Urban Extensions

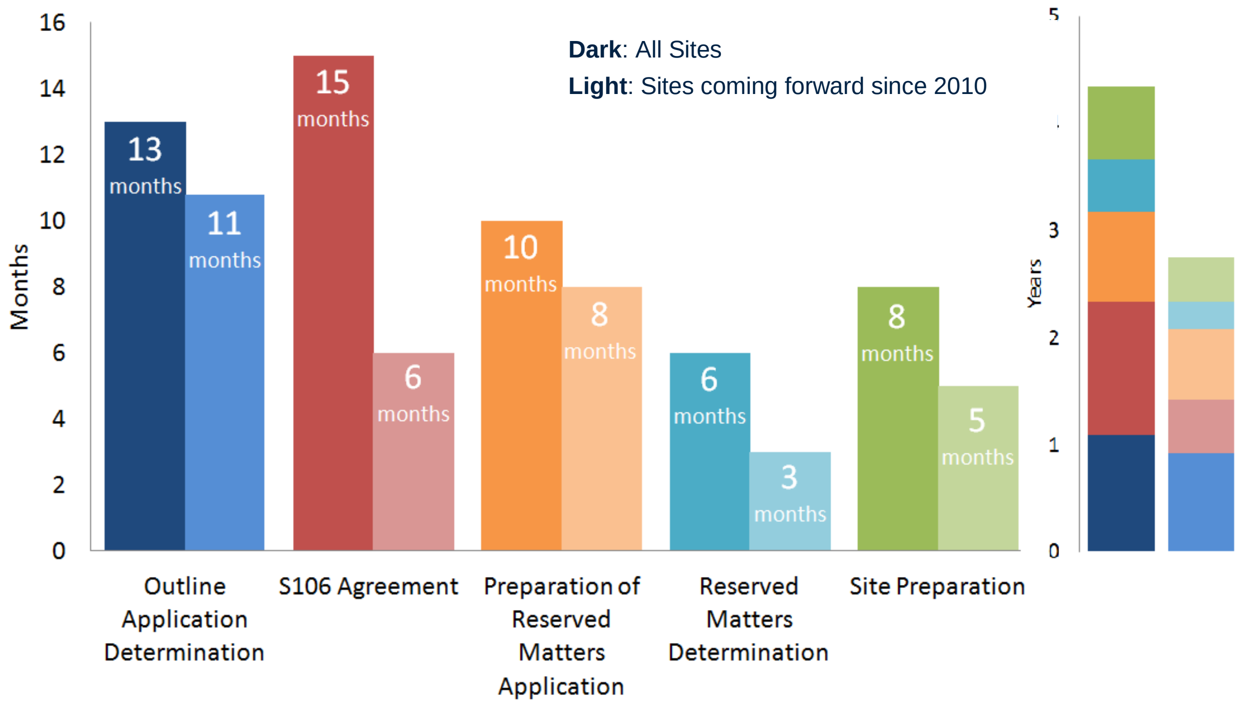
Assessment of Delivery Rates

Contents

1. Summary and Conclusions

This report assesses the pace of delivery of large scale development in order to establish how these sites contribute to five year housing land supply and the implementation of development plans. It considers firstly how long it takes for an urban extension to progress through the planning system, and once construction has started, the rate at which new housing units are delivered.

The report tracks the progress of 84 urban extensions through the planning system over the last 25 years. On average across all sites analysed, an urban extension site starts construction on **the first phase of housing more than four years after the submission of an outline application**. There are however many exceptions to this timescale. Whilst it is **not unusual for sites to take much longer,** in recent years urban extension sites have tended to progress more quickly. Considering only sites coming forward **since 2010**, the average time taken to start on **site drops to under three years after the submission of an outline application.**



Nevertheless, there are clearly significant risks of longer timeframes on these large complex sites. Delays can occur at any stage of the process, and can be due to many factors such as problems with funding, infrastructure requirements or local objections. However, the individual nature of these sites means it is difficult to identify absolute trends.

Some urban extensions have progressed through the planning process **more quickly in established growth areas**, suggesting that the appetite of the local authority for development and the resource available for progressing major planning applications plays a crucial role. Analysis of the the sites in the sample indicates that, once construction starts and in a strong market, annual delivery can be anticipated to be around **60 units in first year of construction, picking up to more than 100 units per annum in subsequent years and increasing to around 120 units**. The build out rate of each site will depend on the disposal strategy of each developer, but the presence of multiple developers on site helps to drive higher annual completion rates. **We are aware of many urban extensions in the south of England where recent delivery rates have been substantially in excess of 120 units per annum.**

It should be noted that the above timescales do not take into account:

a) Time taken between the allocation of the site and starting preparation of the planning application
b) Pre application discussions/negotiations and preparation of the outline planning application
c) The period between starting construction and delivering the first residential unit.

