



North Essex Authorities (NEAs) Section One Shared Strategic Plan

Matter 4: Build Out Rates

Further Hearing Statement

December 2019

North Essex Authorities' response to Matter 4 – Build Out Rates

Issues:

Does the NEAs' document Build out rates in the Garden Communities (July 2019) [EB/082] provide clear evidence to support build-out rates of 300 dwellings per annum [dpa] at each of the proposed garden communities?

Is there any new evidence, not available at the time of the original hearing sessions, that would justify a revision of the finding in my letter to the NEAs of 8 June 2018 [IED011] that: "... it [is] reasonable to assume that the planning approval process would allow housing delivery at any GC(s) to start within four or five years from the adoption date of the plan (or plan revision) which establishes the GC(s) in principle"?

The NEAs have responded to the Inspector's questions below. The main points relied upon by the NEAs in their responses are as follows:

- The North Essex garden communities have all the key attributes required to accelerate housing delivery (scale, housing diversity, front-loading of infrastructure, public sector involvement);
- The lead-in times for the planning of the garden communities are consistent with the Inspector's original finding;
- The North Essex garden communities will not result in any more housing being delivered compared to any alternative spatial strategy – the garden communities are simply catering for the area's housing requirements which have already been agreed.

1. Would the NEAs and NEGC Ltd please respond to the critique of the Topic Paper Build out rates in the Garden Communities (July 2019) [EB/082] in:

a) the Review of NEA Build Out Rates Topic Paper report (27 Sept 2019) prepared by Lichfields (Appendix A to Gladman's consultation response)?

4.1.1 The three main areas of criticism of the Topic Paper are summarised in the Gladman/Lichfields report below, alongside the NEAs' responses to them.

The effects of the recessionary and post-recessionary periods on build out rates

4.1.2 The NEAs position in the Topic Paper is that the *Start to Finish* report, whilst perhaps the most up to date and comprehensive research on the topic, is mostly based on data from the deepest recession that the UK has faced in living memory. The recession caused a disproportionate effect on the housebuilding industry as evidenced by the significant declines in housebuilding in the year immediately after the recession (the post-recessionary period).

4.1.3 The NEAs accept the critique's findings that build out rates should be adjusted upwards to reflect the recessionary and post-recessionary periods, despite the proposed uplift appearing very low compared with the decline of housebuilding levels across the UK at the time. The NEAs maintain that any robust evidence on build out rates should not treat the deepest recession in living memory as part of the normal economic cycle as claimed in the critique.

The reliance on forecasts rather than actual build out rates

4.1.4 The Topic Paper contains information from a number of sites which have built out at fast rates as well as a number of sites with anticipated high rates of delivery. Of the anticipated build out rates,

some have been scrutinised through Local Plan examination, but all have been informed by the best judgement of professional and commercial decision makers. As such, forecasts should not be disregarded as irrelevant to discussions on the build out rates at the garden communities.

4.1.5 The NEAs accept that forecasts can only ever be indicative, but the evidence suggests that build out rates are being forecast at much higher rates than 250dpa up and down the country based on the best and most up to date commercial information available to decision makers. Forecasts are only ever as good as the assumptions they contain, and the NEAs' have considered the main drivers of build out rates (size of site, early infrastructure provision, ability to diversify housing, public sector involvement, etc), as set out in the Topic Paper's literature review, to inform their assumptions.

There is a lack of a delivery strategy

4.1.6 Clearly the planning of the garden communities is at an early stage. Section 1 sets out the principle of the garden communities, not detailed strategies, policies or delivery plans. Rather the NEAs have committed to preparing a development plan document (DPD) to provide the required level of detail to guide the development of the garden communities in the coming decades.

4.1.7 The DPDs will include detailed delivery strategies which will demonstrate how the key factors influencing build out rates can be incorporated into the garden communities to achieve the desired build out rates. It is possible that the DPD will be supported by a local development order which would effectively grant an outline consent for the proposal, subject to appropriate conditions and other controls.

4.1.8 The critique of the Topic Paper misleadingly suggests that the proposal for development at Welbourne was backed by more detailed delivery information than the North Essex Garden Communities at the equivalent stage in its planning process. However, that statement does not reflect the fact that the Fareham Core Strategy only included strategic policies before a subsequent DPD was prepared to inform the Welbourne scheme. The North Essex garden communities will be supported by suitable delivery strategies at the appropriate time in the planning process (i.e. in the DPDs) as was the case at Welbourne.

4.1.9 Site promoters at each of the garden communities fully support the NEAs' build out rate assumptions. In doing so they have stated that they are confident the necessary delivery strategies can be prepared and operationalised to deliver at 300dpa or higher. These positions are confirmed in the statements of common ground.

