

# **North Essex Garden Communities Ltd**



## **Further Hearing Statement for Matter 4 (Build out rates)**

**December 2019**

## 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"?*

### Questions

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)?
  - b) representations from other participants?

NEGC Ltd takes a wider strategic perspective in response to critiques of the Topic Paper 'Build Out Rates in the Garden Communities' and the representations from other participants, rather than focus on individual detailed points raised. NEGC supports the conclusion of the NEAs paper that at least 300 dwellings per annum can be delivered in each garden community, and we believe that higher build out rates can be achieved.

The *Start to Finish* report and other information produced by Lichfield clearly sets out the issues that influence build out rates. Build out rates increase in favourable market conditions, on greenfield rather than brownfield sites, on larger developments, on sites where there is public investment in infrastructure, where the amount of affordable housing is at least 30% and where there is product diversity. The profile of North Essex Garden Communities aligns strongly with the influencing factors identified by Lichfields.

The Homes and Communities Agency's paper *Notes on Build out rates from Strategic Sites* (July 2013) states 'It is impossible to provide a standard average rate, but evidence would suggest that forecast trajectories for the very largest sites (say 4,000 units+) may be in the range of 300-500 units pa...'. Homes England, the Homes and Communities Agency's successor, has been working closely with NEGC and supports the approach taken on build out rates to deliver new communities and housing at better quality and faster pace than traditional private sector-led practice.

NEGC propose that the development of the North Essex Garden Communities is as a unique public sector-led initiative. Identifying directly comparable evidence is challenging. Evidence presented in the Letwin Report, the NEAs' Topic Paper, and the *Start to Finish* report, all highlight the following key facts:

- In Development Corporation-led large-scale developments in Milton Keynes, Telford and Ebbsfleet the build out rates are significantly higher than those projected by NEGC Ltd;
- Larger strategic land releases with elements similar to garden communities (infrastructure delivery, affordable housing, consortium approach) have delivered and plan to deliver average build out rates in excess of 300 dpa;
- Forecasts used by North Essex Garden Communities are in line with the forecasts produced by similar large-scale developments such as Harlow Gilston Garden Town.

The recent House of Commons Briefing Paper, *Stimulating housing supply - Government initiatives (England)*<sup>1</sup> sets out the supportive policy environment in which North Essex Garden Communities will be developed and the range of initiatives in place, including garden communities, to increase supply rates. The NEGC Ltd delivery proposals reflect the thinking outlined in this briefing paper. The policy environment in which development will take is substantially different from that in which some of the historical data is drawn.

In particular, there has been an over emphasis on data derived from private sector-led development. The approach as advocated by NEGC Ltd is not a traditional, private sector-led development and the majority of housing will not be developed for open market sale. The Avison Young *Local Plan Examination: Viability Evidence*, submitted to the further evidence base consultation on behalf of NEGC Ltd, stated:

‘First, there will be a variety of house products available from the outset, flats and houses, including market sale, affordable housing rent and affordable / intermediate sale, private rent, custom/self-build, housing for those seeking to downsize/retire and bespoke housing for the elderly. Second, the infrastructure, community/social as well as green & blue areas and roads/services, will be provided in advance of or alongside the housing so that occupiers will know that it is delivered or under construction. Third, the timing of the infrastructure will enable the sites to be opened up in a way that enables there to be multiple outlets, serviced and available for development.’

Housing diversification will be critical to delivering the garden communities vision and is also central to achieving the projected build out rates. The housing tenure mix used by Avison Young on behalf of NEGC Ltd in the viability assessments are as follows:

### 300 dwellings per annum

Tenure	Percentage	Units per annum
Market Sale	50%	150
Affordable Sale	12%	36
Affordable Rent	18%	54
Other market products: Private rent Custom Build Elderly	20%	60
Totals	100%	300

<sup>1</sup> Available at: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06416>.

### 500 dwellings per annum

Tenure	Percentage	Units per annum
Market Sale	40%	200
Affordable Sale	20%	100
Affordable Rent	20%	100
Other market products: Private rent Custom Build Elderly	20%	100
Totals	100%	500

The NEGC Ltd approach is based upon the delivery of housing for market sale at average build rates of 150 dpa within an overall build rate of 300 dpa, and separately 200 dpa within an overall build rate of 500 dpa. Affordable rented accommodation, shared ownership and discounted sales will make up 30% to 40% of total new homes. Other market products such as custom build, purpose-built housing for older people and private rented sector will make up the final 20%. In total it is planned that approximately 30% of all housing will be rented housing which gives greater control over build rates and mitigates against market downturns. Whilst the NEAs' material does not specifically refer to such a tenure split, there is no reason why it could not deliver the same type of diversity of products as advocated by NEGC Ltd.

## **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?**

NEGC Ltd agrees with the Inspector's original finding that is reasonable to assume that the necessary planning approvals can be in place in 4-5 years' time and does not see any evidence to justifying changing this finding.

NEGC Ltd has developed a business plan and operating budget to take forward necessary work. The activities of the company have to date been funded jointly by the Ministry of Housing, Communities and Local Government (MHCLG) via the Garden Towns & Villages programme and the Councils, and future funding is likely to include a blend of public and private external funding sources.

