Build out rates in the Garden Communities

North Essex Authorities

July 2019

Braintree District Council

COLCHESTER

Tendring District Council

Contents

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1. Introduction

1.1 This Topic Paper has been prepared by the North Essex Authorities ('NEAs': Braintree District Council, Colchester Borough Council and Tendring District Council) as further evidence to support the proposals in their shared strategic Section 1 Local Plan ('Section 1').

1.2 The Paper sets out the issues identified by the Inspector in his initial findings (see 8th June 2018 letter to the NEAs) relating to the build out rate assumptions for housing in the proposed Garden Communities. The Topic Paper then summarises the evidence considered at the Section 1 Examination; carries out a literature review of recent relevant publications including the Letwin Review into build out rates. The Paper also considers further evidence on build out rates achieved and anticipated elsewhere in the UK.

1.3 The information and commentary contained in this Paper is, to the best of the NEAs' knowledge, correct at the time of publication July 2019. The Paper will be subject to public consultation before being submitted to the Section 1 Examination.

2. Background

2.1 The North Essex Authorities ('NEAs': Braintree District Council, Colchester Borough Council and Tendring District Council) have prepared a shared strategic Section 1 Local Plan ('Section 1') to guide strategic development in North Essex up to 2033 and beyond. The key spatial proposals of Section 1 are three new Garden Communities supported by new strategic transport infrastructure, environmental improvements, social and community facilities, delivered within a framework that prioritises quality of place and living environment.

2.2 The NEAs submitted Section 1 to the Planning Inspectorate in October 2017 and Examination hearing sessions were carried out in January 2018, followed by additional sessions in May 2018. Section 3 of this report sets out the evidence and build out rate assumptions which were considered by the Inspector at the Examination hearing sessions. Following the conclusion of the hearing sessions the Planning Inspector sent his interim findings to the NEAs on 8th June.

2.3 In the Inspector's interim findings, a number of concerns were raised with the soundness of Section 1 as submitted, including issues with the Sustainability Appraisal, strategic transport infrastructure proposals and viability assumptions. Of relevance to this Topic Paper the Inspector also raised concerns with the assumed build out rates of new housing within the Garden Communities which were considered as overly optimistic and not supported by sufficient evidence.

2.4 In response to the NEAs' initial evidence the Inspector proposed that an alternative, lower figure of 250 dwellings per annum should be used to inform the average development trajectories of the Garden Communities. The Inspector's interim findings stated:

> *48. The NEAs' own publications envisage each of the three proposed GCs starting to deliver housing in 2023/24. WoBGC is expected to deliver 250 dwellings in that first year and in each subsequent year to the end of the Plan period (2033). The other two GCs would build up more gradually to rates of 300 dwellings per annum [dpa] for TCBGC from 2027/28 onwards and 350dpa for CBBGC from 2031/32 onwards. The Hyas appraisal envisages slightly different delivery rates.*
>
> *49. Credible research by NLP indicates that sites over 2,000 dwellings take an average of around seven years from the submission of the first planning application to the delivery of the first dwellings on site. However, it also shows that planning approval for greenfield sites tends to take somewhat less time than for brownfield. Moreover, the work already done by the NEAs and others to develop concept frameworks and masterplans for each GC would help shorten that time further.*
>
> *50. On this basis I consider it 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. However, that timescale could alter depending on how long it takes to put the necessary infrastructure in place, as discussed above.*
>
> *51. The NLP research found that greenfield sites providing more than 2,000 dwellings deliver around 170dpa on average, with substantial variation around that mean figure. Factors supporting a higher delivery rate include the market strength of the area, the size of the site, public sector involvement in infrastructure provision, and the proportion of affordable housing.*

52. All these factors suggest that GCs in North Essex could achieve build-out rates higher than the NLP average. Nonetheless, out of the 13 sites in this category NLP identified only one large site which achieved average delivery of more than 300dpa, and the data for that site cover a period of only three years. Moreover, their analysis of the few sites for which data is available over 10 years or more revealed pronounced peaks and troughs in the annual delivery figures.

53. All this leads me to the view that, while it is not impossible that one or more of the GCs could deliver at rates of around 300dpa, it would be more prudent to plan, and carry out viability appraisal, on the basis of an annual average of 250dpa.

2.5 The NEAs have interpreted the Inspector's interim findings as not raising any particular concerns with the broader delivery timescales (the planning approvals phase and the site preparation/ infrastructure delivery phase). The Inspector noted in his interim findings that he considered it reasonable to assume that the planning approval process would allow housing delivery at any GC to start within approximately four or five years from the point at which the principle of development is established (which in this case would be the adoption of Section 1). That continues to be the NEAs' assumption.

Figure 1: Simplified stages of residential development.

2.6 This Paper therefore focusses on the build out phase or the rate at which housing is constructed once the necessary planning process requirements and necessary site preparation works have been completed. The Topic Paper does however consider the potential constraining effects of other elements in the delivery of the sites.

2.7 In doing so this Topic Paper aims to inform considerations relating to the build out rates of the Garden Communities by looking at additional evidence alongside the specific attributes of the North Essex Garden Communities in so far as they can serve to accelerate the delivery of new housing.

3. A summary of the NEAs' evidence considered at the Section 1 Examination

3.1 The NEAs evidence to the Examination to support the assumed build out rates in the Garden Communities was summarised in the NEAs' hearing statement submitted in response to Matter 6 of the Examination[1]. A summary of this evidence is provided below.

3.2 In brief, the Viability Assessment[2] assumed the following build out rates at the Garden Communities:

- West of Braintree Garden Community – 300dpa (dwellings per annum);
- Colchester Braintree Borders Garden Community – 350dpa, rising to 500dpa beyond the plan period (post-2033);
- Tendring Colchester Borders Garden Community – 250dpa.

3.3 The Viability Assessment also assumed that in the first and second years of delivery the build out rate would be approximately 25% and 50% of the future annual rate (respectively), to allow for site logistics and market demand to be established in the area.

3.4 Earlier evidence on build out rate assumptions was provided in the Concept Feasibility Study[3]. This study stated that build out rates of 300dpa at West of Braintree, 360dpa at Colchester Braintree Borders, and 240dpa at Tendring Colchester Borders would be a reasonable basis for projecting the delivery of housing at those locations. These figures were informed by assumptions relating to the number of outlets anticipated to be in operation at each site as well as a consideration of the delivery model and the potential to deliver a range of housing products such as custom and self build and starter homes.

3.5 The Section 1 Examination heard evidence supporting a higher rate of delivery submitted by the Andrewsfield Consortium, specifically in respect of the West of Braintree Garden Community. This evidence suggested that a build out rate of 385dpa was achievable.[4]

3.6 The NEAs' hearing statement provided justification for the assumptions contained in the Viability Assessment and the Concept Feasibility Study. These justifications, whilst aimed predominately at the Colchester Braintree Borders Garden Community's anticipated build out rate of 500dpa post-2033, are applicable to the three sites:

- The scale and form of the Garden Communities allow for multiple areas to be developed in tandem thereby creating multiple strategic sites across an area each of which would be suitably distinctive and geographically dispersed to be able to support multiple sales outlets in their own right;
- The involvement of the public sector to raise funds to accelerate the delivery of infrastructure, effectively de-risking the involvement of house builders;

[1] Matter 6: The proposed new garden communities – general matters (policies SP7, SP8, SP9 & SP10; paragraphs 9.1-9.2) https://www.braintree.gov.uk/downloads/file/7197/matter_6_nea_response_dec_2017.

[2] EB/013 North Essex Local Plans Viability Assessment (Section 1) Main Report – Pages 20-21 (https://www.braintree.gov.uk/downloads/file/6906/eb01312_north_essex_local_plans_viability_assessment_section_1_main_report_april_2017).

[3] EB/008 North Essex Garden Communities Concept Feasibility Study (Vol 3) Concept Options & Evaluation Section 8.4 (https://www.braintree.gov.uk/downloads/file/6903/eb00844_north_essex_garden_communities_concept_feasibility_study_vol_3_concept_options_and_evaluation_june_2016).

[4] Representation by Andrewsfield Consortium on BDC Section 1 Publication Draft Local Plan (IDs 504 & 505, attachment 13).

- The involvement of the public sector in the marketing and promotion of the Garden Communities to boost demand;
- The promotion and inclusion of a wide range of tenures and housing products including self and custom build housing opportunities, sheltered housing, and private rented sector housing, all of which may require additional support from the public sector to ensure it is viable.

3.7 In response to the specific question regarding the 'rate of output' raised by the Inspector, a number of Examination participants raised concerns over the lead-in time prior to the commencement of housing development[5]. These concerns were predominately focussed on the planning process and initial site preparation work/infrastructure delivery stage associated with strategic housing sites which can delay the overall delivery of the Garden Communities. Concerns were also raised about the headline rate, or maximum build out rate, of the sites once the developments were up and running. To support these concerns the Nathaniel Lichfield & Partners' *Start to Finish* report was heavily relied upon.

3.8 As discussed in the previous section, this Topic Paper focusses on the build out rates of the Garden Communities once the necessary planning approvals are obtained and the site preparation works and necessary enabling infrastructure delivery works have been carried out.

[5] See for example: Representation by Gladman Development Ltd on BDC Section 1 Publication Draft Local Plan (IDs 549, 550 & 551) and CBC Section 1 Publication Draft Local Plan ID S1.119/7162; Representation by Persimmon Homes on CBC Section 1 Publication Draft Local Plan (ID 6912).

4. Literature Review: Nathaniel Lichfield & Partners – *Start to Finish: How Quickly do Large-Scale Housing Sites Deliver?*[6]

Purpose of report

4.1 The Report was prepared to investigate the delivery times of large sites following the publication of the National Planning Policy Framework (NPPF) when many Local Planning Authorities (LPAs) were reviewing their Local Plans to be compliant with the requirements of the new national policy. The Report has subsequently been quoted extensively at Local Plan Examinations to challenge LPAs' housing trajectories in order to make the case for allocating more land for residential development.

4.2 The Report's remit covers 'delivery' in the broadest sense of the term. That is, it is concerned with the period of time taken from initial promotion of the site (the 'lead-in time' as described in the report) to the construction of homes. This period includes all the various development stages, such as securing a development plan allocation, obtaining implementable planning approval, clearing and preparing the site, installing supporting infrastructure, discharge of pre-commencement conditions, etc.

4.3 The Report therefore looks at a wider timeframe in the life of large sites than just their build out phase, (i.e. the delivery of housing once an implementable planning approval is obtained and enabling infrastructure delivered). For this reason, much of the Report's findings are not relevant to this Topic Paper but given the reliance on the Report at the Section 1 Examination, and in the Inspector's subsequent interim findings, it is important to understand the Report's findings and relevance to the Garden Communities' build out rates.

Key findings

4.4 Lichfields carried out a desk-based review of the lead-in times and build out rates on 70 different strategic housing sites delivering 500 homes or more to understand what factors might influence the rate of delivery. The Report contrasts 83 small sites delivering between 50 and 499 homes to provide further analysis of delivery rate trends at varying scales.

4.5 The Report provides an important source of data and analysis on the lead-in times and build out rates of the large sites sampled over the period of time it covers. Importantly however, the Report's data on build out rates generally covers the recessionary and post-recessionary period associated with the 2007/8 financial crisis. This period was notable for the significant negative effects the financial crisis had on the construction sector, especially the housebuilding industry (see Chart 1). The latest available data relied on by the Report is 2014/15 which reflects the tipping point for rising dwelling completions.

[6] https://lichfields.uk/media/1728/start-to-finish.pdf

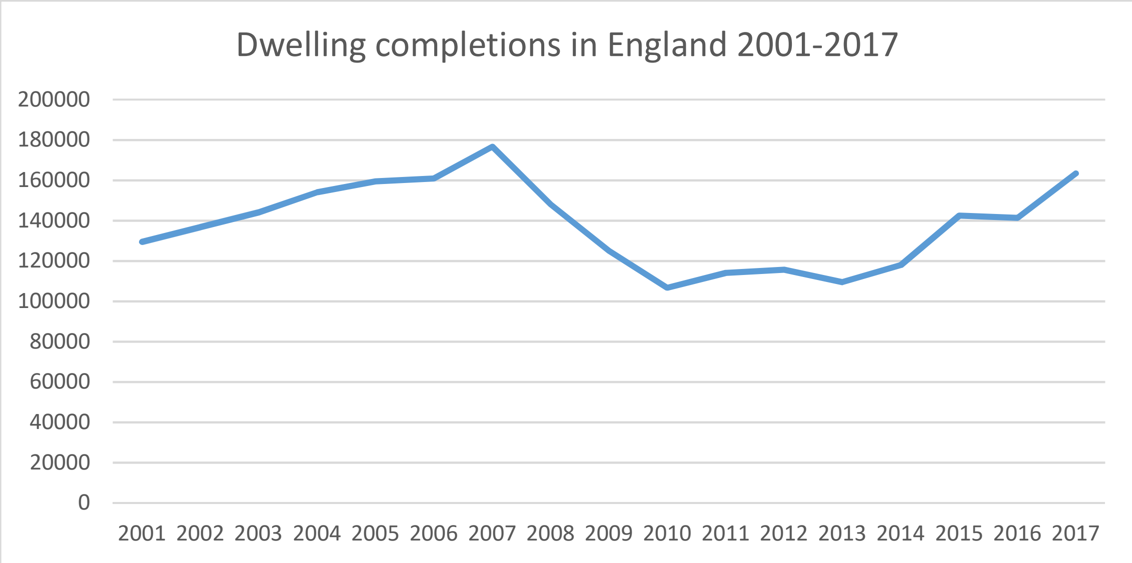


Chart 1: Dwellings completions in England, 2001-2017 (Source: MHCLG).

