



**London Borough
of Hounslow**

Community Infrastructure Levy

Self-build houses, annexes and extensions

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Exemptions for: Self-build Houses, Annexes and Extensions

The CIL Regulations 2010 (as amended) exempt the following developments from liability to pay CIL provided all of the requirements in the Regulations are satisfied:

- Anybody who is building their own home or has commissioned a home to be built from a contractor, house builder or sub-contractor. Individuals claiming the exemption must own the property and occupy it as their principal residence for a minimum of 3 years after the work is completed.
- Community group self-build projects also qualify for the exemption.
- People building an extension to their main dwelling:
 - (i) You must own a material interest in the dwelling
 - (ii) You must occupy the main dwelling
- People who build residential annexes within the grounds of their own homes
 - (i) It must wholly be within the curtilage of the main dwelling
 - (ii) Comprise one new dwelling
- Residential extensions under 100 square metres are already exempt from CIL under the minor development exemption

A. SELF BUILD HOUSING

Self build housing is a dwelling built by a person or commissioned by that person and occupied by that person as their sole or main residence.

How to claim exemption for a whole house:

1. Applicants must assume liability
You must certify that the scheme will meet the criteria to qualify as a 'self build' development. You must submit a Self Build Exemption Claim Form 7 – Part 1 to the Council. (It is useful if you look at the Self Build Exemption Form – Part 2 to see if you will be able to provide the information that is requested if no you will not be eligible for the relief and would be liable for the chargeable amount).
2. On receipt of the form, the Council will notify you in writing as soon as practicable, confirming the amount of exemption granted.
3. Before commencing the development, you must submit a **Commencement Notice** to the Council. This must state the date on

which the development will commence, the Council must receive the form before you commence. **If you fail to submit the commencement notice in time you will immediately become liable for the full levy charge.**

The chargeable amount will be registered as a 'local land charge' on the property for three years from completion.

4. Within six months of completing the home, you must submit a **Self Build Exemption Claim Form 7 – Part 2** as evidence to confirm that the project is self build. Completion for the purposes of the self build exemption is defined as the issuing of a compliance certificate for this development under either Regulation 17 of the Building Regulations 2010 or Section 51 of the Building Act 1984.

This evidence must comprise:

- Proof of the date of completion – a copy of the building completion or compliance certificate for the home issued by Building Control
- Proof of ownership – a copy of the title deeds (freehold or leasehold)
- Proof of occupation of the dwelling as the applicant's principle residence – a Council Tax certificate – and two further proofs of occupation of the home as a principle residence (a utility bill or bank statement or confirmation that the applicant is on the local electoral roll)

In addition to the above, you must also provide a copy of one of the following:

An approved claim from HM Revenue and Customs under 'VAT431C: VAT refunds for DIY housebuilders'; or

- Specialist Self Build Warranty; or
- An approved Self Build Mortgage from a bank or building society.

If the evidence is not submitted to the Council within the 6 month time period, the full levy charge becomes payable. Before taking any action a collecting authority must give 28 days notice, and the notice must state the date on which the collecting authority intends to take any action. During this time the necessary evidence may be submitted to the collecting authority.

What is a self build warranty?

A Self Build Warranty is warranty and Certificate of Approval issued by a Warranty provider which provides a 'latent defects insurance' policy and which is accompanied by certified Stage Completion Certificates issued to the owner/occupier of the home.

What is a self build mortgage?

A Self Build Mortgage is an approved mortgage arranged to purchase land and/or fund the cost of erecting a house where the loan funds are paid out to the owner/occupier in stages as the building works progress to completion.

Multi-unit schemes?

For multi-unit schemes (for example, where a builder sells serviced plots or a community group works with a developer), applicants should consider applying for a phased planning permission, to allow each plot to be a separate chargeable development. This will prevent the charge being triggered for all plots within the wider development as soon as development commences on the first dwelling. This will also ensure that if a disqualifying event occurs affecting one unit, it does not trigger a requirement for all to repay the exemption. Schemes can be 'phased' for levy purposes even if they do not benefit from 'outline' planning permission.

Is self build communal development covered by this exemption?

Self build communal development benefits from the levy exemption if it is for the use of the occupants of more than one self build home. Such development may include, for example, shared facilities or guest accommodation. An exemption from the levy will not be granted to communal development for the use of the general public or for commercial development such as a retail unit.

How is the amount of exemption for self build communal development calculated?

The self build communal development exemption is calculated using the formula in Regulation 54A. The gross internal area of the communal development is apportioned to the individual self build units on the site, based on the gross internal floor space of the self build dwellings.

