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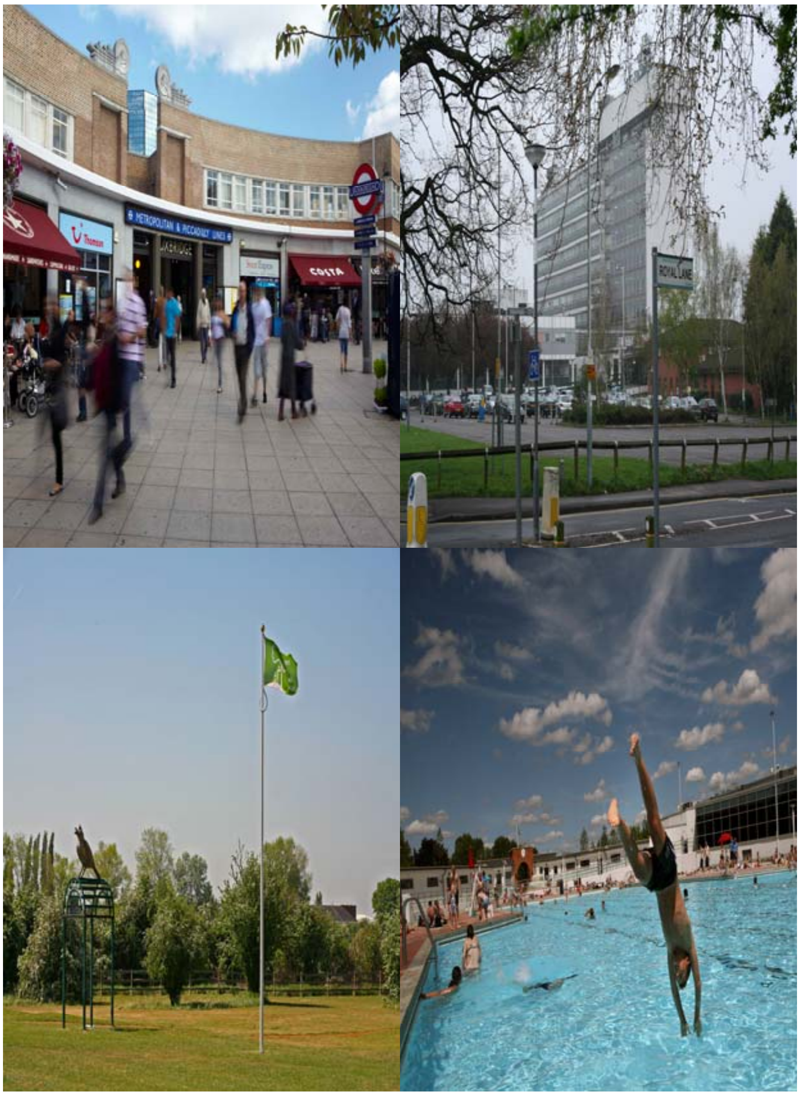
# London Borough of Hillingdon

# Community Infrastructure Levy

# Preliminary Draft Charging Schedule

March 2012



## REVISION SCHEDULE

| Rev | Date | Details | Prepared by | Reviewed by | Approved by |
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| 1 | January 2012 | Draft Report | George Whalley<br>Project Manager | Rory Brooke<br>Project Director | Rory Brooke |
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[Forecast cost estimates do not include such costs associated with any negotiations, appeals or other non-technical actions associated with the agreement on measures to meet the requirements of the authorities, nor are potential business loss and interruption costs considered that may be incurred as part of any technical measures.]

## TABLE OF CONTENTS

# 1 INTRODUCTION

## 1.1 Introduction

The Community Infrastructure Levy (CIL) came into force in April 2010. It allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

This Preliminary Draft Charging Schedule is the first stage in the implementation of CIL in Hillingdon and sets out proposed rates at which new development will be charged in pounds per square metre. The document is to be issued for a consultation period of 6 weeks to provide an opportunity for residents and businesses to comment on the proposals. This is not only opportunity for comment and further stages of consultation are outlined in section 4, Next Steps.

Two pieces of evidence are required to justify the introduction of CIL; evidence of an infrastructure funding gap and evidence that the proposed CIL rates will not affect the overall viability of development in Hillingdon.

