



# **Community Infrastructure Levy (CIL) – Bridging the Infrastructure Funding Gap**

**April 2014**

## 1.0 Introduction

- 1.1 The purpose of this document is to provide evidence on the potential income that could be raised by charging CIL and explain the contribution that such income from CIL is likely to make towards the delivery of infrastructure within the Dacorum area.
- 1.2 This document does not explain how the totality of the funding gap calculated in the Infrastructure Funding Gap Assessment (IFGA) (CIL Core Doc 5) will be met nor can it provide definitive projections of CIL income given inherent uncertainties over housing growth and CIL Liabilities. The projections on CIL income should therefore be used with caution.
- 1.3 It is based on a number of assumptions over the broad location and scale of new development within the Borough.
- 1.4 The CIL Regulations 2014 have added a number of exemptions from paying CIL. It is not possible to forecast the impact of such exemptions on CIL income given a lack of historic data held by the Council on such matters.

## 2.0 Infrastructure Funding Gap

- 2.1 The assessment in the Infrastructure Funding Gap Assessment (IFGA) indicated that there was a deficiency in infrastructure funding amounting to some £65.46 million as broken down in Table 1 below.

**Table 1 – Infrastructure Funding Gap 2011-2031**

<b>Infrastructure Type</b>	<b>Total Identified Infrastructure Cost</b>	<b>Funding Gap</b>
Transport	£34m	£14.5m
Education	£67m	£39.8m
Green Spaces	£13.29m	£7.55m
Police	£0.7m	£0
Waste	£3.1m	£1.1m
Sports Facilities	£8m	£0
Burial Space	£1.8m	£1.34m
Community Buildings	£3.51m	£1.17m
<b>Total</b>	<b>£131.4m</b>	<b>£65.46m</b>

## 3.0 CIL Income Assumptions

- 3.1 This report uses a number of assumptions to predict the likely income as follows:

- That there will be a reduction in the number of liable dwellings of approximately 35% to account for the delivery of affordable homes under Core Strategy policy CS19 – Affordable Housing
- That the average size of a new dwelling would be some 76 square metres in size
- That there would be a reduction in the total floor area liable for CIL by approximately 15% to account for the demolition of existing floor space.

#### 4.0 CIL Income Projections

4.1 The Council has limited its CIL income projections to forecasting the potential income arising from new residential development within its area.

4.2 The Council has undertaken an income forecast based on information within its housing programme. The housing programme is the Council's prospective distribution of housing and is guided by the settlement hierarchy within the Core Strategy. It provides a useful indication of where housing will occur at a settlement level over this period and has been used for the consideration of infrastructure needs as it accounts for the development of windfall sites. The housing numbers in the housing programme have been reduced in this forecast to account for dwellings constructed between 2006 and 2012. The income forecast is shown in table 2.

**Table 2 – CIL Income Projections by Settlement**

<b>Town</b>	<b>Dwellings<sup>1</sup></b>	<b>CIL Liable<sup>2</sup></b>	<b>Floorspace</b>	<b>CIL Income</b>
Hemel Hempstead	6792 (79.5%)	2433 (28%)	157,172	£15,717,200
Berkhamsted	710 (8.3%)	283 (3.3%)	18,282	£4,570,500
Tring	375 (4.4%)	182 (2.1%)	11,757	£1,763,550
Bovingdon	111 (1.3%)	98 (1.1%)	6,331	£949,650
Kings Langley	71 (0.8%)	42 (0.5%)	2,713	£406,950
Rest of Dacorum	482 (5.6%)	9 <sup>3</sup> (0.1%)	581	£58,100
<b>Total</b>	<b>8541 (100%)</b>	<b>3047 (36%)</b>	<b>196,836</b>	<b>£23,465,950</b>

4.3 A total income from CIL of approximately £23.47 million is estimated for the period 2015-2031. Some £3.5 million of which would be passed to the relevant Town or Parish Council under Regulation 59 of the CIL Regulations. The CIL funding secured under this scenario would amount to approximately 36% of the total infrastructure funding gap identified in the IFGA.

<sup>1</sup> This indicates the number of dwellings remaining from the Council's Housing Programme as of 31<sup>st</sup> March 2013

<sup>2</sup> A deduction has been made to account for commitments within the Residential Land Commitments Position Statement No.40 and those sites either with planning permission or expected to have planning permission by the 1<sup>st</sup> January 2015. The projection excludes sites at LA5 and Spencer's Park subject to CIL Charging Zone 4 and affordable housing.

<sup>3</sup> A small level of development within Markyate parish will be liable to CIL however the majority of residential developments within the rest of Dacorum would either constitute affordable housing or conversions.

4.4 Table 3 demonstrates the potential income that could be received by the Council when considered against the housing target in the Core Strategy. The Core Strategy sets out, at Policy CS17, that the Council has an annual housing target of some 430 dwellings per year which it would like to exceed.