Disqualifying events

A self build housing exemption is revoked if a disqualifying event occurs during the three years from the date of the compliance certificate.

A disqualifying event for self build housing exemption is:

- Any change in relation to the self build housing or self build communal development such that it ceases to meet the criteria set out in the regulations (if the self-builder ceases to occupy the dwelling as the main or sole residence);
- Failure to comply with the evidence requirements on completion;
- The letting out of a whole dwelling or building that is self build housing or self build communal development; or
- The sale of the self build housing or self build communal development

What happens if a disqualifying event occurs?

If a disqualifying event occurs you must notify the Council within 14 days. Where this is not done, a surcharge equal to 20% of the chargeable amount or £2,500, whichever is the lesser, may be applied in addition to the chargeable levy amount. A copy of this notification must be sent to all owners of material interests in the relevant land.

As soon as practical after notification, the collecting authority must notify the relevant person of the amount of CIL payable as a result of the revocation of the self-build housing exemption. As mentioned above, where a claimant fails to comply with the evidence requirements on completion the Council will give the claimant at least 28 days to submit the necessary form and evidence before taking any further action.

B. SELF BUILD RESIDENTIAL ANNEXES AND EXTENSIONS

If you intend to erect an annex within the grounds of your home or extend your home you will be exempt from the levy, provided that you meet the following criteria:

- The main dwelling must be your principle residence, and you must have a material interest in it (as defined in Regulation 4(2));
- The residential annex is exempt from the levy if it is built within the curtilage of the principal residence and comprises one new dwelling.
- residential extensions are exempt from the levy if they enlarge the principal residence and do not comprise an additional dwelling.

What evidence is required?

The applicant must submit a claim for the exemption to the Council before development commences. The claim must be submitted on the **Self Build Annex or Extension Claim Form (Forms 8 and 9)**. The claim must be received by the collecting authority before the development is commenced.

Upon receipt of a valid application, the council will write to you and notify you of the amount of exemption that is granted, as soon as practicable.

In order to benefit from the exemption you must submit a commencement notice to the council before starting work on site.

If the development is commenced before you receive a response from the collecting authority has notified the claimant of its decision your exemption will lapse.

The chargeable amount (i.e. the levy that would have been payable if the extension had not been granted) will be registered as a 'local land charge' on the property for three years from completion.

A self-build exemption in relation to an annex (but not a residential extension) can be revoked if a disqualifying event occurs.

Disqualifying events

In the case of exemptions for a residential annex you will cease to be eligible if a commencement notice is not submitted to the Council at least one day before work begins on site.

The annex will also cease to qualify for a self-build annex exemption if any of the following disqualifying events occur within three years of completion:

- The main house is used for any other purpose other than as a single dwelling
- The annex is let to someone to live in or a use that is not ancillary to the main house.; or
- Either the main residence, or the annex, is sold separately from the other

Completion for the purposes of this exemption is defined as the issuing of a compliance certificate for the annexe under either Regulation 17 of the Building Regulations 2010 or Section 51 of the Building Act 1984.

What happens if a disqualifying event occurs?

If there is a disqualifying event you must notify the Council in writing within 14 days of the occurrence of the disqualifying event.

The exemption will be withdrawn and you will be liable for the levy charge specified by the Council that would have been payable at the time when the exemption was first claimed (or the amount of relief granted, if lower).

Failure to notify may result in a surcharge of the lesser of 20% of the chargeable amount or £2,500.

Rights of Appeal

Is there a right of appeal?

An interested party may appeal against the grant of self-build relief for a residential annex under Regulation 116A. Such appeals are submitted to the Valuation Office Agency.

www.voa.gov.uk/corporate/index.html

The grounds of appeal are limited to the collecting authority's determination that the annex development is not wholly within the curtilage of the main dwelling is incorrect. Any appeal must be made within 28 days of the collecting authority's decision.

An interested party may appeal against the decision to grant an exemption for self-build housing on the ground that the collecting authority has incorrectly determined the value of the exemption allowed.

No withdrawal of residential extension exemption

A declaration has to be submitted by the claimant which says that it intends to occupy the dwelling to be extended for three years from completion of the extension as the main or sole residence. This declaration has to be honest

and if it is not then the claimant has committed a criminal offence, and the claim for the exemption is invalid. If the declaration is honestly made, CIL liability will not subsequently be triggered if the extended house is sold or let during the three year period.¹

Further guidance and necessary forms can be found on the planning portal web page. www.planningportal.gov.uk/cil

¹ Worth mentioning the difference with extensions.