Uttlesford Local Plan Update Briefing: Housing Delivery

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Quality information

Prepared by	Checked by	Verified by	Approved by
David Carlisle Associate Director	Simon Drummond-Hay (HDH Planning and Development Ltd)	Ben Castell Director	Ben Castell Director

Revision History

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1.1	September 2023	First Draft for client review	DC	David Carlisle	Associate Director
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Prepared for:

Uttlesford District Council

Prepared by:

AECOM Limited
Aldgate Tower
2 Leman Street
London E1 8FA
United Kingdom

T: +44 (0)20 7061 7000
aecom.com

Prepared in association with:

HDH Planning and Development Ltd

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1. Introduction

1.1 AECOM and HDH Planning & Development were appointed in June 2023 to provide planning advice and a separate briefing to Uttlesford District Council Members and officers on matters relating to housing delivery, to help inform the production of the emerging Local Plan. This consisted of a presentation, question and answer session with elected Members and preparation of this report (following the in person event on 12th July 2023).

1.2 The report draws upon locally held evidence (as at the time of writing) and publicly available secondary data sources and research reports pertaining to housing trends and the planning profession. These data sources and research reports have been summarised and synthesised in order to help provide high-level written advice to officers and Members on matters pertinent to housing delivery in the South East of England. The report includes two main sections: (1) Local plan context and historic housing delivery; and (2) Deliverability research and lessons learnt from elsewhere in England. The report concludes with a summary of key points and recommendations.

2. Local plan context and historic housing delivery

2.1 The existing Uttlesford Local Plan was adopted 18 years ago in 2005 and is now out-of-date. Since then Uttlesford District Council (UDC) has submitted two Local Plans that have been rejected by the Planning Inspectorate and considered not capable of modification to become sound in 2014 and 2019. The Inspector for the 2019 Local Plan raised concerns on the reliance of the delivery of three Garden Communities as the primary source of housing in the long term and questioned whether they were realistically developable.

2.2 The 2019 Inspector's report noted the following (our ***emphasis*** added):

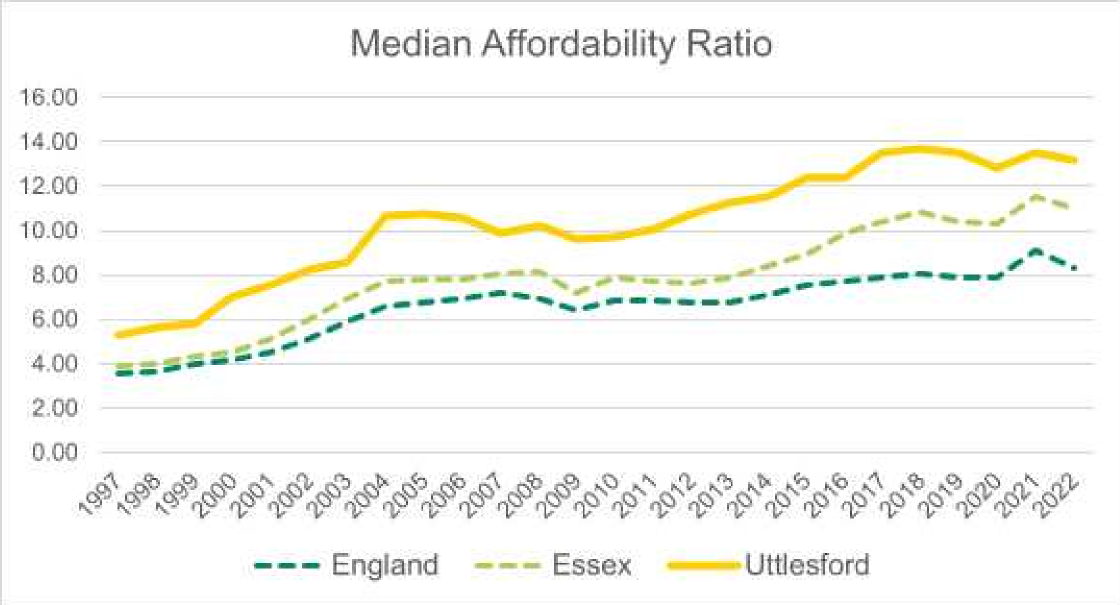
> *"In order to arrive at a sound strategy, we consider that as a primary consideration, the Council would need to **allocate more small and medium sized sites** that could deliver homes in the short to medium term and help to bolster the 5-year housing land supply…This would have the benefit of providing **flexibility and choice in the market** and the earlier provision of more affordable housing. It would also create a **buffer** so the target of 14,000 homes is not only just being met by a narrow margin and would allow for a less steeply stepped housing trajectory".*