4.1.10 The NEAs note the fundamental argument that the garden communities provide the potential to maximise the factors which influence build out rates is not challenged by the critique.

b) representations from other participants?

4.1.11 The comments from other participants are summarised below alongside the NEAs' responses to them.

The Topic Paper relies on forecasts instead of actual delivery rates

4.1.12 The NEAs' response to this point is set out in the answer to question 1a above.

The 250dpa build out rates means that there will be a shortfall of housing in the plan period

4.1.13 The total housing supply position for each local planning authority is made up of the garden community allocations in Section 1 and site allocations set out in each local planning authority area. Each local planning authority has sufficient flexibility within their Local Plans to ensure housing

delivery meets its requirements, and this will be examined as part of each authorities Section 2 Plans. Additionally, the Local Plans will be subject to review at regular intervals to ensure housing supply requirements are met.

The build out rate of 300dpa would require a minimum of six outlets at each garden community, or 18 outlets across the garden communities

4.1.14 This argument mistakenly assumes that all homes delivered will be for open market sale. As the Topic Paper explains the NEAs anticipate wide housing tenure diversity at the garden communities. For example, applying the minimum policy requirement of 30% affordable housing would entail the delivery of 210 open market sale dwellings per annum.

4.1.15 In addition to affordable housing, the NEAs will seek to deliver self and custom build housing, specialist housing for older people and those with support needs, as well as private rented sector housing. This would likely mean that less than half of new homes would be for open market sale, reducing reliance on market absorption.

4.1.16 In a worst-case scenario 70% of new homes at the garden communities will be sold to the open market. Assuming a total delivery rate of 300dpa, this would mean that only 210dpa will have to be absorbed into the market. Assuming that a single sales outlet would sell 40 homes a year, this would require between five and six outlets operating at any one time. Given the scale of the development, each garden community should be treated as a number of sites, each of which will contain different outlets.

4.1.17 Additionally, as evidenced in the Topic Paper, and restated below, the North Essex housing market area is defined by its strong latent demand. The garden communities serve a number of more localised sub-markets across North Essex, ensuring new supply attracts demand from a wide catchment area.

4.1.18 It should also be remembered that the garden communities will not result in any more homes being delivered than any other alternative spatial strategy; the same number of homes will need to be delivered across North Essex in any event. Therefore, the garden communities are purely catering for anticipated demand which has already been agreed through this Examination.

The garden communities are all included in a single strategic housing market area which will limit absorption rates

4.1.19 The garden communities being built out at 300dpa will not result in a higher rate of housing development than has been achieved in recent years within the strategic housing market housing area. Much smaller sites within close proximity to each other have achieved combined build out rates of over 250dpa on their own without strategic oversight or co-ordination. As the report states, this suggests high latent demand in the housing market area.

4.1.18 To reiterate a point already made - the garden communities will not result in any more homes being built in North Essex compared to alternative spatial strategies. The housing demand within North Essex has already been accepted by the Inspector so the corollary of that finding must be an acknowledgement that the market has sufficient capacity to absorb the NEAs' housing targets.

The Lichfields' 2018 update to the Start to Finish report states that housing delivery fell in the years subsequent to the original report

4.1.19 The data underpinning the blogpost is not publicly available, nor has it been submitted the Examination, therefore the NEAs are unable to provide detailed comments. Given the lack of an

opportunity for scrutiny the NEAs believe that this blogpost can hold no weight in the consideration of build out rates. The NEAs note that the 2018 update is not mentioned in Lichfields' own review of the Topic Paper. See the NEAs' response to the Inspector's specific question on that document, below.

The local example of Severalls Hospital and Chesterwell sites has delivered fewer than 300dpa

4.1.20 As stated in the report the inclusion of the example that two adjacent sites delivering at 250dpa collectively serves to demonstrate the strength of the local housing market within Colchester. The inclusion of the example is not intended as a direct comparison to what the garden communities are able to achieve as clearly the sites are very different in scale and scope, however it does provide a useful indication of recent strength in the housing market area.

Comparative sites in Northamptonshire and South Cambridgeshire are delivering lower than 300dpa

4.1.21 These schemes are in the early years of delivery (the first two years in the case of Northstowe) so they have not yet reached peak build out rate. Moreover, all sites differ in their attributes and no two sites will ever be the same but that does not mean sites do not share common attributes.

4.1.22 The purpose of the Topic Paper's literature review was to distil these attributes as they contribute to higher build out rates. The authors of the documents in the literature review agree on these attributes (albeit to different extents).