4.6 When considered together, Chart 1 and Chart 2 demonstrate that the majority of the quantitative data relied upon in the Lichfields Report overlaps (partially or entirely) with the post-recessionary period.

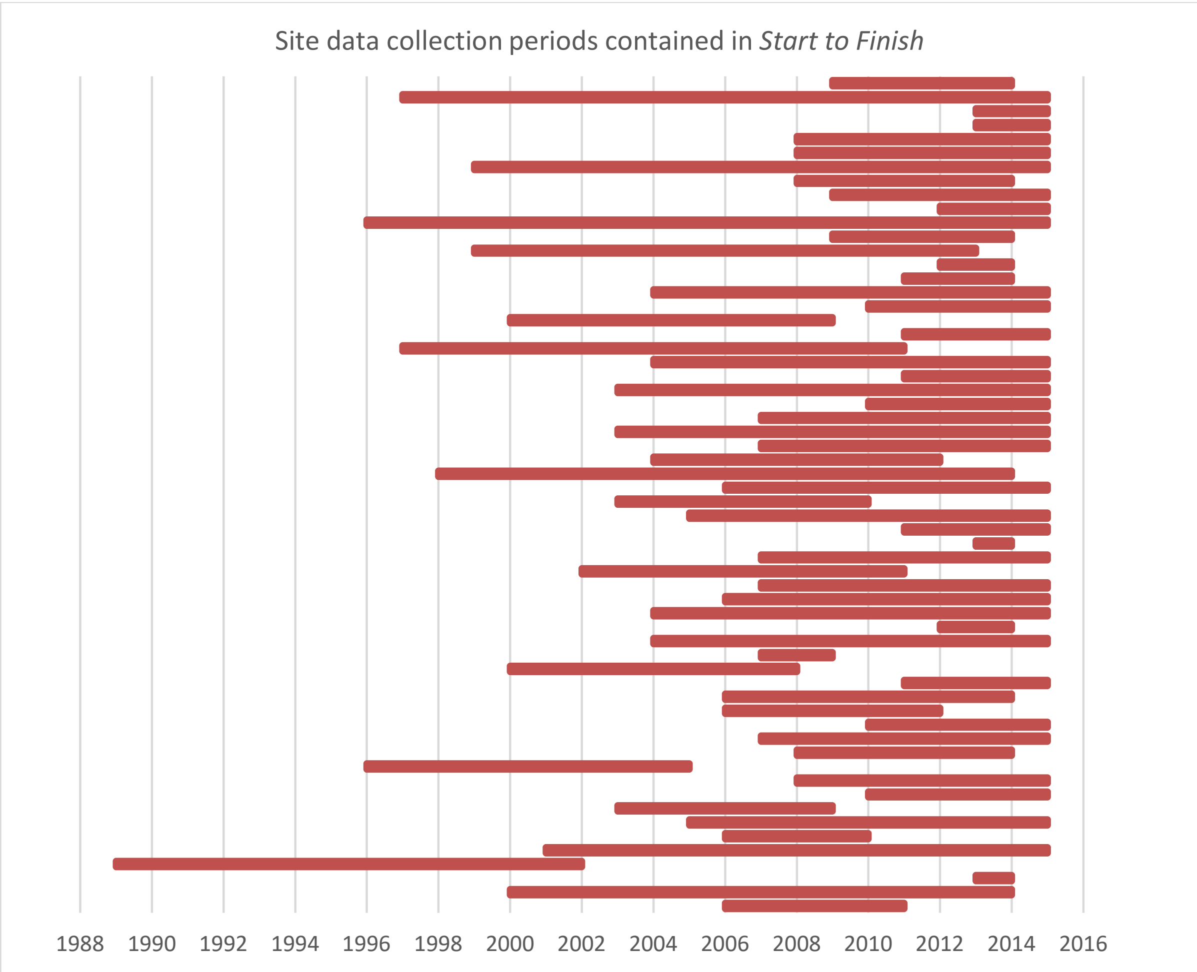


Chart 2: Site data collection periods contained in Start to Finish (Source: Start to Finish, Lichfields).

4.7 This is particularly problematic because not only was the 2007/8 recession widely considered to be the worst economic downturn in recent history, its negative effects on the construction industry were longer and deeper than the wider UK economy[7]

4.8 It is of course accepted that periods of downturn (and upturn) are a normal feature of a functioning housing market, however most of the build out data in the Report does not cover the full market cycle and consequently the data is not representative of 'normal' market conditions. In fact, it could be argued that given the nature of the recession, the data is representative of abnormal market conditions.

4.9 Due to the data's skewing in favour of the recessionary period the Report inevitably depresses the rate of build out on the sites sampled. As a result, the findings of the Report cannot, in isolation be used to forecast future build out rates.

Other findings

4.10 As mentioned, the Report had a wider remit than just the build out stage of large sites; the report also identified a number of issues relevant to the overall delivery time of large sites. In relation to the build out phase only, the Report identified the following factors as critical to build out rates:

- The size of the development (larger sites tend to deliver more units a year);
- The ability of the development's scale, configuration and delivery model to support additional sales outlets;
- The strength of the local housing market;
- The ability of the development to tap into local demand from one or more existing neighbourhoods;
- The density and mix of housing to be provided in the development;
- The proportion of affordable housing being delivered;
- The provision of other forms of housing, such as 'build to rent';
- The early provision of new infrastructure, such as schools, to support the new community;
- The presence of trigger points or phasing issues that may affect the build out rate achievable in different phases.

4.11 Section 7 of this Topic Paper considers these factors in respect of their applicability to the Garden Communities.

[7] *Construction industry: statistics and policy*, House of Commons briefing paper number 01432, 27 December 2018 (http://researchbriefings.files.parliament.uk/documents/SN01432/SN01432.pdf).

5. Literature Review: Rt Hon Sir Oliver Letwin MP - *Independent Review of Build Out*[8]

Purpose of the report

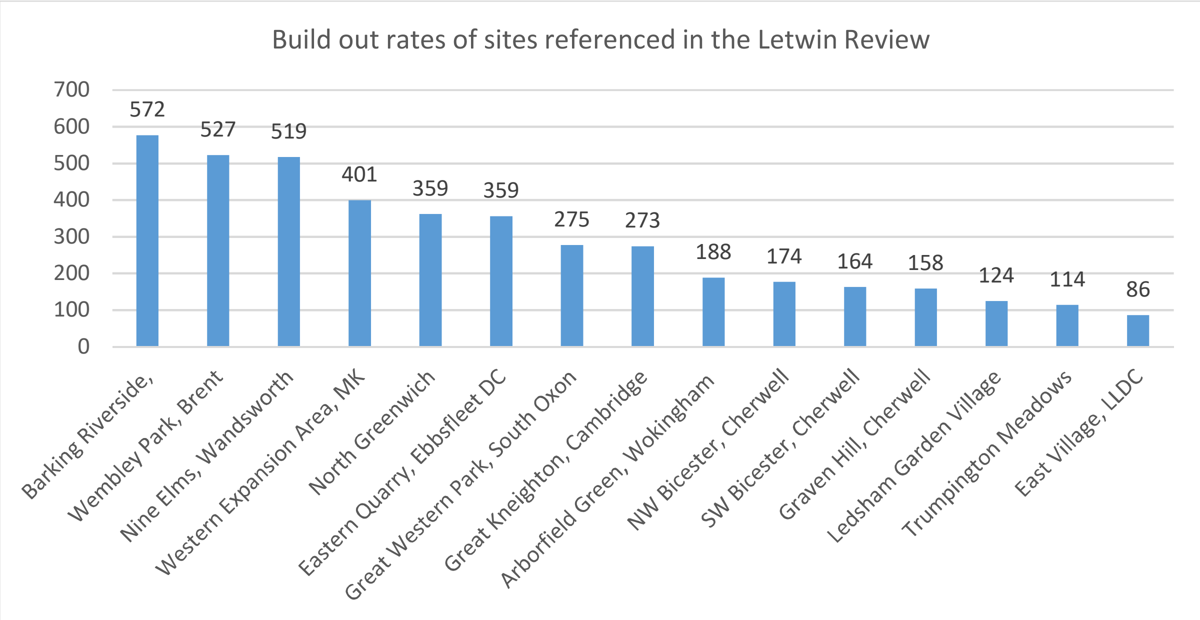
5.1 The Letwin Review was announced by the Chancellor of the Exchequer at the time of the Budget in Autumn 2017. The purpose of the review was to explain the significant gap between housing completions and the amount of land allocated or permissioned in areas of high housing demand, and to make recommendations for closing it. The report therefore focuses on the issue of the build-out rate of fully permitted new homes on the largest sites in areas of high housing demand.

Key findings

5.2 The Review carried out quantitative analysis of large sites (sites over 1000 dwellings in capacity) in England in order to investigate their rate of delivery. The findings suggested that the median build out period starting from the point an implementable consent is obtained and ending when the last dwelling is completed was 15.5 years.

5.3 In terms of the absolute build out rates of the large sites analysed, the Review found that the sites were delivering a range of between 572 (at Barking Riverside) and 86 (at the London Legacy Development Corporation's East Village).

Chart 3: Build out rates of sites referenced in the Letwin Review (AX26) (Source: Letwin Review).



5.4 In interpreting these numbers and applying the findings to North Essex it is important to understand how the sites contained in the Letwin Review relate to the Garden Communities and what comparisons can be drawn. For example, the five sites with the lowest build out rates are substantially smaller than (<2,500) the Garden Community proposals in North Essex. The site which

[8] Rt Hon Sir Oliver Letwin MP - *Independent Review of Build Out* (Draft Analysis – June 2018; Final Report – October 2018) (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718878/Build_Out_Review_Draft_Analysis.pdf and https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752124/Letwin_review_web_version.pdf)

is most comparable in terms of scale only to the GCs is North Greenwich with 15,737 units and a build out rate of 359 units per annum.

5.5 The Garden Communities will be developed in a phased manner, with overlaps in terms of the number of phases being developed at any one time. This is relevant because the Bicester sites included in the Letwin Review (i.e. Graven Hill, South West Bicester and North West Bicester), are part of the same settlement, should not necessarily be interpreted as being separate sites for the purposes of calculating build out rates. Rather, it is more appropriate to view these as phases of a single larger development. The concurrent development of the sites demonstrates that absorption rates should be interpreted in light of the proximity of the sites to one another because they will be competing for similar demand within the same local housing market. The same principle can be applied to any local area subject to multiple strategic developments. The review indicates that even in such circumstances high build out rates can be sustained.

5.6 In terms of the proportional build out of large sites, which the Review suggested is a key metric for calculating build out rates, the quantitative analysis suggested that the median annual percentage build out of sites over 3,000 dwellings in size was 5.7% per annum. Applying the same rate of delivery to the Garden Community sites would provide an indicative build out rate of 399-570dpa at West of Braintree, 855-1368dpa at Colchester Braintree Borders, and 399-513dpa at Tendring Colchester Borders. Those figures are materially in excess of those anticipated by the NEAs.

5.7 Whilst it would be imprudent to extrapolate the findings of the Review without taking into account the wider context of both the case study sites and the Garden Community sites, doing so does nevertheless reveal that higher build out rates are supported by the available evidence.

5.8 It should also be noted that the Review makes clear that there is correlation between the size of the site and the proportion of the site built out each year although very large sites will almost always deliver a higher absolute number of homes per year than large sites but the proportion of the site built out each year is likely to be smaller.

Fundamental explanations

5.9 The principal finding of the Review was that the homogeneity of the types and tenures of the homes on offer on large sites, and the limits on the rate at which the market will absorb such homogenous products, are the fundamental drivers of the slow rate of build out.

5.10 Letwin's letter to the Chancellor and Secretary of State on 9th March 2018 (reproduced in the Draft Analysis) provides further explanation on this finding:

> *The fundamental driver of build out rates once detailed planning permission is granted for large sites appears to be the 'absorption rate' – the rate at which newly constructed homes can be sold into (or are believed by the house builder to be able to be sold successfully into) the local market without materially disturbing the market price. The absorption rate of homes sold on the site appears, in turn, to be largely determined at present by the type of home being constructed (when 'type' includes size, design, context and tenure) and the pricing of the new homes built.*

5.11 This point is elaborated on in the findings:

> *…if either the major house builders themselves, or others, were to offer much more housing of varying types, designs and tenures including a high proportion of affordable housing, and if more distinctive settings, landscapes and streetscapes were provided on the large sites,*

and if the resulting variety matched appropriately the differing desires and financial capacities of the people wanting to live in each particular area of high housing demand, then the overall absorption rates – and hence the overall build out rates – could be substantially accelerated.

