Strategic Planning & Research Unit

For and on behalf of
Linden Homes Strategic Land (Eastern)
New Road (Ashbrook) Ltd and the Taylor Family

Examination of North Hertfordshire Local Plan
Representations to Inspector's MIQs Hearings
Matter 6

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6.0 Matter 6 – Deliverability (the housing trajectory, infrastructure and viability)

Q6.1 - Is the housing trajectory shown in Figure 6 of Section 5 of the Plan based on a realistic assessment of the likely timing of housing delivery? What evidence is there to support the completions shown for each year, and what assumptions have been made?

6.1 In answering these questions, we ask the Council to produce a revision to the housing trajectory chart illustrating the various components within each 'bar' – Strategic Housing Sites, Local Housing Sites, windfall sites etc. so that the sources of development can be explicitly understood.

6.2 We do not think that the timing of delivery is robust.

6.3 In summary, if the large identified sites progress though the planning system in line with past experience i.e. at the average rate, and then deliver housing at the average rate for their size then there is the potential for delivery to fall **some 2,700 dwellings short of the requirement** (see appendix 1).

6.4 While this is an area of undoubted housing pressure assuming all sites will progress more quickly than average though the planning system, and then deliver at rates which are far in excess of those experienced in growth areas such as Milton Keynes is simply unrealistic.

6.5 For the plan to be sound there needs to be a greater element of flexibility built into the allocations.

6.6 Research by NLP "*Start to Finish: How Quickly do Large-Scale Housing Sites Deliver*?" (November 2016) reflected the typical average delivery of major sites. Even in the event that there are planning applications submitted and ready to be determined as soon as the Local Plan is adopted – and consequently the strategic allocations removed from the Green Belt – the research suggests that first completions are not likely to occur until at least 18 months after permission is issued. Therefore, the first realistic contribution from any of the principal allocated sites is unlikely to be until early 2020, with minimal scope for completions until the year 2020-21.

6.7 Prior to the research by NLP of 70 strategic development sites, work was undertaken by the Home Builders Federation (HBF 2016) in response to the Government's criticism that large sites are only delivering some 48 dwellings a year. This research undertook a survey of 300 large sites in February and March 2016.

6.8 In the HBF research, "large sites" were defined as those with at least 350 dwellings in total. In 2015, the average sales on all sites (including start-ups, on-going, tail-ends) was 70 dwellings a year. In order to omit the lead-in and tail-out elements of a site build-out, the research also considered sales rates on sites which had over 10, 20 or 35 dwellings a year. This naturally gives higher averages for 2015 as follows:

a. 10 plus sales: 85 dwellings a year
b. 20 plus sales: 88 dwellings a year
c. 35 plus sales: 95 dwellings a year

6.9 In the case of the contribution of the strategic sites being considered (which we have defined as sites of 200+ dwellings in North Hertfordshire plus Site KB2 given the cumulative effect of sites in a smaller host community) then the evidential starting point must be the timings and build rates suggested by the HBF research. Consideration should be given to evidence of local factors that might suggest a variation from that performance.

6.10 Logically therefore, an overall average of 70 dwellings a year would be the starting point for consideration. If this is applied for each of the strategic sites then sites BA1 and EL1-3 (cumulatively) would not be completed in the plan period. Sites NS1 and LG1 may not be completed dependent on start date.

Other research on lead in times and delivery rates

6.11 There have been a number of reports that have sought to understand both the likely rates of delivery and the reason for these rates. A summary of this research is presented in the table on the next page.

6.12 The earliest work by Colin Buchanan ("*Housing Delivery on Strategic Sites*") considered delivery rates on strategic sites in the East of England (paragraph 3.3.2) and reviewed completion rates on the basis of the size of the site. This research suggests a range of delivery rates dependant on the size of the site, suggesting that on sites of 1,000 dwellings delivery had been an average of 188 dwellings a year.

6.13 More recent evidence relating to urban extensions suggest a build rate of just over 100 dwellings a year, although this has risen to 120 per year in 2013.

