

OPDC Draft CIL Charging Schedule

~~June 2023~~ November 2022

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Consultation information and next steps

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Purpose of the Consultation

- 1.1 In accordance with the Community Infrastructure Levy Regulations 2010 as amended, a charging authority which proposes to issue a charging schedule must prepare a DCS for public consultation.
- 1.2 The consultation will run from 28 November 2022 to midnight 23 January 2023.
- 1.3 The charging authority is required to send a copy of the DCS to each of the consultation bodies and invite each of those bodies to make comments on the DCS.
- 1.4 The charging authority is also required to invite representations on the DCS from people who are resident or carrying out business in its area and make such arrangements as it considers appropriate for inviting representations.
- 1.5 This document sets out the general principles of CIL, the background, evidence, and methodology for producing a CIL charging schedule and the proposed rates for comment.

How to Comment

- 0.6 The Draft CIL Charging Schedule consultation documents can be read and downloaded from www.consult.opdc.london.gov.uk.
- 0.7 Paper copies of the consultation documents (this document and the CIL Viability Study) are available to view during normal office hours at the following locations:
- OPDC Offices, 1st Floor, Brent Civic Centre, HA9 0FJ
 - Wembley Library, Brent Civic Centre, HA9 0FJ
 - Harlesden Library, 49A Craven Park Road, NW10 8SE
 - Brent Hub Community Enterprise Centre, 6 Hillside, NW10 8BN
 - The Woodward Buildings, 1 Victoria Road, W3 6FA
- 0.8 Make comments using the following methods, providing your full name and contact details and title of the documents which your comments relate to:
- Respond by email to: planningpolicy@opdc.london.gov.uk.
 - Respond by post to: Draft CIL Charging Schedule Consultation, Old Oak and Park Royal Development Corporation, 32 Engineers Way, Wembley, HA9 0FJ.

Next steps

- 0.9 Comments received in response to this consultation on the DCS will be considered and if required, the schedule will be amended if appropriate.
- 0.10 A finalised Draft Charging Schedule, along with the evidence base and comments received to date, will be submitted to the Planning Inspectorate for examination. OPDC anticipates this would occur in Spring 2023.
- 0.11 Following the examination in public, the examiner will issue a report setting out the findings and recommendations on the proposed CIL charges.
- 0.12 OPDC intend to adopt the final CIL Charging Schedule in late 2023.

21 Introduction

2.1.1 Old Oak and Park Royal Development Corporation (**OPDC**) was formed on 1st April 2015 and is the Local Planning Authority (LPA) for its area which lies partly within the London boroughs of Brent, Ealing and Hammersmith and Fulham. By virtue of the Localism Act 2011, OPDC has full plan-making and decision-making powers and is the CIL charging and collecting authority for its area.

2.1.2 This Draft Charging Schedule (DCS) is the first step in setting a Community Infrastructure Levy (CIL) charge for the OPDC area.

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3.2 General Principles of the Community Infrastructure Levy (CIL)

What is CIL?

- 2.1 The purpose of CIL is to ensure that costs incurred in providing infrastructure to support the development of an area can be funded (wholly or partly) by levying a charge(s) on owners or developers of land when they secure planning permission for development that is subject to the levy.
- 2.2 CIL may be used to fund the provision, improvement, replacement, operation, or maintenance of infrastructure that is needed as a result of new development in a local planning authority's area. This is in addition to planning obligations that are secured through Section 106 agreements to mitigate the direct impacts of development as governed by OPDC's Planning Obligations Supplementary Planning Document (SPD).
- 2.3 In London, a two-tier CIL charge applies to new development: Mayoral CIL pursuant to the Mayor of London's CIL Charging Schedule and borough CIL charged by the relevant LPA.

Why CIL is needed?

- 2.4 The regeneration of Old Oak and Park Royal will require a significant investment in infrastructure and there will be a need to secure reasonable contributions from developments within the area, to facilitate its delivery.
- 2.5 OPDC recognises the need for flexibility in delivering this infrastructure and considers that the implementation of CIL is therefore an appropriate and essential means of ensuring the timely and balanced delivery of infrastructure within the area.

Preparing a CIL Charging Schedule

- 2.6 A CIL Charging Schedule sets out the rate(s) of CIL that are to be charged on eligible developments within a CIL Charging Authority's area. Rates must be expressed in terms of £ per square metre.