5.12 The conclusion that the fundamental driver of build out rates is the absorption rate provides welcome clarity to the Examination and demonstrates that build out rates are directly linked to the demand for the housing that is on offer. Put another way, if large sites offer a wide range of housing that appeals to a wide range of different housing demands (both existing and future), the build out rates could be substantially accelerated.

5.13 The Review makes a number of recommendations for how housing diversity can be achieved within a site, to enable increased market absorption rates for these different housing products. These recommendations include creating new powers for local authorities to indirectly or directly intervene in the delivery of these sites.

Other findings

5.14 In addition to the key findings regarding market absorption, the report also identified other potential constraints to the build out rates of large sites:

- lack of transport infrastructure,
- difficulties of land remediation,
- delayed installations by utility companies,
- constrained site logistics,
- limited availability of capital,
- limited supplies of building materials, and
- limited availability of skilled labour.

5.15 In response to the first of these issues the Review recommends that more effective coordination between Government departments, agencies and private sector operators was urgently required to improve and speed up the delivery of transport and utility infrastructure. Although this recommendation was in respect of brownfield sites, the need for effective coordination is clearly relevant to all large sites, brownfield or greenfield. The Inspector raised in his interim findings of 8 June 2018 concerns about the timing of the delivery of transport infrastructure. Further work has been undertaken to ensure that the delivery of the GCs is properly co-ordinated with infrastructure delivery.

5.16 The Review's recommendation in respect of the limited availability of labour stated that this would be a binding constraint unless there was a substantial move away from brick-built homes, significant import of skilled bricklayers from abroad, or an 'implausibly rapid move to modular construction techniques'. The Review states that the only realistic method of addressing the shortage of skilled labour was to implement a rapid programme of on-the-job training.

5.17 Section 7 of this Topic Paper considers these factors in respect of their applicability to the Garden Communities.

6. Literature Review: Savills Research – *What Next for Housebuilding?*[9]

Purpose of the report

6.1 Savills Research carried out their own analysis in response to the interim findings of the Letwin Review (see previous section) to test its 'fundamental explanation' of build out rates, i.e. that housing product diversity is the key driver in increasing the market absorption of new homes. Savills' report tested Letwin's findings on 30 large (over 1000 homes in capacity) residential development sites across the UK. The analysis was based on assessing sales rates against the range of variation of housing types for sale (detached, semi-detached, terraced, and flats) on each site.

6.2 The Savills report only looks at sales rates on development sites. The findings of the report are accordingly only applicable to the build out rate of homes for market sale.

Findings

6.3 The research demonstrated that whilst there is a correlation between more diversified sites and a higher sales rate, the relationship is inconsistent and therefore are other factors must be involved.

Impact of housing diversity on sale rates

6.4 According to the Savills report the sites achieving the highest sales rates all provided a wide range of housing types (for sale). For example, the West Expansion Area in Milton Keynes had the highest sales rate of the sample analysed and the site's most prevalent house type (detached, semi-detached, terraced or flats – the report doesn't specify which was most prevalent) accounted for 36% of units sold and the least prevalent house type accounted for 18% of units sold. In comparison sites achieving lower sales rates tended to have one house type dominating delivery, accounting for over 50% of all sales.

6.5 The impact of product diversity was demonstrated by the report's comparison of build out rates at Great Western Park at Didcot and Beaulieu Park in Chelmsford. Whilst the sites have a similar capacity (3,300 and 3,600 homes respectively), the private sales have averaged at least 195 per annum at Great Western Park compared with 120 per annum at the initial stage of Beaulieu Park.

6.6 At Great Western Park, a wide variety (type and size) of homes for sale have been delivered, whereas the first phase of Beaulieu Park has focussed its market delivery on larger homes with detached homes comprising over 60% of all units delivered. The research therefore confirms the link between housing diversity and build out rate as espoused in the Letwin Review.

6.7 However, the Savills report also highlights that a diversity of housing types is not the only relevant factor in increasing build out rates.

The impact of local competition and pricing on sale rates

6.8 The report states that the broader market context for each site is the main influence on sales rates. In this respect the level of local competition amongst sites is a key limiting factor on the pace of sales. Savills demonstrate this point by stating that the sites with the fastest build out rates of those it assessed were supplying over 50% of new build homes within a two-mile radius. The correlation between sales rate and the share of the local new build market was found to be 2.5 times stronger than the correlation between sales rate and product variation.

[9] https://pdf.euro.savills.co.uk/uk/residential---other/spotlight-what-next-for-housebuilding.pdf

6.9 Savills' report suggests that the price of new housing relative to the average sales values found within an area is also a factor on sales rates. The report notes that where sites are successfully selling high numbers of new homes, particularly in less affordable areas, the homes tend to be priced in line with or below the local market. To back up this point the example of Great Western Park is used. This site has experienced a high sales rate and has had sales values 2% lower than the average local new build market. In comparison new housing developments at North West Bicester, Ledsham and Ashford were all selling at between 2-12% above the local market averages and had much lower sales rates.

Housing market activity and sale rates

6.10 Finally, the report states that another factor influencing build out rates should be taken into account: the overall activity in a housing market, i.e. the number of transactions taking place. The report states that new build sales have historically tended to follow overall market activity, typically accounting for 10% of overall transactions. According to the research, in recent years the proportion of new build transactions relative to all transactions has risen to 12% as a result of Help to Buy and it is questionable if that will rise further, even with increased product diversity.

6.11 Essentially the report draws the conclusion that unless overall transactions increase, new build sales rates will not be able to increase even if diversity of housing products is delivered. The report therefore argues that developers must tap into other parts of the housing market including private rented homes and affordable rented housing, it new build sales rates are to increase.

6.12 Summary of report in relation to sales rates:

- Diversity of housing type and size: increases sales rates;
- Local competition: the higher the competition, the lower the sales rates;
- Relative prices: the lower new builds are priced relative to the average new build market, the higher the sales rate;
- Overall activity in a housing market: the more overall activity, the higher new build sales rates; and
- Overall activity in a housing market: the only way to increase build out rates is to deliver other tenures to market sale, such as private rented homes and affordable rented housing.

7. Implementing the Literature Review Findings

7.1 The literature review has provided a critical overview of the key drivers and factors that influence build out rates on residential developments. Although the studies examined in the literature review differ in the presentation of their findings, there are a number of common themes within them in terms of the factors which influence build out rates:

- Market absorption: i.e. the rate at which newly constructed houses can be sold into the local market:
  - size of site, i.e. the absolute number of units being delivered
  - ability to diversify housing products, e.g. type, size, tenure;
  - price of housing product relative to local new build market;
  - local competition;
- Timing and certainty infrastructure provision, i.e. schools, transport, etc;
- Strength of the local housing market; and
- Site specific constraints: difficulties with land remediation; delayed installation by utilities companies; constrained site logistics; limited availability of capital; limited supplies of building materials; limited availability of skilled labour.

7.2 These themes are covered in more detail below and their relevance to the Garden Communities is considered in light of the available evidence.

Size of site, i.e. the absolute number of units being delivered (Lichfields and Letwin)

7.3 Both the Lichfields and Letwin reports find that the size of a site is important influencing factor in its build out rate. In one way this is an obvious conclusion because there is a larger overall number of units to be delivered . The Letwin report goes further to suggest that the number of sales outlets is the determining variable rather than the sheer scale of the site in absolute terms. Both reports are nonetheless clear in their findings that larger sites are delivered proportionally faster that their smaller counterparts.

7.4 The propensity of a large site to provide numerous sales outlets is closely related to the 'fundamental explanation' of the Letwin report; the larger the site is, the more scope there is for diversification of townscape and landscape within it. For example, a site covering a large area will have different character areas within the development (high density urban areas, medium density semi-urban areas, and lower density rural areas), creating a rational basis for the location of numerous sales outlets offering different products. In addition, the larger the site the more access points it is likely to have. As a result, the larger the site, the more sales outlets can physically and logistically be accommodated.

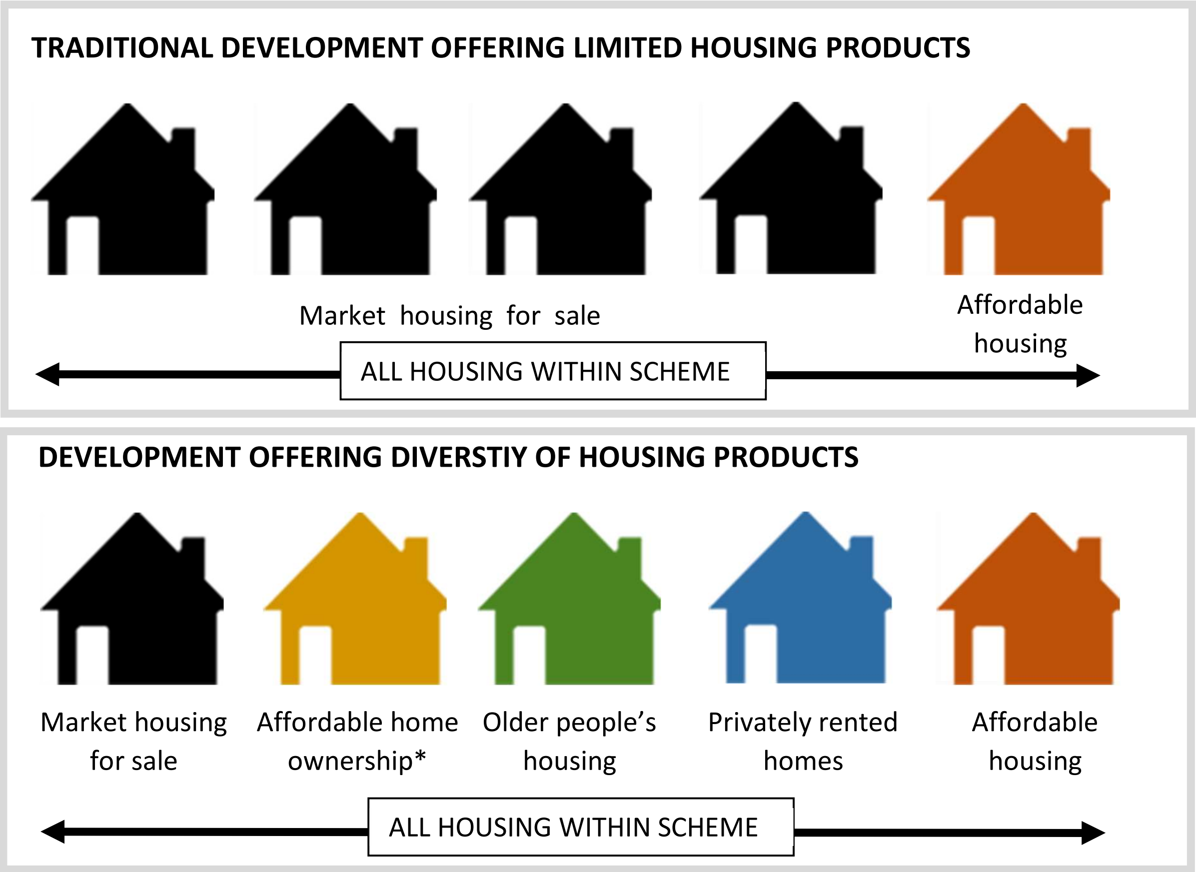
7.5 In simple terms, the Garden Communities are large sites, and all are at least as large as, or larger than, the sites considered in either the Letwin Review or the Lichfields Report. In addition, the configuration of the Garden Communities means the they have the capacity to have multiple sales outlets. Both the Letwin and Lichfields studies found the size of a site to be a determining factor in increasing build out rates and as such the size of the Garden Communities is a key factor underpinning the NEAs assumptions regarding build out rates.

Ability to diversify housing products, e.g. type, size, tenure (Lichfields, Letwin and Savills)

7.6 All studies in the literature review found that increased diversification of housing products on residential developments serves to accelerate build out rates. Indeed, the Letwin Review states this factor is the 'fundamental explanation' for influencing the speed at which housing is developed and disposed. The Savills research confirmed that there is a correlation between the more diversified sites and a higher sales rates, in the context of market housing rates.

7.7 The contrast of traditional homogenous development with a development that offers housing product diversity (as advocated at the Garden Communities) is illustrated in Figure 2. Importantly, each housing product appeals to separate markets and there is little crossover between consumers' choice of housing product. For example, in the traditional development scenario only consumers who want and have the financial capacity to purchase market housing will do so. In the scenario where housing product diversity is offered, however, separate markets are catered for and in areas of high latent demand (see Section 8) this corresponds to faster build out rates. This is the 'fundamental explanation' of build rates.

Figure 2: Comparison of different development scenarios offering different ranges of housing products.



*see Paragraph 64 of the National Planning Policy Framework.