This study has not provided evidence in relation to these time periods. **Whilst previous research estimated b) and c) at 2.5 years, it is also the case that outline applications can be made very soon after allocation**, where local planning authorities and a developer are working together to bring forward sites, allowing processes to run in parallel.

In simple terms the data reviewed for the study points to the following indicative timescales.

	All sites	**Post 2010 sites**
Not reviewed in this study		
Allocation to first completions (years) [1]	6.8	Data not available
Allocation to start on site (years) [1]	5.3	
Reviewed in this study		
Outline application to start on site (years)	4.3	2.8
Build rate first year (homes per annum)	65	Not analysed separately
Build rate after first year (homes per annum) [2]	110	

(1) According to earlier study by Hourigan Connelly for Gladman Developments.
(2) This rose to 120 per annum in 2013. Observed build rates in the south of England can be significantly higher.

The study indicates that, whilst many urban extensions have taken longer than four years to progress from outline application to a start on site, it appears that these timeframes have compressed more recently, to less than three years on average. This suggests that, if pre-application timeframes can be accelerated, it has become more likely that these sites can start to deliver housing within the lifetime of a five year housing land supply plan.

2. Introduction

Barratt Homes are seeking to understand the pace of delivery of large scale development in order to establish how these sites contribute to five year housing land supply and the implementation of development plans. This report will be used as evidence for planning applications and Development Plan submissions.

The report references a study by Hourigan Connolly on behalf of Gladman Developments Limited, *A Report into the Delivery of Urban Extensions*, published in February 2014, to provide case studies of sites of over 500 units that have been brought forward in the last 25 years. These case studies have been analysed to determine the timescales involved for these sites to progress through the planning system and start on site, and thereafter the rate at which housing units are delivered.

2.1. Methodology

The Gladman study was supported by evidence provided by local authorities on 78 sites via a site specific proforma. We have updated the study by reviewing recent planning activity recorded by Glenigan, adding in a further six sites for which an application has been made since 2010. All sites in the sample are urban extensions, predominantly on greenfield land. For the most part, the responses did not include sites on previously developed land which may require extensive remediation before houses are completed, new settlements which may require significant infrastructure work, or sites which have received government funding.

The regional spread of the sites is as follows:

Region	Number of Sites
South East	27
South West	12
East of England	6
East Midlands	14
West Midlands	5
Yorkshire and Humber	6
North East	1
Scotland	11
Wales	2

Of the sites in the sample, 64% are under construction, 6% have been built out, and 30% are yet to commence on site.

This data has been analysed in two stages. Firstly, we have examined how long it takes for a site to progress through each stage of the planning system, from the submission of an outline application to beginning construction of the first housing units, and sought to establish whether the size or location of the site influences this process.

The second part of the study examines the rate of delivery of units once construction has started, assesses how many units are deliverable from these sites per annum, and investigates the relationship between delivery and housing market strength.

3. The Planning Process

To establish the length of time for a site to progress through planning, we have broken down the process into 5 stages: submission of outline application to resolution to grant, negotiation of section 106 leading to the grant of outline permission, preparation of first reserved matters application, consideration of reserved matters application, and discharging the pre commencement conditions prior to the start on the first housing units. This study does not account for time spent on pre application discussions.

We have used the dates provided for each stage in the site proforma, supplemented by data from Glenigan Planning Database and local authority planning archives to establish when applications were submitted and determined for each site, and calculated the time period between each month. Taking the median time period for each stage indicates that **commencement on the first phase of housing delivery is likely to be in the fifth year following the submission of the outline application**. This is shorter timescale than the seven years detailed in the Gladman report, which accounts for additional stages, such as the preparation of the outline application (1 year) and the period between starting on site and delivering the first residential units (1.5 years). We do not have data covering these stages so have relied on the elapsed times of the schemes in question.