~~2.7 The rates set within the Charging Schedule must be subject to public consultation and viability testing. Part 3 of the CIL Regulations sets out the requirements for the preparation and adoption of a CIL Charging Schedule.~~

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~~2.8 The first stage of the process is to prepare and publish a DCS for public consultation. This document, together with the background documents described in section 9, constitutes the public consultation on the DCS.~~

~~2.9 Further details of the next steps in the process are contained in section 1 of this document.~~

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4—Evidence base summary and background documents

- 4.1—The CIL Regulations state that in setting its CIL rate, the charging authority must "strike an appropriate balance between:
- ▲ the desirability of funding from CIL (in whole or in part) the actual and expected total cost of infrastructure required to support the development of its area, taking into account other potential sources of funding; and;
 - ▲ the potential effect (taken as a whole) of the imposition of CIL on the economic viability of development across its area."
- 3.2—In order to strike the appropriate balance in respect of the rates published in this DCS, OPDC has had regard to the evidence described in paragraphs 4.1 to 4.4 below.

The London Plan 2021

- 3.3—The adopted London Plan sets out the overarching spatial strategy for London and forms part of the Development Plan for the OPDC area. The London Plan identifies the Old Oak and Park Royal Opportunity Areas and sets minimum targets for the delivery of new homes and jobs within these areas. These targets are the key drivers for future infrastructure demand within the OPDC area.

The OPDC Local Plan 2022

- 3.4—OPDC's Local Plan was adopted on 22 June 2022. The Local Plan sets out OPDC's spatial vision and a series of policies to shape the regeneration of the Old Oak and Park Royal area for its Plan Period between 2018 and 2038. It is part of OPDC's Development Plan and is a key planning policy document for the determination of planning applications in Old Oak and Park Royal.

Infrastructure Delivery Plan

- 3.5—In accordance with Government Guidance charging authorities must identify the total cost of infrastructure they wish to fund wholly or partly through the levy.
- 3.6—The Infrastructure Delivery Plan 2021 (IDP) identifies the infrastructure required to support the regeneration of the area, including social, transport, utility, and green infrastructure. The overall cost of the identified infrastructure £2.14 billion. The cost of necessary infrastructure, which is considered unfunded, and is not assumed to be a developer or service provider cost, is £347 million. It is estimated that planning contributions will cover between £145 million to £211 million of the infrastructure bill, resulting in a funding gap of between £136 million and £202 million.
- 3.7—The IDP identifies a range of potential funding sources are available to address the funding gap, including the regeneration led funding programmes, or potential retention of future business rates uplift.

CIL Viability Study

- 3.8—OPDC appointed BNP Paribas in 2021 to undertake a CIL Viability Study. In line with CIL guidance, this has taken an area-based approach to viability and has involved modelling a range of development scenarios, including residential and commercial typologies, testing the impact of construction costs and sales values on the ability of different land uses to sustain CIL and at what levels.
- 3.9—The CIL Viability Study can be downloaded from www.consult.opdc.london.gov.uk and viewed at the venues listed in section 7.
- 3.10—National Planning Practice Guidance advises that CIL charging authorities should take account of the potential effect of the levy on the viability of developments and that CIL rates

should not be set at the margins of viability. This has been taken into account in determining the key findings which are set out below.

Residential

- 3.11 The results of the appraisals of residential developments delivered as market sale or Build to Rent shows a wide range of potential maximum CIL rates. BNP Paribas has recommended a CIL rate of £80 per square metre for residential developments.
- 3.12 The results of the appraisals of older persons housing have been shown to be challenging given the higher gross to net ratios seen in such developments to account for the additional communal space. BNP Paribas has recommended adopting a nominal CIL rate of £35 per square metre for older persons housing.
- 3.13 The results of the appraisals for co-living and student accommodation show high residual values and strong viability. BNP Paribas has recommended a CIL rate of £135 per square metre for co-living and £190 per square metre for student accommodation.
- 3.14 The residential appraisals have taken account of the provision of affordable housing in accordance with policies H2, H6, H7 and H10 in the adopted Local Plan and the need to strike a balance between this and the need to fund infrastructure.