To meet this requirement; an estimated infrastructure funding gap of approximately £120m has been identified through a robust process of infrastructure planning. This funding gap could at least partly be met through CIL. Secondly, the proposed schedule of CIL rates shown at Table 3.1 have been subject to a rigorous process of testing to assess the impact of proposed levy on the viability of development across the borough. Both these pieces of evidence are further explained throughout this paper. The viability assessment is summarised in more detail at **Appendix A**.

## 1.2 CIL and the Core Strategy

CIL will help to fund infrastructure provision and achieve the objectives of Hillingdon's Core Strategy, which identifies expected housing and employment growth in the borough up to 2026. Growth in the borough will be supported by the CIL because:

- New development will provide a financial contribution towards the provision of infrastructure required to support new development and growth up to 2026.
- It is a simple, affordable fixed charge and the collection process is transparent and guided by Government regulations. This means that developers have certainty regarding what their contributions will be from the start of the development process and local residents understand how the development will contribute to their local community.
- The Council has greater flexibility to address local needs. CIL is a predictable funding stream that allows infrastructure providers to plan ahead more effectively to deliver the infrastructure that is really required in the local community
- Some of the CIL will also be passed directly to local neighborhoods so that they can decide exactly what the money should be spent on.

## 1.3 CIL and Section 106

Planning Obligations, or 'Section 106 Agreements' are often used to fund or provide the infrastructure necessary to support development proposals; for example where housing development generates a need for a new school. From 6th April 2014 there will be limitations on the use of Planning Obligations to fund infrastructure provision and the CIL is being introduced in Hillingdon as an alternative funding mechanism to address this issue. It should be noted that Planning Obligations will continue to be used to provide affordable housing and some site specific infrastructure provision. The Council is updating its Planning Obligations Supplementary Planning Document (SPD) to provide more detail on how this system will continue to operate alongside the CIL.

## 1.4 Deciding the CIL Rate

The CIL will be set at a rate that strikes an appropriate balance between the delivery of local infrastructure and the potential effects of the charge on the viability of development.

The CIL rate will be expressed as a £ per sq. m charge. It will be fixed when planning permission is granted by the Council but will not be paid until the construction of the development starts. In special circumstances there are provisions for the CIL to be paid in instalments or 'in kind'. CIL will apply to all new developments in Hillingdon that are 100 sq. m or over (net additional internal floor space) or developments comprising one dwelling or more. This will include development within airport boundaries (Northolt and Heathrow).

## 1.5 The Mayoral CIL

The Mayor is introducing his own CIL to contribute £300 million towards the cost of Crossrail. Boroughs have been divided into three broad charging bands (£20psm, £35psm and £50psm) and will be responsible for collecting the charge and then passing it back to the Mayor. From 1st April 2012 development in Hillingdon will be subject to the £35 charging band. This has been taken into account when setting Hillingdon's own CIL and is explained in later sections of this document. All rates shown in this document are exclusive of the Mayoral CIL.

## 2 EVIDENCE TO JUSTIFY THE CIL

### 2.1 Introduction

The starting point for the Preliminary Draft Charging Schedule is Hillingdon's Core Strategy, which outlines planned growth in the borough and includes provision for approximately 6,500 new homes by 2026. The Strategic Infrastructure Plan (SIP) has been prepared as a key piece of supporting evidence for the Core Strategy and demonstrates there is sufficient infrastructure coming forward to support growth. The evidence required to support the Preliminary Draft Charging Schedule builds on the SIP and ~~It~~ includes the following:

- **Evidence of an infrastructure funding gap:** Evidence of the total infrastructure funding gap that the CIL is intended to support, having taken account of the other sources of available funding. The process of establishing the funding gap is further explained in section 2.3.

- **Viability Assessment:** This demonstrates that the proposed CIL rates strike an appropriate balance between helping to meet the infrastructure funding gap and the potential effects of the charge on development viability across the borough. Further information on the assessment of economic viability is contained in Section 2.3 of this document.

### 2.2 Establishing a Funding Gap

In order to correspond to the principles of Government guidance on developer contributions, it is important that developments only pay the CIL to mitigate infrastructure need arising as a result of new development. They should not be liable for any existing un-met need or where there is spare capacity within existing infrastructure. For example, if there are spare school places or vacant hospital wards.