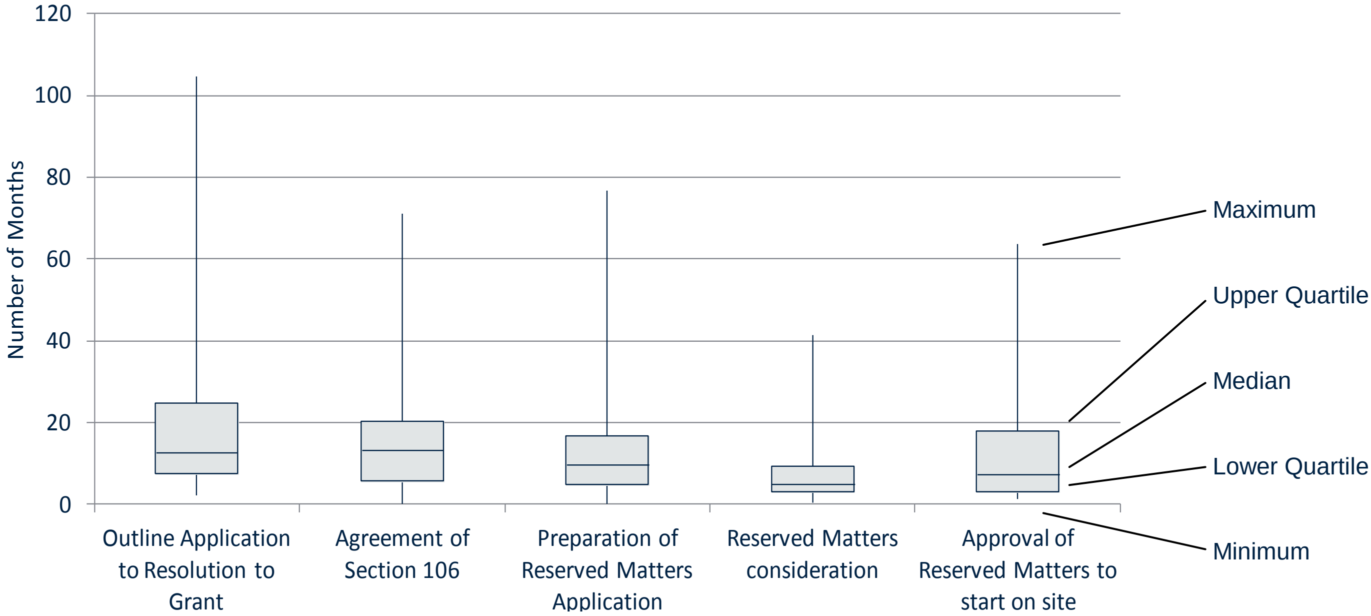
Table 1 – Median time taken from submission of outline application to start on site

	Year 1				Year 2				Year 3				Year 4				Year 5
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Outline Application Consideration																	
Section 106 Negotiations																	
Preparation of 1st Reserved Matters Application																	
Reserved Matters Consideration																	
Site Preparation including discharging pre commencement conditions																	
Start on Site (Housing)																	

Source: Savills using data from Gladman, Hourigan Connolly, Glenigan and local authorities

Within the sample however, there are significant variations from this timescale. Figure 1 shows the maximum, minimum, median and lower and upper quartiles of the time taken to progress through each stage.

Figure 1 – Range of timescales for urban extensions to pass through planning process



Source: Gladman & Hourigan Connolly

There are outliers over long time periods at each stage of the process, which highlights the complexity of bringing this type of site forward. The **median time for a site to gain a resolution to grant permission is just over one year**, but the sample also includes eight sites which took over 3 years to reach the same stage. Within each category there are also sites which are yet to reach the end of that stage. Among these sites are Bronham Road in Bedford, Ladygrove East in South Oxfordshire and Shawfair in Midlothian. All these sites are at the Agreement of Section 106 stage, having gained a resolution to grant in 2003, 2005 and 2006 respectively. The amount of time taken to agree the Section 106 or Section 75 agreement on these sites has already far exceeded the current maximum in the sample of 71 months, likely due to the changing housing market affecting viability following the economic downturn in 2008.

Each site has unique circumstances that may hamper its progress, from local opposition, statutory challenges, a call in for determination by central government, to the strength of local housing market. This can be simply due to the complexity of the application, as the size of these schemes often means there are multiple development partners involved. At Cranbrook in Devon, the Section 106 took over 64 months to agree, well above the median time of 14 months, as multi-agency agreements and clawback clauses, combined with difficult market conditions caused significant delay. Initial delays can also result in further complications; Outline Permission was granted in 1991 for the 660 unit site at Branston, East Staffordshire, and although several reserved matters applications were approved between 1994 and 2004, only 50 units were ever built. The site was sold in 2010, and rather than continue to submit reserved matters applications for the 1991 permission, the new developer instead submitted a revised outline application to reflect the changed housing market conditions in October 2011. The new application has progressed much more quickly, gaining Outline Permission in 2013.