Commercial

- 3.15 The results of the appraisals for small office developments show challenging viability but the results for large office developments would support a CIL rate of £80 per square metre. BNP Paribas has recommended either charging a nominal £35 rate on small office developments and £80 on large developments or adopting a nominal CIL rate of £35 per square metre on all office developments. OPDC officers therefore propose a nominal rate of £35 per square metre for small office developments and £80 per square metre on large office developments, in recognition that the office market is not yet well established in the OPDC area but that large office developments could come forward close to the Old Oak Common HS2 station.
- 3.16 The results of the appraisals for industrial and warehousing developments show challenging viability due to high existing use values and build costs associated with multi-storey typologies. BNP Paribas has recommended adopting a nominal CIL rate of £35 per square metre.
- 3.17 The results of the appraisals of retail developments indicate challenging viability at current costs and values. BNP Paribas has recommended adopting a nominal CIL rate of £35 per square metre.
- 3.18 The results of the appraisals of hotel developments result in BNP Paribas recommending adopting a CIL rate of £80 per square metre.
- 3.19 The results of appraisals of data centre developments indicate good viability. BNP Paribas recommends adopting a CIL rate of £120 per square metre.
- 3.20 The uses above are all those that are expected to come forward in OPDC's area. BNP Paribas has suggested that OPDC could set a nominal rate of £35 per square metre on all other uses.
- 3.21 Table 3 of this document sets out the proposed CIL rates which have been informed by the CIL Viability Study.

List of Background Documents

Infrastructure Delivery Plan
CIL Viability Study
Local Plan (2022)

3 Proposed CIL Rates in Old Oak and Park Royal – Draft Charging Schedule

43.1 Table 1 below shows the proposed CIL rates for different types of use within the OPDC area. A map of the charging area is contained in Appendix 1.

Table 1 Proposed CIL Rates

Use	CIL rate per square metre
Residential (excluding older persons housing)	£80
Hotel	£80
Co-living	£135
Student accommodation	£180
Office developments (20,000 sq.m +) <u>in zone b</u>	£80
Data centres	£120
All other uses (This would exclude medical, health and emergency services which are publicly funded, and development used wholly or mainly for the provision of education as a school or college or as an institute of higher education or affordable workspace)	£35

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4 Implementing the Community Infrastructure Levy

CIL Instalments Policy

- 5.4.1 A CIL charging authority can choose to allow CIL payments to be made in instalments. Instalment dates are generally set at intervals following the commencement of a chargeable development. The Mayoral CIL ~~and OPDC CIL~~ is currently subject to an instalments policy as set out below.

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Amount of CIL Liability	Number of instalments payments	Amount payable
£100,000 or less	No Instalments	Total amount payable within 60 days of commencement of development
£100,001 or more	Two	the greater of £100,000 or half the value of the total amount payable within 60 days of commencement of development the remainder within 240 days of commencement of development

- 5.2 ~~OPDC recognises the benefit that an instalment policy can provide in terms of relieving pressure on the cash flow of developments, particularly in terms of complex, large scale development where construction periods are likely to be extended. Comments are invited on whether OPDC should adopt the same instalments policy as used for Mayoral CIL.~~

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CIL Relief

- 5.3 ~~The CIL Regulations set out the circumstances under which a developer may make a claim for relief from CIL provided certain criteria are met. In certain circumstances full relief from CIL is available and in other circumstances, the CIL Charging Authority has the discretion to make other types of CIL relief available.~~
- 5.4 ~~Full relief from CIL can be claimed, for example, where certain types of affordable housing (meeting certain criteria that are set out in the CIL Regulations) is provided or where development is carried out on land owned by a charity for charitable purposes.~~
- 5.5 ~~A Charging Authority can choose to make a discretionary relief available provided that doing so would not constitute state aid. Discretionary reliefs can be applied: to certain types of discounted market housing; in certain circumstances where charities are carrying out development in order to fund their charitable purposes and in exceptional circumstances in which the Charging Authority considers that the burden of a s106 agreement and CIL would have an unacceptable impact on the viability of a chargeable development.~~
- 5.6 ~~OPDC will consider whether to make any forms of discretionary relief available at a later stage in the process.~~