Building on the SIP, the cost of infrastructure required to support core strategy growth was established through discussions with infrastructure providers and cost estimates. Further information on the costing process can be found in the SIP. **Table 2.1** summarises the infrastructure requirements and associated costs of provision to meet Hillingdon's needs to 2026 as established by the SIP:

| TABLE 2.1: HILLINGDON ESTIMATED INFRASTRUCTURE REQUIREMENTS TO 2026 | | | |
|---|---|---|---|
| **Infrastructure Element** | **Required Infrastructure Schemes** | **Cost (£millions)** | **Delivery Bodies** |
| Transport | LIP Schemes including public transport and road and street improvement schemes | 18.3 | LB Hillingdon, TfL, |
| Utilities | 2 Primary sub stations, 300 sub stations, Water pipe leakage repair scheme, Water infrastructure to meet need demand, Additional Waste facilities | 23.0 | Utilities Providers, LB Hillingdon |
| Health | 2 new centralised health centres at Hayes and Yiewsley, 7 to 10 new GPs surgeries | 3.3 | Hillingdon PCT, NHS |
| Education | 2 to 4 Primary Schools, 1 Secondary School | 127.9 | LB Hillingdon |
| Leisure | Additional child play space, swimming pool, sports halls and library space | 13.3 | LB Hillingdon |
| Other Community Infrastructure | No other community infrastructure requirement identified | 0.0 | LB Hillingdon |
| **Total** | | **192.5** | |

*Source: LB Hillingdon SIP (2011)*

The total identified infrastructure need based on consultation with infrastructure providers is approximately £190m. However, another key principle of CIL is that existing funding should be taken account of before establishing the total infrastructure funding gap that CIL could at least partly help to meet. Identified infrastructure funding is shown in the Council's Capital Programme. Currently there is approximately £66.7m of funding identified to meet Hillingdon's future infrastructure needs. This includes £6.3m for transport improvements, £55.9m for primary school places and £4.5m for other community infrastructure. If this identified funding is taken away from the total infrastructure costs it leaves a funding gap of approximately £120m. This means that the CIL is justified and will be an important funding source to help ensure that there is sufficient infrastructure to meet the needs generated by future growth in the borough.

## 2.3 Economic Viability

As per Government guidance the proposed CIL rates have been established through an assessment of economic viability. The purpose of this work was to assess the level of CIL that can be supported without making schemes economically unviable, across a range of uses and locations in the borough.

The principal approach to the viability study relied on comparing Residual Land Values (RLV) from a series of development scenarios, and benchmarking these against indicative Existing Use Values (EUV). The analysis was supported by a broad property market review and research for the borough. Comparable sites from within the borough were also used to test the output of this work. Further detail on the viability assessment is given at **Appendix A**.

It must be fully recognised that the approach to these appraisals was undertaken at a relatively high level, and not on a case by case site specific basis. A summary of key conclusions from the viability assessment is given below for the different use classes. It should be noted that the rates outlined exclude the Mayor's CIL of £35 per sq. m for Hillingdon unless explicitly stated.

**Retail, restaurants and service outlets open to the public (A1-5):** The viability analysis showed that CIL impacts on retail schemes differently dependent upon size and location. In light of this the Council proposes to charge different rates dependent upon size and location. A CIL rate of £215 per sq. m is proposed in addition to the Mayor's proposed CIL, for all retail units with a gross floor area of 1,000 sq. m or more outside designated metropolitan, town, district or local centres. Viability analysis shows that the proposed CIL rate would not have a negative impact on the viability of retail schemes under most circumstances where the units are located outside the aforementioned areas and are larger than 1,000 sq. m. For schemes with less than 1,000sq. m of floor space and schemes located within designated metropolitan, town, district or local centres the council proposes a £0 per sq. m rate and therefore no further CIL charge beyond the Mayor's proposed charge.

**Offices, (B1):** The viability assessment shows that the proposed CIL rate will not unduly impact on the viability of developing offices within the borough. The Council proposes a £35 per sq. m CIL charge for this use type, in addition to the Mayor's proposed CIL.

**Industry and warehousing (B8):** The viability assessment shows that this use type is able to support a CIL charge of £5 per sq. m. in addition to the Mayor's proposed CIL.