2.3 The National Planning Policy Framework (NPPF) requires Local Plans to be aspirational but deliverable (Paragraph 16) and one of the key tests of soundness is that the plan should be effective, meaning that it is deliverable over the plan period (Paragraph 35). It is therefore key to consider housing delivery at an early stage to inform the decisions on the location, size and types of sites to ensure the plan is deliverable and sound, supported by a realistic and robust housing trajectory and five-year housing land supply upon adoption.

2.4 The Government prescribed 'standard method' for calculating the starting point for housing need purposes indicates a Local Housing Need figure of 13,680 dwellings over 20 years (684 dwellings per annum). Emerging evidence shows the greatest need in Uttlesford is for dwellings with 3 or fewer bedrooms (for all tenures i.e. market and affordable homes), particularly 3 bedroom market homes and 1-2 bedroom affordable homes (i.e. affordable housing for rent, discounted market homes for sale and other affordable routes to home ownership such as rent to buy).

2.5 Uttlesford is also challenged by a high and increasing affordability ratio, as shown in Figure 1, with full-time employees now expecting to spend 13 times their annual earnings on purchasing a home in the local area. This is higher than the average affordability levels in England or Essex.

Figure 1 Median Affordability Ratio Uttlesford, Essex, England 1997-2022 (source: ONS)[1]



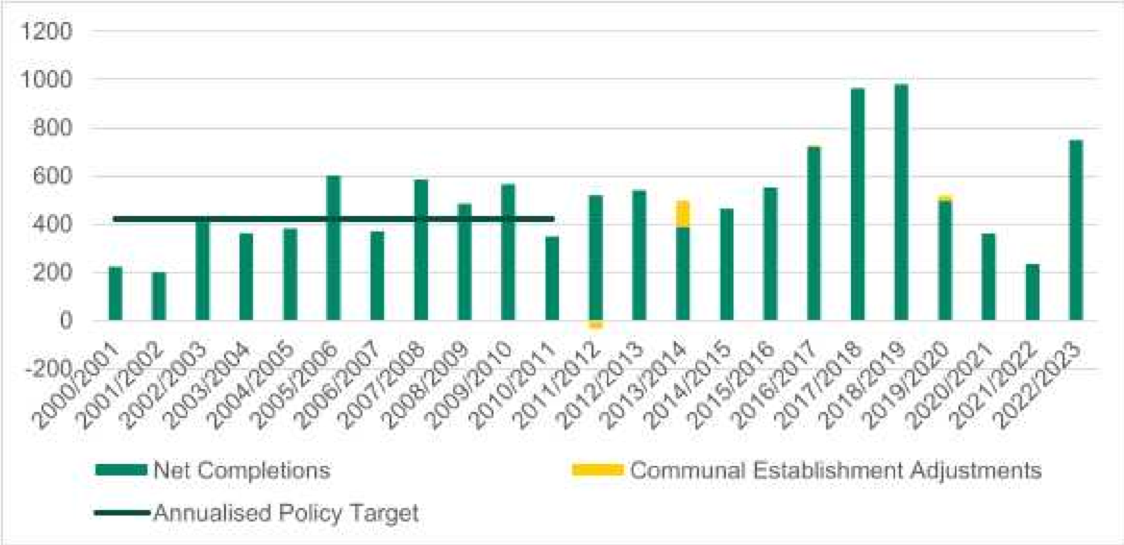
2.6 Historically, Uttlesford has a long term average completions rate of 489 dwellings per annum since 2000/2001, approximately 70% of the projected annual local housing need that the emerging Local Plan would need to meet. This has significantly increased in the monitoring years for 2017/18 and 2018/2019 when UDC lost its 5 year housing land supply ('5YHLS'). The increase in delivery during 2017-2019 corresponded with an increase in the percentage of greenfield development, including a large percentage of 4+ bedroom schemes, contrary to policy direction on sustainability and housing need.

2.7 Delivery in the last few years has primarily relied on windfall sites (unallocated, usually smaller, sites that come forward as part of typical redevelopment opportunities) and continues to be significantly impacted by the Covid-19 pandemic and wider macroeconomic factors, slowing down housing delivery at the national scale to almost the lowest delivery rate in the past twenty years.