3.1. Infrastructure Requirements

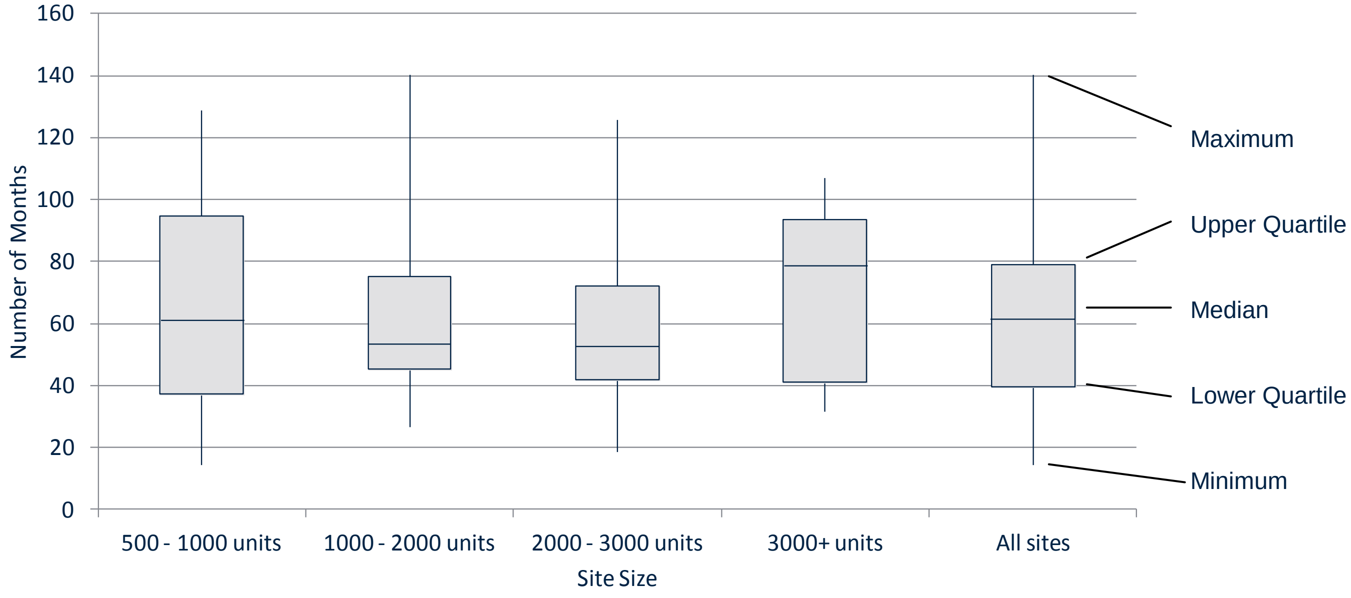
A recurring hindrance to quick progress is the provision of infrastructure. This tends to slow down the delivery of urban extensions at two key points, firstly in agreeing the Section 106, and secondly between approval of reserved matters and starting on the first housing units. It took three years for the Section 106 for the 1,284 unit site at Sharp Lane, Leeds to be agreed, as it was complicated by requirement for off-site highway works.

The timing of the infrastructure works is also key. Where is it planned to be delivered in line with the phasing of housing delivery, the potential for problems is limited. At Hunts Grove, Gloucester, major off-site works have been scheduled in line with delivery of later phases, allowing construction to start on housing four years after the submission of the outline application, and the site to deliver 400 units since construction started in 2010. However, if the infrastructure works are not phased alongside the housing delivery, it can pose problems; the site at Melton Road, Rushcliffe made smooth progress through the planning system. The outline permission was granted a year after submission, and approval of the first reserved matters application followed 18 months later. Three years later however, construction is yet to start on site as major off site infrastructure is still required. Similarly, the North Colchester urban extension gained a resolution to grant subject to the agreement of the Section 106 in September 2013, but improvements to the Northern Access road are required before development can get underway and consequently timescales for the submission of reserved matters and subsequent delivery of housing is undetermined at present.

3.2. Site Size

There is little correlation between the size of the urban extension and how long it takes to progress through the planning process. **The median for 3000+ unit sites is slightly higher at 79 months compared to 50 – 60 months for the other size bands.** However, the maximum time taken for the 3000+ unit sites is lower than the maximum in all other site size bands. .

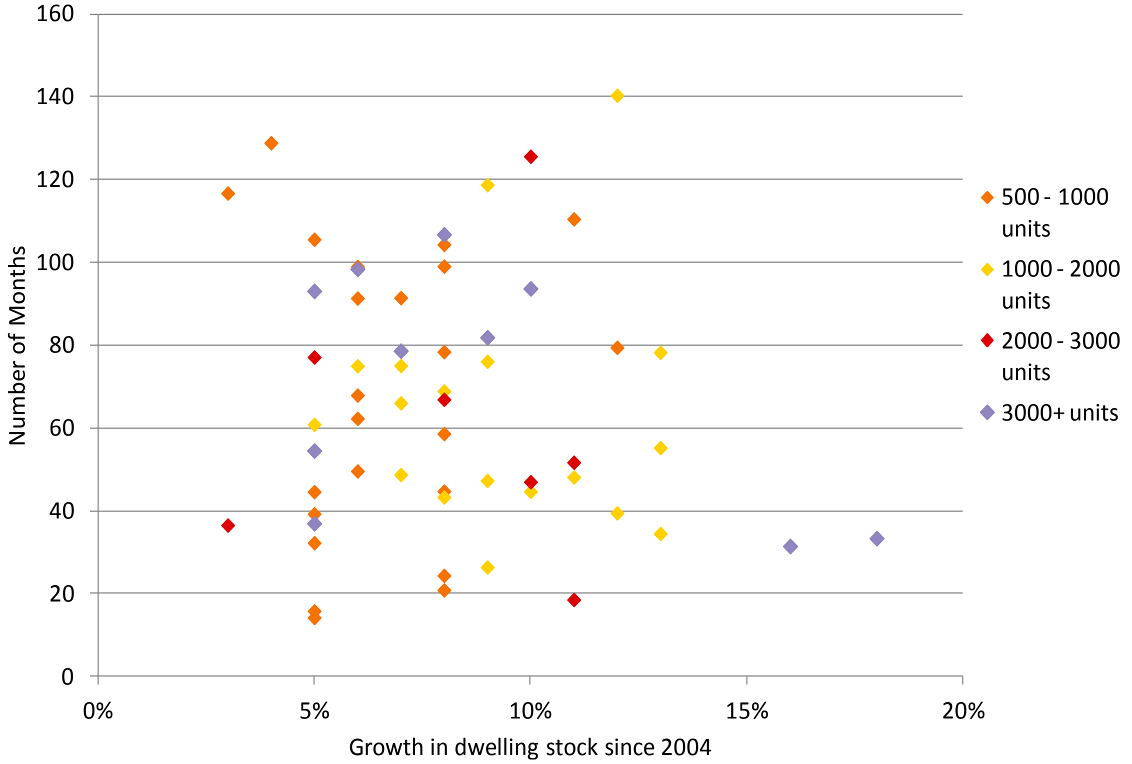
Figure 2 – Time taken from submission of outline application to start on site by site size