7.8 Diversity of a housing type is a key principle of the Garden Communities. This is enshrined in Principle 4 of the Garden Communities Charter[10] which provides that the communities will provide a diverse range of housing types to respond to existing and future needs and demand found in North Essex. Section 1 states this in policy (at Policy SP7) by requiring the Garden Communities to address the following principle:

> *Development that provides for a truly balanced and inclusive community and meets the housing needs of local people including a mix of dwelling sizes, tenures and types including*

[10] *North Essex Garden Communities Charter (2016)* (https://www.braintree.gov.uk/downloads/file/5787/garden_communities_charter)

provision for self- and custom-built homes and provision for the aging population; to meet the requirements of those most in need including 30% affordable housing in each garden community.

7.9 Furthermore, in respect of housing, the site-specific policies (Policies SP8-10) require the sites to address the following principles and requirements:

> *A mix of housing types and tenures including self- and custom-build and starter homes will be provided on the site, including a minimum of 30% affordable housing. The affordable housing will be phased through the development;* [and]
> *New residential development will seek to achieve appropriate densities which reflect both context, place-making aspirations and opportunities for increased levels of development around neighbourhood centres and transport hubs.*

7.10 Overall the key message from the literature review is that for build out rates to be accelerated, new housing must appeal to the most diverse range of buyers and tenants possible. The policy wording in Section 1 ensures that this diverse mix is delivered, and that diversity in turn is a factor which will drive a higher delivery rate.

Market absorption – price of housing product relative to local new build market (Savills)

7.11 The Savills research found that the sales rate of new build homes was informed by the price of the product relative to the local new build market. Whilst this finding is valid and relevant, it is not possible to state with any certainty how this factor will influence the sales rates of new build homes in the Garden Communities because the price of those homes will be determined by the value of the product relative to local market conditions and competition at the point they are completed.

7.12 It is clear however that homes for market sale in the Garden Communities must reflect the affordability of the local market if their selling is not to constrain build out rates. That is a matter of pricing once the units are built. At this point there is no reason to believe that the pricing of the housing products will constraint the build out rate.

Market absorption – local competition (Savills)

7.13 The Savills research also makes the point that local competition is a factor in determining the rate that new build homes are sold. The research found that sites which dominated local new build markets tended to sell more quickly than sites which were subject to higher degrees of competition. The delivery of Garden Communities in their entirety extends past the Local Plan period and the location of future housing developments relative to the Garden Communities, and so the extent of local competition, cannot be determined beyond the emerging Local Plan horizon.

7.14 It can however be stated with certainty that the Garden Communities are large greenfield sites without strategic developments currently planned within proximity to them. When green buffers are factored in then the opportunity or desirability for alternative sites (not under the same delivery vehicle) to come forward in close proximity to the Garden Communities, is further reduced.

7.15 Furthermore, the fact that the Garden Communities will be delivered under the oversight of a single master developer will ensure that the delivery of phases and individual development sites are coordinated. This coordination will ensure that sites of similar characteristics are not developed in tandem (to avoid direct competition between outlets) and that each phase contain a variety of design characteristics to maximise the diversification of housing products available at any one time.

Infrastructure provision, i.e. schools, transport, etc (Lichfields and Letwin)

7.16 Both the Lichfields and Letwin reports found that issues with delivering infrastructure can be a constraining factor on build out rates. The reasons for this are both regulatory (in terms of discharging planning conditions and/or planning obligations), financial (e.g. the developer lacks the resources) and practical (e.g. site-specific difficulties with provision).

7.17 Accordingly, sites delivered in a way that reduces the risk of infrastructure installation being delayed or hindered, are more likely to be associated with faster build out rates. Section 1 of the Local Plans makes clear that both the planning and delivery of the Garden Communities will be carried out in a comprehensive manner.

7.18 From a planning perspective this will entail planning the Garden Communities being subject to a masterplan for the entirety of their areas. This masterplan (which will be a central element of the Strategic Growth DPDs) will guide the land use locations at each site to ensure that it is designed as a sustainable and cohesive community. From a strict infrastructure perspective this will mean it is clear at the outset what infrastructure will be needed, where it will be needed and when it will be needed. Policy SP7 sets out certain infrastructure requirements which must be secured in advance of two of the Garden Communities commencing.

7.19 This planning approach will be supported by a delivery model which can forward fund the installation of infrastructure so that it is less dependent on funding derived from the sale of new housing. Additionally, the proposed oversight of a master developer ensures that infrastructure is delivered to 'unlock' land for development which will be parcelled (in line with a phasing plan) and made available for housebuilding.

7.20 This comprehensive approach to planning and delivery substantially reduces the risk of delays and hindrances in infrastructure delivery sometimes associated with disparate and speculative residential developments. The risk of infrastructure provision constraining build out rates is therefore sufficiently mitigated against.

Strength of the local housing market (Lichfields, Letwin and Savills)

7.21 All the studies in the literature review identify a strong local housing market as a key factor in the rate of housing delivery. Indeed, the Letwin Review only examined sites in areas of high latent housing demand. The Savills research states that new build sales typically only make up 10% of overall housing transactions, therefore to boost new build sales the overall housing market must be associated with a high level of transactions.

7.22 The North Essex housing market area has shown strong growth and favourable levels of transactions over time. More information on the North Essex strategic housing market area is included in Section 8.

Other factors - difficulties with land remediation; delayed installation by utilities companies; constrained site logistics; and limited availability of capital (Letwin)

Difficulties with land remediation

7.23 The developable areas within the Garden Communities areas of search contained in Section 1 exclusively cover greenfield land which reduces, if not eliminates, the need to significant land remediation works to be carried out prior to the commencement of development. This is not a factor which would constrain build out rates in the Garden Communities.

Delayed installation by utilities companies

7.24 The Garden Communities cover large areas of land and will therefore require significant utilities provision beyond what is required in smaller strategic developments. This will require additional input by the utility providers, both raising the amount of investment needed but also raises the profile of the works required to support the new settlements.

7.25 This in itself will mean that additional resources will need to be allocated to the installation of utilities including the level of cooperation between the master developer, local authorities, regulators and the utilities companies. Nothing to date has given reason for concern.

7.26 These factors identified in the Letwin Review as influencing build out rates are sufficiently mitigated against through the comprehensive planning and delivery approach proposed for the Garden Communities.

Other factors - Limited supplies of building materials; and limited availability of skilled labour (Letwin)

7.27 Ensuring that sufficient skilled labour and building materials are available to support the construction of new homes in the Garden Communities will mean that modern housing construction techniques will have to be embraced where appropriate. For example, an increasing number of new homes constructed in the UK are done so through off-site manufacture which involves new homes being constructed in purpose-built factories and then delivered and assembled on site. These modern methods of construction (MMC) are less labour intensive and have less reliance on traditional building materials such as brick, stone and cement. Such methods therefore offer an efficient and sustainable approach to mitigating any shortages of supply in either skilled labour or building materials.

7.28 A further way in which skills shortages can be mitigated against is investment by the master developer in on site learning opportunities and rolling programmes of apprenticeships for high demand skills. The Garden Communities offer an excellent platform for such investment given the volume and duration of construction activities at the sites, combined with the commitment to deliver extensive employment within each settlement. This opportunity is reflected in the economic evidence base for the Garden Communities.

8. Development Corporations and build out rates

8.1 The NEAs have an open mind about the preferred delivery vehicle for the Garden Communities. As part of this approach the NEAs are exploring the option to establish a single, or multiple, locally-led New Town Development Corporation(s) to deliver the Garden Communities in North Essex. Such a Development Corporation would provide a number of benefits to the delivery of the of the Garden Communities. Recently passed primary legislation[11], secondary legislation and Government guidance[12], provide further detail on LLNTDC's abilities to assemble land (with compulsory purchase powers), obtain planning permission and generally oversee the delivery of development and supporting infrastructure.

8.2 A Development Corporation could act as both master planner and strategic developer. This dual role would enable the Development Corporation to comprehensively plan the development it is mandated to provide and then oversee its delivery. Critically this continuity would ensure that the vision for the development contained in the masterplan is translated into a tangible outcome.

8.3 The Development Corporation could fulfil this role not by developing by itself (although that remains an option), but by facilitating and coordinating developers to deliver the multitude of components required to create successful new settlements. This facilitating and coordinating function is wide ranging but includes assembling land for development (if necessary through utilisation of its compulsory purchase powers), providing key infrastructure at an early stage in development (including key strategic transport routes), carrying out landscaping works to accommodate new natural and built environments and servicing development land with the necessary utilities.

8.4 The purpose of the Development Corporation carrying out these works would be to allow developers, including housebuilders (of all scales), housing associations and self-build and custom-build providers to develop serviced land in accordance with the masterplan and relevant implementable planning approval under licence from the Development Corporation.

8.5 Through the Development Corporation's delivering of infrastructure and securing of planning permission, the key risks for developers are significantly reduced. Removing key risks and allowing developers to focus on the construction of new homes (and other forms of development) conduces the acceleration of build out rates. Essentially without the risk of delivering challenging infrastructure, fulfilling planning obligations and discharging planning conditions, and other hindering activities, the overall development process is less constrained and therefore carried out more quickly.

8.6 Furthermore, the Development Corporation, in acting as master developer, would be able to orchestrate the phasing of housing delivery which directly dictates the location and type of housing being constructed at any one time, ensuring that a variety of homes are available for maximum absorption. This oversight role would therefore allow the Development Corporation to influence build out rates.

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[11] http://www.legislation.gov.uk/ukpga/2017/20/contents/enacted/data.htm

[12] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/721078/New_Towns_Guidance.pdf

Development Corporations

8.7 Although the new locally-led New Town Development Corporation model differs in some respects to the original New Town Development Corporations, the fundamental role of the corporation as master developer is the same. This similarity means that the previous generation of New Towns provide a relevant source of information on build out rates under the Development Corporation model. It is therefore worthwhile having some understanding of the build out rates achieved under the New Towns programme which benefited from similar Development Corporations as to what the NEAs are exploring.

Milton Keynes New Town Development Corporation

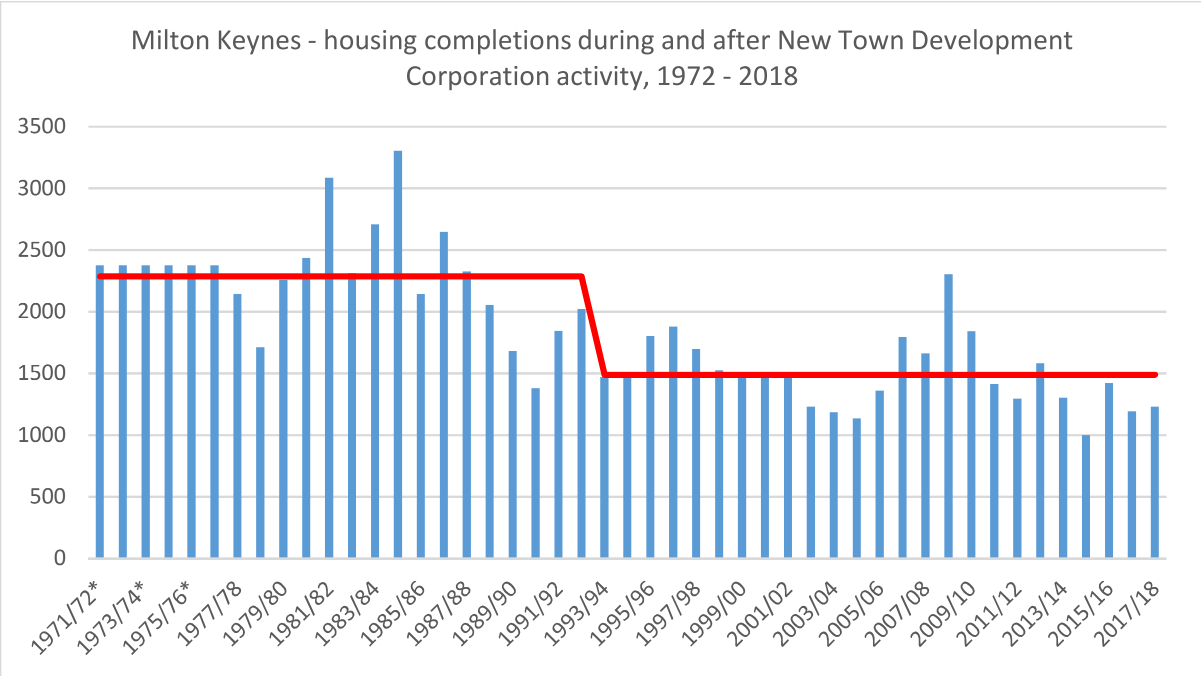

Chart 4: Milton Keynes - housing completions during and after New Town Development Corporation activity, 1972 – 2018 (Source: Milton Keynes New Town Development Corporation).

8.8 Chart 4 demonstrates the build out rates within the Designated Area of the Milton Keynes New Town between 1972 and 2018. Plotted alongside the annual dwelling completions over this period is the annual average (red line) over the period the Milton Keynes Development Corporation (MKDC) was overseeing development until its dissolution in 1992 (2286dpa) and the average in the following period from 1992 to 2018 (1490dpa).