2.8 Proposed changes to the NPPF enable Local Planning Authorities to include historic oversupply in its 5YHLS calculations meaning there are likely to be fewer risks of adopting this approach early in the plan period. Figure 2 illustrates the impact of the pandemic and also demonstrates that there is potential to achieve high delivery rates in Uttlesford. The 'annualised policy target' shows the 2005 Local Plan housing requirement in place at the time.

[1] Accessed at: House price to workplace-based earnings ratio

Figure 2 Draft Uttlesford District Council 5 Year Housing Land Supply Statement and Housing Trajectory Status at 1 April 2023



2.9 The number of net homes delivered is the National Statistic for net additional dwellings over a rolling 3 year period, with adjustments for net student and net other communal accommodation (as per the Housing Delivery Test measurement rule book).[2]

2.10 Whilst the figure of 13,680 new homes for the new Local Plan is substantial, the residual figure to plan for is much less when factoring in completions, commitments and assumed windfall rates over the plan period – see Table 1 below:

Table 1 Residual housing need

Category	Number of Dwellings	
Housing requirement for the full plan period (April 2021 to March 2041)		13,680
Housing completions (April 2021 to 1st April 2023)		980
Housing Supply	Known Commitments (as at 1st April 2023)	5,722
	Strategic Allocations	5,076
	Non-Strategic Allocations	1,000
	Lapsed Permissions Assumption	-51
	Windfalls	1,650
	Lapsed Permissions Assumption	-51
Total Housing Supply		14,377

[2] Housing Delivery Test measurement rule book Published 24 July 2018. Accessed at: https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book/housing-delivery-test-measurement-rule-book (see - 3. How is 'net homes delivered' calculated (the numerator)?)

2.11 There are a series of issues that officers and Members will be seeking to address through the Local Plan, including (but not limited to):

- Local Housing Need is above the long-term historic delivery trend (though not recent years);
- The Local Plan would need to demonstrate a five-year housing land supply at plan adoption; and
- Local Plans should plan for more housing than needed (a 'buffer' or 'headroom') to provide a robust land supply and respond to potential economic changes over the 20-year plan period and to help mitigate the risk of losing a 5YHLS.

2.12 There are reasons to be cheerful based on historic trends and emerging evidence:

- Significant commitments (planning permissions) have been approved and are anticipated to begin delivering in the first few years of the plan period, with limited remaining residual housing need to be planned for;
- The scale of development required to meet Local Housing Need is of a scale of development that has been delivered in recent years 2016/17-2018/19 in the absence of a Local Plan (which shows strong market demand willing to take the risk of promoting development without the benefit of an allocation);
- Uttlesford is ranked one of the top 10 percentage growth Local Authorities in terms of additions to existing dwelling stock (again without an up-to-date local plan making allocations for development); and
- Uttlesford has a number of reasonably sized settlements, benefiting from existing social infrastructure and community facilities, to spread sustainable development across a mix of viable sites and locations.

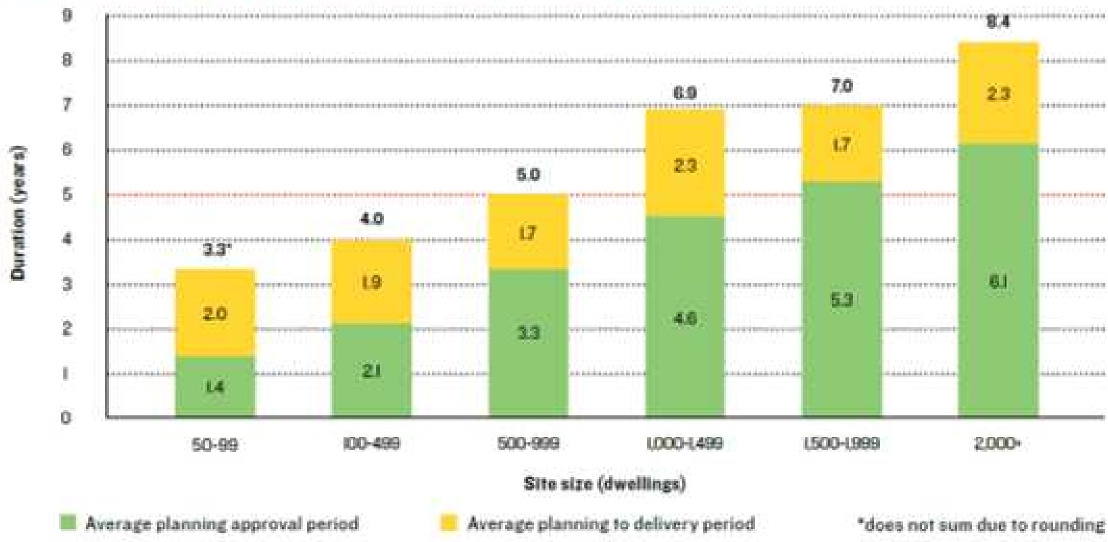
3. Deliverability research and lessons learnt from elsewhere in England