6.14 It should also be noted that the timescale between submission of an outline application and first completions on site is now averaging about three years (Urban Extensions: Assessment of Delivery Rates – Savills October 2014).

6.15 In terms of the delivery on all sites, the research undertaken by the University of Glasgow for CLG Housing Markets and Planning Analysis Expert Panel – "*Factors Affecting Housing Build-out Rates*" by Professor David Adams and Dr Chris Leishman, states at paragraph 2.5 that;

'Most builders generally appear to set a target of between 40 and 80 units built and sold from each outlet annually'.

6.16 The Savills report concluded in paragraph 6.2 that:

'The typical strategy of most companies who participated in the research was to aim for a build and sales rate of about one unit per week on greenfield sites and slightly higher than this on brownfield sites. Although this confirms anecdotal evidence, it should certainly not be taken as a 'natural build-out rate'. Rather it reflects the particular institutional structure of the British house building industry in which fierce competition for land then requires controlled and phased release of new development to ensure that the ambitious development values necessary to capture land in the first place are actually achieved when new homes are eventually sold…'

6.17 A PBA report for Birmingham City Council "*Sutton Coldfield Green Belt Sites Phase 2 Report of Study*" (June 2014) also reviews some of the above evidence and concludes that for the three former green belt sites examined in that report, all performed as the national trend would suggest (paragraph 6.1). This performance is summarised in paragraph 3.26 of the report as follows:

"There are a number of features demonstrated by the three Sutton Coldfield sites examined in Section 2 which are consistent with the research examined in this Section. These are, namely:

- *6-7 years from release to first delivery of housing;*
- *Maximum delivery on any site in one year of 219 units (suggesting 2-3 developers were present);*
- *Peak mean delivery of 141 units pa per site across the area (422 divided by three sites); and*
- *Mean delivery across the three sites of 106 units' pa (1,591 divided by 15 years), or 35 unit's pa per site as an equivalent flat trajectory ironing out the peaks and troughs of the housebuilding cycle through the years in question."*

6.18 The PBA Report considered the impact of competition between sites which is also an issue here with the three largest sites. It referred back to section 4 of the earlier University of Glasgow Report, table 9 of which suggests that developers of greenfield sites on the edge of small and medium sized towns would regard sites within a range of 5.62 miles as representing competition. The impact of this competition is to change prices (paragraph 4.09 and 4.11).

6.19 In considering the delivery of the larger sites with substantial infrastructure costs, future competition, and hence concerns regarding pricing, is likely to make developers cautious rather than optimistic in terms of their planned rate of delivery (PBA paragraphs 6.4 and 6.5).

6.20 There is considerable evidence that SUE's will deliver on average about 100 dwellings a year once they are fully up to speed. It is important to note that rates of delivery are not determined just by the local markets, but also by the practicalities of construction.

6.21 Our own experience is that build out rates will also be dependent upon the number of developers on any one site and also the number of outlets. Some builders, for example, may have two outlets on the same site.

6.22 There is a considerable risk not only to the supply of housing locally but also nationally if planning decisions at Examinations and Inquiries are based on inflated and overly optimistic levels of completions. It is self-evident that if all decision makers (local authorities, Inspectors and the Secretary of State) consistently assume that all large sites will deliver completions at rates above the long-term average, then the aggregate of all these decisions will be the continued under delivery of the housing that the country needs if the long term average rate of provision remains consistent.