Source: Gladman & Hourigan Connolly

There is however some indication that sites are more likely to progress quickly through the system in local authorities with high housing growth. Plotting the total time taken for construction to begin from the submission of an outline application against the increase in dwelling stock in each local authority over the last decade shows rapid progression of sites of over 3000 units in the established growth areas of Milton Keynes and Corby.

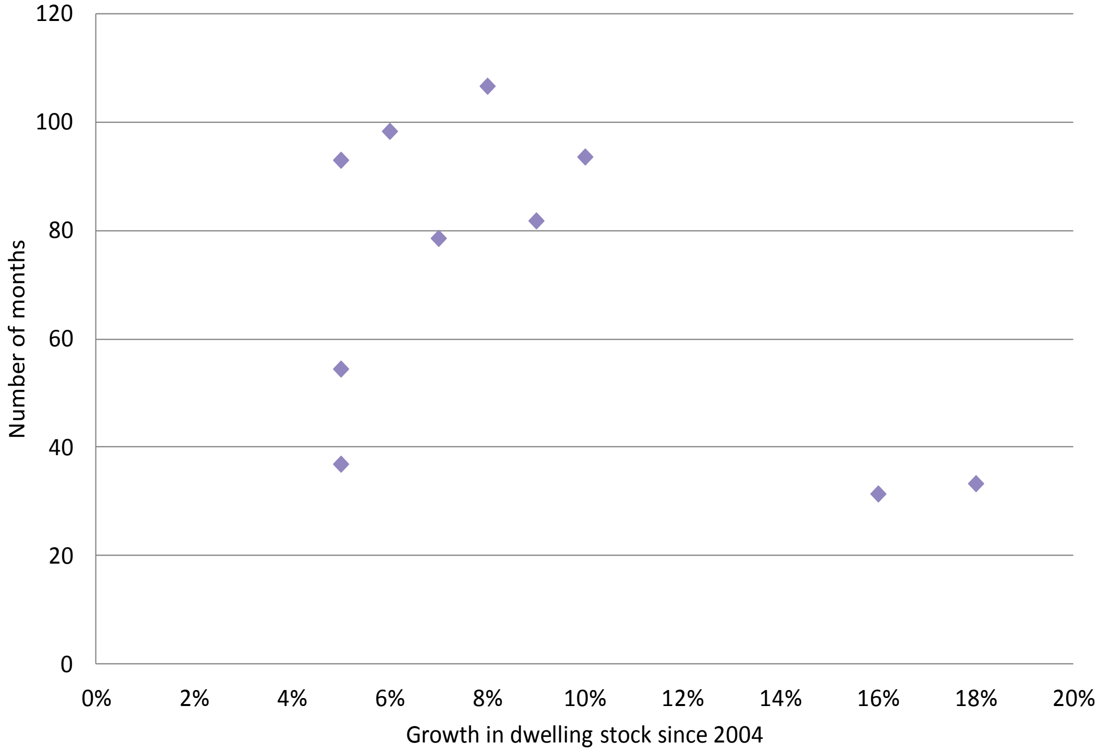
Figure 3 – Time taken from submission of outline application to start on site by authority delivery rates



Source: Savills using DCLG, Scottish Neighbourhood Statistics, Gladman & Hourigan Connolly

In these two local authorities, which have respectively seen a 16% and 18% growth in dwellings since 2004, construction began within three years of an outline application being submitted. Conversely in the local authorities which have seen less than 10% growth, all but two of the 3000+ unit sites took longer than the 5 year average outlined in Table 1.