Neighbourhood Portion

- 5.7 ~~The National Planning Practice Guidance (NPPG) sets out that the 15 or 25 per cent (when the Neighbourhood Plan is adopted) neighbourhood portion of the CIL raised should be retained by the Charging Authority to be spent in consultation with the local community. Therefore, the OPDC as charging authority will retain the neighbourhood portion and, in line with the NPPG,~~

~~will seek to engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding element.~~

~~5.8 OPDC is committed to working positively with the community to ensure that the appropriate proportion of CIL is used to best meet the infrastructure needs arising within the neighbourhood area.~~

Mayoral CIL

~~5.9 The Mayor of London is currently charging CIL across London to help pay for Crossrail. The London-wide Mayoral CIL is still applicable to eligible developments within the OPDC area at the appropriate rate. Current Mayoral CIL2 charges are £60/m² in the OPDC area.~~

~~5.10 OPDC as a charging authority is required to have regard to the Mayoral CIL when setting its own CIL rate(s), and this was taken into account in the CIL Viability Study. The CIL Viability Study demonstrated that the economic viability of development across the OPDC area would not be affected the requirement to pay OPDC CIL at the rates proposed in the DCS in addition to Mayoral CIL.~~

Monitoring & Review

~~5.11 For CIL revenues to deliver OPDC's infrastructure requirements there will need to be regular reviews of the Charging Schedule and accompanying evidence in the future. Should OPDC propose to change the CIL rates in the future, the current CIL Regulations would require OPDC to repeat the process of developing a CIL Charging Schedule.~~

~~5.12 As a local planning authority, OPDC is required to produce an Infrastructure Funding Statement (IFS) annually. The IFS is a report which sets out the planning contributions that have been secured, received, or spent by OPDC, and the infrastructure projects that have been identified for funding from these contributions. OPDC's annual IFS is available to view [here](#).~~

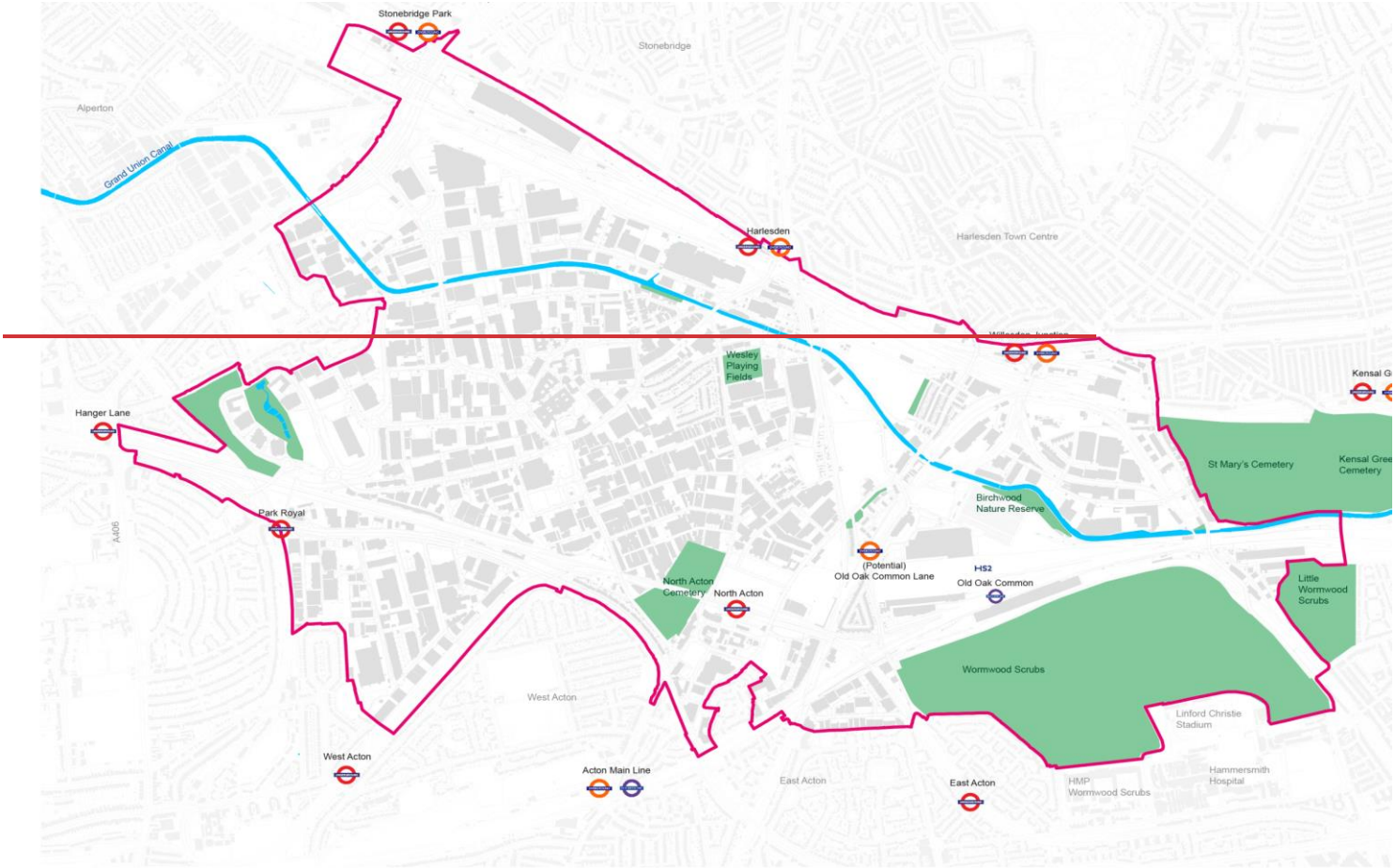
Planning Obligations Supplementary Planning Document (SPD)

