



Non-Technical Summary of the Shropshire Community Infrastructure Levy

Why introduce a Levy?

The Levy provides a fair and transparent means for ensuring that development contributes to the cost of infrastructure required to support development. While larger developments have contributed for many years through section 106 legal agreements, the majority of small developments have not contributed. The Levy provides a better means of sharing the burden of new infrastructure provision.

What are the proposed Levy rates?

The proposed rates are:

- £40 per square metre of new residential development in Shrewsbury, the Market Towns and Key Centres;
- £80 per square metre of new residential development elsewhere;
- Nil for affordable housing
- Nil for employment-related and other non-residential types of development

What types of development are affected?

All *new build* development of over 100 square metres (1,076 square feet) and new build (of any size) where one or more dwellings is created will be liable for the Levy. Householder applications, changes of use and conversions of buildings are not liable.

In Shropshire the Levy will only be charged on new build market housing, as a 'nil' Levy rate is proposed for affordable housing, employment-related and non-residential developments. These other types of development may still be required to make a contribution to infrastructure where appropriate through planning conditions and section 106 legal agreements.

When does the Levy come into effect?

It is anticipated that the Shropshire Charging Schedule will be adopted by the Council on 24th November 2011, to come into effect on 1st January 2012.

Any undetermined planning applications on the 1st January 2012 will be liable for the Levy at the appropriate Levy rate, including applications which have a resolution to approve but are pending the completion of a s106 planning obligation. In view of the above applicants should make every effort to "frontload" s106 matters and allow sufficient time for the completion of any agreement in advance of the 1st January 2012 having regard to Christmas and New Year office closures.

Where the combination of a section 106 planning obligation and the Levy will together have an unacceptable impact on the economic viability of development, as assessed by an independent person, the applicant may apply for discretionary relief from the Levy under CIL Regulation 57.

Won't the Levy increase the cost of housing?

No, it won't increase house prices because these are set by the market as a whole, which is comprised predominantly of older houses. New build properties are such a small proportion of the market that there is a real limit to how much higher their prices can be, if they are to sell. Therefore, developers set the sale price of their properties by local market values, rather than the cost of development.

Who ultimately pays for the Levy?

To ensure they do not make a loss, developers usually calculate all the costs of a development, including developer contributions, before they purchase the land in order to ensure they pay a realistic price for the site. Consequently it is the landowner who ultimately pays for the Levy. The landowner usually gains significantly from the increase in land value following the granting of planning consent and the Levy is a means of ensuring that some of their gain is passed back to the community for local infrastructure.

What will the Levy be used for?

The Levy will be used for a wide range of infrastructure including sports & recreation facilities; drainage and flood risk management; road schemes & sustainable transport; schools; community halls & health centres and many others.

The Code of Practice for Developer Contributions states that a minority proportion of the Levy (up to 10%) will be used for strategic infrastructure that benefits all of Shropshire. 90% of the Levy will be spent in the settlement from which the Levy has arisen, on local infrastructure. This will be spent first on local 'critical' infrastructure, then on 'priority' infrastructure.

Who decides what local infrastructure is the priority?

The Town and Parish Councils will be consulted annually on local priorities, as part of the annual review of the Place Plans (Infrastructure Delivery Plans). Guided by the Code of Practice, they will help identify what local infrastructure is a priority, and whether they wish to 'bank' Levy funds for future years, for example to 'save up' for a large item of infrastructure. Local communities should only identify schemes that are realistically achievable.

'Critical' infrastructure that is essential to the delivery of development is generally identified well in advance, and remains on the Levy infrastructure list until it has been provided.

Critical and priority infrastructure to benefit from the Levy in the year ahead will be listed in Shropshire Council's annual LDF Implementation Plan. This will normally be approved by Cabinet in April each year, although this year it will be presented to the July 2011 Cabinet at the same time as the Developer Contributions SPD and Code of Practice for Developer Contributions.

Where can I find out more?

The Levy Rationale Background Paper explains the evidence and reasoning behind the Levy rate. Copies are available on the Council's website at www.shropshire.gov.uk/planning.nsf, following the menu path Planning Policy > CIL Draft Charging Schedule.