3.1 Published research highlights a number of key considerations pertinent to housing delivery that need to be considered carefully as part of the plan making process as interrelated influences on housebuilding, namely:

- Lead-in times: the amount of time a scheme takes from planning to delivery;
- Annualised build-out rates: the annual completion rate once 'on-site' and delivering new homes;
- Number of outlets: Number of sales outlets operating on a site. Generally, a greater number of outlets will represent a wider variety of housing products available and contribute to higher levels of housing delivery.
- Housing variety and tenure: tenure (including market and affordable housing) is a key form of variety in terms of housing products. Other key sectors that complement market housing include build to rent and specialist housing e.g. older people's housing.
- Market absorption rate: this represents the capacity for the local housing market to absorb development. It is often influenced by site characteristics, diversity of land supply and products, how sites relate to each other, the general strength of the local housing market and wider market conditions.

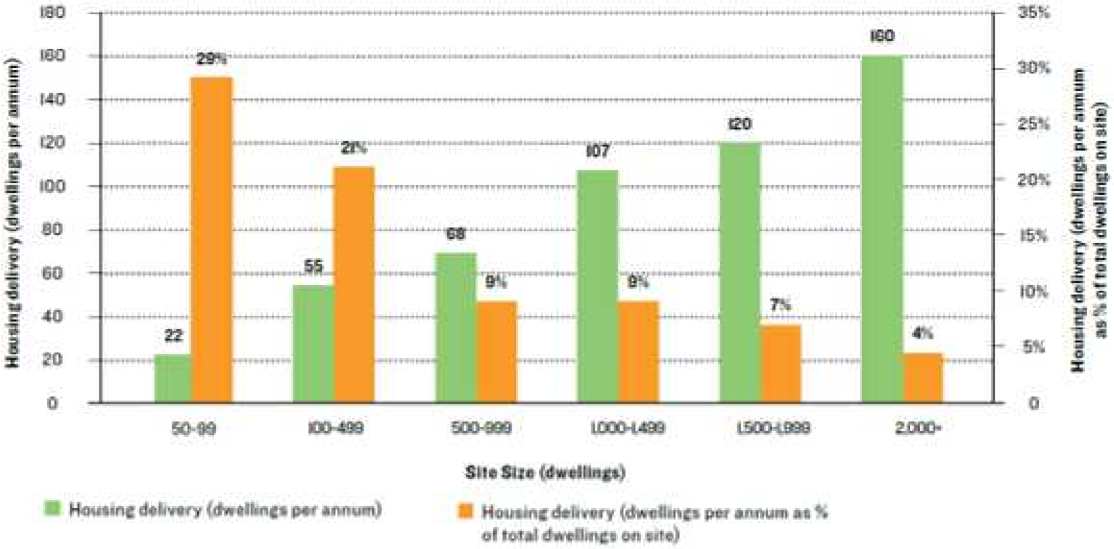
3.2 Figure 3 (overleaf) summarises average planning to delivery periods based on the number of dwellings, ranging from 50-99 units up to 2,000+ units. The average timeframes from validation of first application to completion of first dwelling range from 3.3 to 8.4 years.

Figure 3 Average timeframes from validation of first application to completion of the first dwelling (Source: Lichfields 'Start to Finish)



3.3 Once sites begin delivering the rates of delivery are influenced by the characteristics of individual sites, the products built on the sites, how sites relate to each other and the number of competing developers, as well as the general strength of the local housing market. Figure 4 (below) illustrates the relationship between build out rates (delivery rates) and site size.