Table 1 Summary of research on delivery rates

	Average number of months between events					Years from Submission of application to start on site	Start on site	Average delivery	Delivery per developer
	Determination of outline	Conclusion of 106	Determination of reserved matters	Site preparation and signing off conditions	Total number of months				
Colin Buchanan (all sites)						5	year 5	188	
Colin Buchanan (sites of 3,000 dwellings or more)						5.5	third quarter year 5	330	
University of Glasgow									55 per volume developer
Hourigan Connolly	24	21	18	12	75	6.25	second quarter of year 6	107	35 per house builder
Savills 2014 all sites	12	15	15	6	48	4	first quarter year 5	110	
Savills 2014 (post 2010)	11	6	11	4	32	2.7	last quarter year 3		
Home Builders Federation Research (sites of 350 plus 2015)								70 (95)	

Sources: Colin Buchanan - Housing Delivery on Strategic Sites 2005 (table 1)
University of Glasgow - (CLG housing markets and Planning Analysis Expert Panel) Factors affecting build out rates (Table 4)
Hourigan Connolly - An interim report into the delivery of Urban Extensions 2013 (Summary of individual case appendices 4 to 12)
Savills - Urban Extensions: Assessment of Delivery Rates
Home Builders Federation Planning Policy Conference presentation by John Stewart 2016

6.23 This evidence is not prescriptive but provides a context for the assessment of delivery rates. Significant departures from these average sales rates should be clearly justified by reference to local experience and local market factors but so far the Trajectory as published does not provide sufficient information against which a valid judgement can be based.

Completions per outlet from National House Builders

6.24 The following is a summary of the predicted levels of completions against the average rate of delivery for a number of principal national house builders:

- Taylor Wimpey: Trading statement 16 November 2015 - 0.76 sales per outlet per week (up from 0.66 in 2014). This equates to 40 dwellings a year.
- Redrow: Half Yearly Report 2016 - sales per outlet per week were 0.65, up 10% on the prior year. This is equivalent 34 dwellings a year.
- Crest: Annual Report page 32 - 44 dwellings a year per outlet.
- Bovis: Annual Report page 12 – ambition to deliver 5,000 to 6,000 dwellings across 150 sites which equates to 33 to 40 dwellings a year per outlet. Page 15 states that the sales rate was 0.68 per week for 2015 which is 35 dwellings a year.
- Barratt: Annual Report 2015: 43 units per year per site (page 2 - 16,447 completions on 380 active sites).

6.25 These rates would support the conclusions of other research regarding the likely rates of delivery referred to earlier in terms of larger sites.

6.26 In summary we anticipate the Council is relying on unrealistic timescales in terms of lead in times and rates of delivery for its strategic local plan allocations.

6.27 Whilst this has a bearing on the Council's trajectory there are a number of factors which indicate that delivery is likely to be delayed, possibly significantly. These can be summarised as:

- Not all the strategic sites will be granted immediately on adoption of the Plan
- Not all of the sites are in the hands of a housebuilder – some will need to be sold either in their entirety or in parcels to builders, which will introduce a delay whilst sites are marketed before Reserved Matters approvals can be achieved
- Some sites may be subject to the need for significant infrastructure works prior to commencement
- A number of the larger sites appear to be in the control of a single developer/promotor who may choose to phase their delivery rather than bring forward all their sites simultaneously

6.28 One of the tests of soundness for a plan is flexibility.

6.29 We think that the trajectory is likely to be delayed as per the table at Appendix 1.

6.30 At paragraph 8.11 of our Reg19 submissions we draw attention to the recommendation of the LPEG in terms of introducing flexibility into plan making: where they suggest that in addition to ensuring a five year supply, reserve sites equivalent to 20% be identified that can be brought forward to respond to changes in circumstances, for example new evidence on increase demand and need for housing.

6.31 Whilst it is not possible through any shortcutting mechanisms significantly to speed up the delivery of the strategic sites, securing the overall housing requirement whilst ensuring that any slippage does not equate to a failure of the Plan to meet its OAN, the remedy in this instance would be the allocation of a further strategic site. Whilst this would also have limited capacity to deliver homes in the early part of the plan period, the availability of a further strategic location at Hitchin, where there is comparatively limited planned growth, would ensure that additional sales outlets – in effect a local housing market – would help support delivery rates and better achieve the overall housing delivery required.

