

Caerphilly County Borough  
Community Infrastructure Levy

Guidance Note 3  
Draft Social Housing  
Relief Policy

March 2013

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**Draft Social Housing Relief Policy**

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### **Background**

Development that incorporates social housing is entitled to mandatory relief from CIL on the social housing element of the development.

### **Definition of Social Housing**

Regulation 49 of the Community Infrastructure Levy Regulations (2010) sets out the conditions that must be met for a dwelling to be considered as social housing. In Caerphilly county borough, any dwelling that complies with the definition of Affordable housing as set out in Technical Advice Note 2: Planning and Affordable Housing is entitled to social housing relief.

### **Process for claiming Social Housing Relief**

Regulation 51 of the Community Infrastructure Levy Regulations (2010) sets out the procedures for claiming social housing relief. It is important to note that unless these procedures are rigorously followed, development will cease to be eligible for social housing relief and/or claims for social housing relief will lapse.

In order to benefit from social housing relief, the person / organisation claiming social housing relief must:

1. Have assumed liability to pay CIL, through the submission to the Council of a CIL Assumption of Liability form, prior to the commencement of the chargeable development; and
2. Be an owner of the relevant land.

The claim must:

1. Be submitted to the Council on a CIL Claiming Exemption or Relief form, prior to commencement of the chargeable development; and
2. Include a relief assessment that identifies on a map the location of the dwellings to which social housing relief applies, sets out the gross internal area of each of the dwellings, and includes a calculation of the amount of social housing relief claimed.

If the chargeable development is commenced before the Council has notified the person / organisation claiming social housing relief of its decision, then the claim for social housing relief will lapse.

In addition, development will cease to be eligible for social housing relief if any of the following apply:

1. The Council has not received a CIL Commencement Notice prior to commencement of the chargeable development; or
2. The Council has received a Withdrawal of Assumption of Liability form from the claimant prior to commencement of the chargeable development; or
3. The Council has received a Transfer of Assumed Liability form prior to commencement of the chargeable development. (In this case a new claim for social housing relief can be made provided that it is made and determined prior to commencement of the chargeable development).

### Summary

In summary, to benefit from social housing relief the relevant person / organisation must be an owner of the land, must have assumed liability to pay CIL and must have submitted their claim for relief, and received the Council's determination, prior to commencing the chargeable development.

They must also have submitted a CIL Commencement Notice to the Council and not withdrawn or transferred liability to pay CIL, prior to commencement of the chargeable development.

The Social Housing Relief only applies in cases where the persons liable for paying CIL have complied with all the relevant regulations and requirements. These requirements are set out in Appendix 1.

### Examples of how Social Housing Relief is calculated

The following examples show how Social Housing Relief will be calculated. Scenario 2 deals with how existing floorspace is taken account of in calculating Social Housing Relief.

#### Scenario 1

A residential development of 4,000m<sup>2</sup> Gross Internal Area (GIA) on a cleared site in the Higher Viability Zone is granted planning permission.

The residential CIL rate in the Higher Viability Zone is £40 per m<sup>2</sup>; therefore the CIL liability is £160,000.

Prior to the commencement of the development, the Council receives a claim for 950m<sup>2</sup> of Social Housing Relief.

The calculation of the revised CIL liability is as follows:

Process 1 – Deduct the GIA eligible for relief from the total GIA

The total GIA (4,000m<sup>2</sup>) – the GIA eligible for relief (950m<sup>2</sup>) = 3,050m<sup>2</sup>

Process 2 – Recalculate the CIL liability

3,050m<sup>2</sup> x £40m<sup>2</sup> = **Revised CIL liability of £122,000**

## Scenario 2

A residential development of 4,000m<sup>2</sup> GIA in the Higher Viability Zone is granted planning permission.

It is on a site currently occupied by a house in lawful use comprising 125m<sup>2</sup> GIA, which is to be demolished.

The residential CIL rate in the Higher Viability Zone is £40m<sup>2</sup>. The existing floor-space is deducted from the CIL liability because it is in lawful use, giving a CIL chargeable area of 3,875m<sup>2</sup>, and a CIL liability of £155,000.

Prior to the commencement of the development, the Council receives a claim for 950m<sup>2</sup> of Social Housing Relief.

It is tempting to multiply the floor area of the social housing units (950m<sup>2</sup>) by the rate of the CIL charge (£40m<sup>2</sup>) to determine the amount of relief and then deduct this from the total CIL liability calculated before relief was considered, to obtain the final liability, as was the case in Scenario 1. However, that would be wrong because there is demolition to consider and just as the demolished floor area reduced the total CIL liability, it also produces a pro rata reduction in the amount of Social Housing Relief.

The calculation of the revised CIL liability is as follows:

Process 1 – Calculate what percentage of the total GIA the discounted GIA comprises

Discounted GIA (125m<sup>2</sup>) / total GIA (4,000m<sup>2</sup>) x 100 = 3.125%

Process 2 – Calculate 3.125% of the GIA claim for Social Housing Relief to ascertain the level of GIA to be deducted from the relief claim

GIA claim for Social Housing Relief (950m<sup>2</sup>) / 100 x 3.125 = 30m<sup>2</sup>

**Note:** the above figure of 30m<sup>2</sup> has been rounded to the nearest square metre.

Process 3 – Calculate the revised GIA of the relief claim

Relief claim (950m<sup>2</sup>) – pro rata deduction (30m<sup>2</sup>) = 920m<sup>2</sup>

Process 4 – Deduct the GIA eligible for relief from the total chargeable area

Total chargeable area (3,875m<sup>2</sup>) – GIA eligible for relief (920m<sup>2</sup>) = 2,955m<sup>2</sup>

Process 5 – Recalculate the CIL liability

2,955m<sup>2</sup> x £40 per m<sup>2</sup> = **Revised CIL liability of £118,200**

**Scenario 3**

A social housing residential development of 2,000m<sup>2</sup> GIA on a cleared site in the Higher Viability Zone is granted planning permission.

The developer is a housing association.

The residential CIL rate in the Higher Viability Zone is £40m<sup>2</sup>; therefore the CIL liability is £80,000.

Prior to the commencement of the development, the Council receives a claim for 2,000m<sup>2</sup> of Social Housing Relief, as the whole of the development will be social housing.

Consequently Social Housing Relief is granted on the whole development and the CIL liability is reduced to £0.

**CIL Social Housing Relief Policy Guidance Note**

Regulation 51 of the Community Infrastructure Levy Regulations 2010 (as amended) sets out the requirements that must be complied with in order to benefit from social housing relief.

The CIL social housing relief policy will only apply in the following circumstances:

1. Where the Council has received a CIL Claiming Social Housing Relief Form prior to commencement of the chargeable development (Regulation 51(3)(a)), and
2. Where the Council has received a CIL Commencement Notice prior to commencement of the chargeable development (Regulation 51(3)(b))

If either of the above requirements are not complied with, the total CIL liability will become payable within 60 days of the commencement of the chargeable development. In addition, surcharges may apply due to the CIL Assumption of Liability Form and / or the CIL Commencement Notice not being submitted to the Council prior to the commencement of the chargeable development.

In summary, to benefit from the CIL Social Housing Relief Policy, the relevant forms must be submitted to the Council prior to the commencement of the chargeable development.