Telford New Town Development Corporation

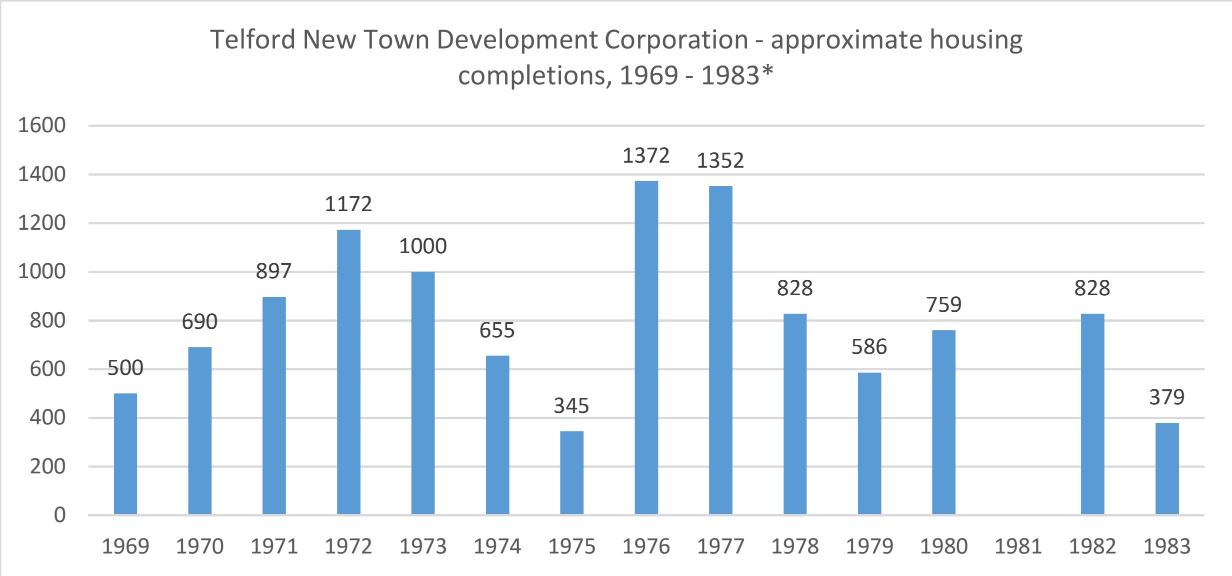

Chart 5: Telford New Town Development Corporation - approximate housing completions, 1969 – 1983 (Source: Telford New Town Development Corporation) .*

*housing completions are estimated from the population change during the years shown. An average household size of 2.9 has been applied to estimate the number of new dwellings completed each year. This household size is reflective of available data from this period.

8.9 Chart 5 shows the housing build out rates achieved during the active years of the Telford New Town Development Corporation. The average annual build out rate during these years was 812dpa (no data is available from 1981 so that year is excluded from the average calculation).

8.10 Whilst the local and national social and economic conditions were of course different during the period the Milton Keynes and Telford development corporations were in operation, a comparison of the build out rates during this period with the period which immediately followed it, provide at least some indication of the accelerating effect on housebuilding provided by a development corporation acting as a master developer. More recent evidence is available from the Ebbsfleet Development Corporation.

Ebbsfleet Urban Development Corporation

8.11 The Ebbsfleet Urban Development Corporation was set up by Government to oversee the creation of the Ebbsfleet Garden City in north Kent, including the delivery of 15,000 new homes. The Development Corporation has worked with local authorities and local communities to develop a shared vision for the designated area, providing high quality, attractive and sustainably-constructed housing as well as opportunities to work with an ambition to create 30,000 jobs. The Development Corporation is also responsible for delivering core infrastructure to unlock land for new housing including gas and electricity networks, telecoms, water services and new transport provision.

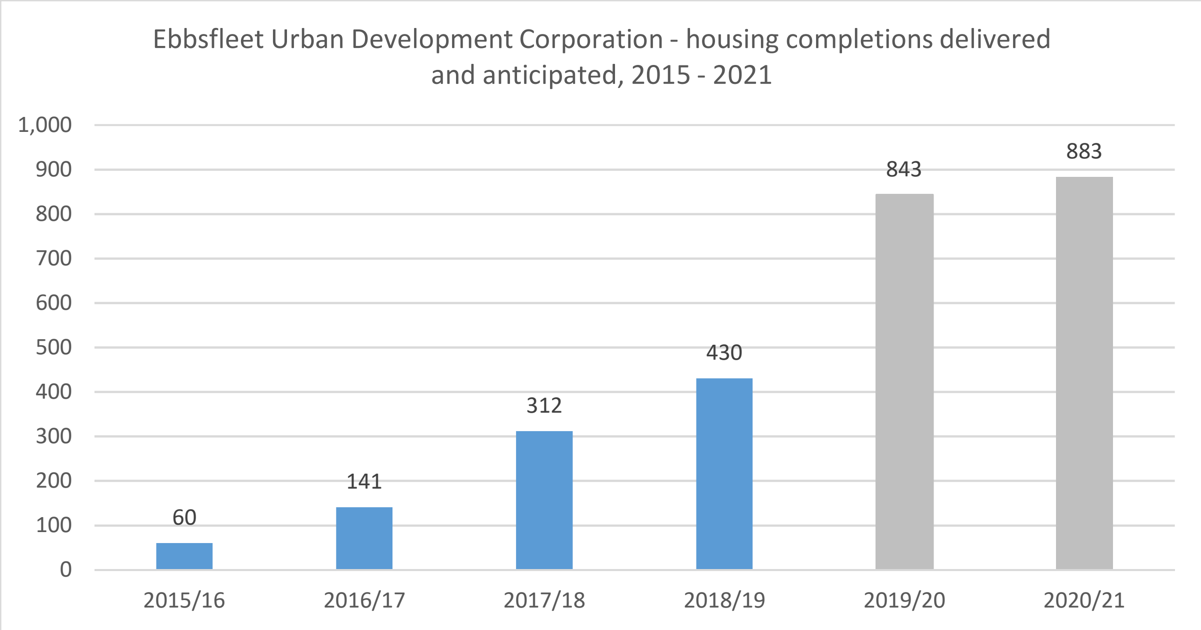

Chart 6: Ebbsfleet Urban Development Corporation - housing completions delivered and anticipated, 2015 – 2021 (Source: Ebbsfleet Urban Development Corporation).

8.12 Chart 6 demonstrates the high level of housing build out already delivered at Ebbsfleet Garden City with delivery anticipated to increase sharply in the coming years. Whilst the Ebbsfleet Urban Development Corporation structure is not synonymous with the new generation of locally-led New Town Development Corporations, the parallels between the two delivery structures, particularly the strategic masterplanner and developer role, demonstrates that similar build out rates could be expected in North Essex if such a development corporation were to be established.

8.13 In conclusion the historic delivery rates of New Town Development Corporations, and more recently the Ebbsfleet Urban Development Corporation, demonstrate that high build outs are achievable at the Garden Communities if a delivery model with similar attributes is established in North Essex.

9. Housing demand in North Essex

9.1 The Garden Communities sit within a strategic housing market area which includes the districts of Braintree, Colchester, Tendring, and Chelmsford.[13] These districts all fall within the same housing market area due to the high containment levels of migration within the area (69% of moves are internal) and the high levels of internal commuting within its boundaries (83% of commutes are within the area). This housing market area is extremely buoyant, as demonstrated by the consistently high levels of housing growth seen in the sub-region compared with the rest of Essex. Chart 7 evidences this comparison, below.

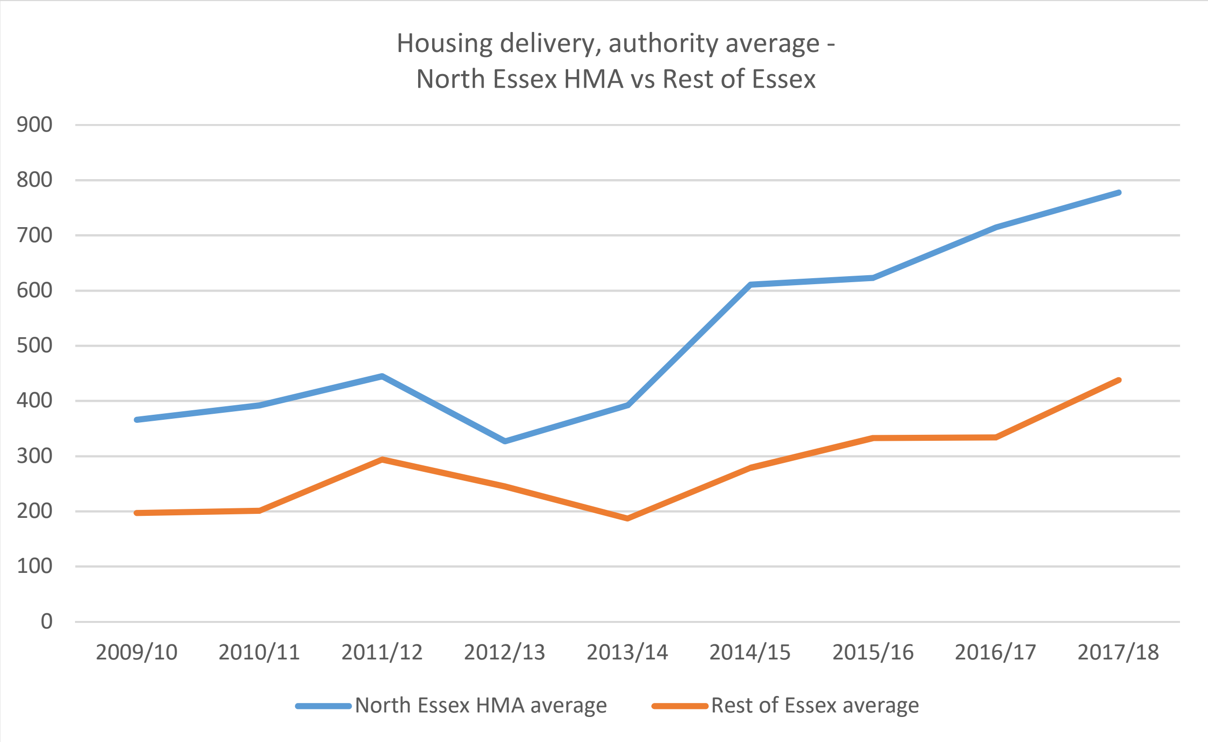

Chart 7: Housing delivery, authority average - North Essex HMA vs Rest of Essex (Source: CBC Authority Monitoring Report 2017/18).

9.2 The high levels of housing growth experienced in recent history has been a product of strategic site delivery, particularly in and around the Colchester urban area. These sites have provided a consistent level of supply serving to evidence the strength of the local housing market's ability to absorb new housing. In recent years a significant amount of this strategic growth has been located in north Colchester, specifically the Former Severalls Hospital and Chesterwell sites.

[13] Peter Brett Associates, *Objectively Assessed Housing Needs Study* (November 2016) (https://www.braintree.gov.uk/downloads/file/6062/objectively_assessed_housing_need_study_-_update_2016)

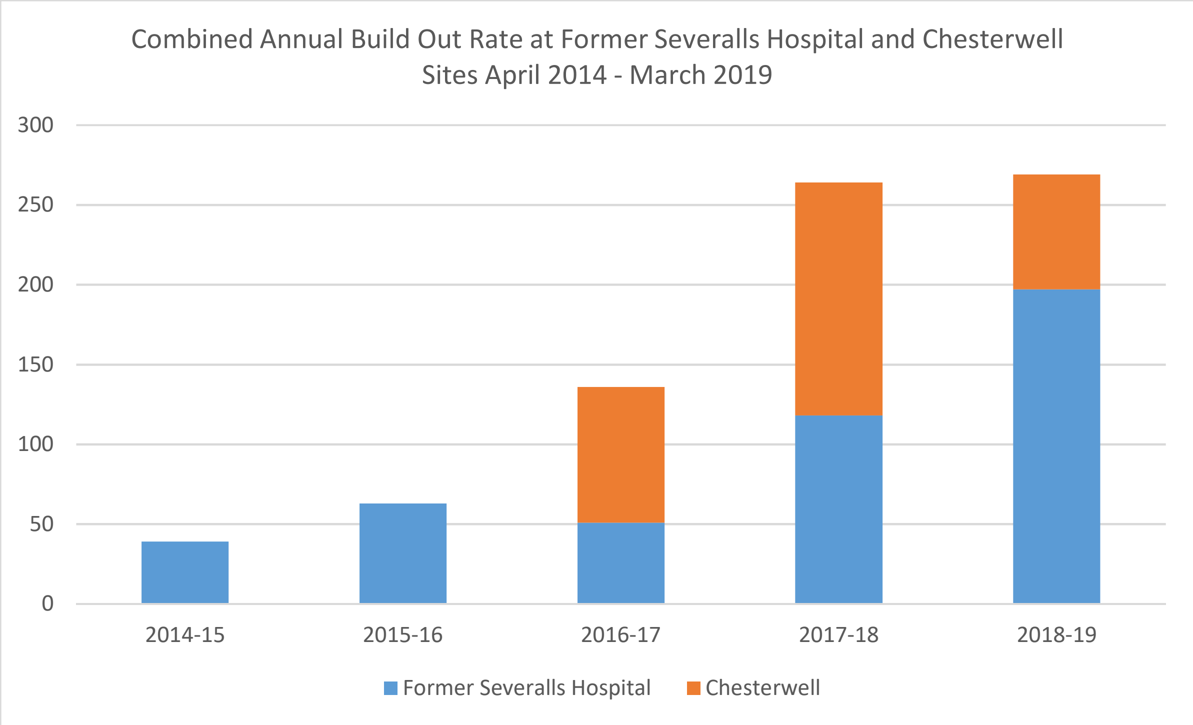

Chart 8: Combined Annual Build Out Rate at Former Severalls Hospital and Chesterwell Sites April 2014 - March 2019 (Source: Colchester Borough Council).