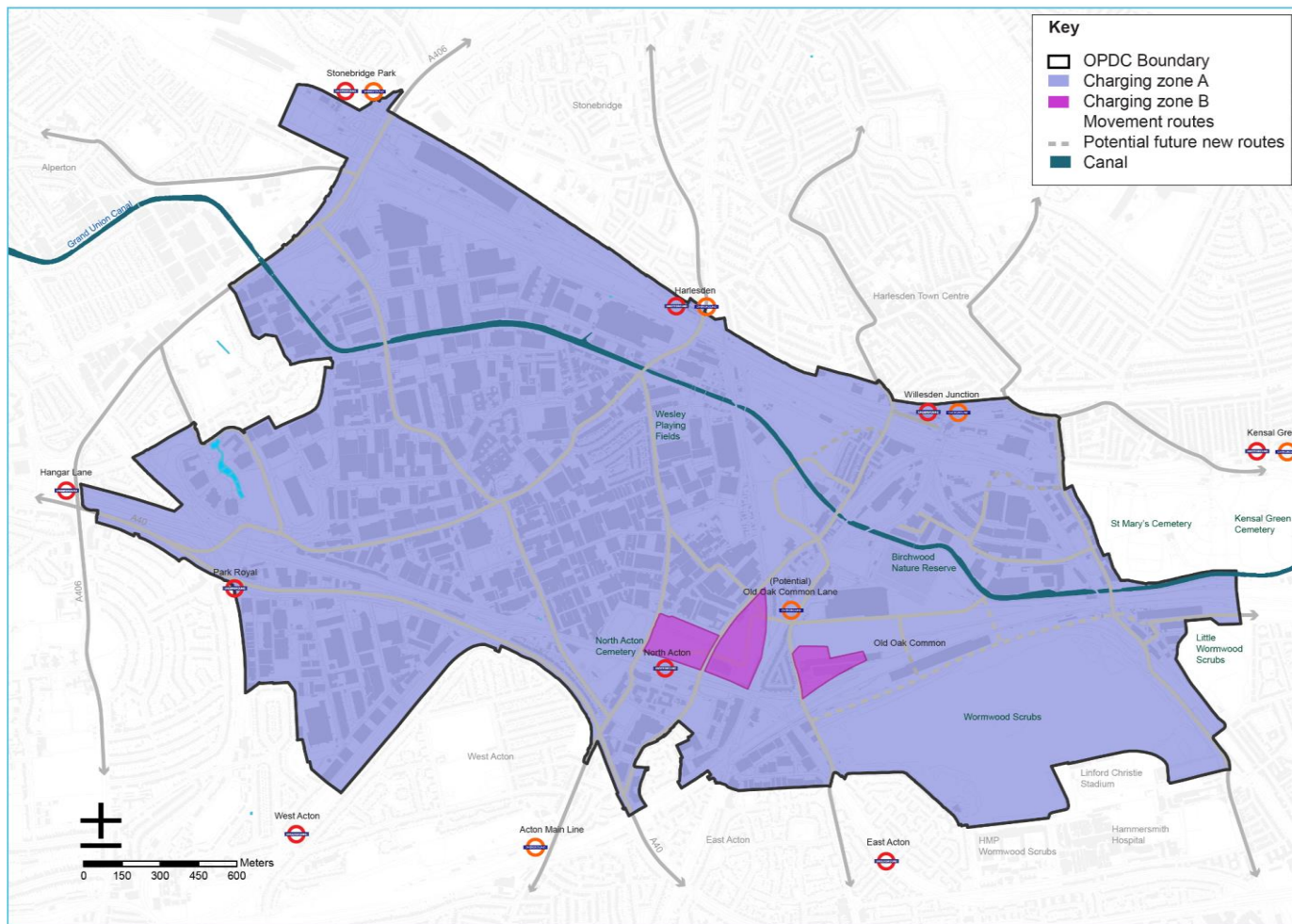
~~5.13 In September 2022, OPDC commenced public consultation on a draft Planning Obligations SPD which provides supplementary guidance on the monetary and non-monetary obligations which OPDC will secure through Section 106 agreements. Subject to the outcome of this consultation, it is anticipated that the SDP will be adopted in winter 2022/23.~~