Figure 4 – Time taken from submission of outline application to start on site by authority delivery rates: 3000+ unit sites



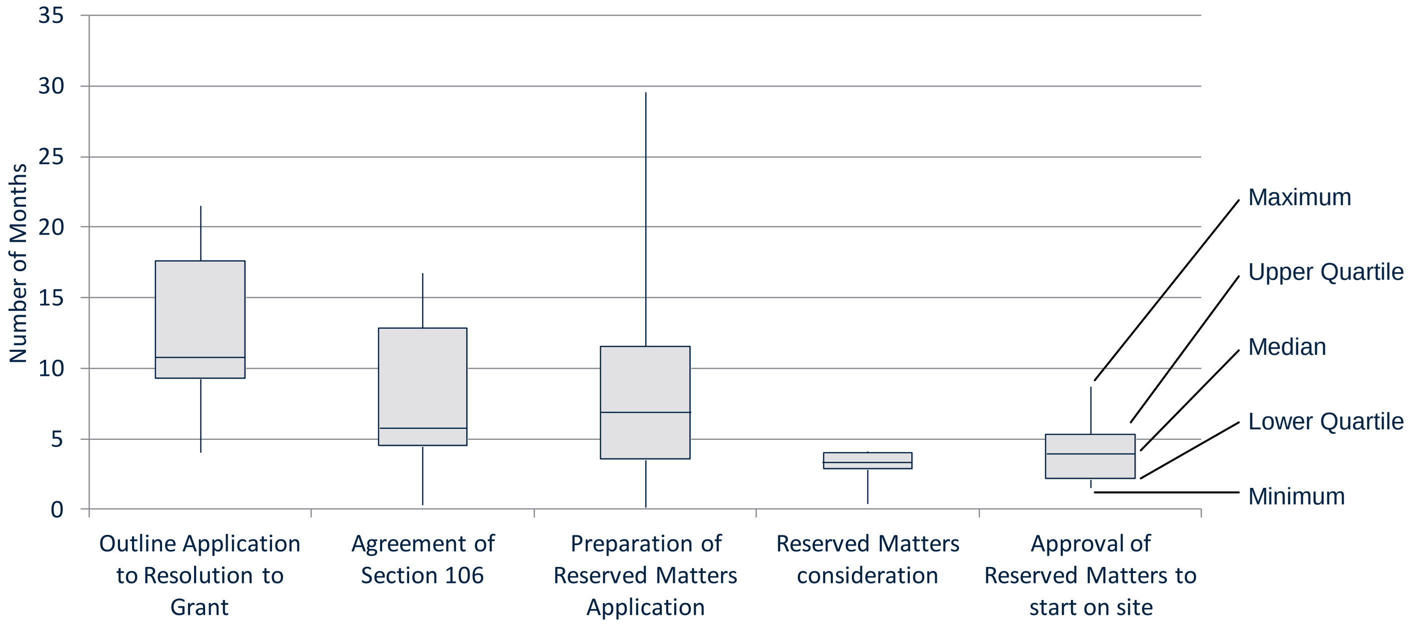
Source: Savills using DCLG, Scottish Neighbourhood Statistics, Gladman & Hourigan Connolly

The rapid progress of these sites through the planning process in local authorities which were already delivering high numbers of new dwellings suggests that the appetite for development and resource for dealing with major applications within the local authority plays just as important role in bringing forward urban extensions as the characteristics of the site itself. Corby and Milton Keynes were both recipients of funding through the 2003 Sustainable Communities Plan, which included grants totalling £350 million across the country for Planning Delivery, enabling them to progress major development sites more rapidly.

3.3. Recent Trends

The sites sampled in Gladman's report have come forward over a thirty year period, reflecting a variety of market conditions. To gain a clearer understanding of the progression of urban extension sites in the current climate, we have identified 24 sites for which an outline application was submitted after 2010, 18 of which were identified in the original Gladman report. Compared with the overall sample, these sites have progressed much more quickly, taking an **average of 33 months from the submission of the outline application to start on site, against the average of the whole sample of 60 months**. This suggests that it has become more likely that large sites will progress through the planning system quickly enough to begin delivering housing units within the lifetime of a five year housing land supply plan.