**Hotels (C1):** The Council recognises that viability varies in individual cases depending on hotel location and type. The viability work shows that hotels are likely to be able to support a £40 per sq. m CIL contribution under most circumstances in addition to the Mayor's proposed CIL.

**Residential Institutions (C2):** Evidence suggests these uses are not able to support CIL given their built form, including a requirement for communal areas and with the value generated not being sufficient to support additional costs. The Council therefore proposes a £0 per sq. m rate and therefore no further CIL beyond the Mayor's proposed charge.

**Dwelling Houses and HMOs (C3 & C4):** The viability assessment shows that residential developments are likely to be able to support a CIL contribution in most cases across the borough. The Council proposes to set CIL of £95 per sq. m for qualifying development falling within this use class, in addition to the Mayor's proposed CIL.

**Non-residential Institutions (D1):** The use class D1 non-residential institutions encompasses uses such as clinics, health centres, crèches, day nurseries, schools, art galleries, libraries, museums, church halls and law courts. The Council does not propose to charge CIL on these uses beyond the Mayor's proposed CIL.

**Assembly and Leisure (D2):** The Council recognises that leisure and assembly uses are wide ranging. The viability work shows that these uses are generally unable to bear the cost of CIL although the Council recognises that viability will vary from scheme to scheme. The Council proposes a £0 per sq. m rate charge above the Mayor's proposed CIL.

**Sui Generis:** All other uses that do not fit within other categorise are legally referred to as sui generis. The Council considers it appropriate to charge CIL on sui generis development at a rate of £35 per sq. m throughout the borough, in addition to the Mayor's proposed CIL.

## 3 PROPOSED CIL RATE

In light of the evidence presented in Section 2 above, the Council proposes the following CIL rate(s):

**TABLE 3.1: SCHEDULE OF PROPOSED CIL RATES***

| Use Type | Proposed CIL Rate (per sq. m) |
|---|---|
| Large format retail 1,000 sq. m+(A1-A5) | £215 |
| Offices (B1) | £35 |
| Hotels (C1) | £40 |
| Residential Dwelling Houses (C3) | £95 |
| Industrial (B8) | £5 |
| Sui Generis | £35 |

*Note that the rates in Table 3.1 exclude the Mayoral CIL Contribution

### Formula for Calculating the Chargeable Amount

The formula for calculating the chargeable amount is set out in full in Part 5 of the Community Infrastructure Regulations 2010 (The Regulations). The following is from the regulations:

1 The collecting authority must calculate the amount of CIL payable (“chargeable amount”) in respect of a chargeable development in accordance with this regulation

2 The chargeable amount is an amount equal to the aggregate of the amounts of CIL chargeable at each of the relevant rates.

3 But where that amount is less than £50 the chargeable amount is deemed to be zero.

4 The relevant rates are the rates at which CIL is chargeable in respect of the chargeable development taken from the charging schedules which are in effect:

(a) at the time planning permission first permits the chargeable development; and

(b) in the area in which the chargeable development will be situated.

5 The amount of CIL chargeable at a given relevant rate (R) must be calculated by applying the following formula—

$$\frac{R \times A \times IP}{Ic}$$

Where -

A = the deemed net area chargeable at rate R;

IP = the index figure for the year in which planning permission was granted; and

Ic = the index figure for the year in which the charging schedule containing rate R took effect.

6 The value of A in paragraph (5) must be calculated by applying the following formula—

$$\frac{CR \times (C - E)}{C}$$

where—

Cr = the gross internal area of the part of the chargeable development chargeable at rate R, less an amount equal to the aggregate of the gross internal area of all buildings ( excluding any new build ) on completion of the chargeable development which _

(a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use;

(b) will be part of the chargeable development on completion ;and

(c) will be chargeable at rate R

7 The index referred to in paragraph (5) is the national All-in Tender Price

Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors; and the figure for a given year is the figure for 1st November of the preceding year.
8 But in the event that the All-in Tender Price Index ceases to be published, the index referred to above is the retail prices index; and the figure for a given year is the figure for November of the preceding year.
9 Where the collecting authority does not have sufficient information, or information of sufficient quality, to enable it to establish –
(a) the gross internal area of a building situated on the relevant land; or
(b) whether a building is situated on the relevant land is in lawful use, the collecting authority may deem the gross internal area of the building to be zero
10 For the purposes of this regulation a building is in use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.
11 In this regulation “building” does not include—
(a) a building into which people do not normally go;
(b) a building into which people go only intermittently for the purpose of maintaining or inspecting machinery; or
(c) a building for which planning permission was granted for a limited period.