4.1.23 The Topic Paper compares these attributes with the attributes of the garden communities and the analysis is favourable in terms of the key attributes being present and/or enhanced at the garden communities. Comparisons with other sites should therefore be treated with caution.

The NEAs should carry out scenario planning at 250dpa and 300dpa

4.1.24 In line with the Inspector's request this has been carried out by the NEAs and is set out in the Supplementary Information to the Viability Assessment.

The NEAs should publish a housing trajectory for the garden communities

4.1.25 See Annex A at the end of this document.

Key to attaining a high build out rate is mixed development with different tenures being delivered at the same time, but this will create sales issues

4.1.26 This argument appears to suggest that mixed use developments and mixed tenures are both accelerators and decelerators of build out rates. The NEAs maintain that in line with the most recent Government review of housing delivery, the Letwin Review, housing diversity and mixed-use developments are essential to achieve high build out rates. The garden communities provide a greater ability to deliver housing diversity and mixed-use developments over incremental growth strategies.

The NEAs do not have the skills to deliver at such a high build out rate

4.1.27 The garden communities will not be delivered by the NEAs. The garden communities will be delivered by an appropriately resourced and financed delivery vehicle(s), either privately-led master developers or by a public sector delivery vehicle such as a local- led development corporation.

The Letwin Review should be interpreted as demonstrating that the garden communities cannot deliver high build out rates because the housing products will be similar across the sites

4.1.28 The NEAs' approach is based on mixed-use developments with wide housing diversity reflecting both the needs of the market and those not whose needs are not met by the market. The scale of the garden communities will mean that within each new settlement there will be a wide range of different housing developments.

4.1.29 To elaborate on this point, the neighbourhood centres will incorporate public transport hubs and will be supported by higher density housing. In contrast the edges of the settlements will be designed at a lower density, reflecting landscape sensitivities. Between these two contrasting housing types are a plethora of different character areas which will all appeal to different segments of the housing market.

4.1.30 This approach is conducive to housing diversity which is the key driver of build out rates and the ability to achieve this is greater at the garden communities when compared to uncoordinated incremental growth strategies.

The evidence relies on private rented sector homes being delivered but the policy direction of Government is to discourage this tenure

4.1.31 There is no evidence to suggest private rented sector homes will not form part of the future housing market. The policy direction of the previous Government was on discouraging 'buy to let' through reforms to the tax system. However, buy to let differs markedly from institutional private rented schemes which is what the Topic Paper refers to.

There is likely to be a lack of labour supply in the future because of the amount of construction taking place and due to the consequences of the UK leaving the European Union

4.1.32 This statement is not backed by any evidence. As already stated, the garden communities will not result in any additional housing than would be delivered in any of the other alternative spatial strategies. In other words, were the garden communities not to be developed, the same number of homes will need building in North Essex requiring the same level of labour to do so.

4.1.33 Nevertheless, the garden communities offer significant opportunities for skills development and 'whole career' opportunities within the construction and other related sectors. The NEAs are also considering the role that off-site construction will play in the creation of the garden communities as this sector continues to expand in the UK.

Due to outstanding decisions being made on delivery mechanisms, the NEAs cannot rely on the benefits of development corporation status

4.1.34 The Topic Paper (and wider evidence base) makes it clear that the development corporation model is an option being explored by the NEAs. It is entirely appropriate therefore, to set out the effects that such a body would have on build out rates. The NEAs have made clear that the public sector will have an active interest in any delivery vehicle and to different extents, many attributes of locally-led new town development corporations can be replicated in delivery models consistent with that requirement.

There have not been any new towns delivered in recent history so there are no recent examples to demonstrate how quickly they can be delivered

4.1.35 The NEAs agree that there are few contemporary examples of developments at the scale of the garden communities inform anticipated build out rates. However, all schemes are unique and the only way to understand the anticipated build out rates of the garden communities is to take account of their unique characteristics and consider how those characteristics will influence the pace of housing delivery.

4.1.36 As the Topic Paper suggests, the garden communities have all the key attributes to ensure a high build out rate. The Topic Paper also includes data from previous new town development corporations which substantially exceeded the 300dpa rate proposed.

4.1.37 Whilst the garden communities will not be delivered in the same way as Telford and Milton Keynes, Government has demonstrated its continued support for new settlements as a strategic source of infrastructure and housing delivery. This is evidenced in the NPPF's references to new settlements and the Garden City Principles; the successful HIF bid; the Government's progressing of legislation and guidance to allow for the creation of a new generation of locally-led new town development corporations.