**Table 3 – Annual CIL Projections by Charging Zone**

<b>CIL Charging Zone</b>	<b>Anticipated number of dwellings (annual average)</b>	<b>CIL Liable<sup>4</sup> floorspace (sq.m)</b>	<b>Annual Income</b>
Zone 1	45	1890	£472,500
Zone 2	43	1806	£270,900
Zone 3	342	14361	£1,436,100
<b>Total</b>	<b>430</b>	<b>18057</b>	<b>£2,179,500</b>

4.5 Based on an annual construction of 430 dwellings, the Council could expect to raise some £2.2m per year from CIL or some £32.7m over the period 2015-2031<sup>5</sup> CIL funding raised by the Council would cover nearly 50% of the infrastructure funding gap identified in the IFGA.

4.6 It is also possible to undertake a projection of CIL income per ward or neighbouring area based upon the information within the housing trajectory. This is shown in table 4 overleaf. Although there is a significant level of uncertainty over new housing to be provided at this level, this income projection has been shared with Town and Parish Councils to provide them with an estimate of how much funding may be passed directly to them under Regulation 59 of the CIL Regulations. This forecast will naturally under estimate the income given the removal of a number of windfall sites from consideration.

4.7 The income falls significantly in this forecast to some £17.8m. This would cover approximately 27% of the Infrastructure Funding Gap in the IFGA.

<sup>4</sup> The Liable floorspace takes into account deductions for affordable housing and converted floorspace.

<sup>5</sup> The Council does not expect to raise a significant amount of CIL over the first year of its implementation and as such has discounted any annual income raised during this period from its overall projection of CIL income for the plan period.

**Table 4 – Projected CIL Income by Town, Parish and Neighbourhood Area**

<b>Location</b>	<b>Dwellings</b>	<b>CIL Liable Dwellings</b>	<b>Floorspace (sq.m)</b>	<b>CIL</b>
H1 (Boxmoor/Warners End/Gadebridge and Chaulden)	1038 (14.6%)	103 (1.5%) <sup>6</sup>	6654	£665,400
H2 (Hemel Hempstead Town Centre)	1157 (16.3%)	793 (11.2%)	51228	£5,122,800
H3 (Highfield and Adeyfield)	332 (4.7%)	265 (3.7%)	17119	£1,711,900
H4 (Grovehill and Woodhall Farm)	791 (11.1%)	343 (4.8%)	22158	£2,215,800
H5 (Maylands)	1064 (15%)	32 (0.45%) <sup>7</sup>	2067	£206,700
H6 (Leverstock Green)	78 (1.1%)	78 (1.1%)	5039	£503,900
H7 (Bennetts End and Corner Hall)	35 (0.5%)	29 (0.4%)	1873	£187,300
H8 (Apsley and Two Waters)	1232 (17.4%)	249 (3.5%)	16085	£1,608,500
H Other	145 (2%)	0	0	£0
<i>Hemel Hempstead</i>	<i>5872 (82.8%)</i>	<i>1892 (26.7%)</i>		<i>£12,222,300</i>
B1	216 (3%)	125 (1.8%)	8075	£2,018,750
B2	211 (3%)	17 (0.2%)	1098	£274,500
B3	16 (0.2%)	0	0	£0
B Other	43 (0.6%)	0	0	£0
<i>Berkhamsted</i>	<i>486 (6.9%)</i>	<i>137 (1.9%)</i>		<i>£2,293,250</i>
T1	83 (1.2%)	13 (0.2%)	840	£126,000
T2	210 (3%)	198 (2.8%)	12791	£1,918,650
T Other	38 (0.5%)	0	0	£0
<i>Tring</i>	<i>331 (4.7%)</i>	<i>211 (3%)</i>		<i>£2,044,650</i>
<i>Bovingdon</i>	<i>88 (1.2%)</i>	<i>77 (1.1%)</i>	<i>4974</i>	<i>£746,100</i>
<i>Kings Langley</i>	<i>51 (0.7%)</i>	<i>45 (0.6%)</i>	<i>2907</i>	<i>£436,050</i>
<i>Markyate</i>	<i>146 (2.1%)</i>	<i>9 (0.1%)</i>	<i>581</i>	<i>£58,100</i>
<i>Rest of Dacorum</i>	<i>114 (1.6%)</i>	<i>0</i>	<i>0</i>	<i>£0</i>
<b>Dacorum Total</b>	<b>7088 (100%)</b>	<b>2376 (34%)</b>	<b>180348</b>	<b>£17,800,450</b>

<sup>6</sup> Excludes the land at LA3(land to the west of Hemel Hempstead) site

<sup>7</sup> Excludes the land at Spencer's Park site and Maylands

## **5.0 Conclusions**

- 5.1 The Council considers that CIL will provide just over a third of the estimated costs of infrastructure identified in the Infrastructure Funding Gap Assessment and requiring funding through CIL.
  
- 5.2 The Council accepts that it will therefore need to prioritise the delivery of projects within the Infrastructure Delivery Plan, commit additional resources to the delivery of infrastructure and maximise the use of external funding sources to deliver necessary infrastructure works.