**3.1 Chargeable Development, Exemptions & Relief**

The Regulations exempt all development under 100 sq. m (unless it is a new dwelling house, in other words a house or flat) as well as development for charitable purposes.
The Regulations allow relief for parts of a development to be used for social housing (in proportion to the amount of social housing provided). The formula for calculating relief is set out in full in Part 6 of the Regulations.
The Council is not proposing to offer exemptions or relief beyond that which is set out as a statutory requirement in the Regulations 2010.

**3.2 The Mayor’s CIL**

The Mayor of London will implement a CIL levy to help pay for Crossrail from spring 2012. He has proposed a single charge for Hillingdon at £35 per sq. m for all eligible development (note that the Mayor is not currently proposing to charge CIL on buildings that are to be used for educational or health purposes). The Council will be required to collect CIL on behalf of the Mayor, although the Mayor will be responsible for allocating the income from his CIL. This charging schedule sets out Hillingdon’s CIL rates, which are inclusive of the Mayor’s proposed CIL unless explicitly stated.

# 4 NEXT STEPS

## 4.1 Consultation Timetable

In accordance with the Government's CIL Regulations the Council will undertake two rounds of consultation on the proposed charging schedule. The first stage relates to this document, the Preliminary Draft Charging Schedule. Once the public comments have been considered the Council will undertake a further round of consultation on a 'Draft Charging Schedule'. The final stage in the production of the Charging Schedule prior to publication is the Public Examination chaired by an independent Planning Inspector.

The full proposed programme, including target consultation dates is shown in Table 4.1 below:

**TABLE 4.1: PROPOSED CONSULTATION TIMETABLE**

| Step | Date | Action |
|---|---|---|
| Step 1 | April 2012: | Cabinet approval for first round of consultation |
| Step 2 | September 2012: | Second round of consultation |
| Step 3 | November 2012: | Examination |
| Step 4 | March 2013 | Adoption of CIL |
| Step 5 | March 2013 | Removal of S106 provisions |

## 4.2 Responding to the Consultation

Responses to this Preliminary Draft Charging Schedule can be made:

- **Online** – www.hillingdon.gov.uk under Have your say
- **By Post** – Writing to Planning Information Services: Civic Centre, High Street, Uxbridge, UB8 1UW

Relevant documents can be viewed at the following locations:

- Hayes One Stop Shop: 49-51 Station Road, Hayes, UB3 4BE
- All Hillingdon Libraries. Full details of library opening times are available at http://www.hillingdon.gov.uk/index.jsp?articleid=11625

## 5 APPENDIX A – VIABILITY ASSESSMENT

### 5.1 Viability

CBRE has been commissioned as part of a team led by URS Scott Wilson to assist in the preparation of the Community Infrastructure Levy (CIL) draft charging schedule for London Borough of Hillingdon (LBH) in accordance with Regulation 14 of the CIL Regulations April 2010 (as amended). A key focus of the study was to assess the level of CIL that can be supported without making schemes economically unviable, across a range of uses and locations in the borough.

The principal approach to the study relies on comparing Residual Land Values (RLV) from a series of development scenarios, and benchmarking these against indicative Existing Use Values (EUV). Our analysis is also supported by a broad property market review and research for the borough. Comparable sites from within the borough are also used to test the output of this work.

It must be fully recognised that the approach to these appraisals is at relatively high level, and not undertaken on a case by case site specific basis. Individual sites are of course unique, with differing opportunities and constraints. In turn these have differing revenue and cost profiles which in adopting broad assumptions do not reflect individual nuances. Therefore, the outputs of this exercise must be considered as a high level guide to likely scheme viability and recognised as having its limitations.