Figure 4 Build-out rate (dwellings per annum) by size of site (Source: Lichfields 'Start to Finish')



3.4 The Home Builders Federation (HBF) propound the allocation of sites of different sizes, including a sufficient number of smaller sites to increase delivery rates. The HBF assert that all things being equal, you can expect more market sales (and production) over any given period from 10 sites of 100 units than say from 2 sites of 500 units or one site of 1000 units. Developers generally prefer smaller sites to avoid increased exposure to risk (such as market cycles); due to higher front-loaded build costs required to open up the largest sites; and as larger sites have potentially lower sales values reflecting the longer timeframes to establish a market for new settlements in the early phases.

3.5 Market absorption is less easy to quantify and research, but typically the market will only build and release housing when they know that they can develop it and then sell it at a price which they can make a return regardless of the need for housing from population change.

3.6 To help support higher levels of market absorption, the Government's 'Letwin Review' remarked that a variety of products, sites and locations are required:

- **Broad Portfolio of Sites, including a sufficient number of smaller sites:** This is needed to maximise delivery and also to allow different sizes of housebuilder to develop. Supporting the SME sector will lead to delivery of different products in different locations whilst also having the added benefit of shorter lead-in times, delivering in the short-medium term until new strategic allocations can come forward.
- **Diversity in Products:** Sites that appeal to SME developers and volume housebuilders so different niches within the market can be catered for. It is important to try and avoid a homogenous land supply of similar sites and

encourage larger sites to be broken up where possible to allow more than one outlet to operate, including through providing additional access points to allow for concurrent build-out of phases, rather than sequential.

- **Diversity in Locations:** Risk of competition between similar sites in close proximity or in lower demand / lower priced locations within the housing market which may have lower levels of affordable and specialist housing and lead to slower build-out rates in combination.
- **Linking housing and employment opportunities:** so that people are able to live near to their place of work can also increase build-out rates.

3.7 Savills Research shows that competition and proximity between sites remains a key determinant to build-out rates. Their research of 30 sites across the UK showed that those with a sales rate of more than 30 units per quarter were supplying the majority of new build homes within a two-mile radius of the site. Where large sites with significant competing supply are selling high numbers of new homes, they tended to be priced in line with, or below, the local market.

3.8 Proximity to other sites is not necessarily something which slows down housing delivery, however, as variety in products and locations and the availability of independent access points (Lichfields Research in 2016 and 2020) can enable developers to operate concurrently and building for different niches within the market.

3.9 AECOM and HDH Planning and Development Ltd have prepared numerous Whole Plan Viability Studies in support of Local Plans in England. As part of this work the two firms have conducted hundreds of consultation events on matters related to the local viability and plan making. From these events, and discussions with housebuilders and their representatives, we have found that the development industry typically applies rules of thumb when they consider the likely lead-in and build-out rates for a site(s). Below are some of those well-established assumptions that are often cited at Local Plan examinations and development management negotiations. These figures will need to be tested locally through the production of the Local Plan viability study, in light of the specific Uttlesford market context:

- *"4 private sales per calendar month"*
- *"300 homes a year per strategic site"*
- *"Big sites and multiple access points = more sales outlets and more varied products"*
- *"Less private sales per outlet per annum for every additional outlet on-site:*
  1 outlet = 60 dwellings per annum (dpa), 2 outlets = 50dpa, >3 = 40dpa"
- *"200-500 dwellings per serviced plot with 1-2 sales outlets"*
- *"Ten sites of 100 units will deliver more quickly than one site of 1,000 units"*

- *"Housebuilders will monitor competing urban sites ~2 miles away and competing greenfield sites ~8 miles away"*

3.10 Generally speaking sites of 2,000+ units could support up to 6-7 outlets in the peak years of development where multiple access points are available and phases are being built concurrently. Housebuilders generally report that 4 private sales per calendar month per outlet is deliverable over a 12 month period (48 private sales a year). National data suggests 50-60dpa per outlet (based on national housebuilder annual reports). These figures can be higher in town centre locations which include a high proportion of apartments. AECOM research suggests 60-80dpa is reasonable for a high-demand area (when including affordable housing for a blended figure).

3.11 Housing trajectories attached to Local Plans are used to try and understand the phased delivery of housing to account for the lead-in time, time taken for new infrastructure (e.g. to open a site) and likely peak years of delivery. Assumptions related to the housing trajectory should build in a recognition of influence of typologies and their infrastructure dependencies e.g. typically, urban extensions and urban brownfield sites can achieve higher delivery rates in the peak years in comparison to detached greenfield new settlements that will require new infrastructure.