NEGC Ltd has appointed consultants to undertake the more detailed planning and design of the three proposed garden communities to evolve masterplans for the sites. An initial sequence of public engagement was carried out in November and December 2019. NEGC Ltd is in a position to progress the work further as soon as the Inspector's decision on Section 1 of the Local Plan is received and thereafter following its adoption working towards a site start in 2023/24.

### **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?**

NEGC Ltd Programme includes the following key annual dates:

- Local Plan Adoption: 2020/21 (summer)
- Masterplan: 2019/20 to 2021/22

- CPO: First CPOs made in 2021/22 and confirmed in 2022/23
- DPD Adoption: 2022/23
- LDO: 2022/23
- Commencement of development: 2023/24

**Questions for all participants, including the NEAs and NEGC Ltd**

**1. 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?**

This paper, based on East of England research, is considered key evidence and NEGC Ltd supports the findings of the paper and the statement that 'evidence would suggest that forecast trajectories for the very largest sites (say 4,000 units+) may be in the range of 300-500 units pa, and for the smaller strategic sites could be more in the range of 150-300 units pa'. The report also includes four sites which have delivered over 250 dpa without being fully comparable in terms of 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]?**

The blogpost draws build out rate information published by MHCLG for schemes across England and makes no mention of any regional variations. The blogpost once again sets out the case that delivery will be influenced by the size of the site, development on greenfield, high levels of an affordable housing and infrastructure provision which are all key elements of the garden community approach. NEGC Ltd contends that the delivery of garden communities as proposed by NEGC will be fundamentally different from traditional private sector- led development.

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

This research is over 10 years old, it is focussed on house builders rather than developments; and 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. However, the broad findings of the report are all entirely consistent with the NEGC Ltd's position that a diversity of housing products will be required to achieve the anticipated build out rates.

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

Care needs to be taken not to treat a garden community as a traditional 'site'. When it is being developed it will be of a scale akin to several large sites, with different physical and market characteristics, each of which will support several outlets.

**I. 250 dpa**

Applying an assumption that 50% of production would be open market sales and a mid-range assumption of 40 sales per outlet annum (0.75 sale per week), this would involve 3/4 sales outlets.

**II. 300 dpa**

Applying the Avison Young viability assumptions would mean that 150 units would be for open market sale. Applying a mid-range assumption of 40 sale per annum (0.75 sale per week), this would involve 4 sales outlets.

**III. 500 dpa**

Applying the Avison Young viability assumptions would mean that 200 units would be for open market sale. Applying a mid-range assumption of 40 sale per annum (0.75 sale per week), this would involve a minimum of 5 sales outlets.

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

The approach is fully consistent with both current practice and forecasting for other sites of a more comparable scale and nature.

Proposals for Harlow and Gilston (Gilston villages and east of Harlow sites) suggest an average build out rate of 302 dpa at Gilston and 335 dpa at east of Harlow – these figures (distilled from data sourced from Ove Arup 2019<sup>2</sup> - the applicant's figures for delivery are higher again) are likely to be supported by between 4/6 sales outlets at any one time across each of the locations independently. These figures very much accord with NEGC's findings (as set out above) for both the 300 dpa and 500 dpa scenarios. Gilston is being brought forward as a 'Garden Town' with strong public sector involvement to coordinate and manage its strategic growth.

The Manydown scheme in Hampshire involves the delivery of 3400 new homes on public sector land, and with a delivery structure with a strong public sector role. The forecast for open market sale and affordable housing excluding older person housing is an average of 283 dpa. The assumption is that a typical market outlet would complete 48 market units per year and with 40% affordable housing this equates to 12 market units and 8 affordable units per quarter with no more than 4 concurrent schemes of market housing for sale.

Other sites with comparable build out rates and similar sales rates to North Essex Garden Communities include:

- Ebbsfleet at 359 dpa with average 4/5 outlets;
- North Greenwich at 359 dpa with average 4/5 outlets;
- Western expansion area Milton Keynes at 401 dpa with average 5/6 outlets;
- Nine Elms 519 dpa with 5/6 outlets;

---

<sup>2</sup> See <http://www.efdclocalplan.org/wp-content/uploads/2019/04/ED34-and-EB1418-Harlow-and-Gilston-Garden-Town-Infrastructure-Delivery-Plan-HDH-Planning-Development-and-Arup-April-2019.pdf>.

- Wembley Park at 527 dpa with 5/6 outlets;
- Barking Riverside 572 dpa with 5/6 outlets.

Note: dpa figures are sourced from MHCLG figures and are used to calculate average outlets.

Neighbourhood development will be at the heart of the placemaking approach and will drive the phasing of housing sites. It is envisaged that development will be focussed on neighbourhoods of between 1,500 and 2,000 homes centred on community facilities such as primary schools and each neighbourhood will be developed over a period of 6 to 7 years through partnerships involving the private sector, housing associations and other providers. In each garden community, it is planned that two or three neighbourhoods will be under development at any one time providing a range of different design and house types including a range of different housing tenures or products. Garden communities will therefore be able to absorb higher levels of housing demand compared to dispersed development and consequently each of the neighbourhoods or villages will be able to support several outlets.