Figure 5 – Progression of urban extension applications submitted since 2010

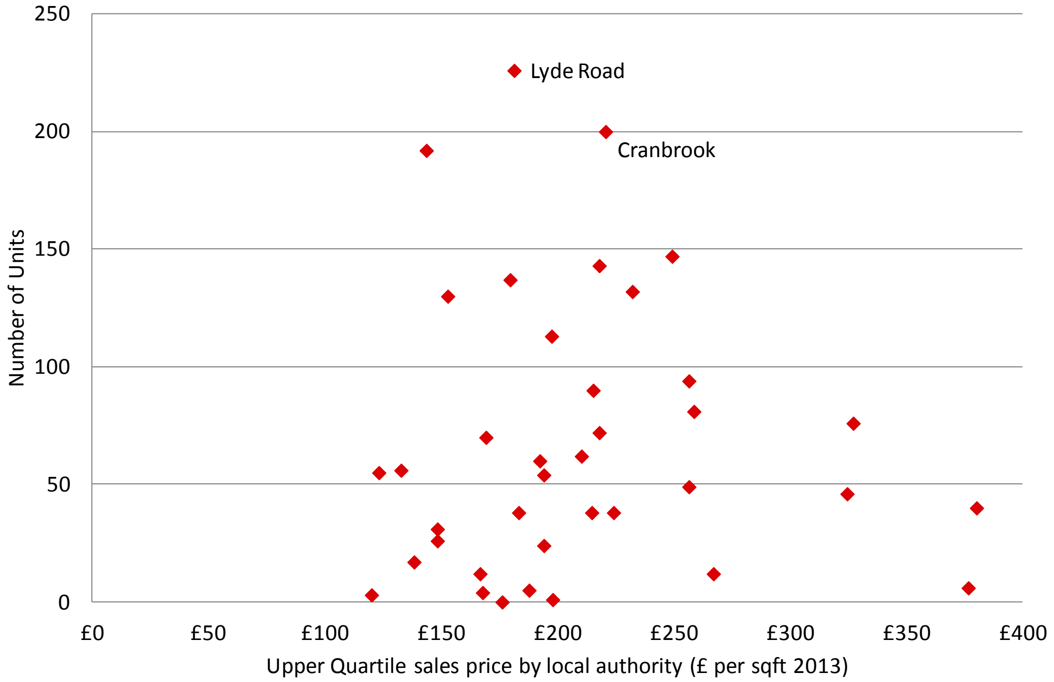


Source: Savills plus Gladman & Hourigan Connolly

4. Housing Delivery Rates

The site proforma in the Gladman study detail the number of units delivered per annum on sites where construction has started. Data is provided for 43 sites. **On average, sites delivered 65 units in the first year of construction**, although again there is a wide variation in the numbers delivered.

Figure 6 – Delivery of housing in the first year of construction



Source: Savills using Hometrack, Gladman & Hourigan Connolly

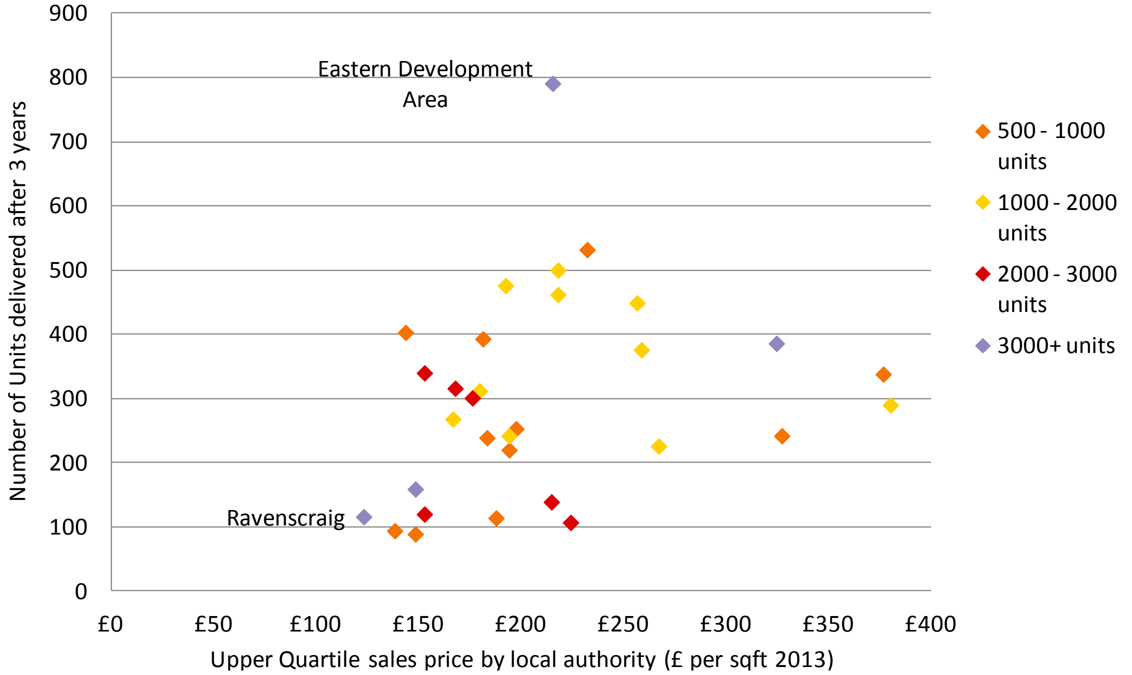
The sites which delivered high numbers in the first year generally did so due to their funding arrangements. The Lyde Road site in Yeovil which delivered 226 units had a high completion rate as the majority of the units were affordable homes and had to be completed within that financial year as a condition of government funding. The second highest delivery in the first year of construction was 200 units at Cranbrook in Devon. This site benefitted from strategic restrictions on development elsewhere in the borough, creating a positive climate for investment in the scheme, and competition between multiple developers on the site has led to high build rates.