4.1.36 More specifically, Government has provided capacity funding for the North Essex programme for several years and there is an expectation that future Governments will continue to provide an equivalent level of support for the garden communities.

2. Representations from a number of participants argue that lead-in times for the start of housing development at the proposed GCs would be longer than four or five years from the adoption date of the plan establishing their acceptability in principle.

a) What are the NEAs' and NEGC Ltd's responses to those arguments?

4.2.1 The NEAs agree with the Inspector's original finding that the necessary planning approvals can be in place within four years of the adoption of Section 1. On the basis of the evidence submitted the NEAs see no reason to depart from this reasonable expectation. The NEAs contend that the development plan documents (DPDs) required of Section 1 will provide strong and clear guidance to inform detailed planning applications.

4.2.2 Furthermore, the preparation of the DPD and a local development order (LDO) or hybrid planning application can be prepared concurrently to reduce timescales and duplication of work. Doing so would avoid the reliance of DPD adoption on the preparation of an LDO or planning application. The NEAs have already consulted on Issues and Options DPDs at each garden community.

4.2.3 Additionally, the examination of Section 1 has meant an unprecedented amount of evidence has been prepared by the NEAs compared to any other Local Plan examination. This has resulted in advanced discussions (usually held at later stages whilst determining planning applications) already having taken place as well as much of the evidence to inform the future DPDs and masterplans, already having been prepared.

4.2.4 Statements of common ground signed between the NEAs and relevant promoters, including NEGC, set out that the submitted delivery timetable and trajectories in the Local Plan are achievable under a range of delivery models. Indeed, in many cases the private sector is proposing a delivery rate exceeding 300dpa and coming forward faster than set out in the Local Plan.

b) What is the NEAs' and NEGC Ltd's expected timescale for each key stage (including masterplan & DPD adoption, outline planning permission and reserved matters approvals) from the adoption of the Section 1 Plan to the start of development at each GC?

4.2.5 The milestones below demonstrate how the required planning approvals for the Tendring Colchester Borders GC and West of Braintree GC can be in place within four to five years of the adoption of Section 1. The NEAs do not consider the lead-in time for Colchester Braintree Borders to be an issue because of the already proposed later delivery time of that scheme (as a result of strategic transport infrastructure requirements), which is likely to be dealt with through proposed modifications to the plan.

4.2.6 The milestones are set out separately for both public and private sector-led delivery scenarios with the former using the local development order (LDO) process and the latter using the traditional planning application process.

Public sector-led delivery

4.2.7 Large scale schemes inevitably need a strong public sector role to ensure the development comes forward to meet the required timescales, to the quality required by the masterplans and DPDs (which will deliver the Government's specified garden community qualities), and to ensure delivery of the necessary infrastructure. Therefore, the NEAs have been considering the implications of taking a more proactive role in scheme delivery, beyond support through development management and potentially towards a direct role in delivery and financing.

4.2.8 Accordingly, the NEAs have agreed 'in principle' to consider a direct role in the delivery of the garden communities. Subsequent business cases will be prepared to set out the approach to funding, delivery and governance. Once the examination is brought to a close this further work will be presented back to the NEAs for further corporate decision making outside of the statutory planning process.

4.2.9 The NEAs have agreed that NEGC Ltd should explore the establishment of a locally-led development corporation as enabled by the Neighbourhood Planning Act 2017 and set out in the New Towns Act 1981 (Local Authority Oversight) Regulations 2018. The NEAs consider that a locally-led development corporation could have great potential to deliver the garden community qualities identified by Government through the creation of a strong and focused body responsible for delivery with wide ranging powers in terms of land acquisition, funding and planning.

4.2.10 The preferred route to planning approval under this approach would be via the use of a local development order (LDO) because it would provide a faster route to an implementable consent compared to a traditional planning application route.

4.2.11 Under this scenario the anticipated milestones are as follows:

- Local Plan adoption – mid-2020
- Preparation and adoption of masterplan and DPD – 2019 to mid-2022
- Making and confirmation of first CPOs (if necessary) – 2021 to 2023
- Preparation and approval of site-wide local development order (LDO) and environmental statement – 2020 to late-2022
- Commencement of development – mid-2023/24

Private sector-led delivery

4.2.11 Whilst the NEAs consider that the garden communities will need some form of public sector oversight arrangements to reflect the magnitude of the proposals, the schemes can be delivered through a more traditional private sector or public-private partnership delivery route.