6.32 In summary our conclusions are as follows:

a. BA1 housing will not be delivered until 2024/25 rather than 2021 and that delivery will average 171 dpa and not the average 227 proposed in ED3;

b. EL 1 – 3 will start delivering in 2023/24 not 2021 and deliver at an average of 171 dpa and not 190 dpa;

c. LG1 – its is agreed that this is likely to start delivering in 2023 but that it will deliver at 86 dpa not 100 dpa;

d. NS1 – it is agreed that the site may start delivering in 2023 but the rate is likely to average 86 dpa and not the 112 dpa in ED3.

6.33 The impact of these changes assumptions could result in an under delivery of almost 2,700 dwellings

Q6.2 - Is the level and distribution of housing and other development based on a sound assessment of infrastructure requirements and their deliverability, including expected sources of funding? In particular:

a) Does the Infrastructure Delivery Schedule at Appendix 1 of the Infrastructure Delivery Plan [TI1] represent a comprehensive list of the infrastructure needed to facilitate the successful delivery of the housing and other development planned?

6.34 No.

6.35 TI1 appears to be based largely on the Council's established IDP published January 2013 and prepared as the basis of its CIL schedule.

6.36 With respect to Hitchin, the 2013 IDP identifies a range of works needed to address current traffic issues (paragraph 22.16 – 22.21). Table 23 noted that the A505-A602 link would move from amber to red in the period 2011-2021 even without planned development. The IDP suggested that the necessary works would be funded by CIL.

6.37 NHDC halted work on CIL as long ago as July 2013 and currently state that the Council "*is not currently looking to implement a CIL".* TI1 carries forward the two main schemes for Hitchin from the IDP Table 30 at paragraph 5.108 where it states that they are sufficiently linked to the consequences of growth (to be funded by planned development). The IDP states however that these works are to resolve existing problems (para. 22.21) and arise because the routes carry a significant proportion of through traffic as well as local traffic.

6.38 The tests on Planning Obligations are set out at Framework paragraph 204. Given that the only strategic site at Hitchin is HT1 which is diametrically on the opposite side of the town, it must be unclear whether works to the A505-A602 and its attendant junctions would meet the tests. Moreover, Obligations cannot be used to ameliorate existing problems, simply to mitigate the effect of additional development.

6.39 Nor have the cost estimates been updated since at least 2013.

6.40 Accordingly, it is not clear that essential highway works at Hitchin can reasonably be expected to be delivered from funds accruing from planned development.

6.41 Nor is TI1 Appendix 1 clear on how other aspects of required infrastructure relate to development assumptions – for example it provides an indication of the total and phased provision of new school places however this is not broken down by location and cannot be correlated to any assumptions about housing delivery given the absence of information supporting the assumptions on which LP1 Figure 6 is based.

b) What reassurances are there that these elements can and will be delivered when and where they are needed?

6.42 TI1 Appendix 1 refers to reliance on CIL – notwithstanding the Council's lack of present commitment to introduce CIL.

6.43 It also refers to the A602/B656/Gosmore Rd/St John's Rd Hitchin works being delivered in the period 2017-21 (and the other strategic highway improvement (Pirton Road/A505/Upper Tilehouse St/Wratten Rd Hitchin in 2022-26, notwithstanding that it is overcapacity in 2021 with no additional development according to the IDP 2013).

6.44 Screening for EIA was requested in respect of HT1 Highover Farm Hitchin (17/00680/1SCP). This scoped the extent of highways impacts for the development of the site which explicitly does not include any aspect of the network improvements identified in TI1.

6.45 There is therefore no mechanism available to ensure the delivery of essential highway infrastructure works at Hitchin – the need for which would be obviated or absorbed within the proposal for development of land at SWH – Site 209.

c) Where, when and how will the infrastructure required as a result of the housing and other development planned for be delivered?

6.46 We have no comment on this in respect of existing proposed allocations.

d) Does the Plan do all it should to help ensure the delivery of the necessary infrastructure?