After the first year of completions, the number of houses delivered by a site **rises to an average of 110 units, and remains at or above that level until year six of delivery**. After that point, delivery rates on sites in the 500 – 1000 unit band taper as they near completion. We do not have sufficient data to comment on delivery rates on larger sites in the later years of development.

4.1. Housing Market Strength

To study the relationship between delivery rates and housing market strength, we have plotted the number of units delivered three years after construction commenced against Hometrack house price data for the site's local authority.

Figure 7 – Impact of site size and housing market strength on rates of delivery in three years following start on site



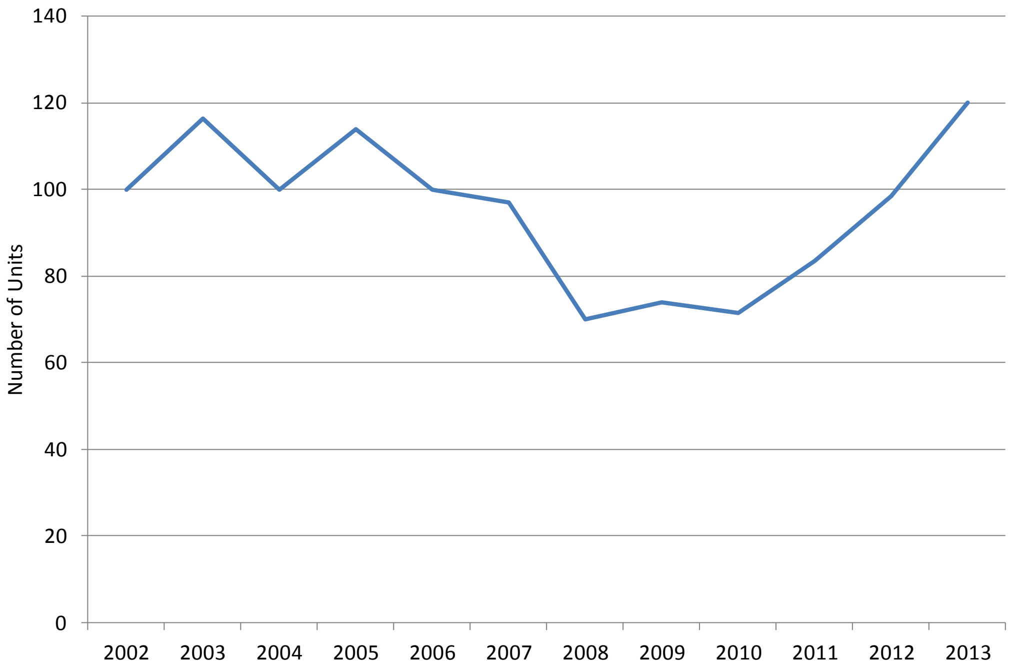
Source: Savills using Hometrack, Gladman & Hourigan Connolly

This demonstrates that sites that struggle to deliver at high volumes tend to be in lower value areas. Every site that had not delivered 200 units or more after three years of construction is located in a local authority where the upper quartile sales value was less than £250 per sqft in 2013.

There is no overall trend of higher levels of delivery on the larger sites. There are very high rates on Eastern Development Area at Milton Keynes (capacity 4,000 units) where 791 units were delivered after three years of construction. This is in an established growth area, and was associated with high levels of competition between multiple developers on site. However, volumes have been much lower on other sites of a similar size. Conversely, the Ravenscraig site (capacity 3,500 units) has only delivered 116 units over the same period. Factors contributing to this include a weaker housing market, with upper quartile sales values of £126 per sq ft, and only having one developer active on site.

The influence of the strength of the housing market on delivery from urban extensions is further shown by looking at the average total number of units, including affordable, delivered from the sites in the sample each year since 2002. In the years prior to the economic downturn, average delivery never dropped below 100 units a year. The weaker market from 2008 resulted in reduced delivery of fewer than 80 units a year from 2008 to 2011. As the housing market has strengthened in the last two years, delivery from the sites in the sample has increased sharply to an average of 120 units in 2013.

Figure 8 – Average annual housing delivery on urban extensions



Source: Gladman & Hourigan Connolly

At these rates, it takes a significant period to build out an urban extension to reach site capacity, but will see steady supply and high numbers of delivery, over the build out period, especially when building out in a robust housing market. The sites in the sample that have reached their first allocated capacity are:

- Cortonwood Colliery, Rotherham – 529 units, eight years from construction start, 17 years from submission of the outline application
- Former Brymbo Steelworks, Wrexham – 700 units, seven years from construction start, 17 years from the submission of the outline application
- Marks Farm, Braintree – 1000 units, twelve years from construction start, 14 years from submission of the outline application
- North East Caterton, West Oxfordshire – 1500 units, twelve years from construction start, 15 years from submission of the outline application
- Queen Elizabeth Park, Guildford – 500 units, seven years from construction start, 8 years from the submission of the outline application.

We are aware of many urban extensions in the south of England where recent delivery rates have been substantially in excess of the 120 units per annum shown in the chart for 2013.

Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.