~~5.14 The programme for CIL envisages adoption of a CIL Charging Schedule in late 2023. It is important to have in place this planning guidance document ahead of the introduction of CIL, so that developer contributions can be optimised ahead of the CIL Charging Schedule coming into force. Once the CIL Charging Schedule has been adopted, OPDC would need to revise the Planning Obligations SPD to remove those planning contributions which have been superseded by and would be paid for through CIL.~~

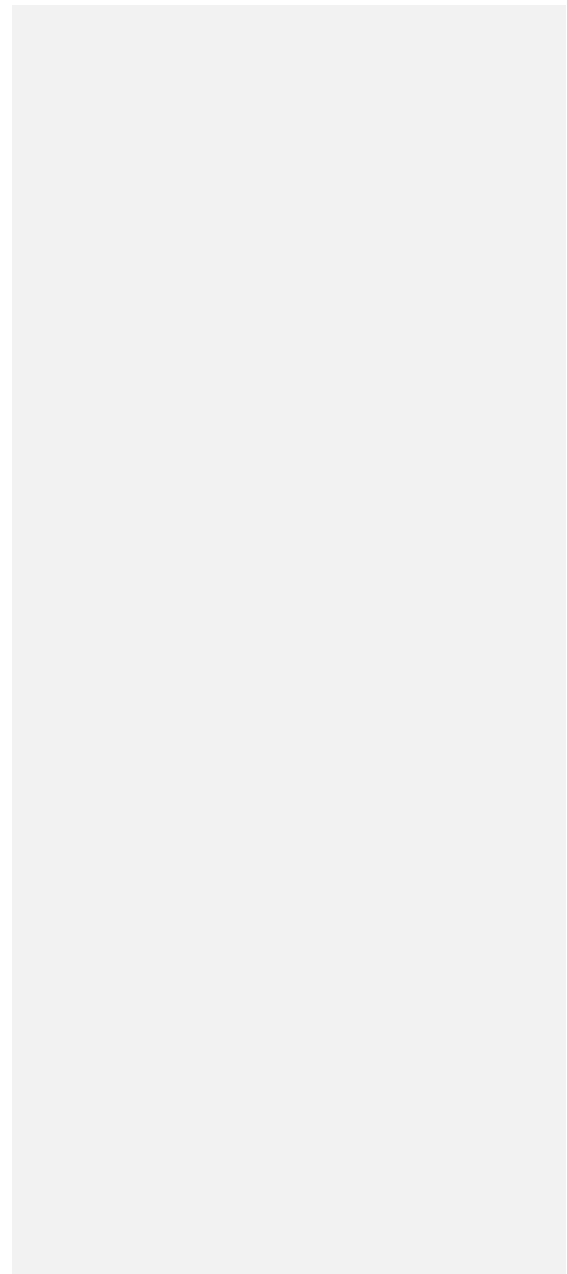
APPENDIX 1: OPDC CHARGING AREA

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