6.47 To answer this question, we request that the Council be asked to produce a chart (a gant chart or similar) showing the level of anticipated housing delivery from each allocated site on a year by year basis, along with the delivery of the infrastructure needed to support the new homes. It may help to group sites on a settlement by settlement basis. This should tie-in with the revised housing trajectory. In relation to the request at 6.1 above, this should relate the timing of housing delivery and the delivery of the infrastructure needed to support it. A column indicating the likely costs, funding sources and mechanisms to secure funding would also be of considerable assistance.

6.48 In absence of such understanding it is wholly unclear on what assumptions the Council has based its expectation of housing delivery in relation to the availability of infrastructure, in respect not only of highways, but also education,

Q6.3 - Is the economic and housing development set out in Policies SP3 (employment), SP4 (retail floorspace), SP8 (housing), and are the proposed land allocations for these uses, financially viable? In particular:

a) are the viability assessments in the Local Plan Viability Assessment - Update (August 2016) [TI2] sufficiently robust and are they based on reasonable assumptions?

b) do the viability assessments adequately reflect the nature and circumstances of the proposed allocations?

c) has the cost of the full range of expected requirements on new development been taken into account, including those arising through policies in the Plan (for example, in relation to affordable housing and the site-specific policy requirements)?

d) does the evidence demonstrate that such costs would not threaten the delivery of the development planned for and the sites proposed?

6.49 We have no specific matters to raise in respect of these questions.

APPENDIX 1

		Status	LPA Commitment	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Deliverable in 5 yrs (Council	2016-31	Post Plan Period
BA1	Land North of Baldock	EIA Scoping request submitted (17/01344/1SCP) in May 2017 by Hertfordshire County Council, the landowner and promoter. No planning application submitted or approved.	2800								171	171	171	171	171	171	171	0	1197	1603
BA2	Land West of Clothall Rd Baldock	Landowner/Promoter is Hertfordshire County Council. No planning applications submitted or approved.	200						60	60	60	20						0	200	0
EL1-3	East of Luton	Application submitted 2016 pending. Submitted by developer Croudace	2100							171	171	171	171	171	171	171	171	0	1368	732
NS1	Land north of Stevenage	Promoted by Croudace Homes. No planning applications.	900							86	86	86	86	86	86	86	86	0	688	212
GA1	Land north of Great Ashby	Application submitted July 2016 reference 16/01713/1 by Croudace Homes for part full, part outline for up to 360 dwellings.	600					86	86	86	86	86	86	84				86	600	0
HT1	Highover Farm Hitchin	Scoping request submitting in May 2017 under reference 17/00680/1SCP by Bellcross Homes	700				86	86	86	86	86	86	86	86	12			172	700	0
KB1	Deards End Knebworth	Promoted by Knebworth House Education Preservation Trust and Knebworth Estates as landowner. No planning applications.	200					60	60	60	20							60	200	0

KB2	Gypsy Lane Knebworth	Promoted by Knebworth House Education Preservation Trust and Knebworth Estates as landowner. No planning applications.	184						60	60	60	4						0	184	0
KB4	East of Knebworth	Supported by Lightwood Strategic but unclear if they are the promoters. No planning applications.	200					60	60	60	20							60	200	0
LG1	North of Letchworth	Promoted by landowner Letchworth Garden City Heritage Foundation. No planning applications	900						86	86	86	86	86	86	86	86	86	0	774	126
RY1	Ivy Fm Royston	Screening opinion request submitting in October 2015 for 311 dwellings under reference 15/02749/1SO. No applicant name and no further applications.	279				60	60	60	60	39							120	279	0
RY2	N of Newmarket Rd Royston	Application approved in December 2016 under reference 14/02485/1 for 330 dwellings by The Hoy Farming Partnership	330		60	60	60	60	60	30								240	330	0
RY10	S of Newmarket Rd Royston	Application pending under reference 17/00110/1 by Countryside Properties and Sir Francis Newman For 325 dwellings.	300				60	60	60	60	60							120	300	0
WY1	Little Wymondley	Pre-app submitted. Bovis Homes	300				60	60	60	60	60							120	300	0
	Totals		9993	0	60	60	326	532	824	965	1005	710	686	684	526	514	514	978	7406	2673

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