### 5.2 Residual Land Values and Benchmarking

The Residual Land Value (RLV) is a key output in assessing if a scheme is viable. Generally, only commercially driven schemes which produce a positive RLV will proceed to delivery. A scheme exhibiting a negative RLV infers it less likely to be delivered unless there is available funding to bridge any finance gap, or perhaps there are special circumstances.
In simple terms the calculation assessing a Residual Land Value is as follows:

**Gross Development Value <u>less</u> Development Costs (inc. developer's profit)**

**= Residual Land Value**

In terms of benchmarking the Residual Land Value against the EUV, this is as follows:

**Residual Land Value less EUV land value (plus premium – see below)**

**= potential margin for CIL**

Existing Use Values are the current investment profile of a site (i.e. the current rent capitalised by an appropriate yield). Existing Use Values can vary significantly. According to the Council's Affordable Housing Economic Viability Assessment Study agricultural land is around £7,200 per hectare. Other uses can however, be much more valuable. Capital values of existing office sites, for example, can easily command values far in excess of £10m per hectare. The property market review found that existing use values in Hillingdon generally range from £2m to £4m per hectare and this has been the main focus of for the viability testing. The study also looked at higher existing use values and assessed the impact that CIL could have, which is consistent with other CIL viability studies that have been undertaken.

### 5.3 Setting the Charge

Through analysis of the outputs of the viability analysis, recommendations are made to possible potential CIL rates that could be sought.

## 5.4 Viability Appraisal Findings

### Residential (C3)

At a 35% affordable housing allocation, and set against the mid EUV, almost all categories in the middle and higher value residential bands show reasonable or good degrees of potential viability (sales price of £3,770 per sq. m: £350+ per sq ft). At the lower EUV then almost all lower density development shows prospects of being viable. Scenarios showing a reduction in the amount of affordable housing illustrate that almost all housing developments have good prospects, albeit accepting that there may need to be some flex in affordable housing provision. The one position which remains stubbornly unviable is very high density development (200 dwellings per hectare) in low value areas.

## 5.5 Commercial Uses

### Retail (A1)

The retail analysis has been subdivided into three categories. This reflects the evidence gathered at a local level, knowledge of the wider market as well as the Valuation Office Agency assessment of values. The scenario testing considers the following three formats:

A - Large format retail (A1 - say 1,000+ sq. m gross)

B - Foodstores (A1 - say 1,000+ sq. m gross)

C - Unit retail (A1-A5 less than 1,000 sq. m gross)

Unit retail can be a particularly challenging area to assess for scheme viability. Retail valuations often look toward zoning of centres as a way of assessing value. As centres become smaller however, then it can often revert back to a per sq ft basis. In other places too, turnover rents are becoming more common. In Hillingdon Borough, there is a diverse range of centres commanding a very wide range of rental tones. The three scenarios tested are intended to capture the broad tenet of values that could be achieved in a range of possible local district and metropolitan centres (Uxbridge).

The results show that unit retail development under all scenarios is only likely to be viable when it achieves a high rental tone. This output accords with our general knowledge of the viability of retail development, especially in lower value areas (say £50-£60 Zone A). Even at the upper end of higher value centres, the costs of land assembly and the complexity involved with bringing forward schemes can make them challenging in viability terms too. Indeed, benchmarking its likely viability may be better suited to examination against higher EUV. Town centre regeneration schemes were a major casualty in the last recession.

Whilst unit retail was found to generally be unviable the results of the testing for large format retail and Foodstores showed these uses to be more viable and capable of supporting a CIL charge. Based on the analysis, a range of £200 - £300 per sq. m could be sustained, providing a midpoint charge of £250 per sq. m. This rate includes the Mayoral CIL charge of £35 per sq. m of new development.

### Offices (B1(a))

Office development scenarios show variable degrees of viability. They show some potential for contributing toward CIL at mid and higher rental assumptions, when considered against the mid EUV values. When compared to the low EUV values then all rental scenarios appear to have good viability prospects.

The evidence gathered points toward two areas commanding the best rents. These are around Heathrow and Uxbridge town centre. Possibly, a charging schedule could be segmented to capture these two areas. Good rental levels can however be achieved outside these areas, Therefore, a single lower flat charge might be more suitable and to ensure a good balance is struck between delivery and viability, with this less complex to justify and administer.