4.2.12 Under this scenario the anticipated milestones are as follows:

- Local Plan adoption – mid-2020
- Preparation and adoption of masterplan and DPD – 2019 to mid-2022
- Preparation and approval of outline planning application and satisfactory s.106 agreement - mid-2020 to late 2022
- Reserved matters approvals – 2023 onwards
- Commencement of development – early-2024

3. Would participants like to comment on:

a) The Homes and Communities Agency’s paper *Notes on Build out rates from Strategic Sites (July 2013)* submitted with the comments on EB/082 from GL Hearn on behalf of Andrewsfield New Settlement Consortium and Countryside Properties?

4.3.1 The NEAs support the findings contained in the paper, namely that strategic sites are capable of delivering at high rates (300-500dpa) providing they are able to influence the key factors which drive build out rates. The report also includes four sites which have delivered over 250dpa without the scale and public sector involvement proposed at the garden communities.

b) The Lichfields blogpost *Driving housing delivery from large sites: What factors affect the build out rates of large scale housing sites? (29 October 2018) [EXD/057]*?

4.3.2 The blogpost unfortunately does not provide the data which informs the assertions; as it cannot be scrutinised it should be disregarded.

4.3.3 As a general rule, the NEAs caution the use of averages across all large sites – clearly there are some schemes which are approved much more quickly than others depending on a multitude of factors such as the existing use and extant designations (e.g. green belt), infrastructure requirements, land remediation (for brownfield sites), objections from statutory bodies, etc.

4.3.4 The NEAs contend that the garden communities will be approved more quickly than many other schemes based on the responses to the lead-in time question above. Simply put – most large schemes are driven by the private sector with little guidance in the underlying local plan allocation – those schemes essentially begin from a ‘standing start’ once the relevant plan is adopted. That is not the case with the North Essex garden communities which already benefit from detailed supporting evidence and thorough consideration via the shared Section 1 Local Plan Examination process.

c) The University of Glasgow report *Factors Affecting Housing Build-out Rates (February 2008)* appended to CAUSE’s consultation response on EB/082?

4.3.5 The document only examines the build out rates of market sale dwellings. It is therefore of limited application to the broader discussion of build out rates across all tenures and for that reason it was not included in the Topic Paper’s literature review. Its age further limits its application being published twelve years ago and based on data which is significantly older. That being said the broad findings of the report are all entirely consistent with the NEAs’ position that a diversity of housing products will be required to achieve the anticipated build out rates.

4. a) How many outlets would be needed at each of the proposed GCs in order to deliver (i) 250dpa (ii) 300dpa (iii) 500dpa?

4.4.1 As explained in the Topic Paper, the NEAs ambition is for wide housing diversity at the garden communities. This means that the traditional model of maximising open market sales and minimising affordable housing will be departed from in favour of a more holistic approach. As outlined above this is likely to mean that fewer than half of new homes will be for open market sale.

4.4.2 However, for the purposes of this discussion, the NEAs assume a worst-case scenario that 70% of new homes at the garden communities will be sold into the open market. It is assumed, conservatively, that a single sales outlet would process 40 sales per annum. These assumptions provide the following figures:

- i) 250dpa total or 175dpa open market sales would require four to five (4.4) outlets in operation at any one time.
- ii) 300dpa or 210dpa open market sales would require five to six (5.25) outlets in operation at any one time.
- iii) 500dpa or 350dpa open market sales would require eight to nine (8.75) outlets in operation at any one time.

b) Is there evidence to show that the required numbers of outlets could successfully operate at each GC?

4.4.3 Comparable sites (in terms of scale) have seen five to six outlets in operation at any one time and have delivered over 300dpa (source: MHCLG):

- Ebbsfleet at 359dpa with average 4/5 outlets;
- North Greenwich at 359dpa with average 4/5 outlets;
- Western expansion area Milton Keynes at 401dpa with average 5/6 outlets;
- Nine Elms 519dpa with 5/6 outlets;
- Wembley Park at 527dpa with 5/6 outlets;
- Barking Riverside 572dpa with 5/6 outlets.

4.4.4 As already stated, both in this response to the Inspector's questions and in the Topic Paper, the scale of the garden communities mean that multiple areas can be developed in tandem with one another. This has the effect of developing neighbourhoods of different character at the same time so at any single point during the delivery of the garden communities there will be a wide range of housing choices available to prospective purchasers.

Annex A – housing trajectories for the garden communities

Site /year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total in plan period
Tendring Colchester Borders		100	150	200	250	300	300	300	300	300	300	2500
Colchester Braintree Borders							150	300	300	300	300	1350
West of Braintree - BDC		100	200	220	220	220	220	220	220	220	220	1960
West of Braintree - UDC		0	0	80	80	80	80	80	80	80	80	740
Total	0	200	350	500	550	600	750	900	900	900	900	6550