

LEGAL UPDATE

1. Community Infrastructure Levy
2. Abolition of Empty Property Rates Relief
3. Quirk – One Year On

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1. Community Infrastructure Levy (CIL)

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Community Infrastructure Levy (CIL)

- The successor to planning gain supplement
- A tax on the increase in land value caused by planning permission
- Payable by the owner of land when development is started
- Rate unclear, but PGS talked about 20%

Community Infrastructure Levy (CIL)

Will charities be caught by CIL?

- Most of the detail still awaited in regulations
- There is a power to provide for exemptions
- However, no comfort given so far that charities will be exempt

Community Infrastructure Levy (CIL)

Why should charities be exempt from CIL?

- Generally no sale proceeds to pay the levy
- Diversion of funds given for charitable purposes
- Site specific infrastructure needs can be dealt with through Section 106 Agreements

Community Infrastructure Levy (CIL)

Is there still a chance to influence the process?

- YES!
- Planning Bill is finishing in the Commons but has still to go to the Lords
- BWB is lobbying for an exemption for charities developing land for their own purposes

2. Abolition of Empty Property Rates Relief

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Abolition of Empty Property Rates Relief

The Rating (Empty Properties) Act 2007

- Came into force on 1 April 2008
- Ostensible intention to increase the supply of commercial property (especially for small businesses) and encourage the use of brownfield land
- Estimated additional revenue - £950 million for 2008/2009 and £900 million for 2009/2010

Abolition of Empty Property Rates Relief

The new regime

- Industrial and warehouse premises benefit from 100% rates relief for the first 6 months of vacancy
- Other commercial premises benefit from 100% rates relief for the first 3 months of vacancy
- After the initial period has expired full business rates are now payable (instead of 50%)
- Exemptions

Abolition of Empty Property Rates Relief

Possible consequences for charities

- More properties brought onto the market at affordable rents
- Landlords may charge higher rents for shorter leases to offset the increased cost of vacancies
- Landlords may require tenants bear the rates costs of early vacancies, for example, following the exercise of a break right
- Tenants will require maximum flexibility to assign or underlet to mitigate the increased rates liability should premises become surplus to requirements
- Charities with portfolios which include vacant property may be badly hit

Abolition of Empty Property Rates Relief

The Charities exemption

- Mandatory relief of 80% for properties “wholly or mainly” used for charitable purposes or occupied by a person administering a trust established for charitable purposes only is unchanged for occupied buildings
- Relief of up to 100% at the discretion of the billing authority is unchanged for occupied buildings
- Vacant property will remain subject to relief if it appears that the next use will be wholly or mainly for charitable purposes
- If not, the increased rates liability may come as a shock
- Charity shops can present problems

3. Quirk – One Year On

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The Quirk Review on Community Management and Ownership of Assets

- What was the review about?
- What impact has it had one year on?
- What are the lessons for community groups?
 - Talk to the organ grinder!
 - Bring solution not problems

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