dwelling. The fourth step in the process is therefore to calculate the available **CIL Surplus Per Sq m**. This figure shows the amount of available money per Sq m against which a CIL charge could be set.

Formula

$\text{CIL Surplus Per Qualifying Dwelling} / 80 = \text{CIL Surplus Per Sq m}$

Darton & Barugh Housing Sub Market Worked Example			
Scheme Size	Actual CIL Surplus Per Qualifying Dwelling	/ 80 Sq m	= Actual CIL Surplus Per Sq M
< 15 dwellings	£22,375	80 Sq M	£280
>= 15 dwellings	£6,719	80 Sq M	£84

Proposed CIL Rates & Charge Buffer

The final stage in the process is to establish a CIL charge rate that this does not threaten the viability of future developments. The CIL rate that is set is a charge Per Sq M. The Council has determined that a minimum buffer of 35% should be established in terms of any charge that is included in the levy.

Step 4 – Calculating Actual CIL Surplus Per Sq M

Darton & Barugh Housing Sub Market Worked Example			
Scheme Size	Proposed CIL Rate Per Sq M	Actual CIL Surplus Per Sq M	CIL Buffer Per Sq M
< 15 dwellings	£80	£280	71%
>= 15 dwellings	£50	£84	40%

Appendix 1: . Glossary

Terminology	Definition
Scheme Size	<p>Housing schemes fall into two categories in respect of the Community Infrastructure Levy charging schedule. This includes:</p> <ul style="list-style-type: none"> • Sites of less than 15 dwellings, and • Site of 15 or more dwellings. <p>Different CIL charge rates are proposed dependent on the size of the qualifying housing development.</p>
Affordable Residual Value	The value per hectare within each housing sub market
Land Value Benchmark	For schemes to be viable, land owners must receive a reasonable return. The Land Value Benchmark figure states the figure that land owners would expect to receive in respect of the sale of land for housing development. The Land Value Benchmark figure includes a £200,000 buffer for brownfield sites, abnormals and on green field sites, additional infrastructure costs
Adjusted Land Value Benchmark	The Land Value Benchmark value is further adjusted to reflect house price values within each housing submarket.
CIL Scheme Surplus	This value relates to the amount of money per hectare on which a CIL rate could be applied following the deduction of the land owner return.
CIL Surplus Per Dwelling Across The Scheme	This is the amount of money per dwelling on which a CIL rate could be applied across all dwellings within the scheme.
CIL Surplus Per Qualifying Dwelling	CIL charges do not apply to affordable units that may be delivered by the scheme. The CIL Surplus Per Qualifying Dwelling therefore shows the amount of money per market dwelling on which a CIL rate could be applied.
S106 Contribution	The amount of S106 contribution that would apply to each dwelling.

Appendix 1: . Glossary

Actual Surplus Per Qualifying Dwelling	This is the total amount of money per dwelling on which a CIL charge could be applied following all relevant deductions.
Actual CIL Surplus Per Sq M	This is the amount of money that a CIL charge could be applied at a Square Metre level.
Proposed CIL Rate Per Sq M	This is the proposed CIL charge per Square Meter
Buffer Per Sq M	This is the amount of buffer that would remain for the developer in terms of value per Square Meter following the deduction of CIL charge.