9.3 In combination these two sites have delivered in excess of 250dpa for the past two years. This is relevant to the anticipated build out rates of the Garden Communities for two reasons.

9.4 Firstly, for all intents and purposes, these sites are being delivered in a traditional, developer-led way and it is unlikely there is any strategic co-ordination between the sites in terms of the types, sizes and tenures of property being developed. The sites are therefore being delivered in a manner contrary to the accelerated delivery approach advocated in the Letwin Review but are nevertheless able to deliver at a high build out rate.

9.5 Secondly, the sites are in very close proximity to one another and are essentially co-terminus. As explained earlier, the Garden Communities can be phased to accommodate sales outlets in different site areas, but nonetheless these will be operating within a relatively concentrated area. These sites evidence that multiple outlets can operate successfully in close proximity whilst generating high market absorption rates.

9.6 The two strategic sites therefore demonstrate that within the strong market conditions in North Essex, even uncoordinated, disparate developments within close proximity to each other are able to deliver in excess of 250dpa.

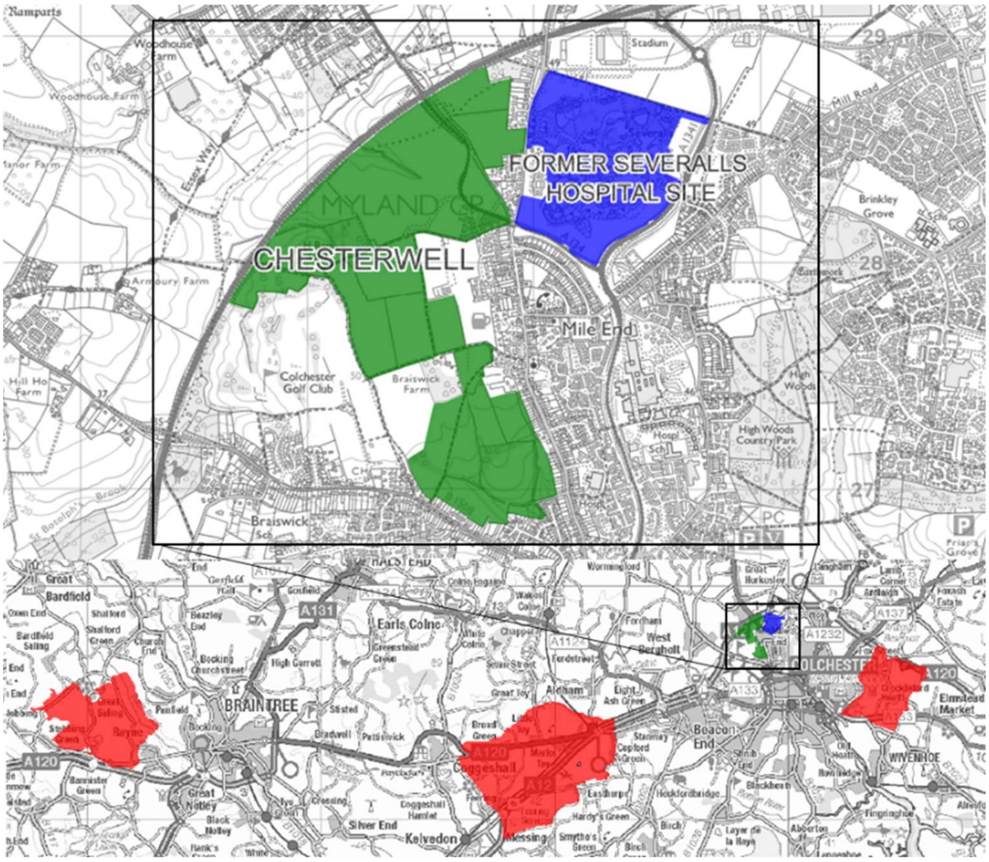

Figure 3: Location of Former Severalls Hospital and Chesterwell sites with proximity to the Garden Communities.

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10. Build out rates from other strategic developments

10.1 As well as the build out rates delivered around the country evidenced in previous chapters, other strategic sites have been planned and delivered at build out rates higher that 250dpa. This chapter considers some of these sites.

Milton Keynes – Western Expansion Area

10.2 The Western Expansion Area (WEA) is a strategic development on the edge of Milton Keynes urban area. It is the largest of the expansion areas contained in the Milton Keynes Local Plan and covers 350ha of land. The WEA consists of two major sites:

- Whitehouse - 228ha site consisting of 4,400 dwellings and 6.5ha of employment land.
- Fairfield's - 123ha site consisting of 2,200 dwellings and 9ha of employment land

10.3 The WEA was allocated for development as part of the Milton Keynes Local Plan in 2005. Outline planning approval was granted in 2007 for both areas.

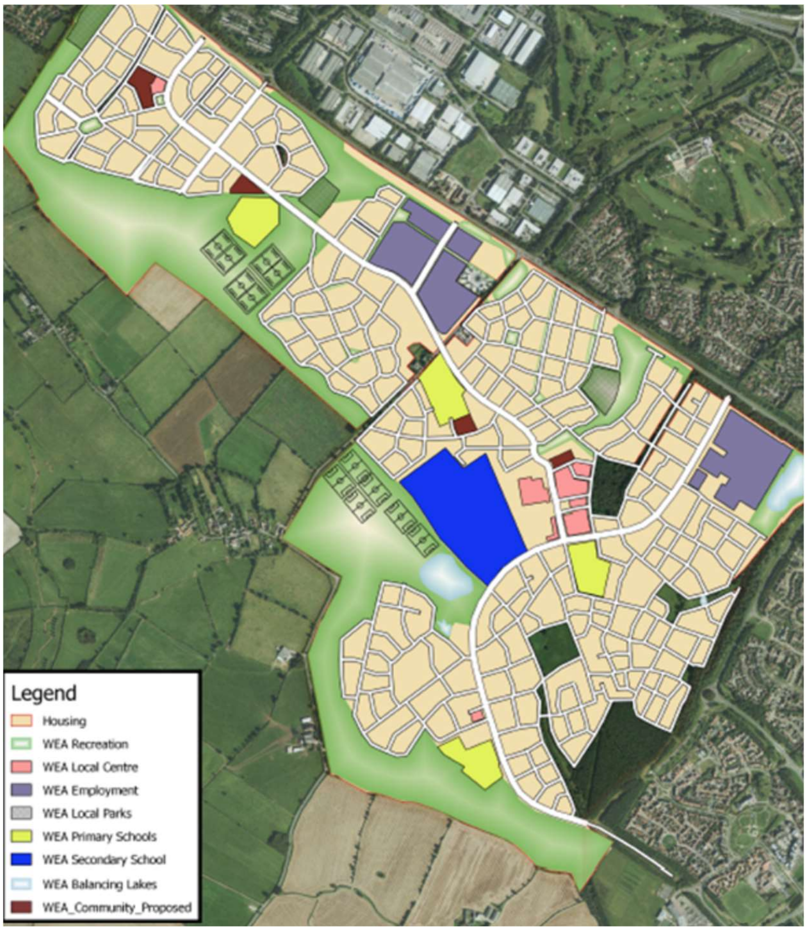

Figure 4: Western Expansion Area.

10.4 Despite the Whitehouse and Fairfield's sites being adjacent one another, they have been developed and continue to be developed at a fast rate. The most recent Milton Keynes Housing Land Supply Position Statement states that the WEA has accelerated from 135 completions in 2015/16 to 289 in 2016/17 and it now delivering above 500 new dwellings a year. This build out rate is anticipated to continue for the next five year period as demonstrated in Chart 9.

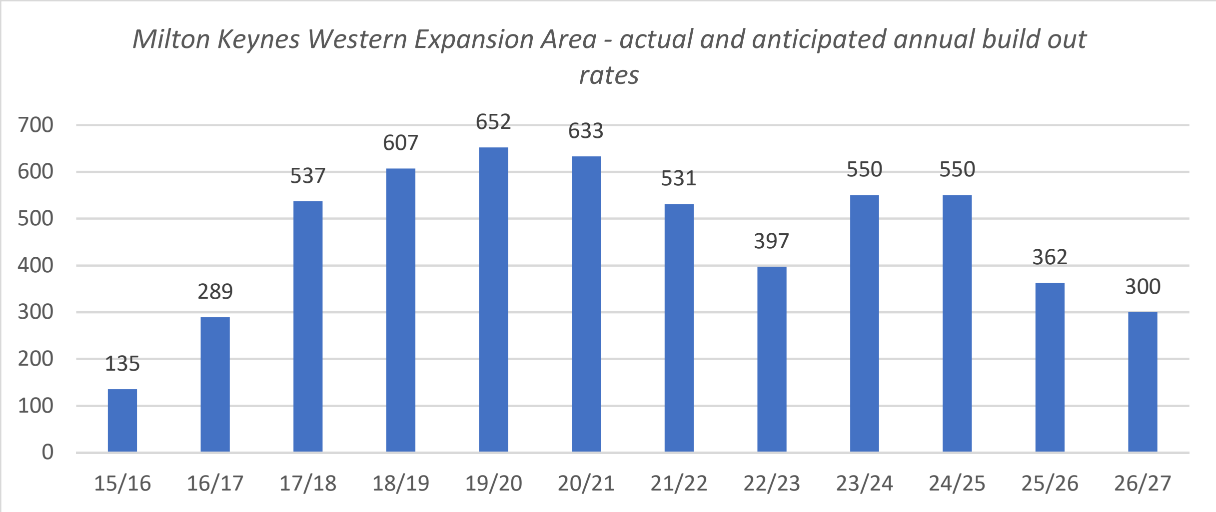

Chart 9: Milton Keynes Western Expansion Area - actual and anticipated annual build out rates (Source: Milton Keynes City Council).

Milton Keynes – South East MK

10.5 South East Milton Keynes (SEMK) is a strategic urban extension to Milton Keynes covering 210ha of land and accommodating 3,000 new homes. The site was allocated in the Milton Keynes Local Plan and the Plan's accompanying housing trajectory stated that the development would be completed within the plan period (build out rates are shown in Chart 10).

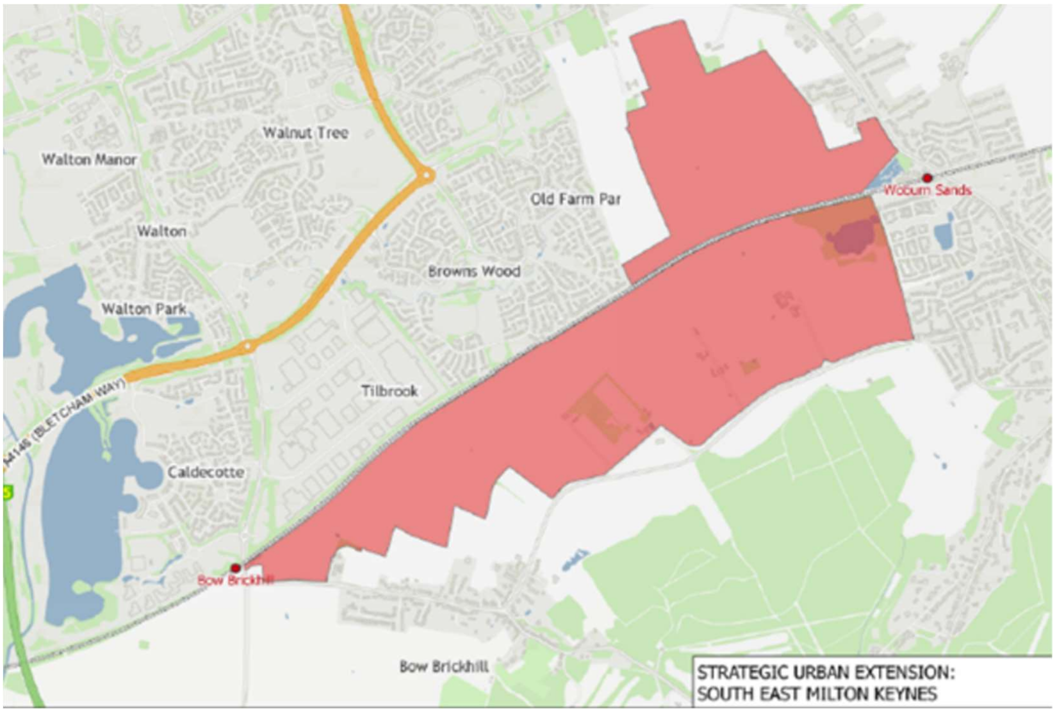

Figure 5: South East MK.