There must also be some caution regarding the scope to maximise value through achieving high plot ratios – and then having the ability to let this space. The recommendation is therefore that a range of £60 - £80 per sq. m be considered, with the midpoint being £70 per sq. m. This rate includes the Mayoral CIL charge of £35 per sq. m of new development.

**Industrial/Warehousing (B8)**

Generally, the results show that when benchmarked against the low EUV this type of development could support a CIL charge. Heathrow and the surrounding area is acknowledged to be one of the UK's premier, if not the prime, distribution area for this type of development. It is assumed that this type of development will be more prevalent on lower value land will and the viability analysis demonstrates that this use type could support a CIL charge of £40 per sq. m when benchmarked against the low EUV. This rate includes the Mayoral CIL charge of £35 per sq. m of new development.

**Hotel (C1)**

As with the other commercial uses, hotels are tested against three differing rental scenarios. The findings show that when benchmarked against the mid EUV mid and high rental value hotels would have the capacity to contribute to CIL. Set against the lower EUV benchmark, the evidence suggests that all scenarios would still have at least a reasonable prospect of being economically viable and contribute to the charge.

There is no compelling evidence to segment the hotel market into differing geographical areas in Hillingdon. While anecdotally, there is a view that higher room rates might be achieved around Heathrow no firm evidence has been sourced to confirm this.

On that basis a single rate charge is proposed in the range of £35 - £110 per sq. m with the charge set at £75 per sq. m. This rate includes the Mayoral CIL charge of £35 per sq. m of new development.

**Leisure (D2)**

The leisure scenario looks at three rental tones, based on a typical fitness centre or bowling alley user. The results clearly show that under all three scenarios leisure is not a particularly viable proposition. Even when benchmarked against the low EUV then none of the rental scenarios suggests a strong prospect of being economically viable. The recommendation is therefore that a nil (£0) charge can be levied on this type of use over and above the Mayor's proposed yield.

## 5.6 Other Uses

The Community Infrastructure Levy covers all development uses; a very wide ranging spectrum. To provide a wider assessment of viability, an analysis of other potential uses has been considered. These have been selected for their potential likelihood to come forward in the borough, in terms of the developments types seen here and generally elsewhere in the UK. The approach to this analysis takes a more straightforward approach to analysing the economic prospects for each of these uses. In simple terms, build costs are considered against each uses potential capital values. The uses tested on this basis are:-

**D1 Non-residential institutions** - Clinics, health centres, crèches, day nurseries and day centres.

**D2 Assembly and leisure -** Cinemas, music and concert halls, bingo and dance halls.

On the basis outlined above all of the uses considered here do not appear to show good signs of being sufficiently viable to support a charge. On this basis we recommend that the Council should consider a zero rate for these uses over and above the Mayor's CIL.

There are of course other uses which could be considered. Educational developments, for example, could be considered. It is felt however, that there is limited evidence on which to base any formal economic appraisal, and that in all likelihood, may not be income generating educational uses, and therefore unlikely to command a CIL charge. Equally, there are a range of uses under Use Class D1, which are mostly public sector buildings and would not be expected to be profitable developments.

Care homes (Use Class C2) are a further development use which potentially could be considered for charging CIL against. Like other less common uses, the difficulty is however limited evidence on which to base robust analysis. Our view is that they would economically perform at a low density of development – in an area with more questionable viability for housing. They also tend to have lower gross to net internal ratios, making development more costly.

**Sui Generis**

This covers a very broad range of uses and as such the viability could vary accordingly. To capture Sui Generis uses the council proposes a modest CIL charge of £70 per sq. m. This rate includes the Mayoral CIL charge of £35 per sq. m of new development.

## 5.7 Conclusions

In arriving at our conclusions the strategic nature of this study must be recognised. The viability assessments are based on a series of hypothetical scenarios. The outputs therefore must be considered as guides. The appraisals are highly sensitive to change in their inputs, and cannot be expected to deal with all site specific matters. Even so the research seeks to find a reasonable balance between the need to raise contributions against stifling economic development.

Based on the economic viability analysis there are a number of development uses identified which could potentially contribute to the Community Infrastructure Levy. These are:

- Large Format Retail (A1) – foodstores and retail park developments, for example
- Offices B1(a)
- Industrial (B8)
- Hotels (C1)
- Residential (C3)
- Sui Generis