3.12 For urban extensions on greenfield sites, national data shows a shorter build period and higher delivery at the peak compared to new settlements which are typically lower in density (35-45 dwellings per hectare). Lead-in times of between 2-9 years from allocation to first completions have been observed in the South East of England. Figures 5 and 6 (overleaf) provide an extract of evidence relied upon by the Greater Cambridge Shared Planning Service as part of the plan making and table summary of the main publications nationally on the topics of lead-in times and build-out rates.

Figure 5 Example of site assumptions informing a Local Plan housing trajectory (Source: GCSP 2022)

Site Size	Lead-in time (Years)	Build-out (Years)	Average build-out rate	Average outlets	Peak build-out rate	Peak outlets
200-499	2-3	3-4	50-60	1	50	1
500-999	4-5	6-7	60-85	1-2	100	2
1000-1499	5-6	9-10	85-120	2-3	150	3
1500-1999	6-7	10-11+	120-150	3-4	200	4
2000+ Urban Extension (UE)	7-8	12+	150-200	5	350	5-6
3000+ Large-scale UE	5-6	18-20+	180-225	5	350	6-7
2000+ New Settlement	9	20+	200-250	4-5	300	5-6

Figure 6 Summary of lead-in/build-out rates from published research (2005 - 2020)

Lead-in Time

Colin Buchanan 2005		Calcutt Review 2007**		Hourignan Connolly 2014		Savills 2014		Chamberlain Walker Economics 2017		Letwin Review 2018		Lichfields 2020	
Site Size (homes)	Years (Months)	Stage	Years (Months)	Stage	Years (Months)	Site Size (homes)	Years (months)	Stage	Years (months)	Stage	Years (months)	Site Size (homes)	Years (months)
1000-1999	4.7 (56.4)	Pre-application	2.09 (25.1)	Outline approval to first homes	8 (96)	<3,000 units sites	4-5 (48-60)	Application to consent		Application to first start	>4-5 (>48-60)	100-499	4 (48)
2000-2999	5 (60)	Planning consent given	0.5 (6)			>3,000 unit sites	6.5 (78)	Consent to construction start	1.7 (21)			500-999	5 (60)
>3000	5.5 (66)	Consent in legally implementable form	0.35 (4.2)									1000-1499	6.9 (83)
		Construction	2.95 (35.4)									1500-1999	7 (84)
		Total =	5.8 (69.7)									>2000	8.4 (101)

Build-out Rate

Colin Buchanan 2005		University of Glasgow 2007		HCA 2013		Hourigan Connolly 2014		Savills 2014		Letwin Review 2018		Lichfields 2020	
Site Size (homes)	Homes per annum	Type	Homes per outlet	Site Size (homes)	Homes per annum	Site Size (homes)	Homes per outlet	Year	Homes per annum	Site Size	Homes per annum	Site Size (homes)	Homes per annum
1000-1999	101-200	Brownfield apartments	67.18	<4000	150-300	Case study average	30-35	Year 1	60	15 largest sites	286	100-499	55
2000-2999	199-250	Greenfield	55.81	>4000	300-500			Year 2+	100-120			500-999	68
>3000	330-350											1000-1499	107
												1500-1999	120
												>2000	160

4. Conclusions

4.1 It is important that the emerging Local Plan allocates sufficient sites of different size, type and geography to meet the national policy and guidance requirements, for example providing for shorter term housing supply, such as on smaller sites, along with larger more strategic development to provide delivery over the Plan period. The allocation of sites with different characteristics/locations is particularly important for ensuring a variety in site size, house types and tenures.

4.2 Maximising market absorption and alternative sources of supply beyond traditional private developers may assist in this regard (e.g. alternative models for delivery such as Public/Private Joint Ventures and public sector direct delivery which could include a Development Corporation).

4.3 A housing land supply that is more geographically spread may help to reduce competition between sites, thus better-matching the housing supply with demand. But this brings its own infrastructure delivery challenges and could result in a less sustainable spatial strategy (subject to further Sustainability Appraisal assessment).

4.4 As part of the preparation of the HELAA and Local Plan viability study, the Council has already engaged with the promoters/developers/agents of existing commitments and emerging allocations as part of preparing the updates to the housing trajectory and this approach should continue as the plan continues to be developed and up to submission and the examination. Feedback received should be used to 'stress test' the assumed delivery of the identified housing requirement/mix and to highlight any issues with lead-in times and delivery rate assumptions for individual sites to explore known constraints and infrastructure triggers impacting combinations of sites.

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