10.6 The Planning Inspector presiding over the Milton Keynes Local Plan stated the following in respect of the anticipated build out of the strategic urban extension:

> 138. Land at SEMK is projected in the submitted plan to yield some 3000 homes over the Plan period. The Council envisaged delivery at the site from 2022/23 onwards. Notwithstanding the advanced dialogue between the Council and site promoters I consider that the further work needed on a development framework for the site (together with the announcement of

a preferred route for the Expressway in 2020) means that on-site delivery should start from a modest output in 2023/24 and intensify from there onwards.

139. The trajectory shows annual delivery at 450-500 units over a sustained period towards the end of the Plan period. It is a greenfield site where strategic infrastructure requirements are known and it represents an alternative direction of growth for competition and choice in housebuilding. It is a scale of site that could sustain multiple development sites consisting of multiple outlets. It is an area well aligned to the forthcoming strategic east-west corridors and therefore likely to be one of significant demand. I am therefore satisfied the proposed build-out rates strike an appropriate balance between aspiration and realism.[14]

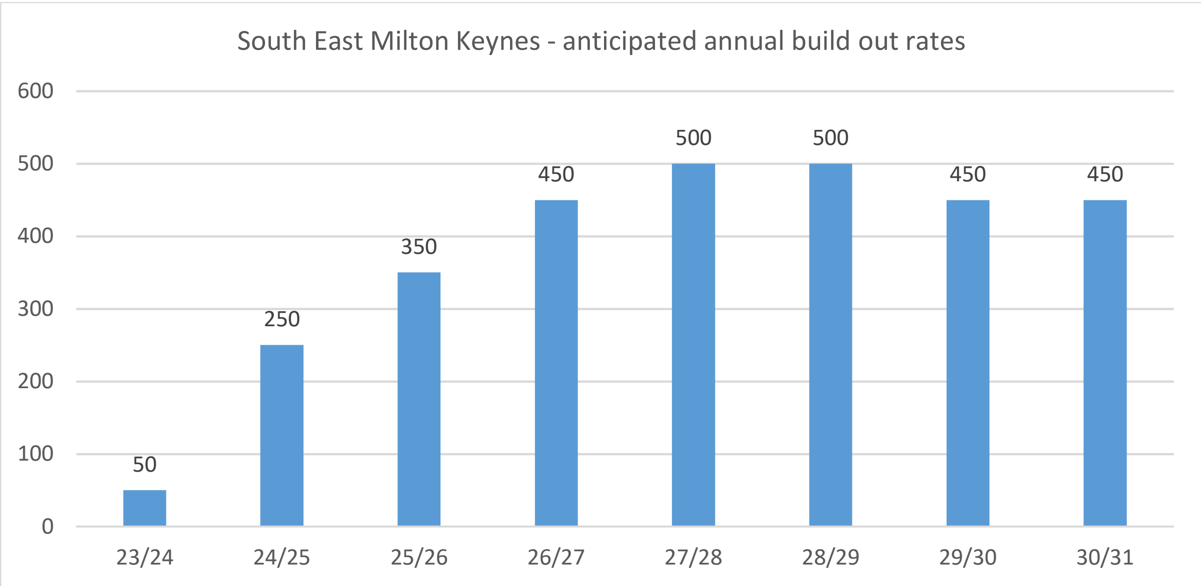

Chart 10: South East Milton Keynes - anticipated annual build out rates (Source: Milton Keynes City Council).

Milton Keynes – Milton Keynes East

10.7 Milton Keynes East (MKE) is another urban extension to Milton Keynes. The site covers 440ha of land and will accommodate 5,000 new homes within and beyond the plan period. The site is also included in the Milton Keynes Local Plan however the submission Plan did not assume any delivery within the plan period based on the infrastructure requirements of the development (including a rapid transit system subject to a Housing Infrastructure Fund application). In his report, however, the Planning Inspector overseeing the examination stated that a more ambitious approach to infrastructure delivery, and consequently build out rates, should be taken (emphasis added):

140. Land at Milton Keynes East (MKE) was not prescribed any specific delivery within the Plan period. As set out elsewhere in this report, I consider a more optimistic view on infrastructure funding should be taken and accordingly a positive allowance given to the site of at least 1,475 units over the Plan period. *I accept that should the current infrastructure funding bid be positive then delivery is very likely to be sooner rather than later and the 1,475 figure exceeded*.

[14] Planning Inspectorate, *Report on the Examination of Plan:MK* 12 February 2019 (available at: https://cached.offlinehbpl.hbpl.co.uk/NewsAttachments/RLP/Milton_Keynes_PlanMK_IR.pdf)

The trajectory anticipates delivery starting in 2026/27 and outputting at around 300 [the housing trajectory stated 295 as shown in Chart 11] units per annum. For similar reasons as set out above for SEMK I consider this a realistic profiling.[15]

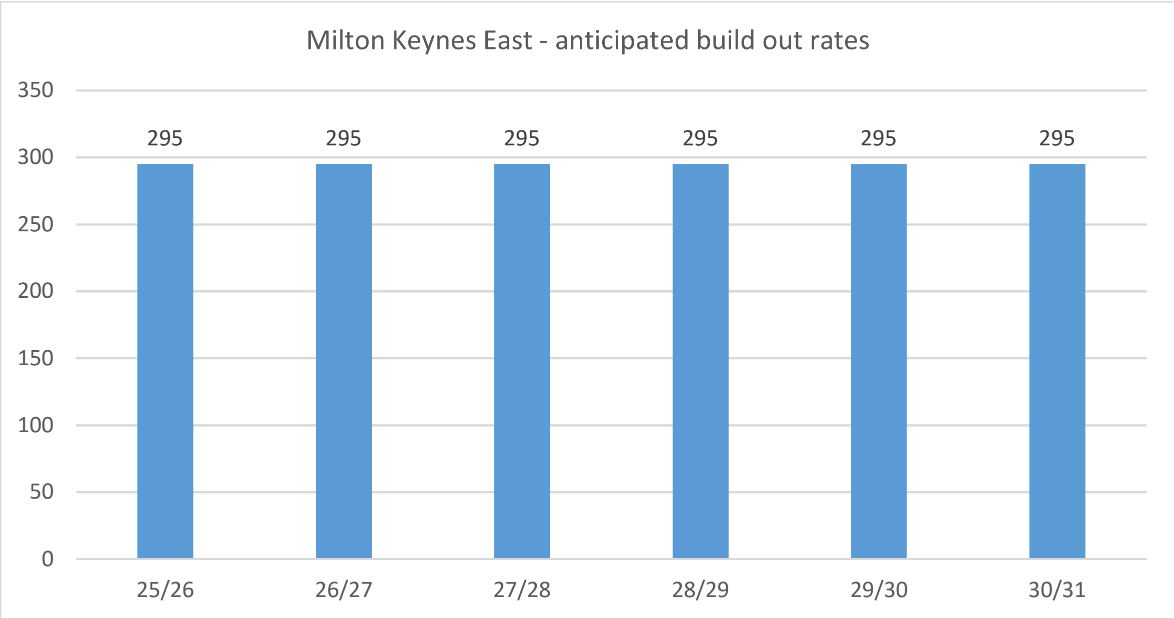

Chart 11: Milton Keynes East - anticipated build out rates (Source: Milton Keynes City Council).

Otterpool Park

10.8 Otterpool Park is a proposed garden settlement in Folkestone and Hythe District which comprises a residential-led development of up to 10,000 new dwellings.

[15] Planning Inspectorate, *Report on the Examination of Plan:MK* 12 February 2019 (available at: https://cached.offlinehbpl.hbpl.co.uk/NewsAttachments/RLP/Milton_Keynes_PlanMK_IR.pdf)

Figure 6: Otterpool Park Concept Plan.

10.9 The adopted Folkestone and Hythe Core Strategy Review[16] assumes a build out rate of the Otterpool Park development of circa 400dpa and the recently submitted planning application[17] includes a more considered trajectory based on research carried out for the Council. The planning application considers two different scenarios for the build out of the housing, a lower and higher rate as set out below:

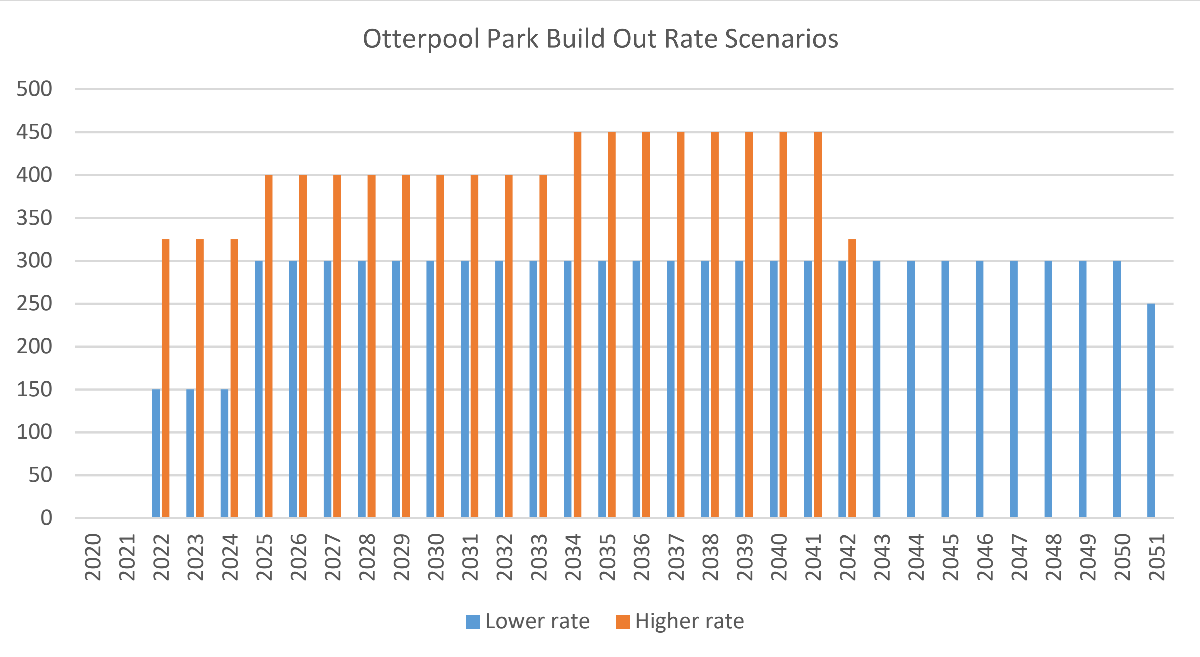

Chart 12: Otterpool Park Build Our Rate Scenarios (Folkestone and Hythe District Council).

10.10 As is evident from Chart 12 above, the lower scenario works on the assumption that 300dpa will be achieved three years after commencement of development and the higher scenario will achieve a build out rate of between 400-450 three years after implementation.

[16] https://www.folkestone-hythe.gov.uk/media/5566/Core-Strategy-Review-Submission-Document/pdf/Core_Strategy_Review_Submission_Draft.pdf

[17] https://www.folkestone-hythe.gov.uk/media/5828/Housing-Strategy-Including-Affordable-Housing-Strategy/pdf/Housing_Strategy_(Including_Affordable_Housing_Strategy).pdf

Harlow and Gilston Garden Town

10.11 The Harlow and Gilston Garden Town scheme is a collection of development sites around Harlow Town including development to the west in Epping Forest District and most significantly around Gilston Park (the Gilston Villages) to the north of Harlow, situated in East Hertfordshire District. Collectively the development sites will deliver circa 16,000 dwellings before 2033.

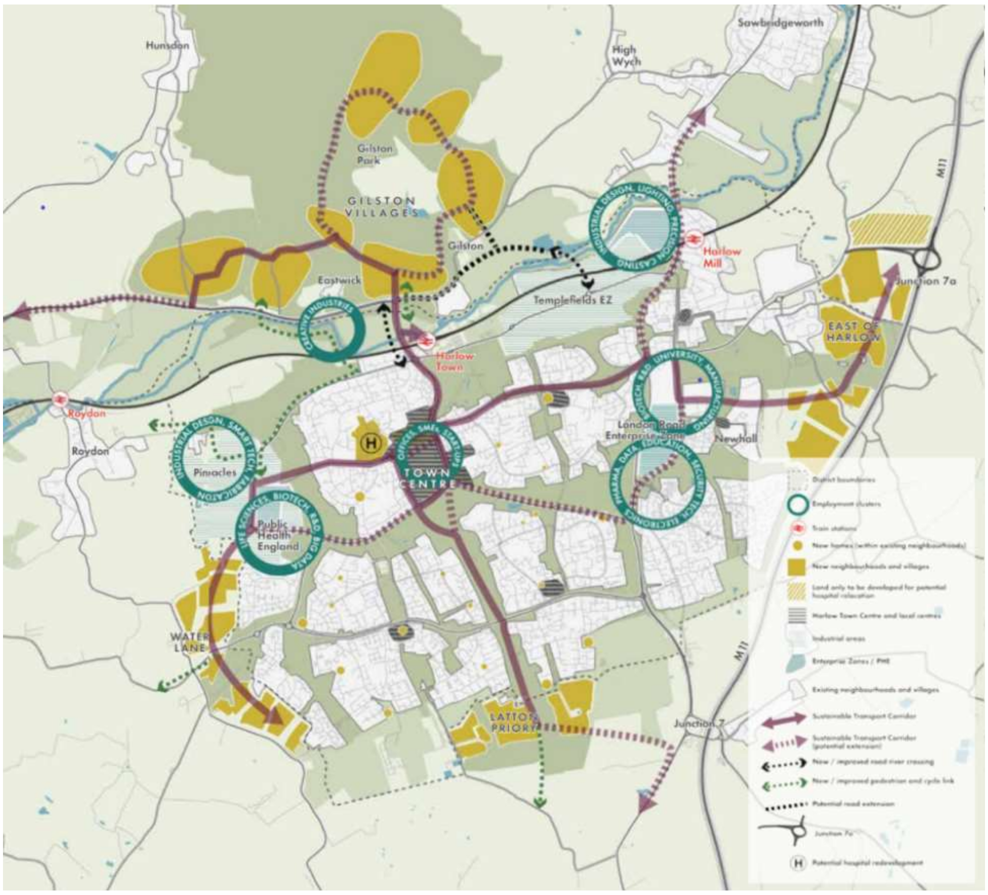

Figure 7: Harlow and Gilston Garden Town.

10.12 The sites that constitute the Garden Town are[18]:

- East of Harlow (north) – 750 dwellings
- East of Harlow (south) – 2,600 dwellings
- Latton Priory – 1,050 dwellings
- Water Lane Area (Summers) – 807 dwellings
- Water Lane Area (Katherines) – 1,331 dwellings
- Gilston (Villages 1-6) – 8,500 dwellings
- Gilston (Village 7) – 1,500 dwellings

The locations of development and their proximity to one another are shown in the plan above[19]:

[18] HGGT Strategic Viability Assessment Report (HDH and Arup, April 2019) (https://www.eastherts.gov.uk/gilston)

[19] Harlow and Gilston Garden Town Vision Document (November 2018) (https://www.eastherts.gov.uk/gilston)

10.13 The collective build out rate of the development sites are expected to reach a peak level of 1650dpa by 2025. The cumulative effect of all development sites being built out contemporaneously is shown in Chart 13, below.

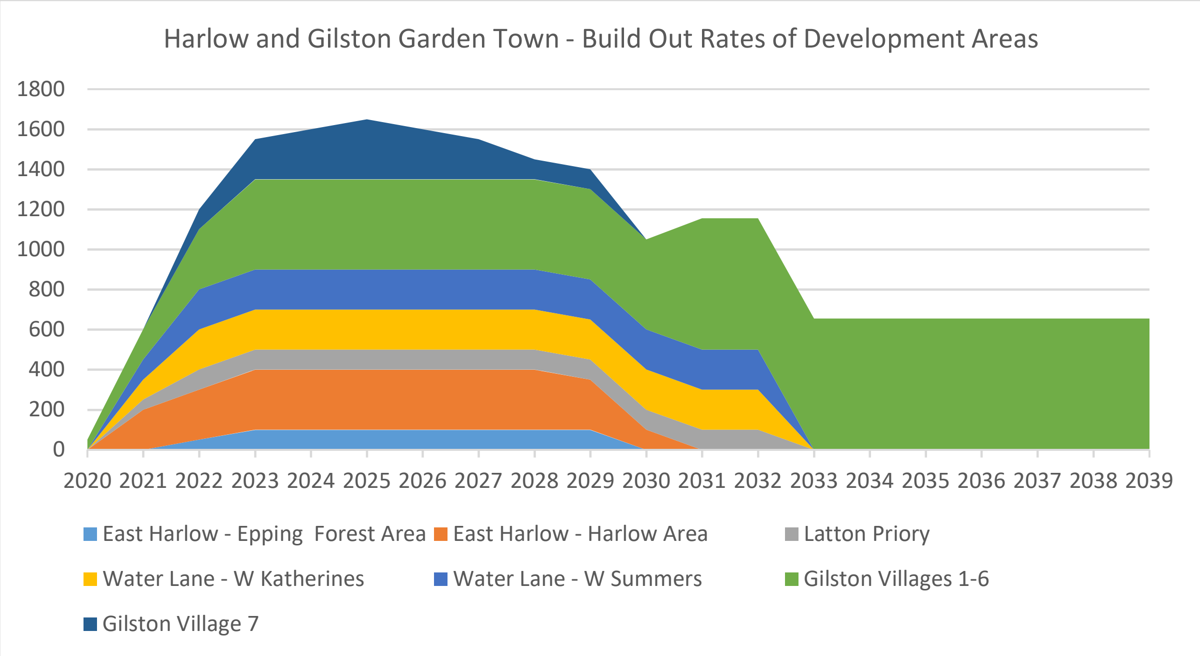

Chart 13: Harlow and Gilston Garden Town – Build Out Rates of Development Areas (Source: East Hertfordshire District Council).

10.14 Given the proximity of the development sites to one another, there are parallels that can be drawn with the Garden Communities. For example, as will be the case at Harlow and Gilston, the North Essex Garden Communities will each be delivered on multiple fronts with different housebuilders delivering their sites at the same time; the scale of the Garden Communities allows for a similar delivery strategy. The volume of concurrent development activity may not be as high at the Garden Communities in North Essex, but the principle that development parcels can build out at high levels in areas of high housing demand stands.

10.15 Focussing on the most significant area of growth at Harlow and Gilston Garden Town, the Gilston Villages to the north of Harlow will deliver approximately 10,000 dwellings in a series of small settlements. The authorities' strategic viability assessment of the site sets out two different estimates for the build out rate of the Gilston Villages; one from the developer of the sites and the other from the Council. The two different estimates are shown below in Chart 14.

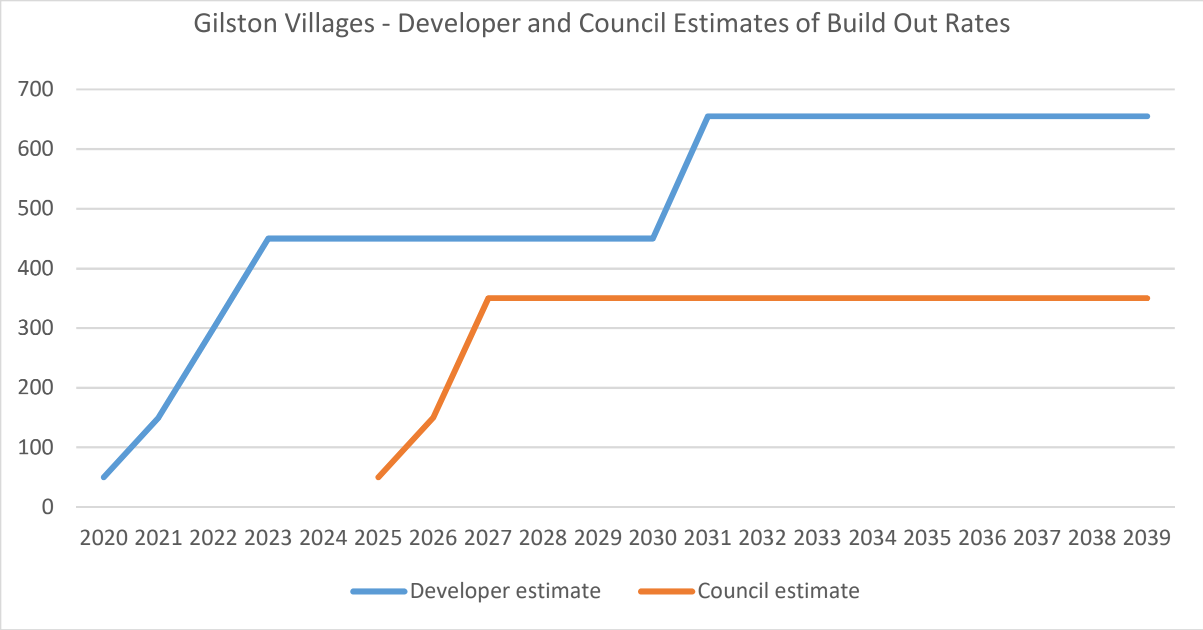

Chart 14: Gilston Villages - Developer and Council Estimates of Build Out Rates (Source: East Hertfordshire District Council).

10.16 As Chart 14 demonstrates, the developer estimates of the build out rate of the Gilston Villages rises to 450dpa by 2023 before peaking at circa 655dpa by 2030. The Council's estimate is more conservative, with a lower build out rate and a later commencement of development but this estimate still considers 350dpa to be a reasonable assumption to base viability assessment on.

10.17 In conclusion, this section has demonstrated that other strategic sites around the country have been delivered and planned (and found sound at Examination in the case of the Milton Keynes Local Plan), at build significantly higher rates than 250dpa. Importantly, all these developments share characteristics with the Garden Communities whether in terms of scale or proximity to local housing markets thereby evidencing the potential for higher build out rates in North Essex.

11. Summary of Findings

11.1 The ***Start to Finish*** *report,* focuses primarily on housing building during a recessionary and post-recessionary period. Economic cycles are cyclical but it is **not a sound approach to base the build out rates of the Garden Communities** solely on data which is skewed towards the post-recessionary period. The report, however, highlights a number of factors which drive build out rates.

11.2 The Letwin Review considers further the key drivers of build out rates, and the constraints affecting the achievement of high build out rates. The Letwin Review identifies the absorption rate – the rate at which newly constructed homes can be sold, or are believed by the house builder to be able to be sold successfully into, the local market – to be the fundamental driver of build out rates. That absorption rate is largely determined by the type of home being construction, in terms of size, design, context and tenure.

11.3 The size and scale of **the Garden Communities allow for significant variation in the design and character of different neighbourhoods**. That will be secured through a Strategic Growth DPD for each community. This will ensure that numerous sales outlets are able to operate simultaneously whilst reducing the risk of direct competition (through the offering of different housing products).

11.4 The **Garden Communities' policies require them to deliver a wide array of housing types and tenures** including affordable rent, affordable ownership, social housing, private rented, supported living housing, and key worker housing as well as housing for market sale.

11.5 The Letwin Review supports a **more involved public sector in the delivery of large residential sites** to ensure the diversification of housing products. This matches the intended delivery approach of the Garden Communities. **This collaborative approach to public and private working is enshrined in Policy SP7.**

11.6 The **comprehensive planning and delivery of the Garden Communities, secured by the DPDs, will ensure the timely delivery of infrastructure**, land remediation, utilities installation and site logistics.

11.7 The potential establishment of a **development corporation would substantially reduce risks** associated with planning approvals and infrastructure delivery.

11.8 Historically, **development corporations have delivered housing at rates far higher** than sites delivered by private developers. More recently, **the accelerating effect of development corporation status is demonstrated by recent housing delivery** at Ebbsfleet Garden City.

11.9 The Garden Communities are situated in a housing market area characterised by **strong housing demand**. Furthermore, adjacent strategic housing sites in North Essex have seen high build out rates despite being delivered a way less conducive to the accelerated delivery approach that is advocated in the Letwin Review. The strength of the local housing market in **North Essex therefore provides an excellent basis to maximise market absorption of new housing in the Garden Communities.**

11.10 **Strategic sites around the country have been planned and delivered at rates significantly higher than 250dpa**, most notably at sites in and around Milton Keynes, Otterpool Park, and Harlow and Gilston Garden Town. All of these developments have similarities with the North Essex Garden Communities which are conducive to accelerating build out rates, meaning that delivery rates of 300dpa are reasonable.

12. Conclusion

12.1 In conclusion, and following a review of the original evidence, current literature and additional evidence from other strategic sites, this Topic Paper has demonstrated that the build out rates anticipated for the Garden Communities are realistic and achievable.

12.2 Despite the evidence contained in this Topic Paper, the NEAs do not propose that the higher end of the evidenced build out rates (>500dpa) should be used for modelling purposes, but consider that adopting the 250dpa figure proposed by the Inspector would be overly cautious based on the evidence available and the context and attributes of the Garden Communities themselves.

12.3 Within Section 1 of their shared strategic Local Plans, the NEAs have committed to an approach that involves the public sector working pro-actively and collaboratively with the private sector to design and bring forward these Garden Communities (Policy SP7).

12.4 That approach, combined with the specifics of the scale and location of these communities, means the Garden Communities have the potential to deliver at far higher rates than other strategic developments. This model will likely not be unique to North Essex given the emerging support for more public sector involvement in the delivery of residential developments.

12.5 In light of this and taking account of the specifics of each Garden Community, the NEAs consider the following build out rates to be a reasonable basis for modelling purposes:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Onwards
West of Braintree Garden Community	100	200	300	300	300	300	300
Colchester Braintree Borders Garden Community	150	300	300	300	300	300	300
Tendring Colchester Borders Garden Community	100	150	200	250	300	300	300

12.6 The NEAs have therefore modelled build out rates at an achievable, albeit conservative, figure of 300dpa although the authorities are in agreement that this figure could be substantially increased over time.